Withdrawal/Redaction Sheet
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Katzen et al. to Chief of Staff [McLarty] re: Sen. Boren's Revolving-Door Proposal (2 pages)	12/20/93	P5
002. notes	Bruce Reed Campaign Finance Reform meeting notes, February 2, 1993 [POTUS with Congressional members] (4 pages)	2/3/93	P5

COLLECTION:
Clinton Presidential Records
Domestic Policy Council
Bruce Reed (Subject File)
OA/Box Number: 21207

FOLDER TITLE:
Political Reform [1]

rs67

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

Polit: Reform

THE WHITE HOUSE

WASHINGTON

February 8, 1995

MEMORANDUM FOR THE VICE PRESIDENT

THROUGH: Jack Quinn

FROM: Paul Weinstein

SUBJECT: **Unfunded Mandates**

STAGE 1: COMMITTEE ACTION

Under the Unfunded Mandate Reform Act (S.1/H.R.5), procedures for considering legislation (other than appropriations bills) in the Senate and House will change substantially. The purpose of this memorandum is to provide you with an outline of the new procedures.

Step 1: Legislation Is Introduced

Assume the Senate is considering Bob Dole's health care reform bill from the last Congress. According to AFSCME, the Dole health reform proposal would have created $115 billion in new federal mandates over the next eight years (Squeezing the States, AFSCME July 1994). Despite the size of the mandate, the Majority Leader decides to reintroduce his bill, and the parliamentarian refers the legislation to the Senate Finance Committee.

Step 2: Committee Of Jurisdiction Decides To Markup Legislation

If the Chairman of the Senate Finance Committee plans to markup the Dole bill and send it to the full Senate, he would most likely request assistance from the Congressional Budget Office (CBO) estimating the number and cost of any mandates contained in the bill. The Committee will need this information later when it makes its report.

Step 3: Bill Is Agreed To In Committee

Once the Finance Committee reports the bill, it must provide the legislation to the Director of CBO, with a list of mandates contained in the bill.

Step 4: CBO Analysis In Report Language

As required by S.1/H.R.5, the report language accompanying the Dole bill must include an estimate by CBO of the direct cost of all intergovernmental mandates of $50 million or more and mandates on the private sector of $200 million or more ($50 million in the House bill). If the Director of CBO determines that it is not feasible to estimate the cost of the mandate, the Director must state why in the report. Failure by CBO to submit an estimate is grounds for raising a point of order, even if CBO documents that it is not feasible to make the estimate.

STAGE 2: FLOOR DELIBERATION

Assuming CBO has estimated that the Dole health care legislation contains a mandate of over $50 million annually, the Majority Leader must decide how to deal with the possibility that a Member of Congress may raise a point-of-order against the bill. His options are:

Option 1: Waive The Point Of Order

The Majority Leader may decide he wants to require this mandate without full or partial federal funding. Under S.1/H.R.5, Congress can continue to place unfunded mandates on state, local, and tribal governments by waiving the point of order by simple majority (51 votes in the Senate, 218 votes in the House). In the Senate, where you often need 60 votes to reach cloture on controversial legislation, the simple majority requirement may not create much additional gridlock. If the point of order is waived, and the legislation is enacted, the mandate takes effect whether or not there is federal funding to cover the direct costs.

This is an important point. As the Washington Post notes in its editorial endorsing the S.1, (see attached) "the legislation doesn't ban unfunded mandates as so much of surrounding rhetoric on both sides would suggest. It would merely create a parliamentary presumption against them and require explicit majority votes in both houses to impose them."

Option 2: Create Entitlement/Increase Receipts To Cover Cost Of Direct Mandate

If the Majority Leader determines he has enough votes to pass his bill but not enough to waive the point of order, he could try to avoid the point of order by funding the mandate through one of the following mechanisms. First, he could include in the legislation language to create new or additional entitlement funding to cover the direct cost of all the mandates in the bill. Since many health care programs are entitlements, there is precedent for funding the Majority Leader's proposed bill through this mechanism. Second, he could include language to create new or increase existing receipts (including taxes) in an amount equal to the direct costs of the mandate. However, since Ways and Means and Senate Finance are the only committees that can increase receipts or create new entitlements, and there is a general disdain in Congress towards raising taxes or expanding entitlements, it is not likely that either of these means for covering the cost of mandates will be greatly utilized.

Option 3: Placing Conditions On The Mandate Taking Effect

A third way for Dole to avoid the point of order would be to include in his bill a directive that the mandate shall not take effect if all direct costs are not covered or a schedule for reducing the mandate by the amount not funded. In addition, the Senate language, amended by Senator Byrd, provides another option that would allow Dole to direct the agencies, upon determining that there are insufficient funds to provide for the estimated direct cost of the mandate, to re-estimate the cost of the mandate or rewrite the mandate to fit the funds available, and submit to Congress within 30 days legislation that would enact their recommendation. The Senate bill, unlike the House legislation, increases congressional accountability by placing the decision to implement the mandate with Congress. However, two improvements should be made to the Senate language. 1) The mandate should take effect until Congress votes on the agency recommendation; 2) Mandates that expire because they are not funded should remain in effect as applied to the private sector.

The Washington Post

AN INDEPENDENT NEWSPAPER

More on the Mandates Issue

HOUSE REPUBLICANS partly disarmed the critics of their unfunded mandates bill by keeping a promise and quietly fixing one defect last week in committee. They should fix another when the bill comes to the floor, perhaps this week.

The mandates bill could well be the first major building block of the Republican congressional agenda to pass. The Senate's version is on the floor as well, and the president has said while avoiding details that he too favors such a measure. The Republicans look upon it in part as the key to achieving other goals such as a balanced budget amendment to the Constitution and perhaps welfare reform. Governors and other state and local officials are fearful of being stranded by the spending cuts implicit in both of these and conceivably could block them. The promise that at the same time they will get relief from federal mandates is meant to assuage them.

In fact, the legislation doesn't ban unfunded mandates as so much of surrounding rhetoric on both sides would suggest. It would merely create a parliamentary presumption against them and require explicit majority votes in both houses to impose them. That's the right approach. Though there is a genuine problem that needs fixing here, not *all* unfunded mandates are unjustified, nor are state and local governments, which receive a quarter trillion dollars a year in federal aid, always the victims they portray themselves to be in the federal relationship. What would happen is simply that future bills imposing mandates without the funds to carry them out would be subject to a point of order. A member could raise the point of order, another would move to waive it and there would be a vote. That works in the Senate. The problem in the House was that the rules would not have allowed a waiver motion. A single member, raising a point of order that the chair would have been obliged to sustain, would have been enough to kill a bill. The Rules Committee found a way around that rock last week. The bill now provides expressly for the majority votes that the sponsors say are its main point.

The other problem involves judicial review. The Senate bill would rightly bar appeals to the courts by state and local officials or others on grounds the terms of the bill had been ignored, the theory being that is mainly an internal matter—Congress agreeing to change its own future behavior—and a political accommodation of the sort that courts should have no role in. The House bill contains no similar ban, in part because a section would require the executive branch to do certain studies before issuing regulations and the sponsors, or some of them, want that to be judicially enforceable. But Congress has power enough to enforce these requirements itself; it needn't turn to the courts. The Republicans rightly say in other contexts that there is already too much resort to the courts in this country. They ought to stick to that position. In fact, because the House bill is silent on the matter, it isn't clear whether it would permit resort to the courts or not. The House should say not.

Pl. Reform

SUMMARY OF PROPOSED ADMINISTRATION BILL

Membership

8 members, appointed by the President
- 2 selected by the President
- 1 by the House minority leader
- 1 by the Senate minority leader (4 Democrats)
- 2 by the Speaker of the House
- 2 by the Senate majority leader (4 Republicans)

Scope

Campaign finance
Lobbying reform
Gift reform

Deadline

Nine months. (Realistically, one year would risk putting a final vote off after 1996 -- we want final action before the election.)

"Teeth"

Report submitted to the President
President decides whether to transmit it to Congress
Congress considers under "fast track" procedures
- committees must discharge within 20 days
- time limits
- no amendments

Pol. Reform

DISCUSSION OF POLITICAL REFORM "BASE CLOSING" COMMISSION

TWO MAJOR ISSUES TO RESOLVE

1. Scope?
   - stick to the "handshake deal" (CFR,lobby,gifts)
   - campaign finance only?
   - CFR and lobbying only but not gifts?
   - CFR and lobbying other than lobby disclosure and gifts

2. Statute or executive commision
   - a statute is the only way to have "teeth"
   - but a presidential commission is easier to set up

NEXT STEPS

* Convene meeting
   - Gingrich only?
   - Dole? Daschle? Gephardt?
   - role of President/Vice-President/senior WH staff
   - announcement by McCurry?

* Public momentum
   - public event w/ congressional leaders
   - bring NH citizendown for announcement of deal

Pol Refo

SECTION 4. COMMISSION REPORT.

(a) IN GENERAL.--No later than ~~eight~~ Six months after the date of the enactment of this Act, the Commission shall submit a report to the President which includes its findings, conlusions, and recommendations to reform the Federal political system. Such recommendations should restore the public trust in government and our political system and should include ways to-- [but not limited to]

(1) reform the nation's campaign finance system, to reduce the need for fundraising, provide candidates for office a fair chance to make their case to voters, and reduce the influence of special interests;

(2) improve government accountability by requiring full disclosure of lobbying activities;

(3) restore public confidence in elected officials by eliminating giftss and other benefits to Members of Congress. ?

(b) STATUTORY LANGUAGE.--The Commission shall include in the report specific statutory language required to implement the recommendations included in the report.

(c) SUBMITTAL OF REPORT TO CONGRESS.--No later than 30 days after receipt of the report, the President shall submit the report with appropriate changes to the Congress and shall make the report publicly available.

TO:

Pol. Reform

TO: DISTRIBUTION BELOW.

EXECUTIVE OFFICE OF THE PRESIDENT

15-Jun-1995 12:52pm

TO: (See Below)

FROM: James J. Jukes
Office of ~~Mgmt and~~ Budget, LRD

SUBJECT: URGENT -- 2:30 Meeting on Political Reform Commission Bill

Michael Waldman has asked me to invite you to a 2:30 meeting in room 211, OEOB, to review a draft bill to establish a "Commission on Political Reform." Waldman advises that his objective is to reach agreement on a bill that can be transmitted to Congress by the President today. The bill is intended to implement the agreement that the President made with the Speaker on Sunday. At Micael's request, I am also inviting Justice and OGE.

I will circulate the bill to you shortly, and will have extra copies available at the meeting. The proposed Presidential message transmitting the bill has not yet been drafted.

Distribution:

TO: James Castello
TO: Marvin Krislov
TO: Kathleen M. Whalen
TO: Bruce N. Reed
TO: Paul J. Weinstein, Jr
TO: Steve Ricchetti
TO: John C. Angell

CC: Tracey E. Thornton
CC: Robert G. Damus
CC: James C. Murr
CC: M. Jill Gibbons
CC: Robert E. Litan
CC: Kenneth L. Schwartz
CC: David J. Haun
CC: Adrien L. Silas
CC: Larry R. Matlack
CC: Michael Waldman
CC: Daniel P. Collins
CC: Todd Stern
CC: G. Timothy Saunders
CC: Karin L. Kizer
CC: Richard C. Loeb

Bill is attached.

9 PAGES TOTAL

CC: Barbara F. Kahlow
CC: Charles S. Konigsberg
CC: LAWRENCE J. HAAS

THE COMMISSION ON POLITICAL REFORM ACT OF 1995

A BILL

To provide for the establishment of a temporary commission on political reform to propose reforms in the laws relating to election to federal office, lobbying of Congress and the executive branch, and receipt of gifts by Members of Congress.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SECTION 1. SHORT TITLE AND PURPOSE.

(a) SHORT TITLE.-- This Act may be cited as the "Commission on Political Reform Act of 1995".

(b) PURPOSE.-- The purpose of this Act is to restore public trust in our political institutions by reforming the campaign finance system, to reduce the need for fundraising, give candidates for office a fair chance to make their case to voters, and reduce the influence of special interests; to improve government accountability by requiring full disclosure of lobbying activities; to restore public confidence in elected officials by eliminating gifts and other benefits to Members of Congress; and to take other steps to restore the public trust in government and our political system.

SECTION 2. DEFINITIONS.

In this Act--

(1) The term "Commission" means the Commission on Political Reform established by section 3(a).

(2) The term "executive agency" has the meaning given to the term "agency" by sections 551(1) and 552(f) of title 5, United States Code.

(3) The term "report" means the report required under section 4(a) of this Act.

SECTION 3. COMMISSION ON POLITICAL REFORM.

(a) ESTABLISHMENT.-- There is established a commission which shall be known as

1 the "Commission on Political Reform". The Commission shall perform such functions as are
2 assigned to it by this act.
3 (b) MEMBERSHIP.--
4 (1) IN GENERAL.-- The Commission shall consist of 8 members who shall be
5 appointed by the President, [with the advice and consent of the Senate,] [from among
6 individuals who are not officers or employees of any government,] by not later than 30
7 days after the date of the enactment of this act. In making appointments, the President
8 shall consult --
9 (A) the Speaker of the House of Representatives with respect to the
10 appointment of 2 members;
11 (B) the majority leader of the Senate with respect to the
12 appointment of two members;
13 (C) the minority leader of the House of Representatives with
14 respect to one member; and
15 (D) the minority leader of the Senate with respect to one member.
16 (2) CHAIRMAN.-- At the time of the appointment, the President shall designate
17 one of the members of the Commission as the Chairperson of the Commission.
18 (3) VICE-CHAIRMAN. -- At the time of the appointment, the [[President shall
19 designate one of the members of the Commission as the Vice-Chairman of the
20 Commission. The Vice-Chairman shall not be a member of the same political party as
21 the Chairman.
22 (4) TERMS. The members of the Commission shall serve for the life of the
23 Commission.
24 (5) VACANCIES. A vacancy in the Commission shall be filed in the manner in
25 which the original appointment was made.
26 (6) POLITICAL AFFILIATION. Not more than 4 members of the Commission
27 may be of the same political party.
28 (c) COMPENSATION.--
29 (1) PAY.-- Members of the Commission shall be compensated at a rate equal to
30 the daily equivalent of the annual rate of basic pay prescribed for level III of the

Executive Schedule under section 5314 of title 5, United States Code, for each day (including travel time) during which the Executive Director is engaged in the performance of the duties of the Commission.

(2) TRAVEL EXPENSES.-- Members of the Commission shall be allowed reasonable travel expenses, including per diem in lieu of subsistence at rates authorized for employees of agencies under chapter I of chapter 57 of title 5, United States Code, while away from the member's home or regular place of business in the performance of services for the Commission.

(d) MEETINGS.--

(1) IN GENERAL.-- The Commission shall meet as necessary to carry out its responsibilities under this Act. The Commission may conduct meetings outside the District of Columbia when necessary. The Commission may hold hearings, take testimony, and receive evidence as the Commission considers appropriate.

(2) PUBLIC ACCESS.-- The provisions of section 552(b) of title 5, United States Code, shall apply to meetings held by the Commission.

(3) QUORUM.-- Five members of the Commission shall constitute a quorum, but a lesser number may hold hearings. Any member of the Commission may, if authorized by the Commission, take any action which the Commission is authorized to take under this section.

(e) EXECUTIVE DIRECTOR.--

(1) IN GENERAL.-- The Commission shall, without regard to section 5311(b) of title 5, United States Code, appoint an individual of integrity and impartiality to serve as the Executive Director.

(2) COMPENSATION.-- The Executive Director shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which the Executive Director is engaged in the performance of the duties of the Commission.

(f) REMOVAL.-- No member of the Commission or the Executive Director shall be removed from office, other than for inefficiency, neglect of duty, malfeasance in office,

physical disability, mental incapacity, or any other condition that substantially impairs the performance of the member's or Executive Director's duties.

(g) SUPPORT SERVICES.--

(1) GENERAL SERVICES ADMINISTRATION.-- The Administrator of General Services shall provide administrative and support services to the Commission on a reimbursable basis, including office space and clerical and personnel support.

(2) DETAILS.-- At the request of the Executive Director, the head of an executive agency shall detail employees of the agency to assist the Commission in carrying out this Act. Any employee detailed to the Commission shall be detailed without reimbursement, and without interruption or loss of civil service status or privilege. *[can we do congressional detailees?]*

(3) SERVICES.-- The Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of that title.

(4) EXPERTS AND CONSULTANTS.-- The Commission may procure by contract the temporary or intermittent services of experts or consultants pursuant to section 3109 of title 5, United States Code.

(h) TERMINATION.-- The Commission shall terminate on the date which is eighteen months after the date of the enactment of this act.

SECTION 4. COMMISSION REPORT.

(a) IN GENERAL.-- Not later ~~nine~~ than six months after the date of the enactment of this Act, the Commission shall submit to the Congress a report of the activities of the Commission, together with a draft of legislation (including technical and conforming provisions) recommended by the Commission to reform the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) and any other laws relating to elections to Federal office; [and the laws governing lobbying and gifts]. [illegible] to get technical conf. leg.

(b) SUBMITTAL OF REPORT TO CONGRESS.-- No later than 60 days after receipt of the report, the President may submit the report to the Congress and shall make the report publicly available.

SECTION 5. FAST TRACK PROCEDURES. [*note: taken from Maloney bill*]

(a) RULES OF HOUSE OF REPRESENTATIVES AND SENATE.-- This section is enacted by the Congress-

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which the specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to such House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(b) DEFINITIONS.- As used in this section, the term "political reform bill" means only a bill of either House of Congress which is introduced as provided in subsection (c) to carry out the recommendations of the Commission as set forth in the draft of legislation referred to in section 5.

(c) INTRODUCTION AND REFERRAL.- Within 3 days after the Commission submits its draft legislation under section 5, a political reform bill shall be introduced (by request) in the House by the majority leader of the House and shall be introduced (by request) in the Senate by the majority leader of the Senate. Such bills shall be referred to the appropriate committees.

(d) AMENDMENTS PROHIBITED.- No amendments to a political reform bill shall be in order in either the House of Representatives or the Senate; and no motion to suspend the application of this subsection shall be in order in either House; nor shall it be in order in either House to entertain a request to suspend the application of this subsection by unanimous consent.

(e) PERIOD FOR COMMITTEE AND FLOOR CONSIDERATION.-

(1) If the committee of either House to which a political reform bill has been referred has not reported it at the close of the 20th day after its introduction, such committee shall be automatically discharged from further consideration of the bill and it shall be placed on the appropriate calendar. If prior to the passage by one House of a political reform bill of that House, that House receives the same political reform bill from the other House, then-

(A) the procedure in that House shall be the same as if no Federal election

bill had been received from the other House; but

(B) the vote on final passage shall be on the political reform bill of the other House.

(2) For purposes of paragraph (1), in computing the number of days in either House, there shall be excluded the days on which that House is not in session because of an adjournment of more than three days to a certain day or an adjournment of the Congress sine die.

(f) FLOOR CONSIDERATION IN THE HOUSE.-

(1) A motion in the House of Representatives to proceed to the consideration of a political reform bill shall be highly privileged except that a motion to proceed to consider may only be made on the second legislative day after the calendar day on which the Member making the motion announces to the House his intention to do so. The motion to proceed to consider is not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Consideration of a political reform bill in the House of Representatives shall be in the House with debate limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the bill. The previous question on the political reform bill shall be considered as ordered to final passage without intervening motion. It shall not be in order to move to reconsider the vote by which a federal election bill is agreed to or disagreed to.

(3) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a Federal election bill shall be decided without debate.

(g) FLOOR CONSIDERATION IN THE SENATE.-

(1) A motion in the Senate to proceed to the consideration of a federal election bill shall be privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the Senate on a political reform bill, and all debatable motions and

appeals in connection therewith, shall be limited to not more than 10 hours. The time shall be equally divided between, and controlled by, the majority leader and minority leader or their designees.

(3) Debate in the Senate on any debatable motion or appeal in connection with a political reform bill shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and manager of the bill, except that in the event the manager of the bill is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of a Federal election bill, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(4) A motion in the Senate to further limit debate is not debatable. A motion to recommit a political reform bill is not in order.

SECTION 6. AUTHORIZATION OF APPROPRIATIONS.

For the purposes of carrying out this Act, there are authorized to be appropriated such sums as may be necessary for fiscal year 1993, to remain available until expended.

File -- Political Reform

MEMORANDUM FOR CIRCULATION

FROM: MICHAEL WALDMAN MW

SUBJECT: FYI -- BIPARTISAN REFORM PACKAGE

Attached is the summary of the bipartisan reform package introduced by Shays, Deal, and other Members.

According to Shays' staff, some of the issues are still being worked out and therefore were not included in this summary, but will be included in the bills as introduced (e.g., soft money).

CONGRESSMAN CHRISTOPHER SHAYS

Fourth District
Connecticut

NEWS RELEASE

STATEMENT BY CONGRESSMAN CHRISTOPHER SHAYS
BIPARTISAN REFORM TEAM PROPOSALS

March 7, 1995

For years, constituents have been asking us to clean up Congress. They're tired of the perks, fed up with the special interests and frustrated with the way campaigns are financed.

In the past, Congress has tried, and failed, to deal with these issues. But this time is different.

Our effort has two unique but essential components: it's bipartisan, and it's comprehensive.

For the last two months, we have worked to develop a substantive plan we could all agree to. We have not always agreed on every issue, but we all believe these issues must be addressed, and we are committed to leading the fight to do so.

In each area, we have been guided by the principle that we have an obligation to ensure Congress is fair, noble and not above the standards set for the rest of the country.

Our package, which includes seven separate bills, addresses the issues of campaign finance, lobbying disclosure, gifts, "frequent flier" mileage, franking, members' pensions, and unused office funds.

We look forward to working together with the committee chairs and leadership of both parties to enact these needed reforms.

-- 30 --

Congress of the United States
House of Representatives
Washington, DC 20515

BIPARTISAN REFORM TEAM

MISSION STATEMENT

The Bipartisan Reform Team is a group of Republican and Democrat Members of Congress dedicated to working together to reform the way Congress conducts its business. We believe our proposals are a place for debate on these issues to begin. We are eager to work with those from both sides of the aisle to pass strong, straight-forward and logical reforms. We intend to serve as a force for change, which will result in increased public faith in Congress, and a more effective, efficient and ethical government.

Christopher Shays

David Minge

Jay Dickey

Nathan Deal

Enid Waldholtz

Tom Barrett

Scott Klug

Paul McHale

Mike Castle

BIPARTISAN REFORM TEAM PROPOSALS

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Congressman Barrett

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Congressman Klug

III. THE FRANKED MAIL SAVINGS ACT

Lead members: Congressman Castle
Congressman McHale

IV. THE UNOBLIGATED FUNDS REFORM ACT

Lead members: Congressman Minge
Congressman Klug

V. THE CAMPAIGN FINANCE REFORM ACT

Lead members: Congressman Deal
Congressman Shays

VI. THE CONGRESSIONAL PENSION REFORM ACT

Lead members: Congressman Dickey
Congressman Minge

VII. THE LOBBYIST DISCLOSURE REFORM ACT

Lead members: Congressman McHale
Congresswoman Waldholtz

THE CONGRESSIONAL GIFT REFORM ACT

1. **Gifts from Lobbyists** are prohibited, except under one specific circumstance when the gift is:

   * to the best of the member's knowledge, neither given for a business purpose nor deducted/reimbursed as a business expense -- within current limitation and disclosure requirements

2. **Gifts from persons other than Lobbyists** are prohibited, except under six specific circumstances when the gift is:

   * to the best of the member's knowledge, neither given for a business purpose nor deducted/reimbursed as a business expense -- within current limitation and disclosure requirements

   * a meal

   * a contribution to a legal defense fund

   * personal hospitality on the premises of an individual

   * necessary expenses for travel to meetings, speaking engagements, fact-finding trips or similar events directly related to official duties.

   * attendance at a charity or other widely-attended event, such as a conference, symposium, political event or association dinner

3. Gifts include, but are not limited to:

   * objects
   * trips
   * Congressional retreats
   * charitable contributions based on a member's recommendation
   * tickets to events

4. Gifts do not include:

   * informational material
   * home state products of minimal value
   * receptions and other food/refreshments of nominal value, not offered as part of a meal
   * objects of little intrinsic value

For the purpose of this bill, campaign contributions and tickets to political events are excluded and will be addressed in campaign finance reform.

note: Members of immediate family (parents, children, spouse and siblings) are exempt from this bill.

THE FREQUENT FLIER REFORM ACT

1. Bans the use of frequent flier awards accrued by members, officers and employees of the House through business travel, except for official travel.

   * "Official travel" means travel performed to conduct official House business -- travel which would otherwise be paid for by the House.

   * This language was adopted by the Senate in January under S. 2.

   * Mirrors principles of H.Res. 15, introduced by Congreseman Tom Barrett, but gives them the force of law.

THE FRANKED MAIL SAVINGS ACT

1. Bans unsolicited mass mail in election years until after the election (town meeting notices excluded)

   * Based on principles of H.R. 923, the Franked Mail Savings Act, introduced by Congressman Mike Castle.

   * Members may provide information to constituents in "follow-up" mailings to constituents who have expressed interest within the current legislative term, triggered by legislative action.

2. Separates franking account into "mass mail" and "constituent mail" accounts, allowing no more than half the total to be used for unsolicited mass mailings

   * Tightens the definition of "mass mailing" from 500 pieces to 250 pieces

3. Cuts funding of franked mail 50 percent from 1994 levels.

4. Requires the Commission on Congressional Mailing Standards to make available to the public samples of town meeting notices and all unsolicited mail in excess of 50 pieces.

THE UNOBLIGATED FUNDS REFORM ACT

1. Requires any unused funds in Members' official expense, clerk hire, or official mail accounts be transferred to the Deficit Reduction Trust Fund at the end of each fiscal year.

   * Based on H.R. 330, introduced by Congressman David Minge

THE CAMPAIGN FINANCE REFORM ACT

1. Contribution limits:

   * A PAC may contribute no more than $2,500 to a candidate each election cycle.

   * A candidate may receive no more than 50 percent of his/her total contributions from PACs each election cycle.

   * A candidate may receive no more than 50 percent of his/her total contributions from outside his/her state each election cycle.

   * The above limits will be lifted for every candidate in a race, if one or more candidate in that race contributes a total of more than $100,000 to his/her own campaign.

     - A candidate must notify the FEC within 24 hours of contributing a total of more than $100,000 to his/her own campaign. The FEC will then notify all other candidates in the race.

     - A member must declare by September 1 if he/she plans to spend more than $100,000 of personal funds on the campaign.

2. Bundling

   * Bundling is prohibited by PACs, trade associations, lobbyists, corporations, political parties, limited partners and foreign agents.

   * There will be no exceptions to the ban on bundling

3. Leadership PACs

   * Ban on leadership PACs (political committee other than one's own principle campaign committee)

THE CONGRESSIONAL PENSION REFORM ACT

1. Brings members' pensions in line with those of other federal employees

2. Targets two areas where Members' pensions out-benefit all other federal employees' pensions:

   * the Benefits Computation Formula

   * Age and service requirements

3. Beginning with the 105th Congress, a new and standard computation formula would be established for all federal employees -- including Members of Congress, congressional employees and Executive Branch employees.

   * Reduces the multiplier in the formula from 2.5 or 1.7 percent to 1 percent -- that which applies to other federal employees.

   * Reduces the contribution amount in the formula from 8.0 or 1.3 percent to .8 percent -- that which applies to other federal employees.

4. Requires Members to comply with the age and service requirements that exist for Executive Branch federal employees. Members would be eligible for a full pension at age 62 with at least 5 years of service, at age 60 with at least 20 years of service, or at age 55 with at least 30 years of service.

THE LOBBYING DISCLOSURE REFORM ACT

1. Imposes disclosure requirements for lobbyists who contact executive and legislative officials and their staff.

2. Centralizes the disclosed information with a new division of Lobbying Registration and Public Disclosure in the House of Representatives Office of Records and Registration.

3. Defines a lobbyist as:

   * Any individual who is employed or retained by a client for financial or other compensation for services that include one or more lobbying contacts, other than an individual whose lobbying activities constitute less than 10 percent of the time engaged in the services provided by such individual to that client.

   * Any individual who expects to receive, or does receive a total income of more than $2,500 from lobbying activities.

   * Any individual whose total lobbying expenses are expected to, or do exceed $5,000.

4. Provides statutory language that protects an individual's ability to petition government without infringing upon his/her right to participate in "grassroots" activities.

5. Establishes a system for determining violations of the disclosure requirements, including an appeal process. All penalties are assessed in the form of fines.

   * Minor violations assessed a fine of no more than $10,000

   * Major violations assessed a fine of no less than $10,000

   * Each week a required report is late, a fine is assessed of $200 per week -- not to exceed $10,000

Franking Memo / Excellent Stuff

Political Reform

THE WHITE HOUSE

WASHINGTON

December 6, 1994

MEMORANDUM TO PAUL WEINSTEIN

THROUGH: Ann Walker

FROM: Russell Horwitz

RE: Franking Analysis

HOUSE

The 37 House incumbents involved in tough re-election bids outspent retiring House members by a 3-to-1 ratio between January 1, 1993 and September 30, 1994. Overall during this period, House members spent $62.9 million in public funds on postage for newsletters, cards, and letters mailed to constituents. The 37 incumbents believed to be most vulnerable in the last election spent an average of $129,184 in the 12 months ending September 30 of this year, 35 percent more than the House average of $95,895. By contrast, the 27 retiring members of the House spent only $39,895.[1]

In the first nine months of 1994, House incumbents spent $29.5 million, 42 percent more than during the same period of 1993. December, 1993 and August, 1994 accounted for nearly one-fifth (18%) of all House franking expenditures in the 103rd Congress.[2]

In the same period, the 1,041 Congressional challengers raised a total of $47.4 million for their campaigns.[3]

The top 25 frankers from July to September, 1994:

INCUMBENT	AMOUNT FRANKED Cost Per Address/ Total Cost	ELECTION RESULT
1. Nita Lowey (D -NY)	$.454/ $104,000	Won
2. Louise Slaughter (D-NY)	$.435/ $119,000	Won
3. George Miller (D-CA)	$.435/ $100,000	Won
4. Harold Rogers (R-Ky)	$.415/ $92,000	Won
5. Charles Taylor (R-NC)	$.402/ $108,000	Won

INCUMBENT	AMOUNT FRANKED Cost Per Address/ Total Cost	ELECTION RESULT
6. Peter Torkildsen (R-MA)	$.400/ $107,000	Won
7. Bob Filner (D-CA)	$.400/ $82,000	Won
8. James Bilbray (D-NV)	$.395/ $94,000	Lost
9. Curt Weldon (R-PA)	$.389/ $87,000	Won
10. Lee Hamilton (D-IN)	$.386/ $87,000	Won
11. Scott Baesler (D-KY)	$.384/ $102,000	Won
12. Cardiss Collins (D-IL)	$.376/ $83,000	Won
13. M.M.-Mezvinsky (D-PA)	$.375/ $90,000	Lost
14. Corrine Brown (D-FL)	$.371/ $85,000	Won
15. Gerald Solomon (R-NY)	$.337/ $84,000	Won
16. Bart Gordon (D-TN)	$.334/ $77,000	Won
17. Elizabeth Furse (D-OR)	$.331/ $89,000	Won
18. John Myers (R-IN)	$.321/ $74,000	Won
19. Lynn Woolsey (D-CA)	$.318/ $84,000	Won
20. Matt Martinez (D-CA)	$.316/ $54,000	Won
21. George Brown (D-CA)	$.310/ $65,000	Won
22. Jack Fields (R-TX)	$.307/ $75,000	Won
23. Tony Beilenson (D-CA)	$.302/ $75,000	Won
24. Leslie Byrne (D-VA)	$.298/ $67,000	Lost
25. Tony Hall (D-OH)	$.295/ $74,000	Won

Of these 25 incumbents, more than half were characterized as vulnerable to losing their seats, yet 92 percent of them won re-election. 17 of the 25 (68 percent) are Democrats.[4]

The top 25 frankers from October 1993 to September 1994.

INCUMBENT	AMOUNT FRANKED Cost Per Address/Total Cost	ELECTION RESULT
1. David Levy (R-NY)	$1.101/ $214,195	Lost
2. Dick Gephardt (D-MO)	$1.073/ $279,551	Won

INCUMBENT	AMOUNT FRANKED Cost Per Address/Total Cost	ELECTION RESULT
3. Leslie Byrne (D-VA)	$1.055/ $235,763	Lost
4. Bob Filner (D-CA)	$1.049/ $214,844	Won
5. Lee Hamilton (D-IN)	$.983/ $230,099	Won
6. Bill Richardson (D-NM)	$.973/ $198,369	Won
7. Bart Gordon (D-TN)	$.943/ $225,509	Won
8. Maurice Hinchey (D-NY)	$.943/ $230,908	Won
9. Harold Rogers (D-KY)	$.942/ $209,695	Won
10. Herb Klein (D-NJ)	$.923/ $204,489	Lost
11. Bruce Vento (D-MN)	$.921/ $212,453	Won
12. Lynn Woolsey (D-CA)	$.911/ $240,195	Won
13. Eliot Engel (D-NY)	$.900/ $194,767	Won
14. Jose Serrane (D-NY)	$.886/ $179,791	Won
15. Gary Ackerman (D-NY)	$.884/ $196,156	Won
16. Helen Bentley (R-MD)	$.880/ $221,746	Retired
17. Nita Lowey (D-NY)	$.872/ $199,054	Won
18. Gerald Solomon (R-NY)	$.858/ $212,651	Won
19. Dan Burton (R-IN)	$.848/ $206,230	Won
20. Estaban Torres (D-CA)	$.847/ $147,985	Won
21. Martin Frost (D-TX)	$.843/ $198,691	Won
22. James Bilbray (D-NV)	$.843/ $241,266	Lost
23. Tony Beilenson (D-CA)	$.840/ $208,920	Won
24. Peter Hoagland (D-NE)	$.837/ $177,266	Lost
25. Charles Taylor (D-NC)	$.833/ $222,998	Won

87 percent of the 24 incumbents won their re-election bids. 21 of the 25 (84 percent) are Democrats.[5]

The bottom 25 frankers from October 1993 to September 1994.

INCUMBENT	AMOUNT FRANKED Cost Per Address/ Total Cost	ELECTION RESULT
410. Don Edwards (D-CA)	$.052/ $9,568	Retired
411. Peter Blute (R-MA)	$.052/ $12,709	Won
412. John Spratt (D-CA)	$.049/ $11,500	Won
413. Michael Crapo (R-ID)	$.049/ $14,003	Won
414. Jan Meyer (R-KS)	$.049/ $13,841	Won
415. Al Swift (D-WA)	$.046/ $11,574	Retired
416. Glen Browder (D-AL)	$.046/ $11,216	Won
417. Wayne Allard (R-CO)	$.044/ $10,210	Won
418. James Traficant (D-OH)	$.043/ $12,634	Won
419. Michael Huffington (D-CA)	$.042/ $10,411	Ran for Senate
420. John Kasich (R-OH)	$.042/ $10,471	Won
421. Porter Goss (R-FL)	$.042/ $15,211	Won unoppossed
422. Tim Valentine (D-NC)	$.041/ $9,930	Retired
423. Ernest Istook (R-OK)	$.041/ $10,451	Won
424. Chet Edwards (D-TX)	$.040/ $9,663	Won
425. Spencer Bachus (R-AL)	$.036/ $9,285	Won
426. W.G. Hefner (D-NC)	$.036/ $8,361	Won
427. Arthur Ravenel (R-SC)	$.035/ $9,301	Retired
428. Mike Kopetski (D-OR)	$.033/ $8,039	Retired
429. J. J. Pickle (D-TX)	$.032/ $9,778	Retired
430. Andrew Jacobs (D-IN)	$.032/ $7,166	Won
431. Tom Lewis (R-FL)	$.029/ $9,781	Retired
432. Tim Penny (D-MN)	$.027/ $5,969	Retired
433. Al McCandless (R-CA)	$.027/ $8,086	Retired
434. Alex McMillan (R-NC)	$.025/ $6,749	Retired
435. Michael Castle (R-DE)	$.019/ $5,633	Won

10 of the 25 House members retired and one member ran for higher office. The other 15 all won their bids for re-election. 13 of the 25 (52 percent) are Democrats.[6]

SENATE

Top frankers who were up for re-election. (January 1993-June 1994)[7]

INCUMBENT	AMOUNT FRANKED Cost Per Address/ Total Cost	ELECTION RESULT
Conrad Burns (R-MT)	$.14/ $49,923	Won
Daniel Patrick Moynihan (D-NY)	$.13/ $918,138	Won
Slade Gorton (R-WA)	$.13/ $270,589	Won
Jim Sasser (D-TN)	$.10/ $204,926	Lost
Joseph Lieberman (D-CT)	$.10/ $133,135	Won
Trent Lott (R-MS)	$.07/ $68,286	Won
Paul Sarbanes (D-MD)	$.03/ $55,185	Won

Senators who sent no mass mailings. (January 1993-June 1994)[8]

INCUMBENT	ELECTION RESULT
Daniel Akaka (D-HI)	Won
Kay Bailey Hutchinson (R-TX)	Won
Bob Kerrey (D-NE)	Won
Herb Kohl (D-WI)	Won
Charles Robb (D-VA)	Won
Harris Wofford (D-PA)	Lost

*The Senate has banned all unsolicited mass mailings in an election year.

CONCLUSIONS

While not a purely scientific and extensive analysis, this report does indicate that of the Congressman that franked heavily during the given time periods, the vast majority of them were Democrats. The Senate appears to be more evenly split.

Delineating a relationship between franking levels and incumbency, however, is a lot more indefinite. While a large percentage of the top 25 frankers (in both time periods) won re-election, a sampling from the bottom 25 frankers reveals that either the Congressman won or retired (Huffington ran for Senate). No one lost. Franking levels in the Senate provide no discernible pattern either.

Consequently, taken as a whole, it appears that unsolicited mass mailings did not greatly influence the outcomes of the Congressional elections. One could further argue that high levels of franking do not provide significant advantages for the incumbent in terms of entrenched visibility and name-recognition given certain races. Both Marjorie Margolis-Mezvinsky and Jim Sasser suffered defeats, although they employed the franking privilege extensively. Many people don't read mail sent by their representative. They either consider it a waste of time or not important. Hence, it's difficult to gauge the impact mailings have on the average voter, but they appear to be minimal. Increasingly, challengers are even using the franking privilege against incumbents. Campaign commercials depict the amount the Congressman has spent on franking and decry the spending as wasteful and irresponsible.

Hence, based on the above analysis, it's reasonable to argue that incumbency would not be fundamentally affected if franking privileges were severely restricted.

1.The Record, October 31, 1994

2.U.S. Newswire, October 31, 1994

3.ibid

4.Roll Call, October 31, 1994

5.National Taxpayers Union Foundation Report, October 31, 1994

6.ibid

7.Washington Post, November 1, 1994

8.ibid

POLITICAL REFORM

Pre SOTU -- laying down the bar?

* Lobby reform
  - public
  - negotiations/Hill?

* Campaign finance reform
  - announcing proposal

* Drafting documents/proposals

* Media

* Constituency/outside groups?

SOTU

Post-SOTU

* political reform event in the first week

* medium term goals

* calendar events

* Unilateral actions (re: lobbyists, etc.)

* Going after special interest bills

Clinton reelection campaign

* Any steps to take re: structure/funding?

Pa Reform

THE WHITE HOUSE
OFFICE OF DOMESTIC POLICY

CAROL H. RASCO
Assistant to the President for Domestic Policy

To: REED GALSTON
WEINSTEIN

Draft response for POTUS
and forward to CHR by: _____

Draft response for CHR by: _____

Please reply directly to the writer
(copy to CHR) by: _____

Please advise by: _____

Let's discuss: _____

For your information: X

Reply using form code: _____

File: _____

Send copy to (original to CHR): _____

Schedule ? : ☐ Accept ☐ Pending ☐ Regret

Designee to attend: _____

Remarks: Where are we on this?

December 29, 1994

MEMORANDUM FOR LEON PANETTA
HAROLD ICKES
GEORGE STEPHANOPOULOS
CAROL RASCO
PAT GRIFFIN

DEC 30 1994

FROM: MICHAEL WALDMAN MW

SUBJECT: OUR PLANS FOR "REFORM WEEK"

As I discussed with George and Harold this week, we have laid some plans to focus on reform during the first week of the congressional session (see attached). The goals: 1) to identify the President as a reformer during the week when reform is front and center. If we get in the game early, we can continue to critique the GOP as favoring special interests over the middle class; and 2) to define real reform as a change in Washington's money culture (viz., a gift ban, lobby reform, and campaign reform), not merely the GOP's worthy but ultimately minimalist steps. We shouldn't let them fire a bunch of staff and successfully say that -- presto! -- they've cleaned up Congress.

The main open questions for the "reform week" are:

* What day do we want to release the campaign finance reform proposal (free TV)? My instinct is that we want Wednesday to be focused on the gift ban, rather than trying to make new news on a free TV proposal. The Hill Democrats and reform groups will be focusing on the gift ban, and unveiling a new proposal would only muddle the message. I would suggest holding it until Friday (when Gore, Panetta or even the President could announce it), or Saturday, for the radio address. The counter-argument is that we should hit our reform message as hard as possible that first day -- no one will be listening by the weekend. Also, the Senate Democrats will drop their CFR bill in the first day . . . and there's a decent chance that Dole will counter with his "base closing commission" proposal on Thursday and preempt our substantive proposal.

* Do we -- either on the first day, in the meeting with the bipartisan leadership, or over the weekend -- put forth a deadline or other action-forcing/bar-raising device? We didn't do this last Congress, but maybe the rules have changed.

* Do we want to preview any of these thing this week (e.g., to *Newsweek*'s Periscope)? So far, nothing has leaked, which may mean the press will be unprepared. At the very least, next week we should be prepared to talk to the *New York Times* editorial board, which is rabid on this subject -- they should like what we're doing.

I'm reachable through the WH switchboard; I'll be back on Sun. and likely in on Mon.

TENTATIVE SCHEDULE FOR FIRST WEEK OF CONGRESS

* Wednesday, January 4 (the day the House comes into session; it is scheduled to vote on the Congressional Accountability Act and other reforms)

- the President will send a Message to Congress, to be read to the full House by Minority Leader Gephardt or other appropriate figure. (NOTE: If we can't swing a reading, we should consider making it a letter, with promotion at the WH). See attached draft.

- [OPTION: Release of "our" reform agenda, including the free TV campaign finance reform proposal]

* Thursday, January 5 (leadership meeting).

- at leadership meeting, the President could make a pitch and propose a deadline. (We refrained from doing this during the last Congress, but perhaps it's appropriate now.)

* Friday, January 6

- POSSIBLE: Release of campaign finance reform/free TV proposal. The plan could be released by the Vice-President or the Chief-of-Staff; or, possibly, by the President. (This may make sense if the gift ban has been enacted, especially if the GOP is embarrassed in the process.)

* Saturday, January 7

- Radio address on reform -- Should be done live from the Oval Office before an audience of "validators" -- reform leaders, DLC types, civic leaders. This would be an opportunity to rope in organizations who are theoretically for our reform agenda, but who haven't done much on it.

- The validators would then go to the stakeout outside the West Wing, to praise the President's reform agenda, and push the GOP Congress to move on it.

- [IF WE HAVEN'T RELEASED THE CFR PROPOSAL ON FRIDAY: We could release it today through backgrounders, with the "announcement" made by the President during the radio address.]

Pol. Reform

To: Bruce Reed
Fr: Rob Shapiro
Re: Cuts to Finance the President's Economic and Social Investments:
Dt: November 7, 1994

Below is a list of reforms of current spending and tax subsidies that currently benefit particular industries without serving any overriding social or economic purpose. These reforms were selected from a list of 68 ineffective subsidy provisions in *Cut and Invest* (totalling $225 billion over five years). This shorter list would produce savings over five years of $72.2 billion, and therefore could be used to finance the President's economic investment agenda and provide a measure of tax relief for middle-class families with children.

I. Government services now provided *gratis* or at below-market prices to particular industries ($17.6 billion over 5 years)
II. Spending subsidies for private utilities ($3.3 billion)
III. Special spending subsidies for energy firms ($10.6 billion)
IV. Three major tax breaks for particular industries ($40.7 billion)

I. Make Firms Pay for Special Government Services Provided to Them

a.	Commodities Future Trading Comm'n: charge fee to cover costs of overseeing commodities exchanges:	$ 0.3 billion
b.	FDIC: Charge state-chartered banks to cover cost of FDIC examinations:	$ 1.4 billion
c.	FCC: Raise fees to private media using FCC services to cover costs:	$ 0.4 billion
d.	SEC: Raise current fees to cover costs of registering and monitoring securities transactions:	$ 0.2 billion
e.	Travel and Tourism Administration and International Trade Administration: Charge firms for using tourism export promotion services:	$ 0.8 billion
f.	Charge airlines and private plane owners fees to cover marginal cost of FAA air control services:	$ 6.8 billion
g.	Grazing fees: Raise fees to market rates:	$ 0.2 billion
h.	Charge slaughterhouses and poultry processing plants fees to cover costs of government inspections:	$ 0.5 billion

draft draft draft

MESSAGE TO CONGRESS:

Congratulations. As the new congressional session begins, we have an opportunity to make historic change in the way that Washington works and the government serves the people.

Today, the Congress will take important and positive steps to change its operations for the better. Reducing staff, shrinking the number of committees and other measures are valuable, and long overdue. The passage of legislation that would apply to Congress the laws that apply to the public is only fair, and simple common sense.

But let us be honest with the American people: true congressional reform must reduce the power of lobbyists and special interests. That is why it is so important that professional lobbyists be barred from giving gifts, meals and entertainment to members of Congress -- just as they are now barred from giving these benefits to executive branch officials. And it is why Congress must immediately complete the job of reforming our lobby disclosure and campaign finance laws, so that wealthy interests do not wield disproportionate influence over our government.

That is true congressional reform. I look forward to working with the Congress to achieve results that are bipartisan, bold, and give the government back to the people.

WILLIAM J. CLINTON

i.	Charge market rates for water sales from Bureau of Reclamation projects used to irrigate surplus crops, and add a surcharge to other water sales:	$ 4.3 billion
j.	Strictly enforce fee collection for harbor maintenance charges:	$ 0.2 billion
k.	Index for inflation federal fees for disposing of utilities' nuclear wastes:	$ 0.3 billion
l.	Charge firms using inland waterways fees covering federal costs to maintain, operate and upgrade these routes:	$ 2.2 billion
	Savings over five years:	$17.6 billion

II. Stop the Use of Taxpayers' Funds to Subsidize Some Firms' and Individual's Utility Bills

a.	Reduce REA subsidies to private utilities by charging near-market rates on loans:	$ 0.7 billion
b.	Reduce TVA subsidies to private utilities:	$ 0.6 billion
c.	Sell federal hydroelectric power to private utilities at rates that cover government's cost of providing it:	$ 2.0 billion
	Savings over five years:	$ 3.3 billion

III. Cut Ineffective Subsidy Programs for Energy Corporations

a.	Cut Grants for "Energy Supply, Research and Development" with little industry participation or commercial value:	$ 6.9 billion
b.	Fusion research: reduce grants and require industry support:	$ 1.0 billion
c.	Suspend new purchases for Strategic Petroleum Reserve:	$ 1.1 billion
d.	Suspend new purchases for Naval Petroleum and Oil Shale Reserve:	$ 1.3 billion
e.	End subsidy for utilities' advanced light-water reactor design costs:	$ 0.3 billion
	Savings over five years:	$10.6 billion

IV. Three Major Tax Breaks for Particular Industries

a.	Repeal special tax provision exempting from tax any income earned by US firms on operations in Puerto Rico and other US possessions (used mainly by pharmaceutical, who transfer of patents to P.R. subsidiaries:	$ 21.5 billion
b.	Recognize 20% of advertising costs as capital investments to build name recognition, and so require firms to amortize 20% of their advertising expenses:	$ 17.5 billion
c.	End credit unions' tax exemption, so they are taxed on the same basis as thrifts or mutual savings banks:	$ 1.7 billion
	Savings over five years:	$40.7 billion

Pol. Reform

BIG IDEAS

The case for Bold Ideas

Shifting Power to the People
- -- Free TV Time/PAC ban
- -- Referendum??
- -- Citizens Frank
- -- Citizen Jury?? Summit on our discontent (with Gingrich)
- -- Cut & Invest

Congressional Reform
- -- Lobby Reform, Gift Ban
- -- Apply laws to Congress
- -- Line Item veto (BBA)
- -- Staff cuts (pay freeze/BBA?)
- -- Term limits

Cutting Bureaucracy
- -- Devolution/consolidation/unfunded mandates/waivers
- -- Civil service reform
- -- Bureaucracy-closing commission bill
- -- Regulatory overhaul
- -- REGO cuts, privization, etc.
- -- Cut & invest

TIMETABLE

WR MEMO
-- analysis of contract

EITC memo from CHR
WR financing

GENE BOOK

Call McNeely for photo note

cc Jeremy Ben-Ami

Political Reform

SCHEDULE PROPOSAL Date: 10/25/94

____ACCEPT ____REGRET ____PENDING

TO: Billy Webster
Assistant to the President and Director of Scheduling and Advance

FROM: Carol H. Rasco, Assistant to the President
for Domestic Policy

REQUEST: Briefing time with the Presiden on political and government reform

PURPOSE: To brief the President on the outlines of a political and government reform agenda, which is likely to be one of the key domestic issues in 1995. We need to get Presidential guidance and direction on a range of policy questions including the Balanced budget amendment, the line item veto, and an expansion of reinventing government, to mention a few issues.

BACKGROUND: The administration will be needing to address a wide range of political and government reform proposals which will be central to the Congressional agenda early in 1995. We want to ensure a tough, aggressive and coordinated position on this important agenda, and will require Presidential guidance on a number of critical questions. We would like to use the time to brief the President on the status of a number of initiatives in this area, to present him with a range of options for proceeding, and to get initial decisions on the scope of the reform agenda he wants us to pursue.

PREVIOUS PARTICIPATION There have not been any briefings on this specific topic for the President, although it is an issue on which he likes to be personally involved.

DATE AND TIME: December. Exact date TBD

DURATION: Two one hour sessions.

LOCATION: Oval Office

PARTICIPANTS: Appropriate White House staff.

OUTLINE OF EVENTS: Briefing

REMARKS: No.

MEDIA: No.

FIRST LADY'S ATTENDANCE: No

VICE PRESIDENT'S ATTENDANCE Yes

SECOND LADY'S ATTENDANCE: No

RECOMMENDED BY: Carol Rasco

CONTACT: Bruce Reed, 6-6515
Jeremy Ben-Ami, 6-5584.

Bruce

Political Reform

MEMORANDUM FOR SALLY KATZEN

FROM: MICHAEL WALDMAN

SUBJECT: REVOLVING DOOR AND ETHICS ISSUES

Attached is a draft memorandum on the Boren bill. Bruce Reed and I have reviewed the issue, and he is reviewing this draft this AM. As you will see, my views on what we should do have hardened. I believe that, post-Howard and Roy, it would be dangerous for us to intercede -- for the first time ever on any such ethics bill -- on the revolving door issue, of all issues.

As for the draft OGE letter on the Conyers bill: I do not object to OGE sending some letter of this sort. But it seems to me that they miss the major argument against the Conyers bill, which is that the conduct that Conyers is seeking to affect is covered by the Levin-Bryant bill. Levin-Bryant requires disclosure of a wider array of activities than current law. It does so for all lobbyists -- not just former government employees. Levin-Bryant strikes the better balance than Conyers. Our comments on Conyers should be couched in that context.

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Katzen et al. to Chief of Staff [McLarty] re: Sen. Boren's Revolving-Door Proposal (2 pages)	12/20/93	P5

This marker identifies the original location of the withdrawn item listed above. For a complete list of items withdrawn from this folder, see the Withdrawal/Redaction Sheet at the front of the folder.

COLLECTION:
Clinton Presidential Records
Domestic Policy Council
Bruce Reed (Subject File)
OA/Box Number: 21207

FOLDER TITLE:
Political Reform [1]

rs67

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

OGE DRAFT

DRAFT 12/3/93

The Honorable John Conyers, Jr.
Chairman
Committee on Government Operations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

We are writing for the purpose of expressing the views of the Office of Government Ethics with regard to H.R. 1593, the "Revolving Door Sunshine Act of 1993" as it was reported by the Committee on Government Operations on November 10, 1993. Our interest in this bill arose from its having been described to us as "ethics" legislation and we have reviewed it from that perspective.

While we recognize that this legislation seeks in part to ensure adherence to post-employment statutes by requiring reporting of post-employment contacts, we believe the benefits of such a reporting system to be minimal and to be far outweighed by the costs and burdens that the system would impose. Moreover, it is our experience that the existing statutory and regulatory framework adequately addresses the issue of the revolving door. Consequently, it is our view that this legislation should not be enacted into law.

The bill would establish an expensive and difficult to administer reporting system that would gather a broad range of information that would be of little use to the Government. More importantly, it would focus on reporting contacts rather than protecting governmental processes. We realize that the reporting requirements seek to encompass many of the activities covered by the pledge President Clinton has asked his senior appointees to sign. While this Administration is strongly committed to observing ethical standards, it believes that conduct should be the focus, not reporting.

In our judgement the bill, if enacted, might very well detract from the Government's interest in protecting its processes from actual or apparent conflicts. It would establish a system in which a former employee who engages in perfectly appropriate activity would still be penalized for failing to report extensive information that would only demonstrate that he or she had been acting properly. For the vast majority of former public officials who abide by the post-employment restrictions, the information gathered would be of little use and in some instances would require the disclosure of confidential or very personal information about conduct that the Government has no interest in regulating.

This bill, for example, would require disclosure of representations made in the connection with a Grand Jury proceeding. It would also require disclosure of contacts made with

Veterans Administration or National Institutes of Health physicians in connection with a parent or child's health care. And it would require the disclosure of the names, addresses and telephone numbers of foreign subscribers to a newsletter analyzing federal legislation or regulatory proceedings.

For those few employees who might engage in conduct that would implicate a post-employment statute or the President's pledge, omission of that fact in a vast ocean of information would rarely be discovered by the administering office or the public, and certainly not within the time limits established by this bill. We believe Government funds are better spent educating the federal workforce about post-employment restrictions so that they know how to avoid problems after leaving Government service or to recognize them in others while still in Government service. Continuing to foster that understanding of the statutes seems a far better course of action. Inherent in every post-employment restriction is the concern that Government officials will treat former officials more favorably. However, in our experience, Government officials in the executive branch have not been afraid to question the conduct of a former official who appears before them or calls them on the phone.

Further, we believe that the expense of the system would outweigh any benefit of having the information. The Department of Defense has had a reporting requirement of post-employment activities for some time. It has been the subject of a number of GAO reports that have consistently concluded that the DOD reporting system does not work. For your reference, the GAO reports are NSIAD-86-180BR, NSIAD-86-71, NSIAD-85-98, and FPD-78-38.

Finally, the bill as drafted has both practical and substantive problems. We are attaching a sectional analysis that includes examples of the extent of certain provisions for your information. We hope that it is helpful to you in further understanding our concerns about this bill.

The Office of Management and Budget advises that there is no objection from the standpoint of the Administration's program to the submission of this letter.

Sincerely,

Stephen D. Potts
Director

Attachment

Analysis of H.R. 1593
The "Revolving Door Sunshine Act of 1993"
December 3, 1993

I. Section-by-section analysis of the bill.

- Subsection (n)(1) states the reporting requirements begin "after service or employment as a senior member . . . terminates" and extend for 5 years beyond that date. Consistent with interpretations of the post-employment restrictions, this will not necessarily mean after Government employment terminates, only after service in a senior position terminates. Technically, then some individuals who are still Government employees will be required to file these reports.

  Example: The Administrative Assistant to a retiring Member accepts a Deputy Assistant Secretary position in the Executive branch. While that position is an SES position, the individual is ranked as an SES 4, and thus is no longer a "senior member of the Federal Government". He would have to file reports for 5 years following his service as an AA.

- Subsection (n)(1)(A)(i) states that the reporting requirements apply to any "oral or written communication made on behalf of anyone other than himself or herself or the United States" . . . "regarding an official action of the Congress or that agency." The "oral or written communication" has no intent modifier although "official action" is defined in (n)(8)(G) as not "includ[ing] the routine provision of information and services." That definition does not have a basis in any present post-employment statute or analysis. Intent to influence is an element in the post-employment statutes and is generally discussed along the lines of whether the individual is seeking a discretionary or ministerial action of the agency. The "routine" provision of information and services can be read much more broadly or narrowly than "intent to influence" depending upon whether one wants to report the information or see the information reported.

  Examples: In addition to communications made on behalf of paying clients, a former senior official will have to report communications made on behalf of his or her spouse, child, parent, boy scout troop, aunt's estate, the U.N., a campaign or political party, or a state or local government assuming such communications meet the next test.

- Subsection (n)(1)(A)(ii) attempts to limit which communications must be reported by former executive branch senior appointees. (These additional limitations do not apply to the President and

Vice President because they are not simply "senior appointees"; they are covered specifically by position.)

Only communications regarding an official action of the individual's former employing agency, an official action of Congress "affecting that agency", or an official action relating to a matter in which the former senior appointee participated personally and substantially as a senior appointee would be reported. There is no present restriction that would shed light on what Congressional matters "affecting that agency" would entail. With regard to the third supposed narrowing restriction, the provision only uses the term "matter" not "particular matter" or "particular matter involving specific parties". "Matter" then would, if defined consistently with the rest of the conflict of interest statutes, probably include even the broadest policy issues.

Examples: (1) A former senior official of the Coast Guard would have to report all communications for non-routine information and services to the FAA on behalf of an aviation service, including one supposes requests for emergency services at an landing strip. (2) A former senior official of Treasury would have to report any communications with the IRS on any joint tax return filed by a former official and spouse other than probably a request for forms or a request for an automatic extension. (3) A former member of the Cabinet who participated in deliberations in a Cabinet Council meeting on the Administration's policy on such generic subjects as health care, the economy, or defense might be required to disclose any contacts about non-routine information and services with any agency for a period of five years if it touched on those policies. (4) A former senior appointee of HHS would have to report any communications to Congress or staff on any of the numerous grant or assistance programs administered by HHS in which a state or local government would have an interest. (5) A former senior appointee at DOJ would have to report all communications made to a U.S. Attorney's office or the FBI in the course of defending someone in a federal criminal case, including Grand Jury matters. (6) A former President and Vice President would have to report all contacts with the Federal Government for five years on behalf of anyone else if on other than the routine provision of information and services. (Query how much of the communications to the Secret Service by former Presidents on behalf of their spouses would be required to be reported, or, communications on behalf of a political party or campaign committee).

- Subsections (n)(1)(B) and (C) set forth the information that is required to be reported about the Member, officer or employee to whom the communication is made and a description of what the communication was about.

Examples: A reporting individual would have to remember to report that he contacted a Member or an official's assistant to seek a meeting with a Member or government official, and include that assistant's name address, and telephone number because very few officials routinely meet with everyone who asks and many of them give substantial discretion to their assistants about their appointment schedules. Failure to report that contact would subject the individual to the penalties discussed below.

- Subsection (n)(1)(D) requires that the reporting individual report the name, address and telephone number of any foreign government (which presumably has more than one telephone), foreign political party or foreign business entity whom he represents, aids or advises regarding any official action of the Congress or of an agency. Because of where the "official action" modifier is placed in the requirement, it only requires that it be a matter in which the Congress is taking an official action, not a matter in which the foreign government is seeking the official action of Congress. Therefore it covers representations made to anyone including U.S. Government officials.

Examples: A reporting individual who represents a foreign government to the United Nations about an issue that will also require Congressional action would have to report that representation. A reporting individual would have to report that he advised a foreign government about the status of pending legislation in Congress even if the foreign government was simply seeking information and was making no attempt to influence the Congress on the legislation.

- Subsection (n)(2)(A) states that with the exception noted immediately below in (n)(2)(B), the reporting dates will be July 30 for the period January 1 through June 30 of that year and January 31 for July 1 through December 31 of the preceding year. Subsection (n)(2)(B)(iii) says the last report is due on the first of these two dates after the five years is complete.

Example: A reporting individual who leaves senior service on February 1, 1995 will file reports ending with the one due July 30, 2000.

- Subsection (n)(3)(A) places the responsibility for receiving reports for the executive branch within OMB. Subsections (n)(3)(B) and (n)(3)(C) place the Legislative branch responsibility with the Secretary of the Senate and the Clerk of the House, respectively.

- Subsection (n)(4) requires the offices collecting reports to make those reports available for public inspection and copying within 30 days after receipt.

• Subsection (n)(5) sets forth the bases upon which the collecting offices must refer an individual to the Department of Justice and must make his or her name public. Generally, these bases are failure to file, failure to file complete information and filing of false information. Any one of these infringements may be very difficult for a collecting agency to ascertain in 60 days, especially if they receive no report whatsoever. If the collecting agency fails to receive a report, it will be difficult to ascertain whether it is because the reporting individual has nothing to report or because the individual he has failed to report. With reports that are filed, the collecting agency may not have any independent knowledge that would give rise to such a question and for 30 of the 60 days allotted before referral, the public does not know the contents of the report and cannot be a source of that information. Further, if the information about a failure to file, incomplete filing or false filing becomes known later than 60 days after filing, the provision as written may not provide for the referral.

Examples: A reporting individual is ill and fails to file a report or fails to file information required in such report because records are not readily available or he or she cannot ascertain the title or phone number of the Government employee to whom he or she as spoken in the last 6 months. There is no provision for an extension of time to file. This provision states the report collecting office shall report that individual to the Department of Justice and make that individual's name public. This would be true regardless of whether the collecting office has sufficient information to determine whether the absence of the report or the absence of an entry is a failure or a falsification. The Department of Justice must then use its resources to determine this status but the individual's name is already public.

If the reporting requirements are made clear to mean that one need only report once one has something to report or at years 3 and 5, an individual who has nothing to report at the second reporting period and does not file will have to be tracked down to see if the lack of a report is a failure to file or lack of understanding of the requirements. The collecting office cannot assume it is a failure and report the individual to the DOJ and make that person's name public without potentially damaging the reputation of the individual. Therefore, the collecting office will have to contact everyone who did not file within that 60 day window and determine why no report was received. If the reporting requirements mean a report has to be filed regardless, the collecting office would still have to make some attempt at determining why a filing was not made before simply

referring the individual to Justice, again to avoid tarnishing someone's reputation.

- Subsection (n)(6) states that the penalty for false filing is the same as failure to file, a civil penalty of not more than $10,000. However, false filings are also covered by 18 U.S.C. § 1001, a criminal statute, and the penalty for that can be imprisonment for up to 5 years and/or a monetary fine of up to $250,000.

  Examples: A former senior employee knowingly files a report which does not contain all reportable contacts with the Federal Government. None of these contacts, however, are prohibited by law. A political foe calls his report into question and the matter is referred to the Department of Justice for review. If the complainant knows of 18 U.S.C. § 1001 he can criticize the Department if it chooses to use the civil provision as being "soft" on the individual rather than pursuing the matter under the criminal penalty provision.

  A former senior employee believes he may have made a communication prohibited by a criminal conflict of interest statute. Rather than report the communication thus potentially incriminating himself, he (1) submits no report thus potentially subjecting himself to a $10,000 fine, or (2) he submits a report but fails to include the communication in the report thus taking his chances on a $10,000 or up to $250,000 fine depending upon the statute under which any proceeding against him is initiated.

- Subsection (n)(7) requires that the collecting offices (now listed as OMB in the executive branch) make public the names on January 31 of each year of each senior appointee who is required to file a report. We do not believe that any such report can be complete. Even the Office of Personnel Management only receives separation information from agencies once a month and only makes that information public after 3 months. An administering agency could never have a completely up-to-date list of these individuals because someone could terminate the day before the list is to be made publicly available.

At the markup of the bill, it was stated that the report would give additional guidance to the collecting agencies on how to administer this bill. Specifically noted was a direction that each such office notify all filers every 6 months of their requirement to file and provide to them the appropriate forms. Since we know of no mailing list already maintained by the Government which contains the current mailing addresses of the individuals covered by this statute, this should provide a challenge to the collecting office.

II. Analysis of general issues raised by the bill.

The following are some additional general examples of the impact of the bill.

A former Member or senior Congressional staff member or former DOJ employee will have to report all communications involved in litigating a case in which the United States is a party (represented by DOJ) or in defending a client in a federal criminal case including Grand Jury communications.

A former senior employee of the Coast Guard who is appointed to a State transportation agency will have to report for five years all communications on behalf of the State to DOT or any communications to Congress on any legislation affecting or implemented by DOT.

A former senior official who practices international law will have to report all advice given to foreign businesses about any matters that require official action by Congress or the executive branch.

A former senior official at HHS will have to report any communications on behalf of her minor child to NIH on any medical treatment.

In addition, it appears to us that these reporting requirements may give rise to some Constitutional questions (primarily under the 5th Amendment) and we suggest that if this bill proceeds, the Department of Justice should be consulted. The bill provides civil penalties for failing to report information that if admitted might subject the individual to criminal penalties under the following conflict of interest laws.

A present Government employee may not represent a private party to the United States Government (except Congress) on a particular matter in which the U.S. is a party or has an interest. There are very limited exceptions and both compensated and uncompensated representations are covered. 18 U.S.C. §§ 203 and 205. A present Government employee who has to file under subsection (n)(1) because he switched from a senior position to a non-senior position is required for five years to report such communications when they are to his former agency, on an official action or Congress affecting that agency or on matters in which he participated as a senior appointee.

A former executive branch employee may not represent a private party to the United States Government (except Congress) on a particular matter involving a specific party if he personally and substantially participated in

the matter. 18 U.S.C. § 207. Subsection (n)(1)(A)(ii)(III) requires that for five years former senior appointees report communications on an official action relating to a matter in which he or she participated personally and substantially as a senior appointee.

A former senior or very senior executive branch employee may not represent a private party (with limited exceptions) to any agency in which he served as a senior or very senior employee during the year preceding termination of Government service for a period of one year after Government service. 18 U.S.C. § 207(c) and (d). Subsection (n)(1)(A)(ii)(I) requires that for five years former senior appointees report communications on an official action by an agency in which he served as a senior appointee. A senior appointee includes within its terms all senior or very senior employees as defined by § 207.

A former senior or very senior executive branch employee may not for one year following Government service represent, aid or advise a foreign government or foreign political party with the intent to influence an officer or employee of a department or agency in carrying out his official duties. 18 U.S.C. § 207(f). Subsection (n)(1)(D) requires that for five years, a former senior appointee report the name of any foreign government, foreign political party or foreign business entity whom he represents, aids or advises regarding any official action of the Congress or of an agency.

THE WHITE HOUSE

WASHINGTON

FAX COVER SHEET

OFFICE OF THE ASSISTANT TO THE PRESIDENT FOR DOMESTIC POLICY
SECOND FLOOR, WEST WING
THE WHITE HOUSE
WASHINGTON, DC 20500
(202)456-2216 PHONE
(202)456-2878 FAX

TO: Bruce Reed

FAX #: 6[illegible] 7028

FROM: CAROL H. RASCO

DATE: 11/15/93

NUMBER OF PAGES (including cover sheet):

COMMENTS: To use in drafting your version

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NOV 15

Memorandum

From Donsia Strong

Defining the Clinton Legacy

Political Reform

The President campaigned on the ideal of reforming the political arena. And the electorate responded. The citizenry continues in its anger and expects some kind of reform.

The Administration has accepted the challenge but has not actively pushed for reform. There are those who believe Congress should be allowed to reform itself. However, if the reform is merely cosmetic the President will share the blame.

The Administration can attest to the need for political reform because of the ability of entrenched special interests to stymie the President at just about every attempt for change. Consider what the budget debate would have been like absent some of the special interests. Or the NAFTA debate. Or the Goals 2000 debate. Until fundraising and lobbying receives some sunshine, the Administration can probably expect continued gridlock and resistance to change.

If the President succeeds in achieving real real reform in campaign financing and in the manner lobbyists disclose their activities, that will truly define the Clinton legacy.

Campaign finance reform will require funding but lobbying disclosure reform will cost virtually nothing.

Real Attention to Illegal Immigration

Over the past 12 years, only Congress paid attention to illegal immigration and its attendant problems and costs. If the Administration is prepared to at least double the funding provided to INS and demand managerial changes, I think the results could be substantial. If citizens were to see even small changes in what appears to be a lost cause, perhaps we could fiend off calls for a wholesale moratorium on immigration.

The ability to preserve legal immigration, in admittedly the worst anti-immigrant atmosphere in recent history, would be a Clinton legacy of which we could be proud.

MEMORANDUM FOR MACK MCLARTY
GEORGE STEPHANOPOULOS
DAVID GERGEN
HOWARD PASTER
JACK QUINN
CAROL RASCO

FROM: MICHAEL WALDMAN
BRUCE REED

SUBJECT: POLITICAL REFORM

As you know, the House plans to act on political reform next month.

There are some outstanding issues that need to be resolved regarding the White House's posture toward reform. We need to decide what signal to send, if any, and to do so soon.

- What do we do, if anything, to keep the House from watering down the campaign finance reform bill (and thus tarring us in the process)?

- What do we do regarding the legislation requiring disclosure of gifts by lobbyists, which passed the Senate and has been praised by the President, but which we officially have no position on?

- What, if anything, do we do about limiting or banning gifts to lawmakers (NOTE: we believe that our current posture of having no position is correct).

The President needs to decide these matters soon. We would like to meet today or tomorrow for 15 minutes to discuss these issues and get your signoff on the attached decision memorandum.

To: Michael, Bruce
Fr: GS
The top out the issues will let's have the meeting with Howard ASAP.
GS

MEMORANDUM

TO: Bruce Reed
FR: Irwin Redlener
RE: South Central Los Angeles
DT: 3/23/93

As you probably are aware, the Children's Health Fund under the direction of Paul Simon (not the Senator) and I have been developing a network of mobile based pediatric programs for extremely underserved homeless, and other very needy child populations, in urban and rural areas around the country. The latest effort is in Los Angeles.

The LA project was boosted by a $1 million concert event Paul organized with Garfunkle, Neil Young and Steve Martin on March 1 - in LA. The project is scheduled to be operational in late May.

Paul and I feel that there is much positive work being done in LA by some extraordinary existing, community based organizations which have long and productive histories of action and genuine community connection. Our new program will be run by the Watts Health Foundation/Clinic under the direction of Clyde Oden and in collaboration with the Drew-King Medical Center, thanks to its president, Dr. Reed Tuckson.

Given the new Rodney King trial, coupled with the fact that not much has really been accomplished since the last riot, there is great concern about another explosive and devastating crisis in that community once again.

We believe that the President should consider trying to head this off at the pass to whatever extent is feasible, rather than trying to deal with it after the fact. The community needs to have some positive developments emphasized and needs to see that the "outside world" cares about the lives and well being of the people who live in those neighborhoods. There needs to be recognition of the very excellent and creative existing institutions of which Watts Health and Drew-King are wonderful examples.

The planning for this new project offering mobile based child health services to kids who are highly underserved may be an opportunity for connection and community recognition by President Clinton.

I would be happy to discuss any of this further with you or whomever else you feel might be appropriate.

Bruce

THE WHITE HOUSE

WASHINGTON

March 22, 1993

MEMORANDUM FOR DOMESTIC POLICY PROGRAM/SENIOR STAFF

FROM: Rosalyn Kelly

SUBJECT: Meetings

1) Wednesday, March 24 at noon in Carol's office for the bi-weekly bring-your-own-lunch meeting.

2) Monday morning Program Staff meeting will be Tuesday, March 30 instead of Monday, March 29

As always, please call me at x2216 with any agenda items, questions, etc.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 19, 1993
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 720 - Boundary Adjustment of Custer National Forest
(Johnson (D) South Dakota)

The Administration supports H.R. 720.

* * * * *

(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy (SAP) was prepared by LRD (Kerr/Crutchfield) in consultation with Interior (Hill), Justice (Novak), Agriculture (Federighi), and White House Legislative Affairs (Miller).

H.R. 720 was ordered reported without amendment by the House Natural Resources Committee (HNRC) on March 17, 1993. This SAP is consistent with Department of Agriculture testimony on H.R. 720 before the HNRC on February 23, 1993.

Provisions of H.R. 720

H.R. 720 authorizes the Secretary of Agriculture to acquire lands within five miles of the exterior boundaries of the South Dakota portion of the Sioux Ranger District of the Custer National Forest. The Secretary would then have the same boundary extension authority for this District as for the rest of the National Forest lands in South Dakota. Lands located within five miles of the South Dakota portion of the Sioux Ranger District that are found by the Secretary to be chiefly valuable for National Forest purposes would be eligible for acquisition by exchange.

Pay-As-You-Go Scoring

According to NRD (Saunders) and Agriculture (del Villar), H.R. 720 would not affect direct spending or receipts. Therefore, it is not subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990.

LEGISLATIVE REFERENCE DIVISION
March 19, 1993 - 1:30 p.m.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 19, 1993
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 235 - Idaho Land Exchange Act of 1993
(LaRocco (D) Idaho)

The Administration supports H.R. 235.

* * * * *

(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy (SAP) was prepared by LRD (Kerr/Crutchfield), in consultation with NRD (Saunders, Weatherly, and Cogswell), Agriculture (Federighi), Interior (Hill), Justice (Novak), and White House Legislative Affairs (Miller).

H.R. 235 was ordered reported without amendment by the House Natural Resources Committee (HNRC) on March 17, 1993. This SAP is consistent with Department of Agriculture testimony on H.R. 235 before the HNRC on February 23, 1993.

Provisions of H.R. 235

H.R. 235 adjusts the boundaries of the Targhee National Forest (NF) in southeastern Idaho. This would allow the National Forest Service to negotiate an equal-value exchange for approximately 1,600 acres of State-owned lands adjacent to the Targhee NF. The exchange would consolidate the lands administered by the State.

H.R. 235 also authorizes the exchange of 35 acres of Kaniksu NF lands in the Idaho panhandle for 40 acres of lands owned by the University of Idaho. This would give the University title to the NF lands it has been using as a field campus for ten years. The exchange would be equal in value, discounting the improvements the University has made to the lands while using them under permit.

Pay-As-You-Go Scoring

According to NRD (Saunders) and Agriculture (del Villar), H.R. 235 would not affect direct spending or receipts. Therefore, it is not subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990.

LEGISLATIVE REFERENCE DIVISION
March 19, 1993 - 1:30 p.m.

CAMPAIGN FINANCE REFORM ISSUES

1. **SPENDING LIMITS** (linked to public benefits)

Opening position: Follow the limits in last year's bill.

• The Senate limits may be unreasonably low, but we'll let the Senate bring that up.

___ **Accept** ___ **Accept as amended** ___ **Reject** ___ **More info.**

2. **PUBLIC BENEFITS** (for candidates who comply with the spending limits)

House: Retain last year's provision (which was matching funds for small contributions worth up to $200,000, or 1/3 of the spending limit).

Senate: You reserved your options for the Senate. They are:

1. Going along with Mitchell-Boren. Their bill had broadcast vouchers worth 20% of the general election limit (13% of the total). They are now likely to increase the public funding to 40% of the general election total (25% of the total).

___ **Accept** ___ **Accept as amended** ___ **Reject** ___ **More info.**

2. Go one step beyond Mitchell-Boren: propose that the partial public funding be increased to 50%. (As you may recall, that is the figure Mitchell used at the leadership meeting on this topic. This would push the envelope, and possibly make it easier for Mitchell to sell a somewhat smaller proposal.)

___ **Accept** ___ **Accept as amended** ___ **Reject** ___ **More info.**

3. Proposing something like what Kerry, Biden and Bradley advocated -- full public funding for Senate general elections, which would "ban all special interest contributions from Senate general election campaigns."

___ **Accept** ___ **Accept as amended** ___ **Reject** ___ **More info.**

Conditions for communications vouchers: Require recipients of broadcast vouchers to debate their opponents (following a model proposed by Sen. Graham).

___ Accept ___ Accept as amended ___ Reject ___ More info.

Broadcast discounts: Seek to extend the 50% discount for broadcast time, now available only for Senate candidates, for House candidates as well.

___ Accept ___ Accept as amended ___ Reject ___ More info.

3. PAYING FOR THE PUBLIC BENEFITS

Opening position: Use the funds from the repeal of the tax deductibility of lobbying.

Note: This position will win wide acceptance among Democrats on the Hill.

___ **Accept** ___ **Accept as amended** ___ **Reject** ___ **More info.**

Backup position: Expansion of the checkoff (to $2.50, $3, or whatever).

___ **Accept** ___ **Accept as amended** ___ **Reject** ___ **More info.**

4. PAC LIMITS

Opening position: Cut PAC contributions to $1000.

Bottom line: We cannot move beyond the aggregate limit for the House of $200,000 in S.3. (As Stan Greenberg pointed out, an increase in this amount simply will not fly. This position will make the House very unhappy.)

Next proposal: Change the nature of PACs by a) cutting the size of PAC contributions to candidates in half, to $2500; and b) cutting the amount that can be given to a PAC from $5000 to either $250 or $500. (We are analyzing the variable partisan impact of either number.)

___ **Accept** ___ **Accept as amended** ___ **Reject** ___ **More info.**

5. INDIVIDUAL LIMITS

Proposal: Cut the amount of money that can be given by individuals to candidates by one half -- to $500 per election -- the same rate that PAC money is cut.

___ **Accept** ___ **Accept as amended** ___ **Reject** ___ **More info.**

6. **SOFT MONEY**

Proposal: The DNC's proposal, which does the following:

- Soft money is banned from use in federal (presidential and congressional) campaigns. Only "hard money" -- legal under federal limits -- could be used for coordinated campaigns (get out the vote, voter registration, etc.).

- Individuals and PACs (but not direct contributions from corporations or unions) would be allowed to give up to $25,000 to national Democratic committees.

- Each state party will be authorized to establish a "Grassroots Fund" from which to fund all "grassroots activity." These will be the sole funds to pay for candidate specific and generic activity including: voter registration, town meetings and rallies, GOTV, volunteer-processed mail and volunteer-processed phone banks, literature and generic media.

- Contributions to the "Grassroots Fund" will be limited to $25,000 for individuals or PACs, with an aggregate national total of $100,000 for individuals and $250,000 for PACs.

- Full disclosure.

- National parties will be entitled to federal matching funds for contributions of $250 or less to be paid from the funds currently designated for the funding of the national conventions.

- Another method for funding these matching funds could come from either to expand the Presidential checkoff (which must be raised to approximately $3 to pay for future presidential funding) to $5, or by allowing taxpayers to donate up to $10 of any refund owed them to the political party of their choice.

NOTE: The DNC is drafting this proposal in detail, and the details of the draft will be available to you before the formal discussions, if you desire.

___ Accept ___ Accept as amended ___ Reject ___ More info.

7. <u>LOBBYISTS</u>: Ban registered lobbyists (or those who should register under the law) or their employers from contributing to candidates.

Note: Employers are generally corporations, who cannot contribute now.

S.3's bundling provision already bars lobbyists from bundling.

___ Accept ___ Accept as amended ___ Reject ___ More info.

8. <u>INDEPENDENT EXPENDITURES</u>

<u>Proposed option</u>: Accept the independent expenditures provisions contemplated by congressional drafters:

- Faster and fuller disclosure of independent expenditures.
- Bans covert cooperation between "independent" spender and candidates.
- Provides capped matching funds for complying candidate to compensate for independent ads.

___ Accept ___ Accept as amended ___ Reject ___ More info.

9. <u>NONCOMPLYING OPPONENT</u>

<u>Proposed option</u>: Accept the provisions contemplated by congressional drafters:

- House: Complying candidate may exceed spending limit once opponent who has declared he or she will not comply raises 50% of spending limit, and may receive additional matching funds once opponent raises 80% of limit.
- Senate: Complying candidate receives additional public benefits to match non-complying opponent's spending beyond limit (up to double the spending limit); at that point, additional spending allowed if non-complying opponent more than doubles the limit.

___ Accept ___ Accept as amended ___ Reject ___ More info.

10. **BUNDLING**

Proposed options:

- **Generally, accept the anti-bundling provisions in S.3.**

- **In re: EMILY's List, a) let it be fought out on the Hill, and b) support a compromise that lets EMILY's List continue to bundle, but narrows the exemption as much as possible.**

Note: This compromise is politically necessary, and EMILY's List has been instrumental in electing Democratic women. However, it is also the case that this exemption will ultimately allow big money to bundle -- e.g., insurance executives who oppose national health care could give $100,000 to congressional candidates through a PAC, but the UAW would be limited to $2500, or whatever the PAC limit is.

___ **Accept** ___ **Accept as amended** ___ **Reject** ___ **More info.**

TWO ISSUES THAT WERE NOT DISCUSSED AT THE MEETING

1. THE PRESIDENTIAL SYSTEM

The FEC argues that the Presidential checkoff fund -- which has not been indexed to inflation -- is about to run out of money. The agency, Sen. Mitchell and other congressional reformers propose that this bill include reforms to the presidential system as well:

- **Increase in the checkoff to $3 to cover additional costs**

  NOTE: This could include the matching funds for small contributions to parties sought by David Wilhelm for the DNC.

  NOTE: As an incumbent President, a collapse of the presidential fund might help deter primary opponents for you, but would also limit the number of Republican candidates who would likely carve each other up.

___ **Accept** ___ **Accept as amended** ___ **Reject** ___ **More info.**

- **Repealing the state-by-state spending limits for primaries, which add complexity and gamesmanship to presidential primaries (while retaining overall primary spending limit).**

___ **Accept** ___ **Accept as amended** ___ **Reject** ___ **More info.**

2. STRENGTHENING THE FEC

The FEC is currently relatively toothless, and would be required to assume new responsibilities under this system.

The agency is very slow. In addition, its makeup of 3 Democrats and 3 Republicans guarantees gridlock.

In addition to being sound public policy to strengthen the FEC, it is probably good partisan politics -- since the Republicans generally are much more aggressive about ignoring the rules (e.g., the Coverdale election, where they pumped $500,000 into the runoff with dubious legal cover).

Proposal: We work with congressional staff and the FEC to strengthen the agency. Preferred options:

- Creating an administrative law judge corps at the FEC to make quick preliminary rulings on complaints.

• Requiring a majority vote of the commission to overrule the General Counsel (who in turn is chosen by a bipartisan majority).

___ **Accept** ___ **Accept as amended** ___ **Reject** ___ **More info.**

APPENDIX A:
GENERAL SCHEME OF S.3
(a refresher on last year's congressional proposal)

HOUSE:

• General scheme: spending limits of $600,000, with up to $200,000 in PAC money, $200,000 in individual contributions and $200,000 in matching funds (i.e., 1/3, 1/3, 1/3).

• PACs: aggregate cap, but contribution size stays at current level ($5000).

• Individuals: current level.

SENATE:

• General scheme: spending limits varying by state size.

• PACs: contribution size cut to $2500; aggregate limit of 20% of spending limit.

• "Broadcast vouchers" worth 20% of general election limit (12.5% of total).

• Broadcast discounts of 1/2 lowest unit rate for complying candidates

SOFT MONEY:

• Bans use of soft money in federal campaigns.

• Slight increase in availability of hard money.

APPENDIX B

CAMPAIGN FINANCE REFORM ISSUES -- SUMMARY OF ORIGINAL OPTIONS MEMO

1. **SPENDING LIMITS** (linked to public benefits)

2. **PUBLIC BENEFITS** (linked to spending limits)

   A. Most dramatic: Presidential-style reform for Senate races and matching funds for House races.

   B. Strengthening last year's bill

   - Senate races:
   - House races:
   - Presidential races:
   - Using communications vouchers to improve level of campaigns -- debates, candidates in ads, etc.

3. **PAYING FOR THE PUBLIC BENEFITS**

   A. "Earmarked" revenue: using the repeal of tax deductibility of lobbying

   B. Increasing the checkoff

   C. Tax credits

4. **PAC LIMITS**

   A. Cutting indiv. contribs to PACs; lowering PAC gift to $2500.

   B. $1000 PAC limit & lower individual contributions.
   C. $1000 limit but increase the aggregate amount available from PACs (e.g., to 40%).

   D. $2500 PAC limit.

   E. $2500 or $3500 limit, but aggregate cap of 25% of the spending limit.

   F. Limit "high roller" PACs to $1000, but let "small donor committees" (e.g., labor) give more (e.g., $5000).

   G. Retain S.3's PAC limits

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5. **INDIVIDUAL LIMITS**

   A. Eliminate the spending limit for contributions of $250 or less.

   B. Cut the amount of money that can be given to candidates by one half (to $500 per election).

   C. Increase the amount individuals can give to $2500.

6. **SOFT MONEY** - **DNC proposal**

7. **INDEPENDENT EXPENDITURES**

8. **NONCOMPLYING OPPONENT**

9. **BUNDLING** -- what to do about EMILY'S LIST

APPENDIX B

CAMPAIGN FINANCE REFORM ISSUES: ORIGINAL OPTIONS MEMO (FOR WEDNESDAY'S MEETING)

1. SPENDING LIMITS (linked to public benefits)

Current law: None

S. 3: Included voluntary spending limits for both House and Senate candidates.

- House: $600,000 per candidate, plus an extra $150,000 if there has been a closely contested primary. This would be indexed for inflation.

- Senate: limits varied by state population, ranging from California ($8.25 million) to Wyoming ($1.6 million). (The limit for Arkansas would be $1.76 million.)

Campaign position: you supported capping the spending in congressional campaigns, but gave no specifics about the level of spending.

Options: **Our proposal should adopt the spending limits in S.3.**

Pro: The spending limits were the most widely praised and generally accepted part of last year's proposal. Spending limits have generally been advocated by Democrats, and opposed by Republicans. The average spending in House and Senate races in 1992 was below the limits (in the House, average spending in 1992 was $388,000; spending by winners was $551,000).

Con: Although spending limits have been the heart of Democratic proposals for years, some House Democrats are now getting butterflies. The reason: The spending limits in last year's bill is lower than the amount spent by several members in close races -- including nearly every member of the House leadership. (Among the top ten House spenders, all of whom spent at least twice the spending limit, were Gephardt, Fazio, Hoyer and Frost. In addition, 28 of 70 Senate general election candidates spent more than the limit in 1992.)

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2. PUBLIC BENEFITS (linked to spending limits for complying candidates)

Current law: none

S.3: Candidates who complied with spending limits received a mix of public benefits.

- House candidates received matching funds of up to $200,000, matching contributions of $250 or less.

- Senate candidates received "communications vouchers," to be used for purchase of TV, radio or postage, worth 20% of the spending limit.

- Senate candidates also received deeply discounted TV advertising time (50% of the lowest unit rate, nonpreemptible).

- Both House and Senate candidates received one discounted mailing per voter (at the lowest nonprofit rate).

According to CBO, S.3 in its current form would cost between $100 million and $150 million every two years (approximately $50-75 million per year).

Campaign position:

- In Putting People First, you proposed "opening up the airwaves."

- You also said you hoped that future congressional campaigns would be like the recent presidential campaign, where candidates took to the airwaves to debate.

Options:

1. **Adopt the most dramatic reform by introducing a) a Presidential-style system for Senate races (voluntary full public funding for general elections, matching funds for primaries, and a ban on PAC contributions) (this is the Kerry-Bradley-Biden proposal), and b) matching funds for House races for small contributions.**

Pro: This would be the simplest and most dramatic reform: we would literally be eliminating most of the special interest private money from the system. It would guarantee that all credible candidates have a chance to communicate with the voters.

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Con: Because of the level of the public funding, this would be difficult to sell to Congress (both because of fear of possible public backlash at a time of tight budgets, and of concern over giving up the incumbent fundraising advantage). Sen. Mitchell has stated that believes he could not get the votes for this approach.

2. **Alternately, you could propose to strengthen the provisions in last year's bill that would open up the airwaves and enhance candidates' ability to communicate with the public.**

- Senate races:

  - propose that broadcast vouchers be transformed into communications vouchers (i.e., used for TV, radio, print and/or postage), and that they be worth 50% of the general election spending limit. (The Senate leadership is now talking about 40% of the general election limits, or 25% of the total.)

  - retain a deep discount for broadcast time (50% in last year's bill).

- House races:

  - propose that last year's matching funds be replaced by communications vouchers, usable for TV, radio, print and/or postage. (In other words, these matching funds would go not into the hands of candidates, but into public communication activities).

  - House candidates could also receive access to deeply discounted broadcast rates. (Note: Chairman Dingell sides with the broadcasters and opposes this step.)

- Presidential races:

  The 50% discount could also be extended to presidential candidates. (This would have the effect of freeing up substantial hard money sums for field, thus lessening the need for soft money.)

- The communications vouchers could be conditioned on proposals to improve the level of campaigns:

  - Candidates could be required to appear in their own ads.

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- Candidates could be required to debate their opponents.

Pro: This would be regarded as a major strengthening of S.3, and would also meet the goal of empowering small contributors and candidates. It would mark the single greatest enhancement of democracy in this entire package. Polls by Celinda Lake show that the public supports these measures if they drive special interest money out of the system, and especially if they are paid for by lobbyists and other earmarked sources.

Con: Public financing is considered controversial, and Southern Democrats in the House resist such provisions. (They have been willing to go along with vouchers, though, especially if the funds come from an earmarked source.) Strengthening these provisions would buy us some running room on other areas, such as soft money.

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3. PAYING FOR THE PUBLIC BENEFITS

S.3: None.

However, congressional Democrats (and reform groups) strongly believe that funding for the public benefits should come from eliminating the deductibility of lobbying expenses, and/or other earmarked funds.

Campaign position: You proposed eliminating the tax deductibility of lobbying expenses, which would bring in about $200 million per year ($400 million per cycle, more than enough to pay for even the most ambitious public resources).

This proposal was recently included in the economic package. The supporting document stated: "The Administration is committed to enactment of campaign finance reform legislation. If such legislation calls for public resources, funds raised by the repeal of the provision are a possible source of funding for this purpose."

Options:

1) **Using some form of "earmarked" revenue to pay for "opening up the airwaves" and voter communication.**

• Eliminating the deductibility of lobbying: This would bring in $200 million per year, according to the Treasury Department's estimate. It could be earmarked in the reconciliation bill to pay for a "Make Democracy Work Fund," to pay for public financing as needed. Sen. Mitchell and (in the past) Rep. Gejdenson have proposed that funds raised by ending the tax deductibility of lobbying be used for these purposes. The deductibility repeal was included in the economic plan, implicitly for deficit reduction; however, the OMB accompanying document noted that if campaign finance reform called for public resources, funds raised through repeal of the deduction could be used for that purpose.

Pro: This would mean that "the lobbyists" would pay for "opening up the airwaves" -- arguably a very sellable concept. It would raise more than enough money, without touching directly the average taxpayer. Soundings indicate that this significantly softens congressional nervousness about public financing.

Con: At a time of tight budgets, this money should be used for the deficit. Since it was included in the original

budget plan, we would need to come up with some corresponding budget cut or tax increase to fill the hole. (Note: Since it's "only" $200 million per year, that might be relatively easy in the tumult of the economic plan.)

There are other potential options that would pay for public benefits without taxing the general public:

- A tax on all contributions above a certain level (say, a 30% tax on all contributions above $500).

- Lobby registration fee

- A PAC registration fee

(Note: These options could not raise nearly as much money as ending the tax deductibility of lobbying.)

2. **Increasing the checkoff -- which is now used for Presidential campaigns -- for use in congressional campaigns. (It could be increased to, say, $5 to pay for shortfalls in the presidential fund as well as partial public financing.)**

Pro: It means that any use of taxpayer money would be voluntary, and relies on an already familiar mechanism.

Con: The checkoff is clearly taxpayer revenue. Moreover, the number of people who check off continues to drop -- and might drop further if the dollar amount is increased.

3. **Tax credits for small contributions to candidates.**

Pro: This would be a form of backdoor public financing, that -- like matching funds -- encourages and rewards small contributions.

Con: This is widely disliked by Democrats, because a) it does not bring much new money into the system (it rewards the contributor but does not enrich the recipient), b) it is thought to generally reward Republican contributors (who are sophisticated enough to itemize), and c) it is susceptible to fraud.

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4. PAC LIMITS

Current law: PACs can give candidates $5000 for primary and general election campaigns ($10,000 total).

S.3: The House and Senate took different approaches.

- Senate cut the size of PAC gifts in half (to $2500) and capped total receipts at 20% of spending limit.

- House did not change PAC contribution size, but capped total at $200,000.

Campaign commitment: You proposed to limit PAC contributions to $1000 per race. (This is extremely controversial with House Democrats, since wealthy givers generally favor Republicans while PACs favor Democrats; one option would be to reduce PACs to $2500 and individual contributions to $500, thus cutting both in half. Senate Democrats are probably willing to incorporate the $1,000 limit.)

Options:

1. Changing the nature of what a PAC is -- lowering the amount that can be given to the PAC from $5000 to $250, plus other changes favoring broad-based PACs over small "high roller" PACs -- while lowering the amount a PAC can give from $5000 per race to $2500.

Pro: While this retreats from the $1000 limit, it does so while dramatically reducing the amount of money available to PACs as well as from PACs. It favors labor and ideological PACs over business PACs.

Con: This is subject to two criticisms: first, that it retreats from the $1000 PAC limit; second, that it would hinder House Democrats, who continue to rely heavily on PAC funds.

2. The initial proposal should retain the $1000 PAC limit, possibly coupling it with a limit on individual contributions. It should be silent on aggregate limits for PACs.

Pro: This is the most memorable, and frequently repeated, campaign pledge on this issue. It would be hard to back away from it at the outset -- even while recognizing that it may make sense to change it during negotiations.

Con: The proposal tilts private campaign financing away from labor and other pro-Democratic donors, who can give only with

PACs, and toward wealthy individuals (especially Republican-leaning businesspeople and professionals).

3. Cut the available gift to $1000 or $2500, but increase the aggregate amount available from PACs (e.g., to 40%).

Pro: Many in the House, especially the House leadership, raised substantially more from PACs than the $200,000 allowed under S.3. Since most PACs don't "max out," this would enable us to show us following through on our pledge, while making life easier for House Democrats.

Con: This would be attacked as a retreat from S.3 and its PAC limits; it would provide an inviting target for Republicans as well as reformers.

3. Raise the amount giveable by a PAC under our proposal from $1000 to $2500.

Pro: This would cut in half the amount a PAC can give, and could be enough to justify the retreat from the $1000 proposal. It is also close to high enough to enable labor-oriented Democrats to get their allocation of PAC money from labor PACs, without having to turn to corporate PACs. (Some on the hill have calculated that the figure to allow that would be $3500; however, that amount sounds too jerry-rigged; $2500 is more defensible.)

Con: This would mark a retreat from the oft-repeated campaign position.

4. Raise the amount a PAC can give to $2500, or even $3500, but limit the aggregate amount of PAC money a House member can receive to 25% of the spending limit.

Pro: This would balance the pullback on the amount of the individual limitation with the stronger restriction on the aggregate limit. Hence, we would have the ability to say that the proposal is as strong as the $1000 pledge, albeit different.

Con: It would still represent a retreat from the $1000 limit. In addition, the 25% limit is significantly less than the amount of PAC money that most House Democrats receive.

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5. **Limit "high roller" PACs to $1000, but create "small donor committees" made up of a large number of relatively small donors, and allow them to give a larger amount (say, $5000).**

Pro: This proposal is advocated by the DNC, by labor, and by many House Democrats. It would preserve labor's PACs, as well as ideological PACs of left and right.

Con: This may be unconstitutional, since it is difficult to argue that a $5000 contribution from a PAC with few contributors is more corrupting than a contribution from a PAC with many members. This proposal has been unsuccessful previously, in part because it was seen as an attempt to redefine rather than reform PACs. Also, it will appear to be highly partisan (pro-Democrat, pro-labor).

6. **Retain S.3's PAC limits.**

Pro: This is simple and was widely hailed as reform last year.

Con: This would pain House Democrats, while opening us to criticism for going back on the $1000 proposal.

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5. INDIVIDUAL LIMITS

Current law: Individuals can give up to $1000 in a primary and $1000 in a general election.

S.3: No provision.

Campaign position: None.

Options:

1. Eliminate the spending limit for contributions of $250 or less.

Pro: This would encourage candidates to build up small-dollar fundraising, including grass-roots fundraisers (e.g., barbecues, etc.) and direct mail.

Con: It might benefit Republicans, and if bundling is not effectively restricted, could lead to circumvention of the spending limits.

2. Cut the amount of money that can be given to candidates by one half (to $500 per election), which may be the same rate that PAC money is cut.

Pro: This would prevent wealthy individuals -- who give individually rather than through PACs -- from further dominating the system if PAC restrictions are enacted. (Many House Democrats believe that PAC restrictions without individual contribution restrictions will disproportionately benefit Republicans.) In addition, it would further democratize the system -- forcing candidates to engage in grass-roots fundraising.

Con: Depending on the level of public funding, if any, this could force candidates to spend even more time raising money than they do now. It also could result in non-incumbents being unable to raise enough money to mount an effective challenge.

3. Increase the amount individuals can give to $2500, possibly in conjunction with cutting the size of PAC contributions to that amount.

Pro: Inflation has eroded the value of the individual contribution limit (enacted in 1974). This would also limit the amount of time candidates had to spend fundraising.

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Con: This would give wealthy individuals even greater sway over the process. Because it "increases" rather than "cuts" contribution size, it would be a difficult public sell.

4. Ban registered lobbyists (or those who should register under the law) from contributing to candidates.

Pro: It starkly deliniates the problem of money influencing legislation. It will help change the culture of Washington.

Con: It may face constitutional challenge, and -- standing alone -- would not at first much change the pattern of giving.

(Note: S.3's bundling provision already bars lobbyists from bundling.)

APPENDIX B

6. SOFT MONEY

Current law: The 1979 FEC amendments and the 1990 and 1992 FEC rules have allowed substantial sums to be raised and spent for presidential campaigns in sums that are larger than allowed under federal election law (FECA). (Our campaign raised at least $40 million in soft money.) These exemptions include funds used for voter registration and get-out-the vote drives, "volunteer" activities, slate mailers and sample ballots, etc. These sums are generally not disclosed and are not limited. Reformers argue that this effectively negates the entire edifice of federal campaign law.

S.3: As you know, Sen. Mitchell is insistent on retaining the soft money provisions in last year's bill, or some semblance thereof.

- During a period between April and November of an election year, any money raised or spent for state party GOTV, voter registration or other specified activities that affect a federal race would be brought under federal spending and contribution limits. (This repeals the "party building" exemptions in the 1979 law and the allocation formulae that are used to implement them.)

- S.3 would increase to $10,000 per year the amount that any individual or PAC can give to state party committees and their subordinate or local committees.

- It would limit spending on behalf of the national ticket by state or local party committees (for example, about $800,000 in California).

- National party committees, federal officeholders and federal candidates would be barred from soliciting contributions on behalf of state parties unless they are exclusively used for state parties.

- National political parties would be required to itemize and disclose to the FEC all receipts and disbursements above $200.

Campaign commitment: In February, in New Hampshire, you promised to support the soft money language of S.3. Common Cause: "Will you make a public commitment now to support the legislative provisions passed by the U.S. Senate last year to end the use of huge Watergate-style 'soft money' contributions to support presidential campaigns?" Answer: "Yes, provided that upon enactment the Republican Party is held to the same rules."

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On other occasions, you used more modest language. Putting People First said, "End the unlimited 'soft money' contributions that are funneled through national, state, and local parties to presidential candidates."

Options: **The DNC proposal would ban soft money from federal campaigns, while ensuring that adequate funds flow to party activities and grass-roots politics.**

- Soft money could no longer be used for federal (presidential and congressional campaigns). Only "hard money" -- legal under federal limits -- could be used for coordinated campaigns (get out the vote, voter registration, etc.).

- Individuals and PACs (but not direct contributions from corporations or unions) would be allowed to give up to $25,000 to national Democratic committees.

- Each state party will be authorized to establish a "Grassroots Fund" from which to fund all "grassroots activity." These will be the sole funds to pay for candidate specific and generic activity including: voter registration, town meetings and rallies, GOTV, volunteer-processed mail and volunteer-processed phone banks, literature and generic media.

- Contributions to the "Grassroots Fund" will be limited to $25,000 for individuals or PACs, with an aggregate national total of $100,000 for individuals and $250,000 for PACs.

- Full disclosure.

- National parties will be entitled to federal matching funds for contributions of $250 or less to be paid from the funds currently designated for the funding of the national conventions.

- Another method for funding these matching funds could come from either to expand the Presidential checkoff (which must be raised to approximately $3 to pay for future presidential funding) to $5, or by allowing taxpayers to donate up to $10 of any refund owed them to the political party of their choice.

Pro: This would be real reform. We could correctly say that we banned soft money from federal election -- no more money that is raised under state law, not disclosed, from prohibited

sources, and in prohibited amounts. And it ensures adequate funding for the party.

Con: The major counter-argument will be that we continue to allow large amounts of money from individuals and especially PACs into the presidential process.

APPENDIX B

7. INDEPENDENT EXPENDITURES

Current law: Individuals, corporations or PACs that make independent expenditures must disclose them to the FEC, and must h ave a disclaimer stating their sponsorship.

S.3: The legislation seeks to blunt the impact of independent expenditures rather than prohibiting them (which is constitutionally barred).

- Requires faster and fuller disclosure, and tightens the definition of independent expenditures (i.e., the expenditure is no longer "independent" if the spender has communicated with the candidate about the campaign).

- If a participating House candidate faces an independent expenditure, that candidate may waive the spending limits and receive extra matching funds to compensate for independent ads.

- Last year's bill did not cap the amount of compensatory matching funds. For constitutional reasons, it will likely be necessary to cap the amount of compensatory funds available.

Campaign commitment: None.

Proposed option: **Accept the independent expenditures provisions contemplated by congressional drafters.**

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8. NONCOMPLYING OPPONENT

Current law: None.

S.3:

- House: candidate may exceed spending limit once opponent raises 50% of spending limit, and may receive additional matching funds once opponent raises 80% of limit.

- Senate: Receives additional public benefits to match non-complying opponent's spending beyond limit (up to double the spending limit); at that point, additional spending allowed if non-complying opponent more than doubles the limit.

- As with independent expenditures, it will likely be necessary to cap this compensatory spending for constitutional reasons.

Campaign commitment: None.

Proposed option: Accept the congressional proposal.

APPENDIX B

9. **BUNDLING**

(Note: This is the "next frontier" in legislatively interested money, especially if PACs are limited.)

Current law: Contributions made by an individual through a conduit are counted as a contribution made by the individual, not the conduit.

S.3: Contributions through an intermediary or conduit are counted against the intermediary's contribution limit, if the intermediary is a:

- PAC with a connected organization (i.e., not free-standing PACs). This distinction was inserted to protect EMILY's List; however, it encompasses approximately 1/4 of all PACs, and critics charge that this will be the loophole through which PAC funds flow.
- union, corporation, or trade association;
- partnership (e.g., law firm)
- someone required to register as a lobbyist

The bundling limit does not apply to a) professional fundraisers (for fee); b) volunteers hosting a house party; or c) individuals transmitting the spouse's donation.

Options:

1) **Seek to tighten last year's language while preserving the ability of EMILY's List -- and other PACs that don't lobby -- to bundle.** EMILY's List says it will produce language that lets them continue to serve as a conduit, but which limits that for PACs that lobby (e.g., Council for a Livable World).

Pro: EMILY's List has many friends on Capitol Hill, and was instrumental in electing many good Democratic lawmakers. It is one of the few ways that women candidates can raise enough money to be competitive in elections. This compromise would protect this special PAC, while continuing to prohibit bundling by PACs that lobby.

Con: Even this would open a potential loophole to benefit one PAC, no matter how worthwhile. There would be nothing stopping, say, insurance industry executives to form a non-connected, non-lobbying PAC that would bundle well in excess of the normal limit -- and only to those candidates who oppose the administration's health care plan.

APPENDIX B

2) **Remove last year's exemption for "non-connected PACs," and ban bundling by all PACs.**

Pro: This would be the most consistent and the most effective way to ensure that bundling does not continue.

Con: Emily's List argues that this would greatly restrict its fundraising ability. It would become a source of opposition on the Hill.

3) **Retain last year's language altogether, which would allow pro-Israel, religious fundamentalist, and other non-connected PACs to bundle.**

Pro: This would enable some pro-Democratic PACs -- especially the pro-Israel PACs -- to continue to bundle.

Con: This would effectively negate much of the anti-bundling language.

AGENDA FOR MEETING WITH PRESIDENT ON CAMPAIGN FINANCE REFORM

* Brief description of process and premises under which options were developed

* Go through options - in order in briefing memo

  - main presenter: Waldman
  - soft money: Wilhelm
  - people should try and restrict their comments to specifics of proposals

TOPICS:
* Spending limits
* Public benefits
* Paying for the public benefits
* PAC limits
* Individual limits
* Soft money - DNC proposal
* Independent expenditures
* Noncomplying opponent
* Bundling

* Wrap up to ensure that we have our marching orders

Bruce Reed

MARCH 9, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: MICHAEL WALDMAN
Special Assistant to the President
for Policy Coordination

SUBJECT: CAMPAIGN FINANCE REFORM OPTIONS

This memorandum precedes the meeting to discuss the options for campaign finance reform.

As you may know, the Senate has heeded your call for early action, and began holding hearings this week. (Initial committee action is scheduled for March 18.) The House, meanwhile, has asked for direct negotiations involving the White House, the Senate, and the DNC.

David Wilhelm, Howard Paster, George Stephanopoulos, Rahm Emmanuel and I agree that the next step is to begin quiet but intensive negotiations with the Congress. If you agree, the goal would for David Wilhelm to reach out to the legislative leaders, and for the negotiations to be to concluded as rapidly as possible.

To undertake this step -- or if you decide to move forward with your own plan -- the first step is to analyze the attached campaign finance reform options.

These are based on the legislation that passed the House and Senate last year, and which has been introduced by the leadership this year; it is also based on your campaign commitments.

It is grounded in two core principles: <u>reducing special interest influence</u> on politics, and <u>enhancing democratic participation</u> by the public. Several other premises:

1. During the campaign, you said you would sign S.3, and that you wanted to strengthen the legislation. Accordingly, the proposal can be different from last year's bill, but must, in its totality, be regarded as at least as strong as last year's proposal.

2. Although you generally talked about limiting soft money, you also specifically said you would support S.3's soft money restrictions (to Common Cause in New Hampshire). At the same time, we obviously do not want to do anything that will destroy the ability of the party to function; we should use reform to move the party toward the direction you have outlined -- broad based, funded by millions of donors.

3. As one might imagine, many of these proposals cause great concern on Capitol Hill, even among those who voted for them previously. (To some degree, these will be lessened by postponing the effective date until after the 1994 election.) Early negotiations are needed, among other things, to keep congressional leaders from losing their nerve.

4. As we have repeatedly been told (by Stan Greenberg and others), any reform must be regarded as real reform by the "validators" -- the press and citizen groups such as Common Cause.

5. Public opinion data indicates that despite varying levels of public support for specific reform provisions, if the proposals are packaged as real reform and sold as such by the President, the public will support them. (Some believe that the current budget makes proposals such as public financing impossible.)

CAMPAIGN FINANCE REFORM ISSUES:
SUMMARY OF OPTIONS MEMO

1. **SPENDING LIMITS** (linked to public benefits)

2. **PUBLIC BENEFITS** (linked to spending limits)

   A. Most dramatic: Presidential-style reform for Senate races and matching funds for House races.

   B. Strengthening last year's bill

   - Senate races:
   - House races:
   - Presidential races:
   - Using communications vouchers to improve level of campaigns -- debates, candidates in ads, etc.

3. **PAYING FOR THE PUBLIC BENEFITS**

   A. "Earmarked" revenue: using the repeal of tax deductibility of lobbying

   B. Increasing the checkoff

   C. Tax credits

4. **PAC LIMITS**

   A. Cutting indiv. contribs to PACs; lowering PAC gift to $2500.

   B. $1000 PAC limit & lower individual contributions.
   C. $1000 limit but increase the aggregate amount available from PACs (e.g., to 40%).

   D. $2500 PAC limit.

   E. $2500 or $3500 limit, but aggregate cap of 25% of the spending limit.

   F. Limit "high roller" PACs to $1000, but let "small donor committees" (e.g., labor) give more (e.g., $5000).

5. **INDIVIDUAL LIMITS**

   A. Eliminate the spending limit for contributions of $250 or less.

B. Cut the amount of money that can be given to candidates by one half (to $500 per election).

C. Increase the amount individuals can give to $2500.

6. **SOFT MONEY** - DNC proposal

7. **INDEPENDENT EXPENDITURES**

8. **NONCOMPLYING OPPONENT**

9. **BUNDLING** -- what to do about EMILY'S LIST

CAMPAIGN FINANCE REFORM ISSUES

1. **SPENDING LIMITS** (linked to public benefits)

Current law: None

S. 3: Included voluntary spending limits for both House and Senate candidates.

- House: $600,000 per candidate, plus an extra $150,000 if there has been a closely contested primary. This would be indexed for inflation.

- Senate: limits varied by state population, ranging from California ($8.25 million) to Wyoming ($1.6 million). (The limit for Arkansas would be $1.76 million.)

Campaign position: you supported capping the spending in congressional campaigns, but gave no specifics about the level of spending.

Recommended option: **Our proposal should adopt the spending limits in S.3.**

Pro: The spending limits were the most widely praised and generally accepted part of last year's proposal. Spending limits have generally been advocated by Democrats, and opposed by Republicans. The average spending in House and Senate races in 1992 was below the limits (in the House, average spending in 1992 was $388,000; spending by winners was $551,000).

Con: Although spending limits have been the heart of Democratic proposals for years, some House Democrats are now getting butterflies. The reason: The spending limits in last year's bill is lower than the amount spent by several members in close races -- including nearly every member of the House leadership. (Among the top ten House spenders, all of whom spent at least twice the spending limit, were Gephardt, Fazio, Hoyer and Frost. In addition, 28 of 70 Senate general election candidates spent more than the limit in 1992.)

___ Accept ___ Accept as amended ___ Reject ___ More info.

2. PUBLIC BENEFITS (linked to spending limits for complying candidates)

Current law: none

S.3: Candidates who complied with spending limits received a mix of public benefits.

- House candidates received matching funds of up to $200,000, matching contributions of $250 or less.

- Senate candidates received "communications vouchers," to be used for purchase of TV, radio or postage, worth 20% of the spending limit.

- Senate candidates also received deeply discounted TV advertising time (50% of the lowest unit rate, nonpreemptible).

- Both House and Senate candidates received one discounted mailing per voter (at the lowest nonprofit rate).

According to CBO, S.3 in its current form would cost between $100 million and $150 million every two years (approximately $50-75 million per year).

Campaign position:

- In Putting People First, you proposed "opening up the airwaves."

- You also said you hoped that future congressional campaigns would be like the recent presidential campaign, where candidates took to the airwaves to debate.

Options:

1. **Adopt the most dramatic reform by introducing a) a Presidential-style system for Senate races (voluntary full public funding for general elections, matching funds for primaries, and a ban on PAC contributions) (this is the Kerry-Bradley-Biden proposal), and b) matching funds for House races for small contributions.**

Pro: This would be the simplest and most dramatic reform: we would literally be eliminating most of the special interest private money from the system. It would guarantee that all credible candidates have a chance to communicate with the voters.

Con: Because of the level of the public funding, this would be difficult to sell to Congress (both because of fear of possible public backlash at a time of tight budgets, and of

concern over giving up the incumbent fundraising advantage). Sen. Mitchell has stated that believes he could not get the votes for this approach.

2. **Alternately, you could propose to strengthen the provisions in last year's bill that would open up the airwaves and enhance candidates' ability to communicate with the public.**

- Senate races:

  - propose that broadcast vouchers be transformed into communications vouchers (i.e., used for TV, radio, print and/or postage), and that they be worth 50% of the general election spending limit. (The Senate leadership is now talking about 40% of the general election limits, or 25% of the total.)

  - retain a deep discount for broadcast time (50% in last year's bill).

- House races:

  - propose that last year's matching funds be replaced by communications vouchers, usable for TV, radio, print and/or postage. (In other words, these matching funds would go not into the hands of candidates, but into public communication activities).

  - House candidates could also receive access to deeply discounted broadcast rates. (Note: Chairman Dingell sides with the broadcasters and opposes this step.)

- Presidential races:

  The 50% discount could also be extended to presidential candidates. (This would have the effect of freeing up substantial hard money sums for field, thus lessening the need for soft money.)

- The communications vouchers could be conditioned on proposals to improve the level of campaigns:

  - Candidates could be required to appear in their own ads.

  - Candidates could be required to debate their opponents.

<u>Pro:</u> This would be regarded as a major strengthening of S.3, and would also meet the goal of empowering small contributors and candidates. It would mark the single greatest enhancement of democracy in this entire package. Polls by Celinda Lake show that

the public supports these measures if they drive special interest money out of the system, and especially if they are paid for by lobbyists and other earmarked sources.

Con: Public financing is considered controversial, and Southern Democrats in the House resist such provisions. (They have been willing to go along with vouchers, though, especially if the funds come from an earmarked source.) Strengthening these provisions would buy us some running room on other areas, such as soft money.

3. PAYING FOR THE PUBLIC BENEFITS

S.1: None.

However, congressional Democrats (and reform groups) strongly believe that funding for the public benefits should come from eliminating the deductibility of lobbying expenses, and/or other earmarked funds.

Campaign position: You proposed eliminating the tax deductibility of lobbying expenses, which would bring in about $200 million per year ($400 million per cycle, more than enough to pay for even the most ambitious public resources).

This proposal was recently included in the economic package. The supporting document stated: "The Administration is committed to enactment of campaign finance reform legislation. If such legislation calls for public resources, funds raised by the repeal of the provision are a possible source of funding for this purpose."

Proposed option:

1) **Using some form of "earmarked" revenue to pay for "opening up the airwaves" and voter communication.**

- Eliminating the deductibility of lobbying: This would bring in $200 million per year, according to the Treasury Department's estimate. It could be earmarked in the reconciliation bill to pay for a "Make Democracy Work Fund," to pay for public financing as needed. Sen. Mitchell and (in the past) Rep. Gejdenson have proposed that funds raised by ending the tax deductibility of lobbying be used for these purposes. Although the proposal was included in the economic plan, the OMB accompanying document noted that if campaign finance reform called for public resources, the deduction could be used for that purpose.

Pro: This would mean that "the lobbyists" would pay for "opening up the airwaves" -- arguably a very sellable concept. It would raise more than enough money, without touching directly the average taxpayer. Soundings indicate that this significantly softens congressional nervousness about public financing.

Con: At a time of tight budgets, this money should be used for the deficit. Since it was included in the original budget plan, we would need to come up with some corresponding budget cut or tax increase to fill the hole. (Note: Since it's "only" $200 million per year, that might be relatively easy in the tumult of the economic plan.)

There are other potential options that would pay for public benefits without taxing the general public:

- A tax on all contributions above a certain level (say, a 30% tax on all contributions above $500).

- Lobby registration fee

- A PAC registration fee

(Note: These options could not raise nearly as much money as ending the tax deductibility of lobbying.)

2. Increasing the checkoff -- which is now used for Presidential campaigns -- for use in congressional campaigns. (It could be increased to, say, $5 to pay for shortfalls in the presidential fund as well as partial public financing.)

Pro: It means that any use of taxpayer money would be voluntary, and relies on an already familiar mechanism.

Con: The checkoff is clearly taxpayer revenue. Moreover, the number of people who check off continues to drop -- and might drop further if the dollar amount is increased.

3. Tax credits for small contributions to candidates.

Pro: This would be a form of backdoor public financing, that -- like matching funds -- encourages and rewards small contributions.

Con: This is widely disliked by Democrats, because a) it does not bring much new money into the system (it rewards the contributor but does not enrich the recipient), b) it is thought to generally reward Republican contributors (who are sophisticated enough to itemize), and c) it is susceptible to fraud.

4. PAC LIMITS

Current law: PACs can give candidates $5000 for primary and general election campaigns ($10,000 total).

S.3: The House and Senate took different approaches.

- Senate cut the size of PAC gifts in half (to $2500) and capped total receipts at 20% of spending limit.

- House did not change PAC contribution size, but capped total at $200,000.

Campaign commitment: You proposed to limit PAC contributions to $1000 per race. (This is extremely controversial with House Democrats, since wealthy givers generally favor Republicans while PACs favor Democrats; one option would be to reduce PACs to $2500 and individual contributions to $500, thus cutting both in half. Senate Democrats are probably willing to incorporate the $1,000 limit.)

Proposed options:

1. Changing the nature of what a PAC is -- lowering the amount that can be given to the PAC from $5000 to $250, plus other changes favoring broad-based PACs over small "high roller" PACs -- while lowering the amount a PAC can give from $5000 per race to $2500.

Pro: While this retreats from the $1000 limit, it does so while dramatically reducing the amount of money available to PACs as well as from PACs. It favors labor and ideological PACs over business PACs.

Con: This is subject to two criticisms: first, that it retreats from the $1000 PAC limit; second, that it would hinder House Democrats, who continue to rely heavily on PAC funds.

2. The initial proposal should retain the $1000 PAC limit, possibly coupling it with a limit on individual contributions. It should be silent on aggregate limits for PACs.

Pro: This is the most memorable, and frequently repeated, campaign pledge on this issue. It would be hard to back away from it at the outset -- even while recognizing that it may make sense to change it during negotiations.

Con: The proposal tilts private campaign financing away from labor and other pro-Democratic donors, who can give only with PACs, and toward wealthy individuals (especially Republican-leaning businesspeople and professionals).

3. Cut the available gift to $1000 or $2500, but increase the aggregate amount available from PACs (e.g., to 40%).

Pro: Many in the House, especially the House leadership, raised substantially more from PACs than the $200,000 allowed under S.3. Since most PACs don't "max out," this would enable us to show us following through on our pledge, while making life easier for House Democrats.

Con: This would be attacked as a retreat from S.3 and its PAC limits; it would provide an inviting target for Republicans as well as reformers.

3. Raise the amount giveable by a PAC under our proposal from $1000 to $2500.

Pro: This would cut in half the amount a PAC can give, and could be enough to justify the retreat from the $1000 proposal. It is also close to high enough to enable labor-oriented Democrats to get their allocation of PAC money from labor PACs, without having to turn to corporate PACs. (Some on the hill have calculated that the figure to allow that would be $3500; however, that amount sounds too jerry-rigged; $2500 is more defensible.)

Con: This would mark a retreat from the oft-repeated campaign position.

4. Raise the amount a PAC can give to $2500, or even $3500, but limit the aggregate amount of PAC money a House member can receive to 25% of the spending limit.

Pro: This would balance the pullback on the amount of the individual limitation with the stronger restriction on the aggregate limit. Hence, we would have the ability to say that the proposal is as strong as the $1000 pledge, albeit different.

Con: It would still represent a retreat from the $1000 limit. In addition, the 25% limit is significantly less than the amount of PAC money that most House Democrats receive.

5. Limit "high roller" PACs to $1000, but create "small donor committees" made up of a large number of relatively small donors, and allow them to give a larger amount (say, $5000).

Pro: This proposal is advocated by the DNC, by labor, and by many House Democrats. It would preserve labor's PACs, as well as ideological PACs of left and right.

Con: This may be unconstitutional, since it is difficult to argue that a $5000 contribution from a PAC with few contributors is more corrupting than a contribution from a PAC with many members. This proposal has been unsuccessful previously, in part

because it was seen as an attempt to redefine rather than reform PACs. Also, it will appear to be highly partisan (pro-Democrat, pro-labor).

6. **Retain S.3's PAC limits.**

Pro: This is simple and was widely hailed as reform last year.

Con: This would pain House Democrats, while opening us to criticism for going back on the $1000 proposal.

5. INDIVIDUAL LIMITS

Current law: Individuals can give up to $1000 in a primary and $1000 in a general election.

S.3: No provision.

Campaign position: None.

Options:

1. Eliminate the spending limit for contributions of $250 or less.

Pro: This would encourage candidates to build up small-dollar fundraising, including grass-roots fundraisers (e.g., barbecues, etc.) and direct mail.

Con: It might benefit Republicans, and if bundling is not effectively restricted, could lead to circumvention of the spending limits.

2. Cut the amount of money that can be given to candidates by one half (to $500 per election), which may be the same rate that PAC money is cut.

Pro: This would prevent wealthy individuals -- who give individually rather than through PACs -- from further dominating the system if PAC restrictions are enacted. (Many House Democrats believe that PAC restrictions without individual contribution restrictions will disproportionately benefit Republicans.) In addition, it would further democratize the system -- forcing candidates to engage in grass-roots fundraising.

Con: Depending on the level of public funding, if any, this could force candidates to spend even more time raising money than they do now. It also could result in non-incumbents being unable to raise enough money to mount an effective challenge.

3. Increase the amount individuals can give to $2500, possibly in conjunction with cutting the size of PAC contributions to that amount.

Pro: Inflation has eroded the value of the individual contribution limit (enacted in 1974). This would also limit the amount of time candidates had to spend fundraising.

Con: This would give wealthy individuals even greater sway over the process. Because it "increases" rather than "cuts" contribution size, it would be a difficult public sell.

4. Ban registered lobbyists (or those who should register under the law) from contributing to candidates.

Pro: It starkly deliniates the problem of money influencing legislation. It will help change the culture of Washington.

Con: It is arguably constitutional, and -- standing alone -- would not at first much change the pattern of giving.

(Note: S.3's bundling provision already bars lobbyists from bundling.)

6. SOFT MONEY

Current law: The 1979 FEC amendments and the 1990 and 1992 FEC rules have allowed substantial sums to be raised and spent for presidential campaigns in sums that are larger than allowed under federal election law (FECA). (Our campaign raised at least $40 million in soft money.) These exemptions include funds used for voter registration and get-out-the vote drives, "volunteer" activities, slate mailers and sample ballots, etc. These sums are generally not disclosed and are not limited. Reformers argue that this effectively negates the entire edifice of federal campaign law.

S.3: As you know, Sen. Mitchell is insistent on retaining the soft money provisions in last year's bill, or some semblance thereof.

- During a period between April and November of an election year, any money raised or spent for state party GOTV, voter registration or other specified activities that affect a federal race would be brought under federal spending and contribution limits. (This repeals the "party building" exemptions in the 1979 law and the allocation formulae that are used to implement them.)

- S.3 would increase to $10,000 per year the amount that any individual or PAC can give to state party committees and their subordinate or local committees.

- It would limit spending on behalf of the national ticket by state or local party committees (for example, about $800,000 in California).

- National party committees, federal officeholders and federal candidates would be barred from soliciting contributions on behalf of state parties unless they are exclusively used for state parties.

- National political parties would be required to itemize and disclose to the FEC all receipts and disbursements above $200.

Campaign commitment: In February, in New Hampshire, you promised to support the soft money language of S.3. Common Cause: "Will you make a public commitment now to support the legislative provisions passed by the U.S. Senate last year to end the use of huge Watergate-style 'soft money' contributions to support presidential campaigns?" Answer: "Yes, provided that upon enactment the Republican Party is held to the same rules."

On other occasions, you used more modest language. Putting People First said, "End the unlimited 'soft money' contributions

that are funneled through national, state, and local parties to presidential candidates."

Proposed option: **The DNC proposal would ban soft money from federal campaigns, while ensuring that adequate funds flow to party activities and grass-roots politics.**

- Soft money could no longer be used for federal (presidential and congressional campaigns). Only "hard money" -- legal under federal limits -- could be used for coordinated campaigns (get out the vote, voter registration, etc.).

- Individuals and PACs (but not direct contributions from corporations or unions) would be allowed to give up to $25,000 to national Democratic committees.

- Each state party will be authorized to establish a "Grassroots Fund" from which to fund all "grassroots activity." These will be the sole funds to pay for candidate specific and generic activity including: voter registration, town meetings and rallies, GOTV, volunteer-processed mail and volunteer-processed phone banks, literature and generic media.

- Contributions to the "Grassroots Fund" will be limited to $25,000 for individuals or PACs, with an aggregate national total of $100,000 for individuals and $250,000 for PACs.

- Full disclosure.

- National parties will be entitled to federal matching funds for contributions of $250 or less to be paid from the funds currently designated for the funding of the national conventions.

- Another method for funding these matching funds could come from either to expand the Presidential checkoff (which must be raised to approximately $3 to pay for future presidential funding) to $5, or by allowing taxpayers to donate up to $10 of any refund owed them to the political party of their choice.

Pro: This would be real reform. We could correctly say that we banned soft money from federal election -- no more money that is raised under state law, not disclosed, from prohibited sources, and in prohibited amounts. And it ensures adequate funding for the party.

Con: The major counter-argument will be that we continue to allow large amounts of money from individuals and especially PACs into the presidential process.

7. **INDEPENDENT EXPENDITURES**

Current law: Individuals, corporations or PACs that make independent expenditures must disclose them to the FEC, and must h ave a disclaimer stating their sponsorship.

S.3: The legislation seeks to blunt the impact of independent expenditures rather than prohibiting them (which is constitutionally barred).

- Requires faster and fuller disclosure, and tightens the definition of independent expenditures (i.e., the expenditure is no longer "independent" if the spender has communicated with the candidate about the campaign).

- If a participating House candidate faces an independent expenditure, that candidate may waive the spending limits and receive extra matching funds to compensate for independent ads.

- Last year's bill did not cap the amount of compensatory matching funds. For constitutional reasons, it will likely be necessary to cap the amount of compensatory funds available.

Campaign commitment: None.

Proposed option: **Accept the independent expenditures provisions contemplated by congressional drafters.**

8. NONCOMPLYING OPPONENT

Current law: None.

S.3:

- House: candidate may exceed spending limit once opponent raises 50% of spending limit, and may receive additional matching funds once opponent raises 80% of limit.

- Senate: Receives additional public benefits to match non-complying opponent's spending beyond limit (up to double the spending limit); at that point, additional spending allowed if non-complying opponent more than doubles the limit.

- As with independent expenditures, it will likely be necessary to cap this compensatory spending for constitutional reasons.

Campaign commitment: None.

Proposed option: Accept the congressional proposal.

9. BUNDLING

(Note: This is the "next frontier" in legislatively interested money, especially if PACs are limited.)

Current law: Contributions made by an individual through a conduit are counted as a contribution made by the individual, not the conduit.

S.3: Contributions through an intermediary or conduit are counted against the intermediary's contribution limit, if the intermediary is a:

- PAC with a connected organization (i.e., not free-standing PACs). This distinction was inserted to protect EMILY's List; however, it encompasses approximately 1/4 of all PACs, and critics charge that this will be the loophole through which PAC funds flow.
- union, corporation, or trade association;
- partnership (e.g., law firm)
- someone required to register as a lobbyist

The bundling limit does not apply to a) professional fundraisers (for fee); b) volunteers hosting a house party; or c) individuals transmitting the spouse's donation.

Options:

1) **Seek to tighten last year's language while preserving the ability of EMILY's List -- and other PACs that don't lobby -- to bundle.** EMILY's List says it will produce language that lets them continue to serve as a conduit, but which limits that for PACs that lobby (e.g., Council for a Livable World).

Pro: EMILY's List has many friends on Capitol Hill, and was instrumental in electing many good Democratic lawmakers. It is one of the few ways that women candidates can raise enough money to be competitive in elections. This compromise would protect this special PAC, while continuing to prohibit bundling by PACs that lobby.

Con: Even this would open a potential loophole to benefit one PAC, no matter how worthwhile. There would be nothing stopping, say, insurance industry executives to form a non-connected, non-lobbying PAC that would bundle well in excess of the normal limit -- and only to those candidates who oppose the administration's health care plan.

2) **Remove last year's exemption for "non-connected PACs," and ban bundling by all PACs.**

Pro: This would be the most consistent and the most effective way to ensure that bundling does not continue.

Con: Emily's List argues that this would greatly restrict its fundraising ability. It would become a source of opposition on the Hill.

3) **Retain last year's language altogether, which would allow pro-Israel, religious fundamentalist, and other non-connected PACs to bundle.**

Pro: This would enable some pro-Democratic PACs -- especially the pro-Israel PACs -- to continue to bundle.

Con: This would effectively negate much of the anti-bundling language.

Linda Gustitus 2/26

(1) Levin met w/Sen Ford
- asked for hearings on reform of gifts rules

(2) Ford welcomes it. We should consider it.

Jim King
- we shouldn't

What we

(3) Bob Rosen -
- Lobbying disclosure

3/11

Mitchell says after econ plan
Lautenberg will sponsor gift rule
House LR hearing after AG in place
- big issue: DOJ vs OGE

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. notes	Bruce Reed Campaign Finance Reform meeting notes, February 2, 1993 [POTUS with Congressional members] (4 pages)	2/3/93	P5

This marker identifies the original location of the withdrawn item listed above. For a complete list of items withdrawn from this folder, see the Withdrawal/Redaction Sheet at the front of the folder.

COLLECTION:
Clinton Presidential Records
Domestic Policy Council
Bruce Reed (Subject File)
OA/Box Number: 21207

FOLDER TITLE:
Political Reform [1]

rs67

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

SUMMARY OF S. 2766
THE LOBBYING DISCLOSURE ACT OF 1992

If enacted, the Lobbying Disclosure Act would replace existing lobbying disclosure laws with a single, uniform statute, covering the paid lobbying of Congress and the executive branch on behalf of both domestic and foreign persons. The new statute would replace the Federal Regulation of Lobbying Act; the disclosure requirements of the so-called Byrd Amendment; the provisions of the Foreign Agents Registration Act (FARA) which apply to private persons and companies; and the HUD disclosure statutes. The provisions of the Byrd Amendment prohibiting lobbying with appropriated funds would be left intact, as would the FARA provisions applicable to representatives of foreign governments and political parties.

The bill has three essential features: it would broaden the coverage of existing disclosure statutes to ensure that all professional lobbyists are registered; streamline disclosure requirements to make sure that only meaningful information is disclosed and needless burdens are avoided; and create a new, more effective and equitable system for administering and enforcing these requirements.

On the first point, the bill would require registration of all professional lobbyists -- i.e., anyone who is paid to make lobbying contacts with either the legislative or the executive branch of the Federal government. People who are paid less than $1,000 to lobby, or whose lobbying activities are only incidental to, and not a significant part of, their jobs would not be covered.

The bill would define lobbying contacts to include communications with Members of Congress and their staff, officers and employees in the Executive Office of the President, and ranking officials in other federal agencies. Activities that don't constitute lobbying -- such as communications by public officials and media organizations; requests for appointments or for the status of an action and other ministerial communications; communications with regard to ongoing judicial or law enforcement proceedings; testimony before congressional committees and public meetings; participation in agency adjudicatory proceedings; the filing of written comments in rulemaking proceedings; and routine negotiations of contracts, grants, loans, and other federal assistance -- would be exempt from coverage.

On the second point, the bill would significantly streamline lobbying disclosure requirements by consolidating filing in a single form and a single location ("one-stop shopping"); replacing quarterly reports with semi-annual reports; and authorizing the development of computer-filing systems and simplified forms. The bill would require a single registration by each organization whose employees lobby, instead of separate registrations by each employee-lobbyist. The names of the employee-lobbyists (and any ranking legislative or executive branch position in which they served in the previous 2 years) would simply be listed in the employer's registration forms.

In addition, the bill would simplify reporting of receipts and expenditures by substituting estimates of total receipts or expenditures (by category of dollar value) for the current requirement to provide a detailed accounting of all receipts and expenditures. This reporting would be more meaningful than the current system, because the types of receipts and expenditures to be disclosed would be more broadly defined. The bill would also replace the requirement of FARA and the Byrd Amendment to list each official contacted with a simpler requirement to identify the executive branch agencies, and the Houses and Committees of Congress, that were contacted.

At the same time, the bill would close a loophole in existing law by requiring the disclosure of the identity of coalition members who are, in effect, clients -- in that they contribute substantially (more than $5,000 in a semi-annual period) to the coalition, help supervise its lobbying activities, and are likely to benefit directly if the coalition's lobbying efforts are successful. The bill would also enhance the effectiveness of public disclosure by requiring the disclosure of any foreign entity which supervises, directs, or controls the client, or which has a direct interest in the outcome of the lobbying activity. Any foreign entity with a 20% equitable ownership of a client would have to be disclosed.

Finally, the bill would improve the administration of the lobbying disclosure laws by creating a new Office of Lobbying Registration and Public Disclosure within the Justice Department to administer the statute; requiring the issuance of new rules, forms, and procedural regulations after notice and an opportunity for public comment; making guidance and assistance (including published advisory opinions) available to the public for the first time; authorizing the creation of computer systems to enhance public access to filed materials; avoiding intrusive audits or inspections through an informal dispute resolution process; and substituting a system of administrative fines (subject to judicial review) for the existing criminal penalties for non-compliance.

Lobbying Disclosure Act

Changes to S. 2766, as reported:

1. Conforming Changes to Other Statutes (new Section 15) - Amends other statutes that refer to foreign agents and foreign principals to ensure that changes in FARA coverage do not result in any other change to substantive law.

2. Repealers (consolidated in new Section 14) - Section 12(i) of the Public Utility Holding Company Act of 1935, requiring registration of lobbyists before the Fedoral Power Commission, is added to the list of obsolete statutes to be repealed.

3. Receipts and costs (Section 5) - the terms "income" and "expenses" are substituted for the terms "receipts" and "costs". This change is made so that the Office of Lobbying Disclosure will have flexibility to require reporting of income and expenses when incurred (rather than when paid), if necessary to prevent reporting delays. (For example, under the language of S. 2766, a lobbyist could defer a payment from December to January, thereby avoiding the requirement to report the income for additional six months).

4. Definition of Lobbyist (Section 3(10) -- language is changed to state that an individual is not a lobbyist if his or her lobbying activities are incidental to and not a significant part of the services "provided by such individual to the client." This change is made to clarify that the determination of whether an individual is acting as a lobbyist must be made on a client-by-client basis.

5. Definition of Lobbying Contact (Section 3(9)) - exclusion for written comments and other on-the-record communications is moved from Paragraph (A)(iii) to Paragraph (B)(xiv). This change clarifies that the exclusion applies, regardless of whether the communication is made with regard to legislation, regulatory proposals, or the administration of an ongoing program.

6. Definition of Covered Executive Branch Official (Section 3(3)) - Schedule C employees are added to the list of covered officials in the executive branch.

6. Reporting of expenses by 501(c)(3)'s (Section 5(c)(4)) - non-profits are permitted to disclose a "good faith estimate" of lobbying expenditures reported to the IRS, in lieu of the actual amounts reported to the IRS. This change is necessary because IRS reporting periods are different from those in the bill (annual rather than semi-annual; April 15 reporting date rather than January 31 and July 31 reporting dates), making it impossible for the amounts reported to be identical.

7. Written Decisions (Sections 8(c) and 9(c)) - the word "public" is added to ensure that the Director's written decisions are available as guidance to the public (subject to redaction of confidential information pursuant to Section 7(d)).

TO: President Clinton, Mrs. Clinton, Carol Rasco
CC: Howard Paster, George Stephanopoulos
FR: Michael Waldman
RE: Campaign finance reform: current prospects
January 21, 1993

I. CURRENT STATUS

For the first time in years, the planets seem to be aligned for strong campaign finance reform legislation.

A. Political Overview

Campaign finance reform legislation must navigate tricky shoals -- both meeting the approval, or at least acquiescence, of political institutions, and being seen as "real reform" by the interpreters of this issue (primarily, the press). And, of course, this affects both Congress (where there are 535 "experts") and the 1996 presidential campaign.

The key players are:

The House. The House is traditionally more reluctant than the Senate to support reform. It voted for S. 3 last year, but only because the House Bank scandal forced a vote on a "reform" measure, and then only with reassurance it would be vetoed. However, with the ongoing House Bank and Post Office scandals, the House once again has institutional reasons to back reform. Grumbling and/or resistance will come privately, in the caucus; once a bill is brought to the floor, it will likely pass easily.

The Senate. The Senate is much more comfortable with reform, having debated it in three successive Congresses. Senators could probably be persuaded to strengthen S.3. Senate leadership is willing to consider greatly increasing the public funding component, and the Senate is committed to strong soft money language.

Democratic party committees. The DNC and state parties were opposed to the soft money provisions in S.3. State party chairmen, in particular, believe that the bill's soft money language would federalize the state parties. The DNC, too, has funded much of its activities through soft money.

The "interpreters": good government groups and the press. Reform will be considered either real, or a partisan whitewash, based on what the public is told. This, in turn, depends heavily on what the public interest groups tell the press -- particularly Common Cause, but also a broad coalition (Public Citizen, AARP, League of Women Voters, etc.). In the past, a package that is denounced by them will not pass muster

as real reform; possibly, the President's access to the bully pulpit may change that.

II. TIMING AND PROCESS

The House and Senate have signalled that they intend to move quickly on campaign finance reform.

Two weeks ago, despite initial reluctance, Speaker Foley introduced last year's conference report as a "placeholder," and designated it H.R. 3. Staff are now drafting a new version of the legislation. According to House staff, Rep. Charlie Rose intends to mark-up a campaign finance reform bill in late February or early March.

The Senate leadership intends to introduce campaign finance reform legislation on January 21. Sen. Mitchell's office says that the proposal will probably be last year's conference report, again as a "placeholder," although they may strengthen the public financing element of the bill.

Both House and Senate staffs are in close touch, and are hoping to work in tandem to try to negotiate a consensus bill.

III. ELEMENTS OF GOV. CLINTON'S PROPOSALS ON CAMPAIGN FINANCE REFORM

Gov. Clinton put forward broad proposals on reform, with few details. In addition, he said that he would have signed S.3 (which Bush vetoed), and wanted it strengthened.

A. Spending limits

Campaign promise: Gov. Clinton supported capping the spending in congressional campaigns, but gave no specifics about the level of spending.

Current legislative proposal: S. 3 included voluntary spending limits for both House and Senate candidates. For the House, with its uniform districts, the limits were $600,000 per candidate. In the Senate, limits varied by population.

Issues to resolve: The spending limits in last year's bill were generally widely praised. There is little reason to revisit them. Two issues: Some House members argue for varying limits, to account for regional differences in campaign costs. In addition, the House spending limits may need to be adjusted to account for reduced broadcast time.

B. "Opening up the airwaves"/public financing

Campaign promise: We will "open up the airwaves" or "lower the

cost of airtime." In addition, by saying he would have signed S.3, Gov. Clinton implicitly endorsed public financing, though not explicitly.

Legislation: S. 3 includes two reforms:

Partial public financing for congressional elections. Senate candidates who comply with the spending limit would be eligible for up to 20% of the limit in "broadcast vouchers." House candidates would be eligible to receive matching funds for up to $200,000 (1/3 of the spending limit).

In addition, S.3 lowers the cost of airtime by requiring stations to give candidates airtime at half the lowest-unit-rate. (That was true only for the Senate; however, House drafters are now moving toward that proposal as well.)

Issues to resolve: There are several issues to resolve. 1) Should the proposal include "candidate communication vouchers" -- to pay for television, radio or postage? How should it be paid for? (Having the "lobbyists and special interests" pay for "TV time" may be far more politically salable than "giving taxpayer money to politicians.") 2) How should the reduced rate TV time be included in the proposal?

C. PAC limits

Campaign promise: Slash the maximum size of PAC gifts to $1000, the same amount given by individuals. (This would arguably reduce the total amount of PAC receipts by 80%.)

Current legislation: S.3 does not touch the size of the individual PAC gift, but imposes an aggregate cap on all candidates. In the Senate, the amount was 30% of the spending limit; in the House, $200,000 (1/3 of the spending limit).

D. Independent expenditures and millionaire opponents

Campaign promise: None.

Current legislation: S.3 includes a complex set of disincentives for independent expenditures and millionaire opponents. When an independent expenditure is made, or a noncomplying candidate exceeds the spending limit, the complying candidate receives additional funds.

E. Soft money ("non federal money" in federal campaigns)

Campaign promise: Gov. Clinton signed a Common Cause pledge

that said he supported the soft money language in the Senate version of S.3, which was stricter than what passed. Putting People First said, "End the unlimited 'soft money' contributions that are funneled through national, state, and local parties to presidential candidates."

Current legislation: S.3 includes complex and strict soft money language. It limits spending by local, state and federal party committees for electioneering during federal election periods (from late spring of election years).

- A state party's spending to elect the presidential ticket would be limited; the amount would vary by state and would be indexed for inflation.

- Any money raised or spent for GOTV, voter registration or other specified activities would be brought under federal spending and contribution limits.

- State level campaign activities, conducted by federal, state or local parties, would be subject to spending limits.

- National party committees, federal officeholders and federal candidates would be barred from soliciting contributions on behalf of state parties.

- Political parties would be required to itemize and disclose to the FEC all receipts and disbursements above $200.

IV. LOBBYING REFORM

A. Tax deductibility of lobbying expenses

Campaign promise: We will ask Congress to end the deductibility for special interest lobbying expenses.

Current legislation: During early consideration of S.3 last year, Democratic leaders proposed eliminating the deductibility of lobbying expenses to pay for reform. However, it was subsequently dropped from the bill. (This would raise approximately $100 million per year, enough to substantially pay for communications vouchers.)

B. Lobbying disclosure

Campaign promise: "We will push for and sign legislation to toughen and streamline lobbying disclosure. The new law will require all special interest groups to register with the Office of Government Ethics within thirty days after contacting a federal official, lawmaker, or lawmaker's aide. Lobbyists will be required to report twice a year on their contacts and expenses. We will instruct the Justice Department to strictly enforce disclosure laws

and collect fines."

Current legislation: Carl Levin's bill was the model for the PPF proposals. It has strong bipartisan support, and was introduced too late last year to be brought to the Senate floor, but passed the Government Operations Committee.

The legislation's main points:

- It would require registration of all professional lobbyists, and broaden the definition of lobbying.

- It would streamline lobbying disclosure requirements.

- It would create a new entity within the Justice Department to administer the statute.

- It would substitute fines for current criminal laws.

C. Foreign agent registration

Campaign promise: We will close the "lawyers' loophole," which allows lobbyists to disguise work for foreign governments and corporations as legal work.

Current legislation: The Levin bill does this as well.

D. Revolving door legislation

Campaign promise: In PPF, Gov. Clinton promised to challenge Congress to follow our lead on the five year ban and other revolving door proposals. In addition, there is the implicit suggestion that we will seek to codify our own "pledges."

Current legislation: None. Sen. Boren has told the press that Gov. Clinton asked that the five-year pledge be codified in campaign finance reform legislation.

V. RECOMMENDED NEXT STEPS AND DECISIONS

• The Senate has asked whether we insist on including the five year pledge in the "placeholder" campaign finance reform bill. **I recommend that we let them know that we do not object to them introducing a bill without it the 5 year pledge, especially given the difficulty of drafting such a provision so quickly.**

_____ Approve _____ Disapprove More information needed

• **With your permission, I will continue to reach out to the Hill, party and political organizations, public interest groups, etc. on this issue.**

_____ Approve _____ Disapprove More information needed

• **We should convene a regular White House working group on these issues, so that various interests are considered from the outset.** The participants should include the domestic policy, communications, congressional relations, political/DNC, and possibly the counsel. Vice-President Gore has expressed strong interest in this issue, and he should have a staff representative as well.

The goal should be to have the outlines of a "Clinton plan" within two weeks. This does not suggest detailed legislation by that time merely a firm sense of where we are going.

The major internal dilemmas will be soft money. Ultimately, Gov. Clinton will have to decide what our stance will be on this. At David Wilhelm's request, the DNC and political people are analyzing S.3 to see how it would affect their operations, and to suggest alternative proposals.

In addition, we will have to decide how we want to frame the "opening the airwaves" issue -- i.e., public funding.

_____ Approve _____ Disapprove More information needed

• Celinda Lake has conducted a poll for a coalition of groups advocating campaign finance reform. (We have their preliminary results.) **We may want to set up a formal briefing for relevant WH staff and officials.**

_____ Approve _____ Disapprove More information needed

• We will need to decide whether to negotiate a bill with Congress, to propose our own plan and then negotiate, or to draft a plan in close consultation with Congress and then release it as "our" plan. **At the very least, we should continue to encourage the leadership to continue working on the issue, even before we put forward our specific plan.**

_____ Approve _____ Disapprove More information needed

• **To identify himself with this issue, Gov. Clinton should stress political reform whenever possible -- such as in the State of the Union Address, and in a talk to the White House staff and administration officials.** The goal is to send signals that Congress should act, while expending minimal political capital.

_____ Approve _____ Disapprove More information needed

TO: The National Governing Board

FROM: Fred Wertheimer

RE: The Washington Special-Interest Money Culture: An Overview of the Coming Fight

Introduction

Not since the founding days of Common Cause 22 years ago have we witnessed as powerful a public mood for change in Washington, as now exists.

And not since those early years have we faced as great an opportunity to advance the Common Cause core agenda in a dramatic way.

President Clinton sought and won the presidency in 1992 on a message of change. A key part of his message was that, as President, he would change the way business is done in Washington and clean up the system. This was also at the heart of Ross Perot's campaign and his appeal to a substantial portion of the American electorate.

In his inaugural address to the nation, President Clinton issued a powerful challenge to Congress:

> To renew America we must revitalize our democracy. This beautiful capital, like every capital since the dawn of civilization, is often a place of intrigue and calculation. Powerful people maneuver for position and worry endlessly about who is in and who is out, who is up and who is down, forgetting those people whose toil and sweat sends us here and pays our way.
>
> Americans deserve better, and in this city today there are people who want to do better. And so I say to all of you here, let us resolve to reform our politics so that power and privilege no longer shout down the voice of the people. ...
>
> Let us give this capital back to the people to whom it belongs.

For the first time in 12 years, we now have a President who is publicly committed to comprehensive reform of the campaign finance system.

At the same time, thanks to the hard work of thousands of Common Cause volunteers and our coalition allies, we have majorities in both houses of the newly elected Congress publicly on record in favor of campaign finance reform.

Last year, we made major progress in our fight for enactment of campaign finance reform legislation, with both houses of Congress approving comprehensive reform legislation.

Now we face the opportunity to complete the task.

But reform won't be easy. Washington lobbyists, special-interest political action committees (PACs), and a number of entrenched incumbents are ready to fight tooth-and-nail to preserve the special privileges they enjoy under the current corrupt campaign finance system.

In 1977, under circumstances remarkably similar to today, a six-month delay in

consideration of campaign finance legislation by President Jimmy Carter and our allies in Congress gave special interests and Senate Republicans the time they needed to put together a successful filibuster that killed campaign finance reform legislation.

We have worked hard ever since then to create another opportunity for real reform. Now it's here. We are working to try to ensure that what happened in 1977 does not happen again.

The Campaign Finance Battle

> There is a good reason public confidence in public officials is so low. It ought to be because of the dominance of special interests over the political process and especially over the campaign finance process. That's why I strongly support campaign finance reform.
>
> Governor Bill Clinton
> Fall 1992

Campaign finance reform is the overriding issue in carrying out the President's campaign commitment to change the system in Washington.

In order to accomplish this, the President must move to obtain congressional action on real reform in the opening months of the new Congress.

Obtaining immediate congressional action on real campaign finance reform legislation is not just a question of timing or priorities. It is a life-or-death decision on whether change will occur. Any delays in acting on this legislation will play directly into the hands of the Washington special interests and congressional opponents out to kill real campaign finance reform.

The stakes involved in this battle are enormous. They go to the ability of President Clinton to govern and to effectively address the nation's pressing problems. They go to the ability of the American people to believe that their voices are being heard in Washington and their interests are being fairly represented. And as President Clinton wrote on December 11, 1992, they go to "the barricade of special-interest money and 'gridlock' we're going to have to break through once we do arrive in Washington on January 20."

President Clinton appears to have recognized the importance of moving early. In an interview excerpted on January 25, 1993 in *Newsweek*, Clinton stated, "I've tried to make it clear that I intend to present early to Congress campaign reform and lobby reform, which I talked about all during the campaign." President Clinton went on to note, "It's going to be difficult for us to pass the kind of health-care reforms we need and the kinds of budgetary changes we need, unless we can pass campaign-finance and lobby reform." Asked if he would "expend political capital", Clinton replied, "Yes. Political reform is important. I have to come early with these bills and try hard to pass them, and I intend to do that."

This year, the effort to enact real campaign finance reform starts out with strong momentum behind it. The voters in 1992 provided a powerful mandate for it. The President is publicly committed to it. And a majority of Representatives and Senators are publicly on record for it.

The 103rd Congress convenes with 266 Representatives and 58 Senators

publicly on record for real campaign finance reform. This includes 223 Democrats, one Independent, and 42 Republicans in the House, and 55 Democrats and three Republicans in the Senate.[1]

Most Senate Republicans have opposed enacting a new system of overall spending limits and public campaign resources to replace the current congressional system of unlimited spending and private-influence money. There are, however, at least six current Republican Senators who have supported this kind of system in the past, including the three Republican Senators who voted for the legislation vetoed by President Bush last year.

The situation in the House is different. Almost 25 percent of current Republican Representatives -- 42 Members -- are publicly on record for real campaign finance reform, including a system of spending limits and public campaign resources for congressional elections. While a number of Republican incumbents argue that spending limits and public campaign resources hurt challengers, in fact, a majority -- 102 of 193 -- House Republican challengers made a public commitment in 1992 to support this kind of system.

Nonetheless there are significant obstacles to real reform that must be overcome.

Special-interest PACs do not want to see new limitations placed on their

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[1] *These numbers assume the Members of Congress who replace Vice-President Gore and the congressional appointees to the Administration will also be supporters of real reform.*

contributions and are gearing up for a last-ditch effort to block reform. Officials in both political parties will resist shutting down the soft money system that has destroyed federal contribution limits. A number of congressional incumbents in both parties do not want a new campaign finance system that will give congressional challengers a fairer chance to compete.

The House continues to be particularly resistant to real reform. House Speaker Tom Foley (D-WA), while publicly committed to reform, has yet to signal his commitment to quick action or a strong reform bill. The experience of some endangered House incumbents in the 1992 congressional elections -- who spent record sums, aggressively exploited their massive campaign finance advantage, and who nevertheless barely held onto their seats -- has deepened anxiety in the House over changing the system.

Opponents of real reform will look to block it first by delaying action on the issue and then ultimately by a Republican filibuster in the Senate. If President Clinton moves immediately and provides a public voice to serve as a rallying point for the American people who want change, it will make it much more difficult for Senate Republicans to sustain a filibuster and kill real reform.

While President Clinton has said that campaign finance reform will be an early priority, Clinton will be pressed hard by those opposed to reform to put this issue off. As Albert Hunt of the *Wall Street Journal* wrote in a December 22, 1992 opinion-editorial:

> Already, in private conversations, some Washington insiders are warning Mr. Clinton that it's not worth spending political capital on [campaign finance reform]. ...
>
> If [President Clinton] follows that advice, it'll be a clear signal that it's business as usual in Washington. That message will resonate most clearly with the Perot 19, the almost one-fifth of the electorate that voted for Ross Perot.

There will also be pressure to water down key provisions of the legislation, to enact cosmetic rather than real reform. President Clinton will have to confront a central reality: the only way to change the system is to change the system. It cannot be done with halfway measures. And it cannot be done without Washington special interests and congressional incumbents having to give up a system that provides them with an enormous advantage.

Real reform of the campaign finance system requires spending limits and public campaign resources for congressional races; banning soft money; reducing special-interest contributions; closing the bundling loophole and reforming the Federal Election Commission (FEC). The system can be financed by repealing the current business tax deduction for lobbying expenditures. The new law must be effective for the 1994 congressional races in order to carry out the mandate for change provided by the 1992 elections.

The campaign finance reform legislation (S. 3) passed by Congress last year and vetoed by President Bush provides a comprehensive approach upon which to build. Following the veto, then-candidate Clinton stated, "We need campaign finance

reform. We've got too much partisan gridlock in Washington. And I would urge Congress to go right back and give him a tougher bill."

We are working hard to improve the legislation in critical areas: providing more public resources to congressional candidates; further reducing PAC contribution limits; strengthening provisions designed to address such loopholes as the bundling of contributions and the soft money system; and overhauling the enforcement process.

No new campaign finance law will work or have any public credibility unless it ends the soft money system that has made a mockery of the presidential campaign finance law. President Clinton recognized this during the 1992 campaign when, in response to a Common Cause questionnaire, he made a public commitment to support the provisions in S. 3 to shut down the soft money system.

Common Cause also is working closely with congressional leaders to increase the dollar tax checkoff, which funds the presidential system, from $1 to $3 and to index the checkoff to inflation in order to keep pace with payments to candidates. We need action on this issue this year in order to shore up the financing of this system in time for the 1996 presidential election.

After many years of hard work, we now face the prospect of a decisive battle on the campaign finance issue. We must do everything in our power to see that this battle is won and that the legislation enacted meets the test of real reform.

Reforming Lobbying and the Washington Special-Interest Money Culture

In the 1992 elections, the American people provided the new President and the

new Congress with a mandate to change the country's course, and reform and revitalize its politics. If that mandate is to be realized, there must be a fundamental change in the Washington special-interest money culture.

The corrupting way of life in Washington stems from the fact that lobbyists and others engaged in the business of influencing government decisions provide large sums of money and other benefits to the elected officials who make those government decisions. The campaign finance system is the overriding issue in addressing this problem. But there is a second front that has to be addressed, dealing with all the various ways lobbyists provide financial benefits to help Members of Congress. These include payments to elected officials from special-interest lobbyists for travel and vacation trips, tickets to the Super Bowl and Broadway shows and other entertainment, and constant wining and dining. Lobbyists give charitable contributions to elected officials' pet causes and to foundations they control. Lobbyists and special interests host ski trips and golf tournaments, and in some cases, have even helped to pay for the education of the lawmakers' children. Members of Congress are in effect living off the influence-buyers.

Obviously, not every Member of Congress engages in such practices. There are many honorable elected officials and a number of them are working hard to change the system. Nevertheless, when you add up all the money flowing in Washington in all the various ways to benefit elected officials, the result is a corrupting way of life.

The mandate of the 1992 elections has provided us with an important opportunity to attack these other channels for special-interest money. With the campaign finance battle as our top priority, we must move aggressively to enact a broad reform agenda designed to change the special-interest money culture in Washington.

Our goal should be to have Members of Congress pay their own way. We should cut off as many of the financial links between lobbyists and Members as we can and ensure that whatever remains is publicly disclosed by lobbyists on a Member-by-Member basis.

We must pass a new lobby disclosure law to replace the current loophole-ridden legislation.

In addition, the new proposals of President Clinton and Senator David Boren (D-OK) to slow the revolving door between government and the private sector provide us with the opportunity to make important improvements in this area.

Oversight and Enforcement

Campaign finance laws and ethics rules, no matter how strong, cannot work without proper oversight and enforcement.

The absence of effective enforcement of campaign finance laws and ethics rules has contributed in a major way to the problems which exist today.

The failure of the Senate Ethics Committee to draw the line on conflict-of-interest violations by the Keating Five Senators in the Savings and Loan scandal is but

one recent example. Both the Senate and the House Ethics Committees have a long history of refusing to hold their colleagues accountable for violating ethics rules.

We must take steps to stop these self-policing bodies from bending the rules to shield their colleagues and to protect the flow of special-interest favors to Congress.

At the same time, we must move to end the FEC's do-nothing approach to enforcement that sends a signal that campaign laws can be violated at will. The FEC's refusal to enforce the law has encouraged widespread abuse of federal campaign finance laws and allowed gross violations of the law to go unheeded. Nowhere is the devastating impact of this inaction clearer than in the case of the soft money system which has returned us to the abuses of the Watergate days.

Conclusion

The 1992 election raised the hopes and the expectations of the American people and provided a powerful mandate for change. Millions of Americans have suspended, for the moment, their skepticism and cynicism about the political system.

We have a unique opportunity in 1993 to help realize those hopes and expectations by finally reforming the campaign finance system and successfully challenging the Washington special-interest money culture. This must be our overriding priority.

WASHINGTON LOBBYING: GIFTS, TRAVEL AND OTHER FINANCIAL BENEFITS TO CONGRESS

As noted in the cover memo, people engaged in the business of influencing government decisions have found ways, in addition to campaign contributions, to provide large amounts of money to benefit the elected officials who are making those decisions. Special-interest lobbyists are using financial benefits such as free trips, free tickets to sporting and entertainment events, free meals, charitable contributions to Members' foundations and other favored causes, the use of corporate jets at below-market rates, and sponsorship of special events, to subsidize the lifestyles of public officials, especially Members of Congress, and gain access and influence. Members of Congress are, in effect, living on the largesse of those seeking to influence them.

This flow of special-interest money and benefits to Members of Congress needs to be halted and Members need to be required to pay their own way.

Under current law and congressional rules, Members of Congress are not allowed to receive in one year gifts from any one individual valued at more than $250 in a year. (The ethics committees can waive this limit.) However, a gift worth less than $100 -- the de minimis limit -- does not count toward the $250 limit. Moreover, any meals in Washington are totally excluded from the ban.

For example, a lobbyist for Nike can give a Member of Congress a pair of $95 running shoes every month or so without ever bumping up against the limit. A

Member can go out to dinner weekly in Washington at the expense of a corporate lobbyist and it is never counted against any limit, even if the dinner was valued at over $250. In addition, there is no reporting requirement for the gifts that are allowed, making efforts to ensure compliance and public accountability virtually impossible.

This lack of disclosure, when combined with a de minimis that is too high and weak enforcement and oversight, has resulted in a congressional gift rule that is ineffectual and serves to shield from public scrutiny the influence-buying game that is part and parcel of Washington lobbying.

In addition, Members of Congress are allowed to take expense-paid trips that too often are little more than lobbyist-funded vacations providing lobbyists with personal access to Members. Under the current rules, House Members can accept up to four days and three nights of expenses for so-called "fact-finding trips" or to events in which they "substantially participate." The allowance for foreign trips is slightly higher: seven days and six nights. A Senator is allowed to take up to three days and two nights for domestic travel, and seven days and six nights for foreign trips.

A 1991 study which analyzed privately-funded travel by Members of the House found that House members took nearly 4,000 trips paid for by private-interest groups during 1989-90. One publicized event in 1992 found a group of key staffers of the House Energy and Commerce Committee (which oversees health and insurance matters) enjoying the ambience of Key West, Florida for a three-day seminar on

issues affecting the insurance industry -- paid for and attended heavily by the insurance industry.

A major overhaul is needed of rules and laws governing the acceptance of gifts, travel and other financial benefits by Members and their staff. They should be prohibited from receiving as many of these financial benefits as possible. Any financial benefits that are not prohibited outright should be the subject of public disclosure. Lobbyists should have to disclose any financial benefits provided to Members of Congress on a Member-by-Member basis.

During the 1992 presidential campaign, President Bill Clinton often spoke about the role of influence money in Washington and pledged to work for fuller disclosure of money spent to influence decision-making at the federal level. In the book, *Putting People First*, President Clinton wrote:

> To help put government back in the hands of the people, we will ask Congress to eliminate the tax deductions for special interest lobbying expenses. We will also urge Congress to close the 'lawyers' loophole,' which allows lawyer-lobbyists to disguise lobbying activities on behalf of foreign governments and powerful corporations. ...
>
> We will push for and sign legislation to toughen and streamline lobbying disclosure. The new law will require all special interest groups to register with the Office of Government Ethics within thirty days after contacting a federal official, lawmaker, or lawmaker's aide. Lobbyists will be required to report twice a year on their contacts and expenses. We will instruct the Justice Department to strictly enforce disclosure laws and collect fines.

When President Clinton was Governor of Arkansas, a strong lobby disclosure bill was enacted into law under his leadership. The Arkansas legislation requires

itemized disclosure of financial benefits from lobbyists to public officials. Specifically, the Arkansas law requires lobbyists to publicly disclose, subject to de minimus exemptions, a description and the amount of any financial benefit provided -- including gifts, payments, loans, food and lodging -- and the public official to whom the benefit was given.

The first opportunity in the 103rd Congress to address the issue of financial benefits provided by lobbyists to Members of Congress is likely to be the lobby disclosure bill introduced by Senator Carl Levin (D-MI) early in the 103rd Congress. Last Congress, Senator Levin, with co-sponsors Senator Bill Cohen (R-ME) and Senator Herbert Kohl (D-WI), introduced a bill to make major reforms of the antiquated and loophole-ridden lobby disclosure laws. While the bill was favorably reported by the Senate Governmental Affairs Committee, it was not considered by the full Senate before the 102nd Congress adjourned.

Background

The existing lobby disclosure law, passed in 1946, has been interpreted to require organizations to register only if their "principal purpose" is to lobby the federal government. Many organizations avoid registration on this ground, even if they spend large amounts of money on lobbying. According to the May 30, 1991 *Wall Street Journal*, under the current system fewer than 7,000 of an estimated 80,000 federal lobbyists actually register and relatively trivial expenditures are sometimes disclosed in detail. An investigation by *Common Cause Magazine* in 1989

found that not one of the top 10 *Fortune* 500 companies had registered under federal lobby laws. Moreover, the 1946 act has not succeeded in compelling disclosure of grassroots lobbying or lobbying of congressional staff; it does not cover the executive branch; and it lacks adequate enforcement provisions. The Foreign Agents Registration Act (FARA) -- which governs lobbying on behalf of foreign clients -- is also marred by loopholes, including an exemption for any lobbying by lawyers.

In the late 1970s, Common Cause fought a lonely battle to reform lobby disclosure laws with virtually every group in Washington -- including not only the special-interest lobbies, but also a number of our usual allies in the nonprofit community -- on the other side.

Senator Levin's bill, which he is expected to reintroduce early in the 103rd Congress, consolidates the 1946 Federal Regulation of Lobbying Act and the FARA. The bill establishes a framework for coverage by providing a clear definition of who must register under a new lobby law. It also covers lobbying of the executive branch as well as Members of Congress and their staff, and establishes a new enforcement mechanism. It does not however provide for sufficient disclosure. The bill requires disclosure of aggregate lobbying expenses. Included in the aggregate figure are expenses for certain grassroots lobbying. It does not have any disclosure of financial benefits on a Member-by-Member basis.

Common Cause Senior Vice President Ann McBride has testified twice on the Levin lobby disclosure legislation before Senator Levin's subcommittee. At that time,

Common Cause raised concerns about financial benefits that Members of Congress receive from special-interest lobbyists which are not disclosed nor prohibited under current law and which are not disclosed under the Levin bill as well. While supporting the Levin bill, McBride noted that, without requiring disclosure of gifts and entertainment provided by lobbyists to Members of Congress, congressional staff and other federal officials, the bill contains a basic flaw which must corrected. McBride testified that financial benefits such as tickets and entertainment "should be specifically disclosed, i.e., the nature of the gift or entertainment provided, the value of such a gift or entertainment, and the public official to whom it is provided."

Common Cause is working to draft proposed legislative language to the Levin bill to accomplish this and will continue to work closely with the subcommittee staff throughout the drafting process. Our goal is to ensure that all financial benefits provide by lobbyists to individual Members of Congress which are not banned are disclosed in a manner that is easily accessible to the public.

REVOLVING DOOR

President Clinton -- and Ross Perot -- made the revolving door in Washington a central issue in the presidential campaign. In his book, *Putting People First*, Clinton wrote, "Too many public officials enter the revolving door and emerge as high-priced influence peddlers."

Among Clinton's campaign promises was a proposal to require top

Administration appointees to sign a pledge that they would abide by new tougher revolving door restrictions. One of President Clinton's first official acts after being sworn in was to issue an executive order containing new post-employment restrictions supplementing current law. The new executive order requires "senior appointees in every executive agency" (approximately 1,100 presidential appointees who make more than $104,00) to sign a pledge stating:

- o They will not lobby their former agencies for five years after leaving government.
- o They will not, within five years after personally and substantially participating in a trade negotiation "represent, aid or advise" any foreign government, foreign political party or foreign business entity.
- o They will never become a registered foreign agent for any foreign government or foreign political party.
- o Top White House officials, in addition to being banned from lobbying the Executive Office of the President for five years, will be banned for five years from lobbying any department over which they had substantial personal responsibility. Exceptions included former officials who go to work for the federal, state or local governments, scientists and other technical personnel who are employed by non-profit organizations, and lawyers in criminal or civil litigation.

In addition, every trade negotiator who is not a senior appointee is required to pledge that they will not, for five years after leaving office, "represent, aid or advise" any foreign government, foreign political party or foreign business entity with the intent to influence a decision of any officer or employee of any executive agency.

Senator Boren has introduced legislation to codify these restrictions into law and to extend similar revolving door restrictions to Congress. Under the Boren bill,

the ban on Members of Congress returning to lobby the legislative branch would be increased from one year, which is current law, to two years. In addition, the Boren bill would add a five-year ban on Members of Congress lobbying their former office and any committees over which they had jurisdiction. As with appointees to the executive branch, the Boren bill proposes a lifetime ban on Members of Congress becoming registered foreign agents for any foreign government or foreign political party. Boren also proposes increasing from one year to two years the ban on all high-ranking executive branch appointees (Executive Level I through V) from contacting other high-ranking appointees in the executive branch or independent agencies.

The Boren bill also proposes new limits on top congressional staff who are currently barred from lobbying their former offices for one year. Under the Boren bill, top staffers would not be allowed to lobby their former employers, offices or committee for five years after leaving their jobs. They would also be banned from lobbying any Member of Congress or their staff for two years after leaving office.

Strengthening of post-employment laws was a major component of the Ethics Reform Act of 1989. Members of Congress and top congressional staff were for the first time subject to post-employment lobbying restrictions. As mentioned above, the law included a one-year ban on Members of Congress lobbying the Executive Branch and a one-year ban on top congressional staff lobbying the office or committee for which they worked. The 1989 bill left in place the lifetime ban on all former

executive branch employees from lobbying on a particular matter involving a specific party in which they were personally and substantially involved while in office; the two-year ban on such matters that were under their official responsibility within the year preceding termination of government service; and a one-year ban on former high-ranking officials from returning to lobby their former agency.

The 1989 Act then added new restrictions, including prohibiting former top executive branch officials (Executive Level I-II) for one year from returning to lobby their high-ranking former colleagues (Executive Levels I-V) throughout the executive branch. High-level executive branch employees also now are barred for one year after leaving office from "representing, aiding or advising" foreign governments or foreign political parties. Officials involved in trade or treaty negotiations within a year before leaving office now are barred from representing or advising people concerned with such negotiations for one year.

In light of President Clinton's new executive order and Senator Boren's bill in Congress, there should be an opportunity to revisit and strengthen the revolving door provisions this year.