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1998-0004-F[2]

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Record Group/Collection:	George H.W. Bush Presidential Records
Collection/Office of Origin:	Chief of Staff, White House Office of
Series:	Sununu, John, Files
Subseries:	White House Offices Files

OA/ID Number:	29176
Folder ID Number:	29176-007

Folder Title:
Cabinet Affairs (Holiday) (1991) [3]

Stack:	Row:	Section:	Shelf:	Position:
G	15	25	4	7

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Memo	From Claire Sechler to Andy Card Re: Number of Americans who exhausted their unemployment benefits in July (3 pp.)	8/29/91	P-5	10/28/2005
02a. Memo	From C. Boyden Gray to Clayton Yeutter Re: Attendance at Cabinet meetings [Open Upon Deed of Gift - March 16, 2015] (2 pp.)	7/23/91	PRM	3/16/2015
02b. Memo	From Clayton Yeutter to Ede Holiday Re: [attendance at cabinet meetings] [Open Upon Deed of Gift - March 16, 2015] (1 pp.)	6/26/91	PRM	3/16/2015
03. Memo	From Ede Holiday to John Sununu Re: Excess Food from Operation Desert Storm (1 pp.)	7/25/91	P-5	10/28/2005
04. Memo	From Ede Holiday to John Sununu Re: Clearance Concerns (1 pp.)	7/10/91	P-5	1/19/2009
05. Memo	From Ede Holiday to John Sununu Re: PBGC Announcement on July 24 (1 pp.)	7/24/91	P-5	10/28/2005
06. Memo	From Ede Holiday to John Sununu Re: Aldicarb Residues on Bananas (1 pp.)	6/4/91	P-5	10/28/2005

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Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff to the President, Office of the
Series: Sununu, John, Files
Subseries: White House Offices File
WHORM Cat.:
File Location: Cabinet Affairs
(Holiday) (1991) [3]

Pinksheet Number: KO0792
OA/ID Number: 29176-007
Date Closed: 12/20/2004
FOIA/Sys Case #: 1998-0004-F[2]
Re-review Case #: 2005-0426-S
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
07. Memo	From Ede Holiday to John Sununu Re: Title VII and Special 301 Designations (1 pp.)	4/19/91	P-5 10/28/2005	
08. Memo	From Ede Holiday to John Sununu Re: TPRG Meetings (2 pp.)	4/12/91	P-5 10/28/2005	
09. Memo	From Ede Holiday to POTUS Re: Initiative to Improve the Pension System (1 pp.)	3/28/91	P-5 4/21/2008	
10. List	Projected EPC Meeting: Week of April 21 (1 pp.)	4/91	P-5 10/28/2005	
11. Memo	From Ede Holiday to John Sununu Re: US-Japan Telecommunications Issue (1 pp.)	3/27/91	(b)(1)	
12. Memo	From D. Allan Bromley and Ede Holiday to John Sununu Re: Preparation for the 1992 U.N. Conference on Environment and Development (1 pp.)	3/22/91	P-5 10/28/2005	
13a. Memo	From Ede Holiday to John Sununu Re: Pension Proposal Unveiling (2 pp.)	3/25/91	P-5 10/28/2005	
13b. Memo	From Lynn Martin to John Sununu Re: Proposal to Expand and Simplify Pensions (1 pp.)	n.d.	P-5 10/28/2005	
13c. Memo	From Lynn Martin to John Sununu Re: Pension Proposal Unveiling (1 pp.)	n.d.	P-5 10/28/2005	

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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
13d. Memo	From Ede Holiday to POTUS Re: Initiative to Improve the Pension System (1 pp.)	3/25/91	P-5 10/28/2005	
13e. Memo	From Nicholas Brady to POTUS Re: Improving the Private Pension System (4 pp.)	1/28/91	P-5 10/28/2005	
13f. Paper	Talking points on the pension reform package (2 pp.)	n.d.	P-5 10/28/2005	
13g. Fact Sheet	The President's proposal to expand and simplify pensions (2 pp.)	n.d.	P-5 10/28/2005	
14. Memo	From John Schall to Bill Diefendorfer Re: Friday's DPC Meeting on the Balanced Budget Amendment (1 pp.)	3/18/91	P-5 10/28/2005	
15. Memo	From Ede Holiday to John Sununu Re: U.S. Satellite Policy (1 pp.)	3/15/91	P-5 10/28/2005	
16. Letter	From Constance B. Harriman to Ambassador Ryohei Murata Re: Pelly Amendment (1 pp.)	3/8/91	(b)(1)	
17. Memo	From Ede Holiday to John Sununu Re: Navajo Generating System (1 pp.)	2/1/91	P-5 10/28/2005	

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THE WHITE HOUSE
WASHINGTON

August 29, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR ANDY CARD

FROM: CLAIRES SECHLER
CABINET AFFAIRS

SUBJECT: Number of Americans who exhausted their
unemployment benefits in July

The Department of Labor tells us that the while the AP story is misleading, it is cleverly done. Labor feels that a press release to correct the statement will only call attention to the fact that we are not enacting an extended benefit program and will add to the arguments of those on the side of extending benefits. Instead, Labor will continue to clarify the facts as press inquiries are received. To date, very few press inquiries have been received.

As of July, 334,000 people had exhausted their unemployment technical benefits. This group is known as "exhaustees". In 1982, there were approximately 470,000 exhaustees and in the 1970's approximately 487,000. However, in each of the past recessions, other programs have been put into place to extend benefits. Because unemployment benefits have not been extended this time, the 334,000 exhaustees do not have another program from which to draw additional funds. Therefore, it is fair to say that 334,000 is the highest number of exhaustees who have no other benefits from which to draw. This record number is one that Labor thinks it is dangerous to highlight.

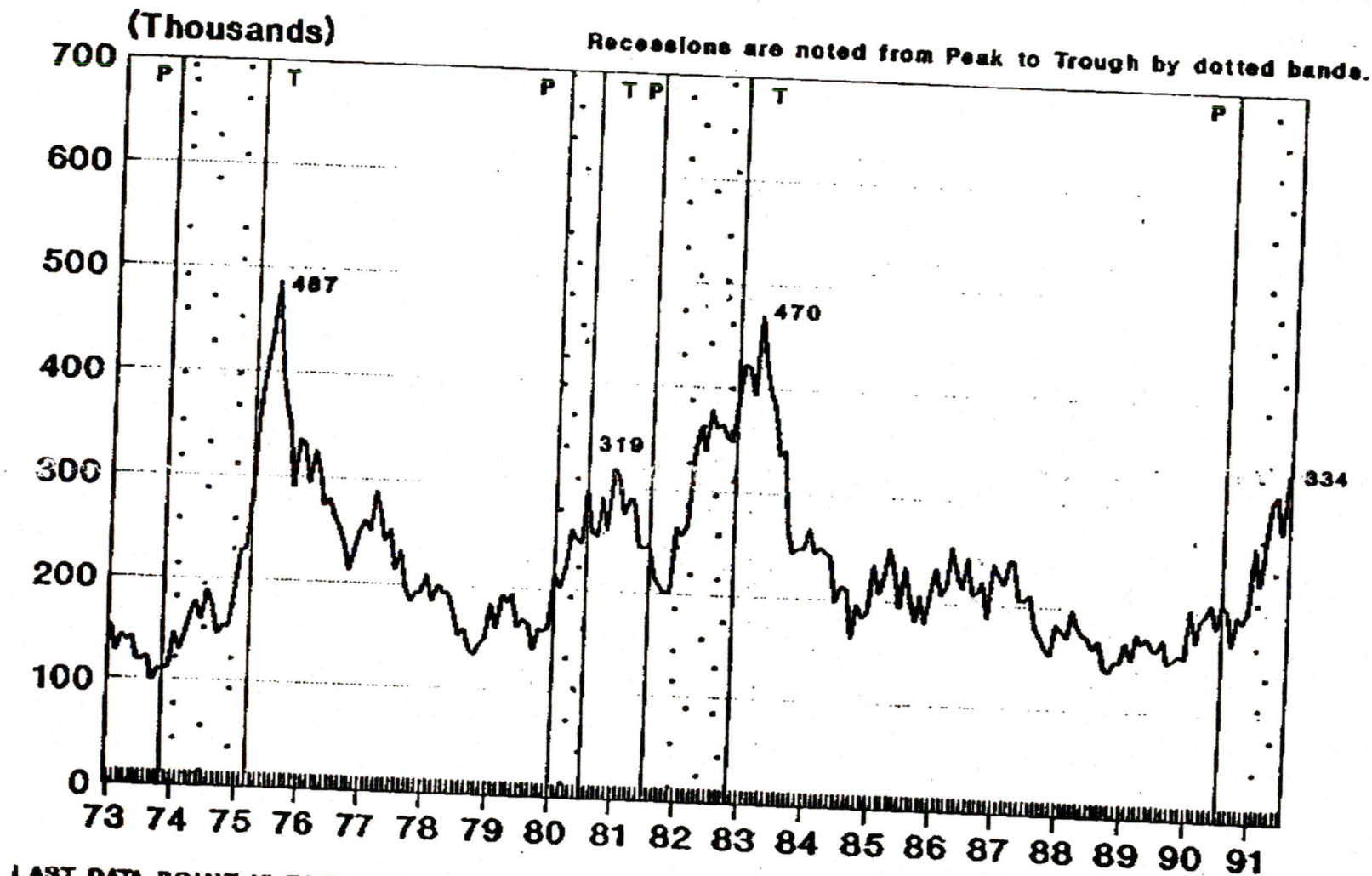
Attached are talking points and a chart on this issue provided by the Department of Labor. If you need any additional information, please let me know.

Attachments

Response to Center on Budget and Policy Priorities

- o Exhaustions of regular unemployment benefits have increased over the past year, as would be expected in a recession.
- o But, due to the relative mildness of this recession as compared to previous ones, the exhaustion rate, and the absolute number of people exhausting their benefits is nowhere near the peak levels of prior, more severe recessions.
- o Exhaustions as of July, 1991 stood at 334,000. In the last recession, exhaustions reached 470,000. In the 1970's exhaustions reached the 487,00 level.
- o Initial claims for unemployment have trended down since March, and we are seeing other signs in the economy that this recession is on the wane.
- o Exhaustions do tend to increase at the end of recessions, and we may see some increase above the levels we have today. However, the good news is that we think the recovery is gaining momentum. The recovery will produce what every unemployed person really needs, a good job.
- o In the recent downturn, the Unemployment Insurance system has worked as it was designed. It has paid over three million more persons in this fiscal year than in Fiscal Year 1989, which predates the recession.
- o In this year alone, the system will have paid out over \$25 billion in benefits to over 10 million persons.
- o Nine states did pay extended benefits this year, and only three are paying them now. The system did its work, and now the recovery is underway. Our projections show continued economic growth through this year and into the next. We need to focus on that.

Exhaustees 1973 - 1991



LAST DATA POINT IS FOR JULY, 1991

SOURCE: USDOL / ETA / UIS
Division of Actuarial Services

THE WHITE HOUSE

WASHINGTON

September 7, 1991

TO: Secretary Nick Brady
Director Dick Darman
Chief of Staff John Sununu
Chairman Mike Boskin
Roger Porter
Ede Holiday

SUBJECT: Coordination of Economic Policy

In an effort to coordinate all Administration domestic economic policy, I want to see the role of the existing Economic Policy Council strengthened.

Secretary Brady will continue to serve as Chairman of the EPC and I am naming him as the chief economic spokesman for this Administration. Director Darman will be the Vice-Chairman of the EPC.

I am instructing Secretary Brady to work with other key participants in domestic economic matters to develop a plan and to make sure all departmental views are considered.

Secretary Brady and Director Darman should attend the meetings at the White House that relate to domestic economic policy.

In my view the EPC should meet more frequently.

The EPC must work closely with the White House legislative staff and the legislative staffs in the relevant departments.

As in the past, international economic policy will be coordinated through the NSC system. I recognize that there is and always will be an overlap with domestic economic policy. To mitigate potential conflict, special effort can be given to cooperation between various key Administration officials.

As there are many issues that have nothing to do with economics, domestic policy will continue to be coordinated within the DPC structure. The EPC and DPC will, however, need to work closely together.

As President I will continue to contact individual Executive Office of the President staffers and Members of the Cabinet as I see fit; but policy determinations will emanate from this strengthened EPC structure.

Scheduling of meetings involving the President's time will continue to be set by the Chief of Staff.

Ag Bush

THE WHITE HOUSE
WASHINGTON

July 23, 1991

MEMORANDUM FOR CLAYTON YEUTTER
CHAIRMAN, REPUBLICAN NATIONAL COMMITTEE

FROM: C. BOYDEN GRAY *Original signed by CBG*
COUNSEL TO THE PRESIDENT

SUBJECT: Attendance at Cabinet Meetings

Ede Holiday has shared with me your June 26 memorandum to her (*attached*) requesting a few minutes at the next Cabinet meeting to deliver a couple of messages that you characterize as political.

At the outset, I recognize that it is entirely legitimate for the President to communicate to the members of his Cabinet the political role he expects them to play in his Administration.

However, I wish to reiterate in the strongest terms that you should not attend any Cabinet meeting until your one-year cooling off period required by law expires or unless the law is changed before then. Instead, I have some ideas below as to how your messages can be communicated without running afoul of ethics restrictions.

Section 207(d)'s cooling off period is straightforward: for one year following your departure from the Department of Agriculture, **you may not make, with intent to influence, a communication to or an appearance before** anyone in Agriculture and most top political appointees and other senior officials elsewhere in the Executive Branch (exclusive of the White House and Vice President's offices), on behalf of any other person, **in connection with any matter** (not limited to "particular matters") **on which you seek official action** from any Executive Branch employee.

On the surface, the concerns you expressed in your memo to Ede appear to be clearly political. As I have indicated previously, however, it is often unclear where politics ends and policy begins: politics and government policy are frequently discussed together as one subject. The article about Secretary Skinner's visit to Louisville, part of the materials you sent to Ede, proves my point: the Secretary's visit was an official activity, notwithstanding that there were political ramifications from that visit.

Aside from the strict legal concerns, there is a problem of appearances. Cabinet meetings are often reported in the media, and Hill staff are aware of your cooling off period because of our efforts to seek an amendment of Section 207 to allow these political communications. A report of your attendance at a Cabinet meeting may jeopardize our legislative efforts, but what

is worse, may subject you and the President to criticism, or even lead to a call for an investigation to determine whether an independent counsel should be appointed.

As I indicated above, there are several ways in which the President's political expectations of the Cabinet may be communicated to the Cabinet. Although for a one-year period you may not discuss with Cabinet members how to perform their role, your concerns may be relayed to them by (1) Mary Matalin, or other senior Republican Party official; (2) the President or non-Hatched senior White House officials, with whom you are free to discuss these issues directly; or (3) a Cabinet member, so long as you do not ask the Cabinet member to do this.

cc: Governor Sununu
Ede Holiday



Republican
National
Committee

Clayton Yeutter
Chairman

June 26, 1991

5

MEMORANDUM

TO: EDE HOLIDAY
ASSISTANT TO THE PRESIDENT
AND SECRETARY OF THE CABINET

FROM: CLAYTON YEUTTER

Ede, in talking with President Bush and Governor Sununu yesterday, we decided it would be good for me to come to the next Cabinet meeting and deliver a couple of messages. One relates to letting the state Republican hierarchy know when Cabinet members are out on speaking engagements, and the second relates to having Cabinet members do more political events to take some of the load off the President. I can do this in five minutes unless my comments provoke some questions.

As you know, Boyden Gray has ruled that I cannot ordinarily attend Cabinet meetings since the ethics laws preclude discussion of policy issues with my former colleagues. So we'll need to do this little political discussion at the beginning of a meeting, and I will then depart before any policy discussion occurs.

Let me know when you wish to do this, and I'll come over. Many thanks.

cc: Governor Sununu

THE WHITE HOUSE
WASHINGTON

July 30, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY *Ede Holiday*

SUBJECT: EPA/Justice Enforcement Initiative to Reduce Lead Contamination

Tomorrow, EPA and the Department of Justice will announce a new enforcement initiative to reduce lead contamination as part of EPA's previously announced strategy for reducing lead exposures. The initiative involves the filing of 22 judicial enforcement actions by the Department of Justice and the commencement of 15 direct administrative enforcement actions by EPA involving approximately \$15 million in total penalties.

The various lawsuits and administrative actions involve alleged violations of six environmental statutes: the Resource Conservation and Recovery Act (RCRA), the Superfund Law, the Clean Water Act, the Clean Air Act, the Emergency Planning and Community Right to Know Act, and the Safe Drinking Water Act.

The cases in the initiative generally involve industrial sites and corporate entities. One administrative case under RCRA involves the Amoco Oil Company's Yorktown, Virginia refinery and may result in the assessment of between \$7 million and \$15 million in penalties. Another administrative case under RCRA involves AT&T's Richmond Works in Richmond, Virginia and may result in the assessment of a \$1 million penalty. In another noteworthy administrative case under the Superfund Law, EPA has reached a settlement with ASARCO, Inc., an operator of a lead smelter, that requires the cleanup and removal of lead contaminated soil from day care centers, parks, yards, schools, playgrounds, and unpaved streets and alleys in and around East Helena, Montana.

THE WHITE HOUSE

WASHINGTON

August 23, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY *EH dac*

SUBJECT: Update on September 5 Cabinet Travel to support America 2000

In coordination with my office, Secretary Alexander has organized two trips -- one to Omaha, Nebraska and the other to Howard County, Maryland -- with 8 other Cabinet-level members of the Administration on September 5. The purpose of these trips is to highlight the President's continuing commitment to improving the quality of education by dispatching members of his Cabinet to states and communities that are adopting his America 2000 strategy. (It also provides an opportunity to show Mrs. Bush's personal involvement in education: she will be joining David Kearns and others in Maryland.) Below is a brief description of each travel plan:

Nebraska. Alexander will travel with Secretaries Kemp, Madigan, Martin, and Skinner to Omaha. When they arrive, each Secretary will visit a different school or workplace/training site. At noon, they will all join Governor Nelson to kick-off the Nebraska 2000 campaign and meet with the local education steering committee.

Maryland. Deputy Secretary Kearns will travel with Mrs. Bush to an elementary school in Ellicott City while Secretaries Watkins and Sullivan and Administrator Reilly visit nearby education sites in Maryland. At midday, the Cabinet members will join Governor Schaefer at a Maryland 2000 kickoff and press availability.

The governors' offices in Nebraska and Maryland intend to announce the September 5 education days on August 27; their media advisories are being cleared with the Department of Education and the affected federal departments. Media advisories and press releases from the participating departments and agencies will be released later next week. The White House press office has been kept abreast of all this activity.

We are working with the speechwriting office to make sure that the President acknowledges this Cabinet travel in his September 3 remarks in Maine. A detailed schedule of events will be available early next week.

I should add that all the Cabinet members participating in these events are very enthusiastic about the plans and there has been a high level of cooperation among their offices.

THE WHITE HOUSE

WASHINGTON

July 25, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY 

SUBJECT: Excess Food From Operation Desert Storm

This memo explains the current situation regarding excess food from Operation Desert Storm. GSA has the responsibility of disposing of all excess federal property. DoD has notified GSA that there is a substantial amount of food remaining from Desert Storm.

DoD is conducting an inventory to determine how much of the food will be retained by the services and how much will be declared excess. DoD officials now estimate that there is \$135 million worth of food stored in four depots across the country and another \$200-\$250 million in the Desert Storm Theater. GSA recently issued a press release stating that they would distribute an estimated \$300 million in excess food. We have cautioned GSA about using such a figure until August 1 when DoD expects to be done with their inventory. At this point, we do not know how much of the food will be declared excess and subsequently transferred to GSA.

GSA Administrator Dick Austin has decided to make distribution of the food to the homeless and other charitable causes his top priority. With this goal in mind, GSA has begun distributing the food as they receive it from DoD. GSA usually follows a plan that calls for distribution of items to other Federal agencies who express an interest, followed by distribution through the states to designated donees such as relief agencies. These state donees must usually pay nominal handling costs. Austin expects the volume of food to be so large that it will exceed the needs and storage capabilities of the Federal agencies.

This effort is unique due to the expected volume of food as well as the emphasis being placed on distribution to charitable organizations. Another unique feature is that GSA has made a potentially controversial legal determination that the Interagency Council on the Homeless qualifies as a Federal agency that GSA can use to distribute food directly to charities. As a result of this interpretation, the charities do not have to pay any of the costs connected with distributing the food. Thus far there has been a moderate amount of press interest in the effort as well as interest from state agencies and legislators desiring the food. Due to the uncertainties associated with the distribution effort, I suggest that we monitor the situation for a while. If all goes well, I would recommend that the President mention GSA's efforts to distribute the food to charities at some appropriate time in the future.

cc: Andy Card

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Memo	From Ede Holiday to John Sununu Re: Clearance Concerns (1 pp.)	7/10/91	P-5	

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Open on Expiration of PRA
(Document Follows)
By D/C (NLGB) on 1/19/2009

Date Closed:	12/20/2004	OA/ID Number:	29176-007
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

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

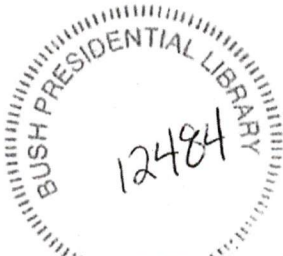
- (b)(1) National security classified information
- (b)(2) Release would disclose internal personnel rules and practices of an agency
- (b)(3) Release would violate a Federal statute
- (b)(4) Release would disclose trade secrets or confidential or financial information
- (b)(6) Release would constitute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

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM. Removed as a personal record misfile

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

- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]



THE WHITE HOUSE

WASHINGTON

July 10, 1991

THE CHIEF OF STAFF
has seen and discussed
with Ede

MEMORANDUM FOR GOVERNOR SUNUNU

FROM:

EDE HOLIDAY *EH*

SUBJECT:

Clearance Concerns

In the last few days, White House staff members have experienced difficulties with Administrator Reilly in connection with his wetlands testimony today before a Senate subcommittee. Other agencies involved in the process are upset that EPA preempted ongoing discussions by releasing the wetlands delineation manual prematurely.

As you know, the process of refining both the delineation manual and the regulations has been very contentious. OMB is responsible for reviewing the new draft delineation manual, and the Domestic Policy Council (DPC) is responsible for developing proposed reforms to the wetlands permitting rules. The Vice President's Competitiveness Council has been overseeing the negotiations between OMB and EPA about changes to the manual. The DPC discussion envisioned announcing at one time our changes in the delineation manual, changes in the 404 permitting program, and other positive wetlands initiatives.

On three separate occasions in the last two days, White House staff told EPA that it could not release the delineation manual without White House clearance.

- 1) Yesterday evening OMB and OVP staff told EPA that it was not authorized to release a rule that was still being negotiated. Reilly said he was releasing the draft manual anyway unless called by the President himself.
- 2) Last night following the Vice President's discussions with Administrator Reilly, Al Hubbard told the Administrator again that EPA should not release the latest draft of the manual without OMB clearance.
- 3) This morning when the agreement proposed by the Administrator and the Vice President could not be cleared by the affected agencies in time for the Administrator's morning testimony, Al Hubbard told the Administrator again that he should not release the manual. Reilly responded that withholding the manual "was not an option," and he released the draft manual at the hearing.

I would appreciate your guidance as to how we should proceed with the Administrator. We need some method of ensuring that agencies adhere to the clearance process.

THE CHIEF of STAFF
has seen

THE WHITE HOUSE
WASHINGTON

July 24, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM:

EDE HOLIDAY 

SUBJECT:

PBGC announcement on July 24.

I was informed this morning that the Pension Benefit Guaranty Corporation (PBGC) will announce today the termination of two Pan Am benefit pension plans. The PBGC will hold a press conference at 11:00 a.m.

PBGC's basis for termination is that Pan Am has failed to make pension contributions and the two plans present an imminent loss to the PBGC. The two plans together are underfunded by \$840 million. Over \$600 million of this amount represents benefits guaranteed to be paid by the PBGC. Upon termination, PBGC becomes trustee of the plans and will pay benefits according to the plans provisions, up to the maximum guaranteed. Very few retirees will have benefits cut back.

PBGC faces a loss of \$600 million before recoveries. Recoveries will be limited, but the PBGC believes that acting now will help reduce the loss. Privately, Pan Am concedes that the legal tests for termination are met. However, Pan Am objects to the timing of the action and may publicly oppose it. The PBGC believes that it must terminate the pension plans now to protect its position in bankruptcy proceedings.

THE WHITE HOUSE

WASHINGTON

July 1, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY *EH*

SUBJECT: Possible Listing of the Delta Smelt Under the
Endangered Species Act

On June 29th last year, the Fish and Wildlife Service (FWS) received a petition from the American Fisheries Society to list the delta smelt, a three-inch fish that lives in the brackish waters of the Sacramento/San Joaquin River Delta (San Francisco Bay area), as an endangered species with designated critical habitat under the Endangered Species Act (ESA). Under the ESA, the FWS had until June 29, 1991 to determine whether the petition to list was warranted. At this time, it appears that the FWS determination will be a few weeks late.

If the FWS determines that the petition is warranted, it has one year (i.e. by June 29, 1992) to review the available biological data and publish a final rule denying the petition, or designating the species as either threatened or endangered. During this period, any federal agency proposing an action that may jeopardize the delta smelt or its habitat must first informally confer with the FWS on the proposed action. If the species is listed as threatened or endangered, section 7 of the ESA requires formal consultations with the FWS and empowers the agency with the authority to issue binding opinions accepting or rejecting any federal action that may impact the species or its designated habitat.

The proposed listing of the delta smelt as an endangered species has very broad implications for the Federal Bureau of Reclamation's Central Valley Project and California State Water Project operations. For example, to protect the delta smelt, changes likely would have to be made in the way the Delta area is managed. Pumps in the southern Delta that send water down aqueducts to Southern California may have to be turned down or off when the smelt spawn in late winter and early spring. Those pumps usually run at full capacity during these typically rainy months.

Initial analysis indicates that as much as 2 million acre-feet of water from federal and state projects may have to be dedicated to the Delta area rather than "exported" South for agriculture, municipal and industrial uses, and fish and wildlife management needs. While the precise impacts of a proposed listing are not known at this time, it is safe to say that virtually all future aspects of water project operations will have to be closely coordinated with the FWS.

THE WHITE HOUSE

WASHINGTON

June 21, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM:

EDE HOLIDAY *EH*

SUBJECT:

Talking Points for the Report of the National
Commission on Children

For your information, the talking points to be used by the Republican spokesman for the National Commission on Children, Wade Horn, are attached. Wade is the Commissioner of the Administration on Children, Youth, and Families. The talking points have been approved by OPD and OMB staff. The Commission's report will be announced on Monday.

Attachment

TALKING POINTS - NATIONAL COMMISSION ON CHILDREN REPORT

- o The National Commission on Children has developed a bipartisan report which confirms the long-time belief of the Bush Administration that most American children are healthy, happy, and secure; and that values such as integrity, service to others, and the strength of the family are becoming increasingly important to the well-being of our country's youth. But more needs to be done.
- o The Commission stresses that the key to a positive effect on the health and well-being of America's children lies in the strengthening and support of the family and community.
- o There was consensus on the value of a sound moral climate and on the importance of the family.
- o The Commission also reached consensus endorsing school choice, a key component of the President's education strategy.
- o As with the Pepper Commission, which Senator Rockefeller also chaired, the National Commission on Children Report includes proposals with huge price tags but *without any consensus on where the money will be found*. As usual, the financing strategies revolve around major unidentified tax increases.
- o The sharpest disagreements were over the chapter on health care. The majority health report is indistinguishable from the Pepper Commission Report and Sen. Mitchell's recently released plan -- both of which have been widely criticized. The Republican members found it necessary to submit a minority health chapter.
- o The Commission proposed a \$1,000 per child tax credit to replace the current standard deduction at an estimated cost of **\$40 billion a year**. The Administration supports the goal of enhancing credits for families with young children -- but this proposal is poorly targeted and does not foster fairness in tax benefits. The Commission's credit is not limited by income.
- o The 1990 Bipartisan Budget Agreement -- at the urging of the Administration -- contained **\$26 billion in tax credits** for low income families with children. This expansion of the earned income tax credit already provides real assistance where it is needed -- to low income working families with children. The Commission's proposal fails to target that assistance fairly.
- o The Administration also secured legislation last year that assists children with \$4 billion in voucherable child care assistance -- again targeted at low income families.

o The Commission has reaffirmed and, in effect, endorsed the Administration's pro-family policies, as well as large budgetary increases proposed by the Bush Administration since 1990 for:

The Women's Infants and Children's program (WIC), \$447 million; Child Nutrition \$1.18 billion; Infant Mortality, \$3.8 billion; Head Start, \$500 million; Compensatory Education, \$1.05 billion; Child Care Block Grant \$1.5 billion; and Immunizations, \$71 million.

Overall spending on children increased from \$65.6 billion in 1990 to \$86.8 billion in 1992 (+32%) !!!

J. Pagan

THE WHITE HOUSE

WASHINGTON

March 22, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY *[Signature]*
SUBJECT: Peanut Quota Increase

THE CHIEF of STAFF
has seen

The U.S. International Trade Commission (ITC) recommended today that the President temporarily increase the section 22 quota on imported peanuts in order to alleviate a shortfall in the crop.

The majority ITC recommendation is that the President allow 300 million lbs. of peanuts to enter in the 1990-91 quota year. This represents about 10% of normal domestic consumption and about half the shortfall attributable to last year's drought in the south. The shortfall has caused prices to range more than 50% above normal, putting the squeeze on food processors.

Peanuts are one of the most highly managed agricultural commodities in the United States. Quota marketing rights were frozen in the 1930s and are passed down from generation to generation. Imports are effectively prohibited by a section 22 quota. In consequence, peanut farming is lucrative and has a strong political constituency, particularly in Georgia, Virginia, and Texas.

If the Administration is going to respond effectively to the ITC recommendation, it must do so quickly, since the peanut quota year ends on July 31. It generally takes time to contract for and ship a bulk commodity, like peanuts.

We have asked USTR to chair an interagency group to coordinate recommendations to the President. USDA will be a central player. In public hearings held by the ITC earlier this year, USDA recommended against an increase in the peanut quota.

THE WHITE HOUSE
WASHINGTON

AC/ER

June 18, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM:

EDE HOLIDAY 

SUBJECT:

Sea Turtle Negotiations with Japan

Over the last week, U.S. and Japanese negotiators have been working intensively to resolve the dispute with Japan over continued Japanese imports of endangered sea turtles. Early this afternoon, U.S. and Japanese negotiators reached an referendum agreement. The TPRG met this afternoon and approved the agreement on behalf of the U.S. side. The Japanese government is expected to do the same and to release the Japanese decision in Tokyo at 11:00 p.m. EST tonight. If things go as planned, this agreement will avoid the need for U.S. sanctions.

Under this agreement, the Japanese will announce that all imports of sea turtles will end on December 31, 1992. Within that 17-month period the Japanese would have the right to import up to 7.5 tons total. The U.S. side expects that a significant portion of this 7.5 tons will be from existing stockpiles of already harvested turtles. After December 31, 1992, the government of Japan will conform to the provision of the Convention on International Trade in Endangered Species (CITES) although Japan would not formally withdraw its reservation on CITES until July 31, 1994. Based on the Japanese decision, Secretaries Mosbacher and Lujan would announce that no sanctions would be imposed by the U.S. government, although the U.S. would reserve the right to continue criticizing Japan in CITES and to seek an earlier withdrawal of Japanese reservation to CITES.

cc: General Scowcroft

THE WHITE HOUSE
WASHINGTON

AC/ER

June 11, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY *Ede Holiday*
SUBJECT: North America Free Trade Agreement

This morning USTR chaired a Trade Policy Review Group (TPRG) meeting to discuss the agenda for tomorrow's Ministerial meeting in Toronto, which will begin the negotiations on the North America Free Trade Agreement (NAFTA).

At the Toronto meeting, Ambassador Hills will seek the agreement of her counterparts on a work plan for negotiations over the next several months. This work plan will involve primarily the creation of approximately fifteen working-level negotiating groups which will seek to frame the major issues for negotiation. USTR hopes that these working groups will meet through the summer, with perhaps another ministerial-level meeting in August.

cc: General Scowcroft

THE CHIEF of STAFF
has seen

DATE June 11, 1991 TIME _____

TELEFAX COVER SHEET

NUMBER OF PAGES TO FOLLOW: 1

TO: Richard Porter TEL. # 456-6722

OFFICE: _____ FAX # 456-2223

FROM: Buff Bohlen TEL. # 647-1554

OFFICE: _____ FAX # 647-0217

MESSAGE:

Here in bold print is the language we propose to add to paragraph 6 of Article 24 of the Antarctic Protocol. The years in parentheses are what we hope to negotiate, but we will need to have some flexibility.

This is the added language that other agencies signed off on. It allows us to take care of their concerns without changing the present language or substance of the Protocol which other countries have already reviewed and accepted. Because this addition is taken directly from the Antarctic Treaty itself, we are confident we can sell it to the other Consultative Parties.

Buff

(Please note: attachment is "close hold")

1. Except for the adoption and modification of Annexes in accordance with Article 8, this Protocol may be modified or amended at any time in accordance with the provisions of Article XII, 1(a) and (b) of the Antarctic Treaty.
2. If, after the expiration of 50 years from the date of entry into force of the present Protocol, any of the Consultative Parties so request by a communication addressed to the Depositary Government, a conference shall be held to review the operation of this Protocol.
3. A modification or amendment proposed at any Review Conference called pursuant to paragraph 2 above shall be adopted by a majority of the Parties, including a majority of the Consultative Parties.
4. Any modification or amendment adopted pursuant to paragraph 3 of this Article shall enter into force upon ratification by 3/4 of the Consultative Parties, including the ratifications of all States that were Consultative Parties at the time of adoption of this Protocol.
5. With respect to Article 6, the Parties agree that the prohibition on Antarctic mineral resource activity contained therein shall continue unless there is in force a binding legal regime on Antarctic mineral resource activities that includes an agreed means for determining whether, and, if so, under which conditions, any such activities would be acceptable. Therefore, if a modification or amendment to Article 6 is proposed at a Review Conference referred to in paragraph 2 above, it shall include such a binding legal regime.
6. Until a modification or amendment to in paragraph 5, adopted at a review conference, has entered into force in accordance with paragraph 4, the prohibition on activities relating to mineral resources under Article 6 shall remain in force. If any such modification or amendment has not entered into force within (three) years of its circulation to all Contracting Parties, any Contracting Party may at any time thereafter give notice to the Depositary Government of its withdrawal from Article 6, and such withdrawal shall take effect (two) years after receipt of the notice by the Depositary Government.

Accepted: _____

THE WHITE HOUSE

WASHINGTON

June 5, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM:

EDE HOLIDAY

SUBJECT:

Upcoming Meetings with Department and Agency
Officials

Beginning Monday, June 10, my office has scheduled a series of meetings with domestic department and agency officials to discuss their "Summer Issues" reports, which they recently prepared. Like the ones they submitted to us in the Fall and Winter, these reports describe the chief activities that will occupy the attention of the department or agency for the period of June 1 to September 15.

As we did last October and then again in February, we have invited a number of White House staff to these hour-long meetings to discuss upcoming department and agency activities, looming problems and the extent to which Executive Branch initiatives can complement the main domestic policy themes embraced by the President.

At the conclusion of our meetings, I intend to submit a report to you that will outline the key issues that emerge from these meetings.

THE WHITE HOUSE

WASHINGTON

June 4, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY *[Signature]*

SUBJECT: Aldicarb Residues on Bananas

EPA will shortly release to the press preliminary information indicating that some bananas treated with the pesticide aldicarb and imported into the U.S. may have residues above the level considered safe by EPA and FDA. There is reason to believe that some media, including the Washington Post are already aware of this development.

The manufacturer of aldicarb, a French company called Rhone-Poulenc, has announced that it will voluntarily stop the sale of the pesticide for use on bananas. This action was taken after the company found excessive residues of the pesticide in some individual bananas in field trial studies in Central and South America, where most bananas are grown.

The banana companies have also agreed to monitor all shipments of bananas from growing areas where aldicarb has been used. Where bananas are found to have aldicarb residues above allowable levels, the companies will stop shipment into the U.S. Production will also be halted for three months in those growing areas found to have contained excess aldicarb residue.

While EPA, FDA and USDA have tentatively agreed on an appropriate press release, some state health agencies are considering the issuance of a public health advisory recommending that consumers temporarily avoid eating bananas. EPA is working with these states to prevent such action. USTR, the State Department and staff at the NSC have been informed of this issue.

Aldicarb is used on approximately six percent of the bananas imported into the U.S. Monitoring of imported bananas by FDA over the past five years has not shown any residues over allowable levels. However, FDA is now conducting a specialized monitoring effort that will permit detection of residues over the allowable level in each banana. Aldicarb has been registered since 1970 to control insects, mites and nematodes and is used on a variety of crops. Exposure to the pesticide above the tolerance level can cause flu-like symptoms which appear within the first hour following exposure and disappear within five or six hours. Its use on bananas has been authorized since 1977. EPA, FDA and USDA will continue to review and monitor this situation and take any further action if necessary.

cc: General Scowcroft

THE WHITE HOUSE

WASHINGTON

June 5, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM:

EDE HOLIDAY *EH*

SUBJECT:

Meeting between Secretary Alexander and Surgeon
General Novello

see attached
On April 15, you received a memo from Surgeon General Novello in which she described her efforts to support the national education goals.

I subsequently followed-up with Lamar Alexander's office to make sure that the Surgeon General is involved in America 2000 activities. Yesterday I learned that Alexander will be meeting with her on June 11 to discuss cooperative efforts to advance the President's education strategy.

**THE WHITE HOUSE
WASHINGTON**

Date: April 16, 1991

TO: EDE HOLIDAY

FROM: KATIE WINKELJOHN

Governor Sununu indicated he spoke with Secretary Alexander about the attached.

He would like you to follow up with Education and make sure they are in contact with the Surgeon General.



A PERSONAL NOTE FROM THE SURGEON GENERAL

Dear Governor

Thanks for talking with me today!
As discussed, I have been very involved
in making a reality, President's Bush
first education goal. Up to now:

① I have assembled an advisory committee
with several departments including - Education,
Agriculture, HHS, and the White House (through Roger Porter)

② I have talked to around 80 private sector
groups about the importance of linking education
and health - including American Academy of Pediatrics
Health Education Consortium and Safe Kids

③ Have met with representatives of the Mayors
and with Governor Ashcroft's staff pertaining to this issue.

④ Have planned a Conference of the Surgeon General
toward Healthy Children, Ready to Learn. - focusing on
Parents and their role in their children's health.

(Dec-8-11-1991)

Knowing how much this ^{education} subject;
the families and the future of
the children mean to President Bush,
I wanted to let you know, what
I am doing, so that in turn
you advise me, on how else can I
help him; and the children as a whole.

Thanks again
Ghausi, amir
Dra Thwell



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

April 15, 1991

The Surgeon General of the
Public Health Service
Washington DC 20201

MEMORANDUM FOR JOHN H. SUNUNU
CHIEF OF STAFF TO THE PRESIDENT

FROM: SURGEON GENERAL ANTONIA C. NOVELLO, M.D., M.P.H.

SUBJECT: The President's First National Education Goal

Last August, the White House Policy Staff requested that I focus on the health component of the President's First National Education Goal.

To this end, I formed an advisory group comprised of White House Staff and key Federal program directors from the Departments of Education, Agriculture, and Health and Human Services. This "Healthy Children Ready to Learn" Advisory Group meets monthly, and during the past six months, has established a broad-based foundation for which to plan future activities and to meet the objectives of this Initiative.

In addition to representatives from the Federal sector, we have extended invitations to approximately 80 private sector organizations to participate in and strengthen this Initiative. Examples of these groups include: the American Academy of Pediatrics, the Healthy Mothers/Healthy Babies Coalition, the Health/Education Consortium, SafeKids, and the American Medical Association.

Additionally, my staff has been working with Governor Ashcroft's staff on this Initiative, and I have met with the National Association of Mayors.

We are working on several future visible activities as part of this Initiative. In the Fall, I am spearheading an effort by the Children's Action Network and the Centers for Disease Control to host an "Immunization Week" in five key cities hardest hit by the current measles epidemic, with our goal to immunize as many children as possible.

In December, I will be hosting a "Healthy Children Ready to Learn Conference" here in Washington, D.C. The focus of this conference is the critical role that parents play in shaping a healthy environment for their children. With this in mind, we are, for the first time, bringing together from across the country, parents and families, Governors, and state and professional health education and social service officials to work together to outline objectives for which to support the President's goal for healthy children ready to learn.

Chief of Staff John H. Sununu
The President's First National Education Goal
Page Two

I want to thank you for taking the time out of your busy schedule to speak with me this afternoon on what I know is an important subject to all of us. I welcome any thoughts you might have, and will keep you apprised of our progress.

THE WHITE HOUSE

WASHINGTON

May 31, 1991

AC/ER

MEMORANDUM FOR GOVERNOR SUNUNU
ROGER B. PORTER

THE CHIEF of STAFF
has seen

FROM: EDE HOLIDAY 
SUBJECT: Hartz Mountain Wetlands Decision

EPA's Region II Administrator has decided to challenge, under Section 404(c) of the Clean Water Act, an Army Corps of Engineers's (Corps) decision to permit the filling of 76 acres of valuable wetlands as part of the Hartz Mountain housing development project in the Hackensack Meadowlands of New Jersey.

On May 16, the Corps approved a permit to fill 76 acres of wetlands as part of a proposed housing project to be constructed by the Hartz Mountain Development Corporation (Hartz). The Corps found that the project would provide needed housing within the Hackensack Meadowlands region and that the proposed mitigation plan of enhancing and protecting 155 acres of existing wetlands would ensure no net loss of wetlands in the area. The project is also supported by some Members of Congress because, among other reasons, approximately 10 percent of the units will be low income housing.

The EPA Regional Administrator believes that the 76 acres of fill will be detrimental to the surrounding ecosystem, one which has experienced a tremendous decrease in wetlands. EPA also believes the mitigation proposal will be insufficient to offset the collective damage incurred by the development. The area is recognized as containing high-value wetlands that provide wildlife habitat and perform a number of natural water purification functions. More than 30 species of birds have been identified in this area, four of which are on the state's threatened or endangered species list. The EPA Regional Administrator believes that the cumulative losses of wetlands over the years has resulted in a reduction in these natural functions and the damage from the proposed project could not be mitigated.

Under 404(c), the Administrator of EPA can veto a permit if he determines that it will have an unacceptable adverse effect on the environment. The EPA Regional Administrator will conduct a thorough review of the adverse consequences of the permit and will consider the existence of practicable alternatives. After the review, and if the Regional Administrator concludes that the project should not proceed, a proposed determination will be submitted to EPA headquarters for a final determination. The review process could take as long as a year.

THE WHITE HOUSE
WASHINGTON

AC/ER

May 23, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM:

EDE HOLIDAY *EH*

THE CHIEF of STAFF
has seen

SUBJECT:

WORKING GROUP ON BORDER SECURITY

As you will recall, the Border Security Review Group completed its work on April 1 as scheduled. A memorandum was then sent by the Domestic Policy Council and the National Security Council to all of the concerned Cabinet members summarizing the activities of the Review Group and presenting its conclusions.

All of the Cabinet members responded to this memorandum and, as anticipated, all concurred with the overall findings and recommendations of the Review Group. Each Cabinet member has designated a representative to participate on the new Working Group on Border Security. The function of staff coordinator will be performed by John Corcoran of the Department of Justice. His work will be supervised by the DPC and the NSC.

The first meeting of the Working Group is scheduled for May 28, at 3:30 pm in the Roosevelt Room.

I will keep you advised.

THE WHITE HOUSE

WASHINGTON

AC/ER

April 23, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY 

SUBJECT: EPC Science and Technology Working Group

The EPC Working Group on Science and Technology met for the first time last Thursday to discuss the Administration's position on the High Performance Computing (HPC) legislation.

The Working Group, chaired by Dr. Bromley, reached a consensus that the Administration should oppose the House (H.R. 656) and Senate bills (S. 272) on HPC, as currently drafted. Each of the bills would micromanage the Administration's initiative and would establish an excessively expansive role for the federal government in the HPC program. There was consensus within the Working Group that the Administration should submit to the House staff this week a revised, OMB cleared, version of the House bill that would cure the defects cited above. The redraft is currently in the OMB clearance process.

In addition, various members of the Working Group expressed the view that the Administration should try to raise the profile of its HPC initiative (perhaps through a Presidential event) so that the President receives full credit for developing and supporting the program.

THE WHITE HOUSE

WASHINGTON

April 30, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY

SUBJECT: Japan Telecommunications

THE CHIEF of STAFF
has seen

The Trade Policy Review Group, chaired by USTR, met yesterday to consider whether the recent negotiations with Japan on telecommunications had produced an adequate basis for avoiding retaliation under Section 301. The U.S. government and the Japanese Ministry of Post and Telecommunications have been at odds for some time over access by U.S. companies to the Japanese "value-added network" market.

In March 1991 the TPRG had reached a consensus that, if the issue were not resolved within the next month or so, the agencies would support authorizing retaliation. The TPRG at yesterday's meeting, however, concluded that sufficient progress has been made to avoid any retaliatory action at this time.

THE WHITE HOUSE

WASHINGTON

May 2, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY *[Signature]*
SUBJECT: Japanese Imports of Sea Turtles

The Trade Policy Review Group, chaired by USTR, met yesterday to consider the Administration's approach to resolving the sea turtles issue with Japan.

The Secretaries at Commerce and Interior have certified under the Pelly Amendment that Japanese nationals are engaging in trade in sea turtle products that diminishes the effectiveness of the international program to protect endangered species. Under the Pelly Amendment, the President, by May 19, must notify Congress of the action he has taken pursuant to the Secretaries' certification. Trade sanctions could be imposed on Japan if imports do not cease.

The TPRG concluded that the Administration ought to seek to negotiate a resolution of this issue before moving to trade sanctions. TPRG agencies agreed that if Japan, by May 19, agreed, in principle, to end imports of sea turtle products and to negotiate an early phase out to zero, the Administration would not take retaliatory action. Back-channel indications are that the Japanese government may be prepared to agree to the principle of zero imports, provided they have some reasonable period of time to make adjustment provisions for affected workers. The agencies agreed that Secretary Mosbacher should take the lead in pursuing this negotiation with Japan.

THE WHITE HOUSE

WASHINGTON

April 19, 1991

AC/ER

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY 

SUBJECT: Title VII and Special 301 Designations

The TPRG met this morning to consider whether to designate particular countries under Title VII (access to government procurement markets) and Special 301 (protection of intellectual property rights). This was the last meeting of the TPRG before the EPC meets on Wednesday, April 24 at 4:00 pm to consider these matters.

As to Title VII, there appears to be subcabinet consensus in favor of designating Norway, Australia, and Japan. However, the agencies remain divided as to whether to designate the EC and/or the Member States for discrimination in heavy electrical equipment and telecommunications procurement.

As to Special 301, agency views appear to differ over whether to designate India, China, and Thailand. Thailand presents the most controversial case, although negotiations with that country are still proceeding.

Wednesday's EPC meeting will also consider the Japan construction matter. The TPRG has reached a consensus to retaliate, if current negotiations do not yield satisfactory results. The negotiations resume today and will continue over the next few days.

THE WHITE HOUSE

WASHINGTON

AC/ER

April 12, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY 

THE CHIEF of STAFF
has seen

SUBJECT: TPRG Meetings

In the last day and a half, there have been three TPRG meetings on the following subjects:

Peanut Import Quotas

The Trade Policy Review Group met yesterday to consider the recommendation by the U.S. International Trade Commission to expand the import quota on peanuts. The meeting ended without resolution. USDA opposed any expansion of the quota; all other agencies, except USTR which was neutral, favored some liberalization. At the same time, all agencies recognize the potential negative impact on the Administration's fast track efforts if the President decides to expand the current quota.

I understand that you have discussed this matter with Secretary Madigan, and the matter remains in the posture you and he discussed. No further interagency action is now contemplated.

Access to Japanese Construction Projects

The Trade Policy Review Group met today to consider whether to authorize retaliation against Japan for failure to provide equitable market opportunities for American companies in Japanese construction projects. The consensus (absent OMB which did not take a position) of those participating in the meeting is in favor of retaliation. Any such decision, if it is to comply with the statutory requirement, should be made by the end of April. Given the prospect for retaliation, I believe the EPC should shortly consider this matter.

Title VII (Access to Government Procurement) and
Special 301 (Protection of Intellectual Property Rights)

The Trade Policy Review Group met this afternoon to consider interagency recommendations for designating certain countries under these 301-type provisions of the Trade Act. Designation is a public announcement that the identified countries are engaging

in unfair trade practices, and it begins a process which ultimately could lead to retaliation. The statutory deadline for action is April 26. The agencies appear divided on which, if any, countries to designate. Countries under most active consideration for designation as "priority" countries under Special 301 include India, PRC, and Thailand. Countries under most active consideration for some form of public identification under Title VII are Japan, Australia, Germany, France, Italy, Greece, and the EC. EPC consideration of these issues may be appropriate during the week of April 21.

THE WHITE HOUSE
WASHINGTON

April 12, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY 
SUBJECT: Census Bureau Release on the Homeless.

FYI -- Attached is a copy of the New York Times article and the USA Today article that ran today on the Census Bureau's count of the homeless. The Times story, while not including the actual numbers, does touch on the core controversy that homeless advocates fear these incomplete numbers will be used to cut funding for programs for the homeless. The USA Today story focuses on the probable number of homeless that were missed in the count.

The Census Bureau has represented from the outset that the count was not intended to be an exhaustive enumeration of the homeless. It was an attempt to count people who were not counted in previous censuses and thus improve the overall census count. Even if it had been the Bureau's intention to count the "homeless," the task would have been substantially complicated by the fact that there is not a generally agreed-upon definition of homelessness.

However, it is likely that the press and homeless advocates will continue to focus attention on the difference between the census count and their estimate of the number of homeless people, as well as their fear that these numbers could be used to cut financing for homeless programs.

The Census Bureau is planning to release this afternoon the attached press release, fact sheet and count of persons from the Shelter and Street Night enumeration. The Bureau is not planning a press conference. You should also know that these census numbers are all subject to the Freedom of Information Act.

Attachments

cc: Andy Card
Steve Hart

U.S. Homeless Count Is Far Below Estimates

By FELICITY BARRINGER

Special to The New York Times

WASHINGTON, April 11 — The Census Bureau found about 230,000 people in its first large-scale effort to count homeless people at shelters and selected street sites, a figure that bureau sources say was even lower than the pessimistic expectations for the carefully circumscribed count.

Although bureau officials said from the outset that they were not trying to count all the homeless, the new figure, less than half the most conservative estimate of homeless by a private group, 500,000 to 600,000, is expected to prompt a storm of criticism of the bureau's methods and results.

The figure of 230,000 includes about 180,000 people counted in homeless shelters and about 50,000 counted at selected street sites last March, bureau officials said.

To get the figure, 15,000 census takers visited about 11,000 shelters overnight and 11,000 open-air sites. The bureau workers were not allowed to count homeless people elsewhere, even if they saw them, and, except in a few instances, no counts were made in cities of less than 50,000 population.

Method Criticized

The release of this figure, one of the most controversial in a census dogged with disputes, comes as the bureau and its parent agency, the Commerce Department, are readying their decision on whether to change their basic approach to the census by using statistical methods to adjust for undercounts of blacks and other minorities.

While the homeless count was always designed to reflect only two parts of the homeless population, some census experts suggest that widely publicized problems with that count reduced confidence, and results, in the general census taken two weeks later. More than 15 cities are suing the Census Bureau seeking to force an adjustment, while two states, Washington and Oklahoma, have sued to forbid any change in the count.

The methodology for the circumscribed count in homeless shelters and on the streets, which was greeted with skepticism or even hostility by people who help the homeless, now faces a possible legal attack from the National

Law Center on Homelessness and Poverty.

Maria Foscarinis, a lawyer for the center, wrote Bureau Director Barbara Everitt Bryant on March 27, saying that the count's design was "fundamentally flawed" and unconstitutionally excluded "the hidden homeless," although this group may make up as much as two-thirds of the national homeless population.

How Will Figure Be Used?

While Ms. Foscarinis is citing the constitutional right of the homeless to be counted so that their numbers are reflected in the apportionment of seats in Congress and state legislatures, she and other homeless advocates have a more basic worry — that the low figures will be used as an excuse to cut fi-

Fear that census methods will hurt street people.

nancing for the homeless at all levels of government.

The worry, shared by some Congressional aides, is that the census number will be used to curb Federal financing under the McKinney Act, a \$700 million program that funnels aid to the homeless through the departments of Education, Labor, and Health and Human Services and Housing and Urban Development.

A proposed H.U.D. regulation published in February, in fact, suggested that communities making Federally mandated plans for housing and community needs use "special tabulations of decennial census data" as a basis of their assessment.

But David Cohen, director of the H.U.D. Office of Urban Rehabilitation, said that the regulation's preamble was misleading. That language, he said, was meant to apply to general census data on income and home ownership. "For homelessness, there's no expectation that the census data will be of any use whatsoever," he said.

Ms. Foscarinis and other homeless

advocates are not so certain. "My fear is that this is an effort by the Federal Government to diminish the plight of the homeless by minimizing their numbers," she said in an interview today. "Given the gross inadequacy of the Census Bureau's coverage, what their number suggests is that the true size of the homeless population is enormous."

Paula Schneider, director of the Population Division at the Census Bureau, said: "We admitted all along that you can't count everybody. Those who hide from the census can't be counted. There is no way you can count them. And some of the homeless are among them."

The homeless count, she said, was based in part on lists of shelters provided by local governments or shelter directors and other service providers. While the count was sparse in rural areas, she said, "where there was a rural shelter or street location on the lists we got from the national advocates, each district office was supposed to check them."

The Census has commissioned five studies of its efforts to count some of the homeless in New York, Los Angeles, Chicago, Phoenix and New Orleans. In Los Angeles, the bureau-commissioned study estimated that 70 percent of the population was missed; the New York study estimated that 47 percent of the homeless population was missed.

Because of their expectation that the census count would be used unfairly, lawyers for the National Law Center had met with Federal lawyers seeking to block release of any of the homeless totals unless they contained a disclaimer that, in essence, said the figures were meaningless.

The law center's action came late last month as the bureau began releasing decennial data, including the homeless counts, on a state-by-state basis. After the release of the data on Hawaii, the bureau voluntarily withheld further release of state data pending a discussion of a disclaimer.

Ever since homelessness emerged in the national consciousness as one of the most stubborn and troubling of the nation's social ills, the issue of homeless numbers has been contentious.

Census count on homeless missed mark

By William Dunn
USA TODAY

The Census Bureau's controversial tally of homeless people may have missed more than it counted.

The *New York Times* today reports the Census Bureau counted 230,000 homeless people, a number well below conservative estimates.

Using decoys posing as homeless people, the bureau calculated the number of homeless it missed based on the number of decoys missed.

The results from the five cities with decoys in the March 20 count of the homeless:

In Chicago, more than half the homeless were missed; New York, 45% missed; Los Angeles, 59%-70% missed; New Orleans, 33% missed; Phoenix, 57%-80% missed.

The large number of homeless people who apparently went uncounted is behind the delay in the release of the Census' homeless count.

Advocates for the homeless say the numbers are so inaccurate they should be issued only with a disclaimer.

"It's a count of some homeless people in some cities," says Laurel Weir, of the National Center on Homelessness & Poverty. "Our concern is that

people will try to use these numbers to make policy decisions. And that would be an incredible undercount."

The Census Bureau conducted its first-ever count of the homeless last year, concentrating on known shelters and places where homeless congregate. Counters did not go into abandoned buildings.

Current homeless estimates range up to 3 million, complicating policy planning.

Michael Cousineau, who studied how many homeless were missed in Los Angeles, says the task was "very difficult, hard work, and very dangerous. They did the best job they could. But, the results should not... be seen as a tally of the number of homeless."

The bureau had held up releasing the homeless count to consider whether to issue the numbers with a disclaimer.

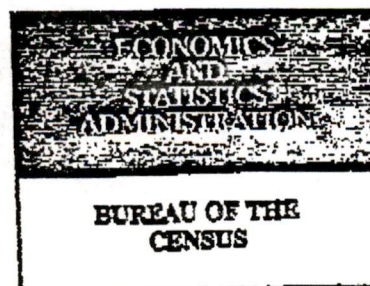
"We are looking into their concerns and will be responding to them shortly," says Census Bureau's John Connolly.

Rep. Thomas Sawyer, D-Ohio, who heads a congressional committee overseeing the Census, says counting the homeless was "an attempt to improve the total count by counting as many people as they could find. It was not a full enumeration of the homeless."

04. 12. 91 09:15AM *CENSUS DIR. 763-3854..... P02

UNITED STATES DEPARTMENT OF COMMERCE NEWS

WASHINGTON, D.C. 20230



Cynthia Taeuber
301-763-7883

For Immediate Release
CB91-117

Public Information Office
301-763-4040

CENSUS BUREAU RELEASES 1990 DECENNIAL COUNTS FOR PERSONS ENUMERATED IN EMERGENCY SHELTERS AND OBSERVED ON STREETS

The Bureau of the Census today released results of its Shelter and Street Night (S-Night) operations conducted across the country during the night of March 20-21, 1990. This was one such bureau effort to include persons in the 1990 census who might not have been counted using standard procedures.

Census officials said that the S-Night results and other 1990 census data that will be released later will not be considered as a count of the U.S. "homeless" population. "S-Night was not intended to, and did not produce a count of the 'homeless' population of the country," said Census Bureau spokesperson John Connolly. "S-Night was designed to augment traditional census procedures to ensure the fullest possible count of America's population. Even if that had been our objective, the absence of a generally agreed-upon definition of homelessness would have made that task impossible," he added.

(more) -

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The S-Night tabulations are included in the bureau's Summary Tape File 1A (STF-1A), which is being released on a state-by-state basis. The March 20-21, 1990 S-Night operations counted a total of 178,828 persons in emergency shelters for the homeless, and 49,793 persons visible at pre-identified street locations.

The attached fact sheet describes the nature of the S-Night operation and the tables that follow provide counts of persons enumerated in shelters and observed at street locations for the nation, states and selected places.

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April 12, 1991

FACT SHEET FOR 1990 DECENNIAL CENSUS COUNTS OF PERSONS IN EMERGENCY SHELTERS FOR THE HOMELESS AND VISIBLE IN STREET LOCATIONS¹

In conducting its Shelter and Street Night (S-Night) operation as part of the 1990 Decennial Census, the United States Bureau of the Census, an agency of the United States Department of Commerce, made special efforts to include homeless persons in census counts and to meet public demand for information about homeless persons. At this time, the Census Bureau is releasing results from S-Night for two components of the homeless population:² (1) persons in emergency shelters for the homeless, and (2) persons visible in street locations. These S-Night tabulations are included on the bureau's Summary Tape File 1A (STF-1A), which the bureau is releasing on a state-by-state basis. The Census Bureau plans to release S-Night results for additional, selected components of the homeless population later this year.

Homeless persons were included in previous censuses. However, the 1990 census represents the first time in which the Census Bureau worked so extensively with localities during pre-census planning to identify separately the locations where homeless persons stay and to improve coverage of this population subgroup.

S-Night, which was conducted during the evening of March 20, and the early morning hours of March 21, 1990, represents one of the bureau's efforts to include homeless persons in the 1990 census. The Census Bureau's first reported results for the operation are as follows: (1) an S-Night count of 178,828 persons in emergency

¹ On July 17, 1989, the Commerce Department agreed, pursuant to a Stipulation and Order in City of New York v. United States Dep't. of Commerce to undertake a de novo reconsideration of the question of adjustment of the 1990 census. At the earliest practicable date, and in any event not later than July 15, 1991, the Secretary of Commerce will decide whether or not to adjust 1990 decennial census counts to account for overcounts or undercounts of the population based on all the evidence available to him at that time. If the Secretary decides to adjust census counts, the results of S-Night for persons in shelters and visible in the streets will stay the same. (The methodologies designed for adjusting decennial census counts cannot be applied to adjust S-Night counts because of the mobile nature of the homeless population.) However, S-Night counts would be included in any adjusted population totals.

² A generally agreed upon definition of homelessness does not exist and the 1990 census did not attempt to impose one. Instead, the Census Bureau attempted to include persons in the census count at locations that were highly likely to include persons without a traditional, established residence.

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shelters for the homeless, and (2) an S-Night count of 49,793 persons visible at pre-identified street locations.

Bureau officials caution data users that the S-Night results reported are not (and were never intended to be) a count of the total population of homeless persons at the national, state or local level. Bureau officials further caution that, even when all results from the decennial census have been released, a complete count of the total homeless population will not exist that can be separately identified at any level of geography.

Among the reasons for the bureau's qualifications of S-Night data are the following:

- S-Night results do not reflect the prevalence of homelessness over a given year. Instead, S-Night provides counts solely of those persons identified during a single night, i.e., the evening of March 20 and the early morning hours of March 21, 1990, as being in locations where homeless persons are found.
- Prior to S-Night, the Census Bureau compiled a national list of shelters from administrative records. (An assessment of the shelter list is available from the Census Bureau's Public Information Office.) The bureau requested the approximately 39,000 local jurisdictions, nationwide, to supplement the agency's list by providing lists of shelter, street and open public locations used by homeless persons at night. Approximately 14,200 local jurisdictions responded: approximately 1,400 of responding jurisdictions have populations of 50,000 or more, while the remaining 12,800 jurisdictions have populations less than 50,000. The quality of the site lists provided by the jurisdictions varied: in some instances, descriptions of locations were imprecise or incorrect. In other instances, local jurisdictions identified locations where homeless persons could be found during the day but not at night. Thus, although the bureau's district offices throughout the country participated in S-Night, they were helped or hindered by the extent and quality of local cooperation provided for the operation.

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- S-Night counts probably do not include persons who were well hidden, moving from one location to another, or in shelter or street locations other than those identified by local governments, local sources, or from national lists of shelters used by the bureau for the S-Night operation and who were therefore not observed by census takers. (The Census Bureau specifically excluded some street locations because of the potential danger to both census takers and homeless persons from attempting a census count.) Thus, the Census Bureau likely missed persons living in cars, dumpsters, rooftops, and other non-traditional housing structures.
- Census takers did not enter abandoned buildings on S-Night. Instead, census takers waited outside buildings identified by local officials prior to the census as likely to be used by homeless persons and counted persons as they left those buildings during the early morning phase of the S-Night operation (between 4 a.m. and 8 a.m. on March 21, 1990).
- S-Night tended to favor areas where most of the homeless population is likely to be sheltered, e.g., cities versus rural areas, since local jurisdictions with higher concentrations of homeless persons may have been more likely to have more information about the location of homeless persons.
- Reports of Census officials and staff who observed S-Night operations indicate differences in the visibility of the street population in different parts of the country, influenced by local weather conditions, the availability of shelters and other factors.
- Persons other than homeless persons may have been at emergency shelters for the homeless or have been visible in street locations and therefore included in these counts.
- Aside from S-Night, the Census Bureau counted persons with "no usual home elsewhere" during regular census operations through counts of: (a) homes or halfway houses for drug/alcohol abuse, (b) maternity homes for unwed

mothers, (c) agricultural workers' dormitories, and (d) other non-household living situations such as transient campground sites. The bureau will provide counts for these groups, as well as counts of shelters for abused women that were obtained during S-Night operations, in Summary Tape File 2 (STF-2), planned for release later this year. Data users are cautioned that these counts do not provide a complete count of any particular component of the homeless population and cannot be added to S-Night counts to represent a count of the total homeless population.

- Additional persons were included in the census that could not be separately identified as homeless persons. Specific examples include homeless children in foster care, persons living doubled up with other families, and persons in prisons and mental hospitals.

The attached tables show S-Night counts for persons counted in emergency shelters for the homeless and visible in street locations for the nation, states, and selected places. Following are definitions of relevant terms:

- **Group Quarters.** Includes all persons not living in households. Two general categories of group quarters are recognized: (1) institutionalized persons which includes persons under formally authorized, supervised care or custody in institutions (such as correctional institutions, nursing homes, and juvenile institutions) at the time of enumeration and (2) other persons in group quarters which includes all persons who live in group quarters other than institutions or persons who live in living quarters when there are 10 or more unrelated persons living in the unit.
- **Emergency Shelters for Homeless Persons.** Includes persons who stayed overnight on March 20, 1990 in permanent and temporary emergency housing, missions, hotels/motels, and flophouses charging \$12 or less (excluding taxes) per night; Salvation Army shelters, hotels and motels used entirely for homeless persons regardless of the nightly rate charged; rooms in hotels and motels used partially for the homeless; and similar places known to have persons who have no usual home elsewhere staying overnight.

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- **Visible in Street Locations.** Includes street blocks and open public locations designated before March 20, 1990 by city and community officials as places where the homeless congregate at night. All persons found at predesignated street sites from 2 a.m. to 4 a.m. and leaving abandoned or boarded-up buildings from 4 a.m. to 8 a.m. on March 21, 1990 were enumerated, except persons in uniform such as police and persons engaged in obvious money-making activities other than begging or panhandling.

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Counts of Persons from Shelter and Street Night Enumeration: 1990 Census

State	Emergency Shelters		Visible in Street Locations	
	Number	Percent	Number	Percent
TOTAL	178,828	100.0	49,793	100.0
Alabama	1,530	0.8	364	0.7
Alaska	447	0.2	79	0.2
Arizona	2,735	1.5	1,897	3.8
Arkansas	489	0.3	62	0.1
California	30,806	17.2	18,081	36.3
Colorado	2,554	1.4	393	0.8
Connecticut	4,194	2.3	221	0.4
Delaware	313	0.2	19	0.0
District of Columbia	4,682	2.6	131	0.3
Florida	7,110	4.0	3,189	6.4
Georgia	3,930	2.2	450	0.9
Hawaii	854	0.5	1,071	2.2
Idaho	461	0.3	78	0.2
Illinois	7,461	4.2	1,755	3.5
Indiana	2,251	1.3	268	0.5
Iowa	989	0.6	148	0.3
Kansas	940	0.5	158	0.3
Kentucky	1,474	0.8	118	0.2
Louisiana	1,559	0.9	184	0.4
Maine	419	0.2	7	0.0
Maryland	2,507	1.4	523	1.1
Massachusetts	6,207	3.5	674	1.4
Michigan	3,784	2.1	262	0.5
Minnesota	2,253	1.3	138	0.3
Mississippi	365	0.2	83	0.2
Missouri	2,276	1.3	215	0.4
Montana	445	0.2	17	0.0
Nebraska	764	0.4	20	0.0
Nevada	1,013	0.6	436	0.9
New Hampshire	377	0.2	8	0.0
New Jersey	7,470	4.2	1,639	3.3
New Mexico	667	0.4	164	0.3
New York	32,472	18.2	10,732	21.6
North Carolina	2,537	1.5	259	0.5
North Dakota	279	0.2	30	0.1
Ohio	4,277	2.4	186	0.4
Oklahoma	2,222	1.2	340	0.7
Oregon	3,254	1.8	564	1.1
Pennsylvania	8,237	4.6	1,312	2.6
Rhode Island	469	0.3	44	0.1
South Carolina	573	0.3	102	0.2
South Dakota	396	0.2	71	0.1
Tennessee	1,864	1.0	357	0.7
Texas	7,816	4.4	1,442	2.9
Utah	925	0.5	276	0.6
Vermont	232	0.1	16	0.0
Virginia	2,657	1.5	319	0.6
Washington	4,585	2.6	772	1.6
West Virginia	451	0.3	33	0.1
Wisconsin	1,555	0.9	71	0.1
Wyoming	183	0.1	13	0.0

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Counts of Persons from Shelter and Street Night Enumeration in Selected Places: 1990 Census

State	Area Name	Emergency Shelters	Visible in Street Locations
		549	230
AL	Birmingham city	296	39
AL	Huntsville city	208	16
AL	Mobile city	109	5
AL	Montgomery city	310	34
AK	Anchorage city	7	44
AZ	Glendale city	217	86
AZ	Mesa city	1,710	276
AZ	Phoenix city	0	0
AZ	Scottsdale city	51	0
AZ	Tempe city	437	102
AZ	Tucson city	140	1
AR	Little Rock city	457	41
CA	Anaheim city	349	31
CA	Bakersfield city	496	269
CA	Berkeley city	0	14
CA	Chula Vista city	0	0
CA	Citrus Heights CDP	47	6
CA	Concord city	28	3
CA	East Los Angeles CDP	287	152
CA	El Monte city	134	19
CA	Escondido city	68	12
CA	Fremont city	666	124
CA	Fresno city	84	27
CA	Fullerton city	47	15
CA	Garden Grove city	82	17
CA	Glendale city	144	17
CA	Hayward city	8	11
CA	Huntington Beach city	10	95
CA	Inglewood city	10	0
CA	Irvine city	394	66
CA	Long Beach city	4,597	3,109
CA	Los Angeles city	210	38
CA	Modesto city	6	2
CA	Moreno Valley city	431	303
CA	Oakland city	46	792
CA	Oceanside city	145	37
CA	Ontario city	159	11
CA	Orange city	309	30
CA	Oxnard city	220	14
CA	Pasadena city	211	6
CA	Pomona city	0	33
CA	Rancho Cucamonga city	174	12
CA	Riverside city	1,287	265
CA	Sacramento city	68	86
CA	Salinas city	828	133
CA	San Bernardino city	2,846	2,101
CA	San Diego city	4,003	1,566
CA	San Francisco city	917	145
CA	San Jose city	181	255
CA	Santa Ana city		

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Counts of Persons from Shelter and Street Night Enumeration in Selected Places: 1990 Census

State	Area Name	Emergency Shelters	Visible in Street Locations
CA	Santa Clara city	0	0
CA	Santa Rosa city	219	33
CA	Simi Valley city	11	0
CA	Stockton city	514	60
CA	Sunnyvale city	0	0
CA	Thousand Oaks city	1	0
CA	Torrance city	0	18
CA	Vallejo city	47	9
CO	Aurora city	43	2
CO	Colorado Springs city	273	24
CO	Denver city	1,169	100
CO	Lakewood city	69	0
CT	Bridgeport city	201	12
CT	Hartford city	701	26
CT	New Haven city	1,344	18
CT	Stamford city	132	18
CT	Waterbury city	98	7
DC	Washington city	4,682	131
FL	Fort Lauderdale city	231	436
FL	Hialeah city	77	7
FL	Hollywood city	90	98
FL	Jacksonville consolidated city	665	155
FL	Miami city	896	266
FL	Orlando city	688	235
FL	St. Petersburg city	390	26
FL	Tallahassee city	148	30
FL	Tampa city	423	140
GA	Atlanta city	2,431	60
GA	Columbus consolidated city	258	18
GA	Macon city	138	50
GA	Savannah city	231	2
HI	Honolulu CDP	541	422
ID	Boise City city	117	16
IL	Chicago city	5,180	1,584
IL	Peoria city	205	5
IL	Rockford city	340	1
IL	Springfield city	121	126
IN	Evansville city	79	4
IN	Fort Wayne city	106	14
IN	Gary city	89	20
IN	Indianapolis consolidated city	563	137
IN	South Bend city	233	3
IA	Cedar Rapids city	84	2
IA	Des Moines city	301	16
KS	Kansas City city	70	44
KS	Overland Park city	0	0
KS	Topeka city	291	1
KS	Wichita city	202	0
KY	Lexington-Fayette	129	27
KY	Louisville city	808	33

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Counts of Persons from Shelter and Street Night Enumeration in Selected Places: 1990 Census

State	Area Name	Emergency Shelters	Visible in Street Locations
		131	7
LA	Baton Rouge city	2	0
LA	Metairie CDP	783	108
LA	New Orleans city	115	14
LA	Shreveport city	1,144	387
MD	Baltimore city	2,245	218
MA	Boston city	182	50
MA	Lowell city	421	7
MA	Springfield city	413	84
MA	Worcester city	195	4
MI	Ann Arbor city	1,141	170
MI	Detroit city	83	11
MI	Flint city	525	13
MI	Grand Rapids city	102	3
MI	Lansing city	0	0
MI	Livonia city	30	0
MI	Sterling Heights city	48	2
MI	Warren city	1,052	28
MN	Minneapolis city	412	97
MN	St. Paul city	93	2
MS	Jackson city	7	0
MO	Independence city	597	96
MO	Kansas City city	733	94
MO	St. Louis city	327	4
MO	Springfield city	182	1
NE	Lincoln city	508	11
NE	Omaha city	336	236
NV	Las Vegas city	0	11
NV	Paradise CDP	577	32
NV	Reno city	61	43
NJ	Elizabeth city	458	287
NJ	Jersey City city	1,974	842
NJ	Newark city	252	94
NJ	Paterson city	258	112
NM	Albuquerque city	395	10
NY	Albany city	284	5
NY	Buffalo city	23,363	10,447
NY	New York city	294	1
NY	Rochester city	405	52
NY	Syracuse city	253	10
NY	Yonkers city	534	104
NC	Charlotte city	125	1
NC	Durham city	132	2
NC	Greensboro city	215	2
NC	Raleigh city	263	27
NC	Winston-Salem city	123	19
OH	Akron city	989	23
OH	Cincinnati city	589	105
OH	Cleveland city	574	5
OH	Columbus city	406	5
OH	Dayton city		

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Counts of Persons from Shelter and Street Night Enumeration in Selected Places: 1990 Census

State	Area Name	Emergency Shelters	Visible in Street Locations
		260	12
OH	Toledo city	1,016	234
OK	Oklahoma City city	334	91
OK	Tulsa city	459	84
OR	Eugene city	1,553	149
OR	Portland city	178	19
OR	Salem city	100	11
PA	Allentown city	223	0
PA	Erie city	3,416	1,069
PA	Philadelphia city	693	67
PA	Pittsburgh city	240	43
RI	Providence city	107	18
SD	Sioux Falls city	150	2
TN	Chattanooga city	354	130
TN	Knoxville city	309	128
TN	Memphis city	720	86
TN	Nashville-Davidson consolidated city	52	2
TX	Abilene city	269	23
TX	Amarillo city	47	1
TX	Arlington city	478	60
TX	Austin city	124	51
TX	Beaumont city	107	11
TX	Corpus Christi city	1,200	293
TX	Dallas city	359	95
TX	El Paso city	884	347
TX	Fort Worth city	0	0
TX	Garland city	1,780	151
TX	Houston city	0	0
TX	Irving city	4	0
TX	Laredo city	24	25
TX	Lubbock city	0	4
TX	Mesquite city	5	3
TX	Pasadena city	6	0
TX	Plano city	698	44
TX	San Antonio city	43	4
TX	Waco city	542	163
UT	Salt Lake City city	381	2
VA	Alexandria city	65	75
VA	Arlington CDP	5	0
VA	Chesapeake city	18	1
VA	Hampton city	96	39
VA	Newport News city	253	29
VA	Norfolk city	3	15
VA	Portsmouth city	287	3
VA	Richmond city	297	0
VA	Virginia Beach city	2,170	369
WA	Seattle city	259	56
WA	Spokane city	391	17
WA	Tacoma city	209	5
WI	Madison city	512	54
WI	Milwaukee city		

THE WHITE HOUSE
WASHINGTON

DATE: 3/29/91

NOTE FOR: EDE HOLIDAY

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

Information ☐

Action ☒

Thank you.

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
(x2702)

cc: Chief of Staff -- FYI ✓
Richard Darman -- FYI

THE PRESIDENT HAS SEEN

3/29/91

THE WHITE HOUSE

WASHINGTON

91 MAR 28 PM 2:56

March 28, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: EDE HOLIDAY *EHA*

SUBJECT: Initiative to Improve the Pension System

The attached proposal on improving the pension system has been jointly developed by Treasury and Labor. The focus of the proposal is expanded pension coverage and portability and pension simplification. The proposal is structured to balance provisions that gain revenue with those that lose revenue. Treasury and Labor believe that there is a reasonably good prospect that this pension proposal can be incorporated within the tax simplification bill being prepared by the House Ways & Means Committee.

OMB has cleared the Treasury/Labor proposal, but notes that, although the proposal is revenue neutral, taxes are raised in excess of \$4 billion over five years on certain high income taxpayers while other individual taxpayers, taking advantage of the proposed expanded pension coverage or portability, may benefit. It is possible that some people could be in both the winning and losing groups. Treasury Tax Policy analysis indicates that the redistribution effect of this proposal between income classes is minimal. OMB notes further that there is some risk that Congress, under the pay-as-you-go provisions of the budget agreement, could take the \$4 billion in revenue raising provisions and decide to spend the proceeds differently than proposed in this pension reform initiative.

✓ In order to keep it separate from such budget debates, the Administration's strategy would be to incorporate this initiative into the House Ways & Means Committee tax simplification effort. But, of course, any tax bill that moves will become the focus for debate on a host of other tax issues.

If you approve this initiative, it could be announced within the next several weeks.

Approve ☒ Disapprove ☐ Need More Information ☐

Attachment

*but letters be handled in routine fashion
by DOT + DOL - as part of W&M
simplification work on taxes.*

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THE SECRETARY OF THE TREASURY
WASHINGTON

January 28, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: NICHOLAS F. BRADY *NFB*
Secretary of the Treasury

RODERICK A. DeARMENT *RAD*
Acting Secretary of Labor

SUBJECT: Improving the Private Pension System

The purpose of this memorandum is to request approval for a joint Treasury-Labor proposal to modify our pension laws. This proposal, which has been developed through extensive discussions over the past year, will not lose revenue.

INTRODUCTION

The private pension system in this country can be strengthened by expanding opportunities for pension coverage, promoting portability through preserving savings for retirement, and simplifying the pension tax laws. Individuals will have greater personal control over their financial security in retirement years if they accumulate substantial private pensions to supplement government provided social security.

The private pension system is a source of financial strength and stability in our economy. With over \$2 trillion in assets, pensions are a major source of capital formation. The role of pensions in our economy can be strengthened by legislation that would simplify the rules for taxing pension payments, encourage retirement income savings, and give employees better information so they do not make imprudent decisions affecting the security of their retirement.

In recent years, pension coverage rates have remained at about half of the workforce. Moreover, due to shifts in employment patterns, pension coverage has been shifting from defined benefit plans to defined contribution plans, which are more likely to make premature distributions of retirement savings to employees who change jobs before retirement. These distributions of retirement savings before retirement interfere with the goal of pension portability and constitute a significant problem for retirement income policy.

The Internal Revenue Code provisions relating to retirement plans have become increasingly complex, reflecting the wide variety of plans and their increasing sophistication. Eliminating unnecessary complexity in the provisions relating to the taxation of pension payments would benefit individuals in all income classes. In addition, simplifying the administration of one of the most popular retirement savings programs, the so-called "401(k)" salary deferral plans, will benefit employers.

1. PRESERVATION OF RETIREMENT SAVINGS

Under current law, when an employee changes jobs, many plans may provide that the employee's retirement benefit is simply cashed out. In addition, complex rules may inhibit the tax-free rollover of these amounts to an IRA or another retirement plan, thus diminishing the employee's ability to freely choose retirement vehicles. These cashouts are the single largest source of lost pension benefits.

The proposal will promote portability by making it easier to qualify for tax-free rollovers, by providing employees with the option of having certain distributions of pension benefits transferred directly to IRAs, and by eliminating tax incentives currently provided for pre-retirement cashouts. Employees would be able to retain cashouts of their retirement savings upon changing jobs, if they so desire, but with full knowledge of the tax consequences of their decisions.

2. COVERAGE

A. SALARY REDUCTION SIMPLIFIED EMPLOYEE PENSIONS

Employers are encouraged to offer pension coverage to their workers under current law through a "simplified employee pension" (SEP) which eliminates many administrative burdens associated with other types of pension arrangements. A special kind of SEP allows individual employees to elect to have a portion of their salary contributed to the plan on a tax-deferred basis. However, this type of SEP is only available to employers with no more than 25 employees. The proposal would allow employers with 100 or fewer employees to offer these plans and simplify the nondiscrimination tests that apply to them. This would make this simple pension alternative available to 98% of America's businesses. The proposal would also enhance the IRS Master and Prototype Program, which offers employers the alternative of affordable standardized retirement plans.

B. MULTIEMPLOYER PLANS

An employee whose pension is provided through a multiemployer pension plan may have to work for ten years before vesting in a pension, while an employee covered by a single

employer plan only has to work for five years. The proposal would conform the minimum required vesting schedules for multiemployer plans to those required for single employer plans. This would immediately benefit an estimated 1.1 million nonvested participants in multiemployer plans who already have 5 or more years of participation under their plans.

C. EXTEND 401(K) PLANS TO TAX EXEMPT ORGANIZATIONS AND STATE AND LOCAL GOVERNMENTS.

Tax exempt organizations and state and local governments do not have the same opportunity as private employers to establish section 401(k) salary deferral arrangements. The proposal would permit these employers to establish 401(k) plans for their employees. This could extend coverage to approximately twelve million employees of these organizations.

3. SIMPLIFICATION

Pension plan distributions are currently taxed under special rules which have become increasingly complex. These rules are no longer necessary given the fundamental changes in the basic structure of the individual tax rates and brackets made by the Tax Reform Act of 1986. The proposal would eliminate much of the special treatment afforded lump sum cashouts and greatly simplify tax reporting for employees who receive such distributions. This would encourage employees to roll their distributions over to an IRA or another retirement plan and enhance their ability to understand the tax consequences of their decisions.

Current law also contains a number of complex rules designed to assure that low paid employees, as well as high paid employees, contribute to the extremely popular "401(k)" plans. The proposal would simplify these rules and generally provide more certainty to employers to help them comply. Simplifying the administration of these plans would encourage more employers to offer this type of retirement savings opportunity to their employees. The proposal would also simplify the pension rules for family small businesses by repealing the family aggregation provisions of existing law.

4. BETTER INFORMATION

A wide variety of documents must be provided to plan participants and/or filed with the government. The proposal would modify several of these requirements, providing relief from an estimated 2 million hours of unnecessary reporting burdens. The proposal would also give participants the information necessary to make decisions affecting their retirement.

RECOMMENDED ACTION:

We believe that this is a credible, well-balanced legislative package which will be favorably received by Congress. There should be broad support for the package which primarily benefits low and middle income employees and small business, although some opposition may be voiced by certain upper income individuals who may currently benefit from certain provisions that would be modified or repealed under the proposal.

Projected EPC Meeting: Week of April 21

Administration decisions are required by statute before the end of April on several trade issues. These decisions could involve designating particular countries as violators of certain fair trade standards and could ultimately lead to some form of retaliation by the Administration. These issues are the following:

- o Title VII of the Trade Act (access to government procurement markets). Countries under consideration: EC, Japan, Australia, Germany, France, Italy, and Greece.
- o Special 301 of the Trade Act (protection of intellectual property rights). Countries under consideration for most serious practices: India, Brazil, PRC, and Thailand.
- o Access to Japanese construction projects. Negotiations stalled; April 28 statutory deadline.

An EPC meeting during the week of April 21 also provides an occasion for a status review of several other on-going negotiations with Japan:

- o Structural Impediments Initiative (SII) (final report is scheduled to be completed in late May).
- o Telecommunications negotiations.
- o Semiconductor agreement negotiations.

8

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

March 27, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM:

EDE HOLIDAY *gk*

SUBJECT:

U.S.-Japan Telecommunications Issue

The Economic Policy Council meeting tentatively scheduled for today is not being held because of last minute progress in the discussions with the Japanese and a consensus reached at yesterday's Trade Policy Review Group (TPRG) meeting on the U.S. approach toward seeking to resolving the issue.

The Trade Act of 1988 (Section 1377) requires a determination by March 31 as to whether Japan is in compliance with its telecommunications trade agreements with the United States. A determination that Japan is not in compliance results in a Section 301-type process which could eventually lead to some form of retaliation if the issue is not resolved in a specified timeframe.

USTR has identified several practices by the Japanese which are not in compliance with the August 1990 Agreement on International Value-Added Network Services (IVANS). Initial efforts to resolved these problems did not appear promising. However, over the last day substantial progress with the Japanese has been made, although not all issues are yet resolved. The progress achieved, however, has been sufficient enough for the TPRG agencies to conclude that a determination of non-compliance under Section 1377 is not warranted. Nonetheless, because all issues are not resolved, the TPRG sees a need to keep the pressure on the Japanese over the next several weeks and to inform the Japanese that the outstanding issues must be settled through bilateral discussions within the next thirty days or the U.S. will have to examine other available options under our trade laws.

A senior Japanese government negotiator is coming to the U.S. next week and Deputy USTR Linn Williams, our lead negotiator, is hopeful the matter can be resolved within the thirty day timeframe.

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 12/1/83

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

AC/ER

March 22, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM:

D. ALLAN BROMLEY *daB*

EDE HOLIDAY *EH*

SUBJECT:

Preparation for the 1992 U.N. Conference on Environment and Development

CHIEF of STAFF
100

Planning is underway for the 1992 U.N. Conference on Environment and Development (UNCED), which will be held in June, 1992 in Rio de Janeiro. UNCED will mark the twentieth anniversary of the Stockholm Conference, at which a declaration of principles was issued that continues to guide the international approach to environmental issues. The Stockholm Conference also established the UN Environmental Programme to coordinate international work on the environment. The U.S. was primary sponsor of the Stockholm Conference and played a major role in its success.

The UNCED in Rio will address a wide range of environmental issues including climate change, land resources, toxic wastes, oceans and coastal areas, and biological diversity. The 1992 Conference will also consider how to integrate environmental objectives with economic development. The developing countries are expected to focus on the need for additional U.S. funding of international environmental projects and technology transfer.

There is a greater need for White House supervision of the planning process because, five months prior to the U.S. election, UNCED will be addressing many controversial environmental issues that have a political impact. You should also know that, in connection with the UNCED planning process, CEQ is preparing a U.S. National Report which will both review U.S. domestic actions on the environment during the last 20 years and identify current issues. In that connection, CEQ has planned a series of five roundtable meetings throughout the country at which representatives from nongovernmental organizations will publicly comment on the draft report. It is important that the CEQ report, and the process for its formulation, are consistent with the overall policy guidance for the 1992 Conference.

Consequently, as planning for the conference continues, an EPRG Steering Group will be formed to regularly review material and provide guidance to the State Department. OSTP will be involved to monitor climate change issues, should any arise. The Steering Group will be staffed by OMB. We will keep you informed when any significant issues arise that require your attention, or that of the full DPC.

3/26 to AC for follow-up

THE WHITE HOUSE

AC/ER

WASHINGTON

March 25, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY 

SUBJECT: Pension proposal unveiling

THE CHIEF of STAFF
has seen

The decision memo to the President on the proposed pension reform package has been cleared by OMB and forwarded to Phil Brady's office. I recommend that the decision memo go forward to the President.

The attached memo from Secretary Martin deals not with the merits of the proposal, but whether the announcement of it should be made by the President or by Secretary Martin. She believes that the initiative should be announced by the President. Treasury and OMB believe that Secretary Martin should make the announcement.

I've prepared for you the attached one page list of pro's and con's on who should do the announcement.

Attachments

Roll-Out of Pension Initiative

Arguments for Presidential Announcement

- o adds a new element to the President's domestic agenda which supports the State of the Union theme of power and opportunity to the individual
- o can be packaged to have broad appeal--expands pension coverage and enhanced portability for an estimated 40 million people--particularly at middle income levels and for small business
- o is good news for labor at a time when the Administration is opposed to labor on parental leave, civil rights, and striker replacement
- o has a reasonably good prospect of being included in Rostenkowski's tax simplification bill as the package is anticipated to have broad bipartisan support

Arguments for Secretary Martin Announcement

- o a Presidential announcement may tend to prompt partisan criticism of the initiative and raise the risk that some in Congress may seek to divert the revenue raisers in the package to uses outside the Administration's proposal
- o although the package is revenue neutral, it may be wise to provide the President a little distance on the initiative as it involves changes to the tax code
- o if the initiative passes the Congress, the President can later claim credit for it
- o While Treasury Tax Policy analysis indicates that the redistribution effects across income groups are slight, there will still be individual winners and losers; the primary opposition to the package is expected to come from individuals who would lose the benefit of the forward averaging provisions in the tax code on large lump-sum pension distributions; these individuals may tend to be part of our base political support

U.S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY
WASHINGTON, D.C.
20210

MEMORANDUM TO: THE HONORABLE JOHN H. SUNUNU
Chief of Staff

FROM: LYNN MARTIN

SUBJECT: Proposal to Expand and Simplify Pensions

At our meeting on March 13th, you asked me for a specific recommendation with regard to how the pension proposal should be unveiled. The proposal, now agreed to by all parties 1) expands pension coverage and 2) promotes portability and simplifies. Not a bad mix.

There are two alternatives: I can introduce the package, emphasizing that it could affect 26 million folks who have no pensions, influence an additional 12 million who work for state or local governments, and help one million more, mainly union members, who have their vesting time cut in half. Obviously, I'd be happy to do this. With anecdotal evidence, it's plus, plus.

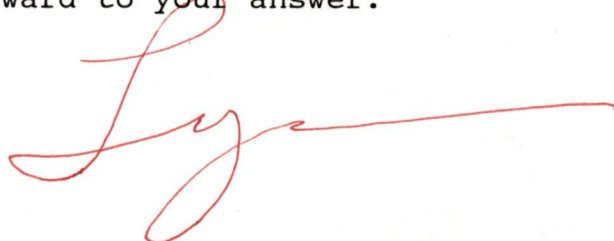
Because it's so good, I think the next alternative is the right way. That alternative is to have the President unveil the package - for all the above reasons. This should be at an event that reinforces the good that this initiative brings.

I assume you would want the President to be the focal point. I believe "pension power" fits the policy agenda and matches the President's objective to "create a plan of action right here at home to put more power and opportunity in the hands of the individual."

Later we can send a bill to Congress that has populist appeal, helps small business and should enjoy bipartisan support.

We are prepared to move quickly since there's much interest on the Hill and if we're late, we will look like "wannabes." If we wait too long, others will take credit, depriving the President of his rightful mantle of leadership in this area. The Congressional break provides us with a window. When they get back, many bills will be introduced.

I'm also including one idea for the right venue if you approve. I look forward to your answer.



MEMORANDUM TO: THE HONORABLE JOHN H. SUNUNU
Chief of Staff

FROM: LYNN MARTIN

SUBJECT: Pension Proposal Unveiling

The major plus of the pension proposal is the fact that 28 million workers could now be offered pension coverage that currently have none. This could best be illustrated by unveiling the proposal at a small business site - a bakery or small manufacturing firm would be ideal - where the President can meet and talk with a number of the employees who currently have no pension but under the new proposal could, for the first time, have coverage.

This would provide the pool covering the President with excellent visuals as well as the clear message that this proposal is aimed at the average worker.

Other options include unveiling the proposal before an affected group or directly to leaders of small businesses at a special announcement.

THE WHITE HOUSE

WASHINGTON

March 25, 1991

MEMORANDUM FOR THE PRESIDENT

FROM:

EDE HOLIDAY 

SUBJECT:

Initiative to Improve the Pension System

The attached proposal on improving the pension system has been jointly developed by Treasury and Labor. The focus of the proposal is expanded pension coverage and portability and pension simplification. The proposal is structured to balance provisions which gain revenue with those that lose revenue. Treasury and Labor believe that there is a reasonably good prospect that this pension proposal can be incorporated within the tax simplification bill being prepared by the House Ways & Means Committee.

OMB has cleared the Treasury/Labor proposal, but notes that, although the proposal is revenue neutral, taxes are raised in excess of \$4 billion over five years on certain high income taxpayers while other individual taxpayers, taking advantage of the proposed expanded pension coverage or portability, may benefit. It is possible that some people could be in both the winning and losing groups. Treasury Tax Policy analysis indicates that the redistribution effect of this proposal between income classes is minimal.

There is some risk that Congress, under the pay-as-you-go provisions of the budget agreement, could take the \$4 billion in revenue raising provisions and decide to spend the proceeds differently than proposed in your pension reform initiative. In order to keep it separate from such budget debates, the Administration's strategy would be to incorporate this initiative into the House Ways & Means Committee tax simplification effort.

If you approve this initiative, it could be announced within the next several weeks.

Attachment



THE SECRETARY OF THE TREASURY
WASHINGTON

January 28, 1991

MEMORANDUM FOR THE PRESIDENT

FROM:

NICHOLAS F. BRADY
Secretary of the Treasury *770*

RODERICK A. DeARMENT *RAD*
Acting Secretary of Labor

SUBJECT:

Improving the Private Pension System

The purpose of this memorandum is to request approval for a joint Treasury-Labor proposal to modify our pension laws. This proposal, which has been developed through extensive discussions over the past year, will not lose revenue.

INTRODUCTION

The private pension system in this country can be strengthened by expanding opportunities for pension coverage, promoting portability through preserving savings for retirement, and simplifying the pension tax laws. Individuals will have greater personal control over their financial security in retirement years if they accumulate substantial private pensions to supplement government provided social security.

The private pension system is a source of financial strength and stability in our economy. With over \$2 trillion in assets, pensions are a major source of capital formation. The role of pensions in our economy can be strengthened by legislation that would simplify the rules for taxing pension payments, encourage retirement income savings, and give employees better information so they do not make imprudent decisions affecting the security of their retirement.

In recent years, pension coverage rates have remained at about half of the workforce. Moreover, due to shifts in employment patterns, pension coverage has been shifting from defined benefit plans to defined contribution plans, which are more likely to make premature distributions of retirement savings to employees who change jobs before retirement. These distributions of retirement savings before retirement interfere with the goal of pension portability and constitute a significant problem for retirement income policy.

The Internal Revenue Code provisions relating to retirement plans have become increasingly complex, reflecting the wide variety of plans and their increasing sophistication. Eliminating unnecessary complexity in the provisions relating to the taxation of pension payments would benefit individuals in all income classes. In addition, simplifying the administration of one of the most popular retirement savings programs, the so-called "401(k)" salary deferral plans, will benefit employers.

1. PRESERVATION OF RETIREMENT SAVINGS

Under current law, when an employee changes jobs, many plans may provide that the employee's retirement benefit is simply cashed out. In addition, complex rules may inhibit the tax-free rollover of these amounts to an IRA or another retirement plan, thus diminishing the employee's ability to freely choose retirement vehicles. These cashouts are the single largest source of lost pension benefits.

The proposal will promote portability by making it easier to qualify for tax-free rollovers, by providing employees with the option of having certain distributions of pension benefits transferred directly to IRAs, and by eliminating tax incentives currently provided for pre-retirement cashouts. Employees would be able to retain cashouts of their retirement savings upon changing jobs, if they so desire, but with full knowledge of the tax consequences of their decisions.

2. COVERAGE

A. SALARY REDUCTION SIMPLIFIED EMPLOYEE PENSIONS

Employers are encouraged to offer pension coverage to their workers under current law through a "simplified employee pension" (SEP) which eliminates many administrative burdens associated with other types of pension arrangements. A special kind of SEP allows individual employees to elect to have a portion of their salary contributed to the plan on a tax-deferred basis. However, this type of SEP is only available to employers with no more than 25 employees. The proposal would allow employers with 100 or fewer employees to offer these plans and simplify the nondiscrimination tests that apply to them. This would make this simple pension alternative available to 98% of America's businesses. The proposal would also enhance the IRS Master and Prototype Program, which offers employers the alternative of affordable standardized retirement plans.

B. MULTIEMPLOYER PLANS

An employee whose pension is provided through a multiemployer pension plan may have to work for ten years before vesting in a pension, while an employee covered by a single

employer plan only has to work for five years. The proposal would conform the minimum required vesting schedules for multiemployer plans to those required for single employer plans. This would immediately benefit an estimated 1.1 million nonvested participants in multiemployer plans who already have 5 or more years of participation under their plans.

C. EXTEND 401(K) PLANS TO TAX EXEMPT ORGANIZATIONS AND STATE AND LOCAL GOVERNMENTS.

Tax exempt organizations and state and local governments do not have the same opportunity as private employers to establish section 401(k) salary deferral arrangements. The proposal would permit these employers to establish 401(k) plans for their employees. This could extend coverage to approximately twelve million employees of these organizations.

3. SIMPLIFICATION

Pension plan distributions are currently taxed under special rules which have become increasingly complex. These rules are no longer necessary given the fundamental changes in the basic structure of the individual tax rates and brackets made by the Tax Reform Act of 1986. The proposal would eliminate much of the special treatment afforded lump sum cashouts and greatly simplify tax reporting for employees who receive such distributions. This would encourage employees to roll their distributions over to an IRA or another retirement plan and enhance their ability to understand the tax consequences of their decisions.

Current law also contains a number of complex rules designed to assure that low paid employees, as well as high paid employees, contribute to the extremely popular "401(k)" plans. The proposal would simplify these rules and generally provide more certainty to employers to help them comply. Simplifying the administration of these plans would encourage more employers to offer this type of retirement savings opportunity to their employees. The proposal would also simplify the pension rules for family small businesses by repealing the family aggregation provisions of existing law.

4. BETTER INFORMATION

A wide variety of documents must be provided to plan participants and/or filed with the government. The proposal would modify several of these requirements, providing relief from an estimated 2 million hours of unnecessary reporting burdens. The proposal would also give participants the information necessary to make decisions affecting their retirement.

RECOMMENDED ACTION:

We believe that this is a credible, well-balanced legislative package which will be favorably received by Congress. There should be broad support for the package which primarily benefits low and middle income employees and small business, although some opposition may be voiced by certain upper income individuals who may currently benefit from certain provisions that would be modified or repealed under the proposal.

TALKING POINTS ON THE PENSION REFORM PACKAGE

The Labor/Treasury pension reform package proposes three broad reforms:

- o Expand pension coverage:
 - o Enlarge the pension programs available to small businesses
 - o Extend 401-K plans to tax exempt organizations and state and local governments
 - o Provide a shorter vesting period for multi-employer plans
- o Promote greater pension portability by requiring employers to give employees the option of rolling over their pensions into IRAs when they change jobs
- o Pension simplification -- reducing administrative and reporting burdens
- o Although this is a pension package, many of the major elements require amendments to the tax laws. The expanded coverage and portability provisions will lose revenue. However, the package also proposes to eliminate five and ten year averaging for lump sum distributions -- which will gain revenue. The proposal has been prepared to balance gains and losses. Overall the package is revenue neutral.
- o Rostenkowski, Chairman of the House Ways & Means Committee, is developing a tax simplification bill. This tax simplification bill may be a good vehicle for moving the pension portability/coverage/simplification proposals. The Rostenkowski tax simplification bill is outside the FY '92 budget process; it will probably be introduced in April/May.
- o The Labor Department believes that this proposal will have significant positive political benefit for the Administration. The Labor Department seldom announces good news. Its benefits will extend to approximately 40 million American workers. It also goes with the theme of greater opportunity and power for individuals. This would be one of the major "empowerment" initiatives of the Administration-- and, moreover, it is not a "retread."
- o The Treasury Department also believes that this proposal will benefit the Administration; however, it sees less benefit than does the Labor Department. Treasury wants to contain the risk that this pension proposal might encourage amendments to the tax law that go beyond "simplification." Treasury (Tax Policy) likes the idea of using the

Rostenkowski tax simplification bill as the vehicle, but it wants to keep the effort as low key as possible and not inject the President into urging its adoption. Treasury believes that if the proposal is adopted, then the Administration can later claim credit for it.

- o Both Labor and Treasury expect this proposal on the whole to be favorably received by the Congress. Some members, such as Metzenbaum, may wish to make the package more generous, in which case, the Administration would simply have to oppose. On the other hand, Labor and Treasury believe that House Ways & Means and the Senate Finance Committee will view this package in a favorable light.
- o As to private sector views, small business will likely favor the proposal, as will labor. The proposal will also have broader appeal to ordinary working Americans. Those against it are expected to be those who may benefit from five and ten year averaging. Tax Policy at Treasury is trying to do a distributional assessment. Their off-the-cuff view, however, is that overall this proposal will have limited redistribution effects.

THE PRESIDENT'S PROPOSAL TO EXPAND AND SIMPLIFY PENSIONS FACT SHEET

The President's proposals will help increase the financial security of millions of American workers in their retirement years.

I. EXPANDED COVERAGE

The President's proposal will expand pension coverage by establishing a new portable account for small businesses, by extending the popular 401(k) plans, and by shorter vesting for multiemployer plans.

A. New Model Simplified Employee Pension Program

The President's proposal establishes a new simplified retirement program for employees of small businesses. This program is intended to provide small businesses with an affordable way to offer a retirement plan to employees without the administrative burdens associated with other retirement plans. Employers with 100 or fewer employees will be relieved from testing for non-discrimination provided they make a base contribution of 2% of pay for all employees, and provided they have no other retirement plans. Employees will be able to contribute additional amounts up to approximately \$4,200 on a pre-tax basis. Also, employers can match up to 50% of the employee's contribution. These special savings plans will be available to nearly 98% of America's businesses and could expand pension coverage to over twenty-six million people who currently have no pension.

B. Extending 401(k) Plans to Tax Exempt Organizations and State and Local Governments

The President's proposal will expand pension coverage by permitting tax exempt institutions and state and local governments to establish the popular 401(k) retirement savings plans for their employees. This could extend coverage to approximately twelve million employees of tax exempt institutions.

C. Shorter Vesting for Multiemployer Plans

The President's proposal will also ensure that most private sector employees enjoy the same five-year rules for vesting in pensions. Over one million employees in multiemployer plans, who must now wait at least ten years to be entitled to a pension, will enjoy the same vesting privileges as other private sector employees.

II. PORTABILITY THROUGH PRESERVATION OF RETIREMENT SAVINGS

Employees who change jobs prior to retirement age frequently

receive lump sum cashouts of their pension benefits instead of the right to a pension in the future. Rather than rolling the money over into an IRA or another retirement plan, many people spend the cash, pay income tax and a penalty. When that money is spent, a future pension is wiped out.

The President's proposal will strengthen pension portability to reduce these losses. This will be done by making it easier for employees to qualify for tax free rollovers, by making sure employees have the option of having their lump sum distribution transferred directly to an IRA, and by eliminating certain tax incentives which now exist for payments which are cashed out. These incentives were designed to permit employees to avoid excessive tax liability due to bunching of income. IRAs now serve this function by permitting periodic withdrawals. The special rules now serve as an incentive for employees to cash out their benefits rather than preserve them for retirement.

The proposal would repeal these special rules and thereby encourage employees to roll their distributions over to an IRA or another retirement plan and enhance their ability to understand the tax consequences of their decisions.

III. SIMPLIFICATION

The President's proposals will greatly simplify tax reporting for employees who receive pension distributions. Small business firms which adopt the new Model Simplified Employee Pension Program will automatically be relieved of a number of administrative and reporting burdens, including nondiscrimination testing. For small business firms that want more flexible plans, the proposals will enhance the IRS Master and Prototype Program, which offers these firms the alternative of affordable standardized retirement plans. In addition, the proposals would repeal the complex and unnecessary rules that aggregate family members who work in the same business in applying pension limitations.

Current pension law contains rules designed to assure that low paid employees, as well as high paid employees, contribute to the extremely popular 401(k) plans. The proposal will simplify these rules and generally provide more certainty to employers to help them comply. Simplifying the administration of these plans would encourage more employers to offer this type of retirement savings opportunity to their employees.

IV. BETTER INFORMATION

Finally, the President's proposal will require that employers provide participants in pension plans with essential information about their benefits at least once a year.

THE WHITE HOUSE

WASHINGTON

March 18, 1991

MEMORANDUM FOR BILL DIEFENDERFER

FROM: JOHN SCHALL

SUBJECT: Friday's DPC Meeting on the Balanced Budget
Amendment

The Attorney General asked that we report to you the results of Friday afternoon's Domestic Policy Council discussion on the balanced budget amendment proposals of Reps. Stenholm and Barton. Attached for your information is a list of attendees at Friday's meeting.

In your absence, the group arrived at several conclusions. Both proposals are acceptable from a philosophical point of view and Barton's proposal is in fact slightly superior from a philosophical point of view. To the extent possible, the Administration should support both versions of the amendment for now.

Ultimately, the Administration should put its muscle behind Stenholm's amendment because it matches Senator Thurmond's proposal from last year; it received more votes on the House floor than Barton's amendment; and it has a better prospect of passage. In the end, we are trying to enhance the momentum for passage of a balanced budget amendment.

Supporting Stenholm's amendment, however, does not mean that we should in any way discourage Barton. On the contrary, we should support him as far as possible, while eventually lending our effort to increase momentum for Stenholm. The best possible result might be for Barton to ally with Stenholm -- if that will still allow sufficient political benefit for Barton.

Attachment

THE WHITE HOUSE

WASHINGTON

March 20, 1991

MEMORANDUM FOR GOVERNOR SUNUNU
GENERAL SCOWCROFT

THE CHIEF of STAFF
has seen

FROM: EDE HOLIDAY *EHA*

SUBJECT: Pelly Amendment Certification of Japan for Trade
in Sea Turtles

Today, the Secretaries of Interior and Commerce will certify Japan under the Pelly Amendment for trade in endangered or threatened sea turtle parts or products.

The Pelly Amendment to the Fisherman's Protective Act of 1967 requires the Secretary of Interior or Commerce -- in this case, the two Secretaries together -- to certify to the President any country engaged in trade that diminishes the effectiveness of "an international program for endangered or threatened species." The sea turtles in question are all endangered or threatened species covered under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and continued trade in sea turtle parts and products diminishes the effectiveness of CITES.

The Departments of Interior and Commerce have been negotiating with the Japanese this week in the hope of resolving the matter prior to certification. Interior and Commerce have concluded that no "de minimis" exception exists and that any trade of these species of sea turtles violates CITES. While willing to reduce their trade in the Hawksbill Sea Turtle from 20 tons to 5 tons by August of this year, the Japanese are unwilling to reduce their trade to zero. Consequently, the negotiations broke down and the Secretaries are preparing the certification.

Upon receipt of a Pelly certification, the President may, at his discretion, direct the Secretary of the Treasury to prohibit the importation of wildlife products originating in the offending country. The President has complete discretion over whether to impose Pelly Amendment sanctions.

THE WHITE HOUSE
WASHINGTON

DATE: Mar. 20, 1991

TO: Governor Sununu

FROM: **EDE HOLIDAY** 
Assistant to the President
and Secretary of the Cabinet

This is a report of the outcome
of Friday's DPC meeting on the
Balanced Budget Amendment.

Attachment

THE WHITE HOUSE

WASHINGTON

March 15, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY *EH*
SUBJECT: U.S. Satellite Policy

THE CHIEF of STAFF
has seen
discussed with POTUS 3/18

Your guidance is needed to resolve a procedural issue that involves both economic and national security concerns: How should the Administration determine its position on international satellite competition?

Current U.S. law provides Intelsat (an international consortium of 119 member countries) a monopoly over public telephone exchange by satellite. The FCC is considering whether to lift this restriction on competition. While competition would have positive economic benefits for the U.S., the security agencies are concerned that competition would increase the cost of monitoring telecommunications traffic.

The economic agencies raised the issue during the Reagan Administration in 1983 and again in 1987. In 1983, the Administration recommended limited competition for Intelsat. In 1987, the economic agencies believed that the security agencies blocked balanced consideration of further increasing competition.

To ensure that economic, foreign policy, and security issues are fairly addressed, State and Commerce recently agreed to form a working group under the joint auspices of the EPC and NSC. They have tentatively scheduled an initial meeting for March 19.

NSC's telecommunications staff objects to a joint NSC-EPC process and has unilaterally called a meeting of the NSC's Policy Coordinating Committee on International Oceans, Environment, and Science Affairs for March 19 to handle the issue.

Since the Administration had requested the FCC to delay its comment period until April 22, we need to quickly resolve this procedural issue and move on to the substantive matter. I suggest that you discuss this with General Scowcroft on Monday and recommend his acceptance of the joint NSC-EPC working group.

- We want the President to endorse a

JOINT EPC-NSC process -

March 15, 1991

NOTE FOR: THE ATTORNEY GENERAL
EDE HOLIDAY
RICHARD PORTER

SUBJECT: Meeting on Balanced Budget Amendment
Friday, March 15; 3:00 - 3:30 PM
Roosevelt Room

ATTENDEES:

- ✓Attorney General Thornburgh
- ✓Boyden Gray
- ✓Ede Holiday
- ✓Fred McClure
- ✓Roger Porter
- ✓Bill Diefenderfer
- ✓Hollis McLoughlin
- ✓Mike Luttig
- ✓Bob Damus
- ✓Al Hubbard
- ✓Larry Lindsey
- ✓Nelson Lund
- ✓Richard Porter
- ✓John Schall
- ✓Bill Myers

THE WHITE HOUSE

WASHINGTON

91 MAR 11 PM 3:17

March 11, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: EDE HOLIDAY *EH*

SUBJECT: Agreement on Air Service at Heathrow Airport for
U.S. Carriers

THE CHIEF of STAFF
has seen

At approximately 10:00 a.m. this morning negotiations between the United States and the United Kingdom concerning air service at Heathrow Airport were successfully concluded. The new agreement allows the United States to name replacement carriers for U.S. airlines currently serving Heathrow airport.

Last month, the Department of Transportation approved the transfer of Pan Am's Heathrow Airport routes to United subject to British approval. The Department believes that reaching this agreement may enable Pan Am to avoid liquidation. The agreement is also of vital importance to TWA Airlines, which has applied for approval to transfer its London routes to American Airlines. The Justice Department is currently reviewing the competitive impact of the TWA/American route transfer.

Attachment



U.S. Department of
Transportation

NEWS:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR RELEASE MONDAY
March 11, 1991

DOT 24-91
Contact: Ed O'Hara
Tel.: (202) 366-5571

UNITED STATES, UNITED KINGDOM REACH AGREEMENT ON HEATHROW FLIGHTS

Talks between the United States and the United Kingdom on transatlantic air services reached a successful conclusion today, Secretary of Transportation Samuel R. Skinner announced.

The negotiations in Washington, D.C., centered on whether U.S. carriers that acquire London routes from incumbent U.S. carriers could operate their flights to and from London's Heathrow Airport.

Without such an agreement, the proposed transfer of Pan American World Airways' transatlantic London routes to United Air Lines could not take place.

Secretary Skinner said, "This is an important revision in our bilateral aviation agreement that guarantees the continued presence of U.S. airlines at Heathrow. The agreement will maintain U.S. access to the most important airport in England, and one of the most important in the European Community.

"We offered new opportunities for British airlines in return for our ability to substitute stronger U.S. carriers at Heathrow. The U.K. has accepted. This agreement will provide important benefits for both nations as well as for the traveling public. The agreement, however, is a particularly important step for Pan American and its ability to preserve financial viability."

Skinner added, "This agreement should be seen as a prelude to more important talks in the near future to liberalize the aviation relationship between the U.S. and the U.K."

The transfer of Pan Am's London routes to United was approved Feb. 6 by the U.S. Department of Transportation (DOT). The approval was conditioned on the ability of United to serve Heathrow Airport, as Pan Am does, rather than other London airports.

(more)

The new agreement would also make it possible for Trans World Airlines to transfer to American Airlines its routes to London from U.S. cities, if that proposed transfer is approved by the DOT and the Department of Justice. That route sale, like the Pan Am/United sale, is conditioned on American's ability to serve Heathrow.

Under today's agreement, the United States will be permitted to name replacement U.S. carriers, such as United, to operate at Heathrow. U.S. carriers serving Heathrow will limit their flights to the level of service already approved for 1991 but will be able to increase their service levels modestly for the following two years. The temporary limits will remain in effect for a period of three years. At that time, U.S. carriers will revert to the more liberal capacity regime that has been in effect for a number of years and which provides for future growth.

In return, the U.S. agreed, among other things, to:

- o Allow a second British carrier (in addition to British Airways) to operate from Heathrow on U.S.-U.K. routes.

- o Grant British carriers broader rights to make code-sharing arrangements with American carriers. This will enable U.K. airlines to schedule flights to the U.S., with one or more segments of the flight operated by U.S. airlines.

- o Increase the number of cities in Latin America, Canada, and Asia to which British flights can continue after stopping at points in the United States. One British carrier will be allowed to operate one flight daily between Seattle and Australia.

- o Give the U.K. four new opportunities to permit an additional British carrier to fly to U.S. cities already served by one or two U.K. carriers.

- o Grant British carriers rights to a limited number of flights from six countries in Europe to the U.S. in conjunction with services between the U.S. and U.K. The six countries are Belgium, France, Germany, Ireland, Luxembourg, and the Netherlands.

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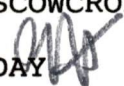
THE WHITE HOUSE

WASHINGTON

March 12, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU
GENERAL SCOWCROFT

FROM: EDE HOLIDAY 

 SUBJECT: Pelly Amendment Certification of Japan for Trade
in Sea Turtles

In the Spring of 1990, the federal government received petitions from several conservation organizations requesting a Pelly Amendment certification of Japan for trade in endangered or threatened sea turtle parts and products.

The Pelly Amendment to the Fisherman's Protective Act of 1967 requires the Secretary of Commerce or Interior -- in this case, possibly the two Secretaries together -- to certify to the President any country engaged in trade that diminishes the effectiveness of "an international program for endangered or threatened species."

Although no final decision has been rendered, it appears likely that as early as March 20 the Commerce and Interior Secretaries could certify Japan for trade in endangered or threatened sea turtles. Since 1981, for example, Japan has imported at least 234,000 hawksbill shells, from more than 20 different countries. Imports by Japan continue.

Upon receipt of a Pelly certification, the President may, at his discretion, direct the Secretary of the Treasury to impose certain sanctions against the offending country. None of the five previous Pelly Amendment certifications, which were issued to protect whales, resulted in the imposition of sanctions. They did, however, provide negotiating leverage.

The Department of State, USTR and NSC staff have been apprised of the ongoing investigation and probable outcome. Last month I gave a more detailed memo to NSC on this issue.

In the hope of resolving this matter prior to certification, Interior, Commerce and State met last week and agreed to notify the Japanese that a listing was imminent (letter attached). The departments are not confident this will be resolved prior to certification. I will keep you aware of developments.

Attachment



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MAR 8 1991

His Excellency Ryohei Murata
Ambassador to the United States
Embassy of Japan
2520 Massachusetts Avenue, N.W.
Washington, D.C. 20008

Dear Mr. Ambassador:

The Pelly Amendment to the Fishermen's Protective Act of 1967 requires the Secretary of the Interior or the Secretary of Commerce to certify whether nationals of a foreign country, directly or indirectly, are engaged in trade or taking of endangered or threatened species which diminishes the effectiveness of any international conservation program for such species. The Secretary of the Interior has responsibility for protection of sea turtles, and he also serves as the U. S. Management Authority and Scientific Authority under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

The Department, through the Fish and Wildlife Service Office of Management Authority, has been investigating the involvement of Japanese nationals in the sea turtle trade. On Tuesday, March 19, 1991, I will be meeting with Secretary Lujan to report the results of that investigation. Based upon the record compiled to date, it is my intention to recommend that Secretary Lujan certify Japan under the Pelly Amendment, 22 U.S.C. § 1978(a)(2), because Japan continues to import large amounts of sea turtle parts and products, thereby diminishing the effectiveness of CITES.

This letter is intended to provide your government with notice of our Department's imminent action on this important issue. Please contact me if there are any questions about the Pelly Amendment process or the sea turtle trade investigation.

Sincerely,

Constance B. Harriman

Assistant Secretary for
Fish and Wildlife and Parks

AC/ER

THE WHITE HOUSE

WASHINGTON

February 25, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

THE CHIEF of STAFF
has seen

FROM:

EDE HOLIDAY *EHA*

SUBJECT:

Mathematics Proficiency Level of U.S. Students

At our meeting with the Department of Education on Monday morning, Ted Sanders raised one issue I wanted to share with you. The National Assessment Governing Board (NAGB) is currently formulating mathematics proficiency levels for American students. Their preliminary data indicate that only 10 percent of U.S. eighth grade students meet the "proficient level" established by NAGB and approximately 50 percent of the students meet the "basic" level. NAGB estimates that only 2 to 3 percent of students meet the "advanced" level. Board members are currently reviewing the data and preparing release of a final report to the Secretary in September -- the same time that the first report from the National Education Goals Panel is due.

NAGB is an independent body appointed by the Secretary of Education from recommendations of the existing board. Until recently it was chaired by Checker Finn and is now led by Richard Boyd, former state superintendent of Mississippi.

Although no major media have reported on the work of NAGB, their activities are followed very closely by the education trade press. Sanders believes that it is entirely possible for stories based on the preliminary data to appear before September. But as we all agreed during our meeting, the NAGB data, if correct, confirms the President's assessment of the current problems facing American education, and the need for our national goals.

AC/ER

THE WHITE HOUSE

WASHINGTON

February 1, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM:

EDE HOLIDAY 

SUBJECT:

Navajo Generating Station

EPA is announcing today proposed emission limits for sulfur dioxide on the Navajo Generating Station, a large power plant located near the Grand Canyon National Park in Arizona. This decision represents the first time EPA has imposed control requirements to address visibility problems in a national park.

The rulemaking will propose reducing haze-forming emissions of sulfur dioxide by 70 percent, and will take comment on other control levels, both more and less stringent. The timing of this decision fulfills a settlement agreement resulting from a lawsuit by the Environmental Defense Fund.

This rulemaking has been controversial. While visibility problems are apparent at the Grand Canyon, the owners of the plant, (including the Bureau of Reclamation of the Department of the Interior and the City of Los Angeles) disagree about whether the Navajo contributes to the problem and, if it does, do not believe this plant should be singled out for expensive controls while other sources remain uncontrolled.

EPA based its decision on the specific provisions of the Clean Air Act that deal with visibility issues, on its analysis of a National Park Service study, and on several other studies that attempted to assess the nature and extent of Navajo's contribution to visibility problems in the Grand Canyon.

Reactions to this decision will vary widely. Environmental groups will argue emissions should be reduced by 90 percent, not 70 percent. Four members of the Arizona congressional delegation have written to express concern that "good science" be used in the decision. Reaction of the plant owners is mixed. The Mayor of Los Angeles has urged the Navajo be "aggressive" in pursuing pollution reductions. Arizona Power has indicated informally that a 70 percent reduction is not unreasonable. The operator and part owner of the utility, The Salt River Project, has opposed any controls but has offered what amounts to a 70 percent reduction if controls are necessary.