

THE WHITE HOUSE

WASHINGTON

March 8, 1993

**MEMORANDUM FOR HOWARD PASTER**

**FROM:** Bruce Reed  
Paul Weinstein

**SUBJECT:** Line-Item Veto Compromise

In our negotiations with Congress on the enhanced rescission, we need to make certain that any legislation includes the following changes from the Stenholm bill of last year (the legislation the Speaker endorsed).

**Time Allowed for Presidential Consideration**

The bill passed in October would give the President only three days after signing an appropriations bill to use his expedited rescission powers. Appropriations bills are simply too complex, are often rushed through passage at the end of the year, and contain too much hidden pork to properly analyze in three days. The President must have expedited rescission powers for the duration of the fiscal year.

**Scope of Rescission Authority**

In the bill passed last October, a President could only rescind 25% of authorized appropriations (and 100% of unauthorized appropriations). For expedited rescission to have any real effect on pork, the President needs to be able to rescind the full amount of an authorized appropriation.

**Duration of Grant of New Powers**

The bill passed in October only authorizes expedited rescission procedures for two years. We should propose that these procedures remain in force for Clinton's entire first term -- even better would be permanent authority. Another option would be to have a review rather than a sunset of the authority.

**Detailed Schedule**

There needs to be a detailed schedule to insure immediate introduction of a measure to

approve the President's rescission, prompt report by committee or automatic discharge -- within seven days and without amendment or recommendation -- and a floor vote within ten days with no amendments and limited debate. The President's rescission could be defeated by a simple majority in either body. No funds could be appropriated under the original appropriations bill until Congress has voted on the President's proposed rescissions.

#### **New Name**

Since this compromise is not a line-item veto -- rescission allows the President to eliminate actual programs within a line-item, as well as a percentage of an item -- and the term rescission has limited appeal, we need a new name. We suggest calling it the "Presidential Spending Veto."

cc: Carol Rasco  
Bob Rubin  
Rahm Emanuel

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March 1, 1993

**INFORMATION**

**MEMORANDUM FOR THE PRESIDENT**

**FROM:** Bruce Reed

**SUBJECT:** Reinventing Government Announcement on Wednesday

Per our conversation last night, we are preparing for Wednesday's announcement of a Texas-style "National Performance Review," headed by the Vice President. We are looking either at a visit to a specific agency (HUD or HHS) or an event that brings employees from across the government to the Old Executive Office Building.

We expect this announcement to include:

1. Official designation of the Vice President to head the Administration's Campaign to Reinvent Government, and announcement of Phil Lader's role at OMB. We would also like to name Al From, David Osborne, and John Sharp as unpaid senior advisers on reinventing government.

2. Formation of a government-wide National Performance Review to examine every federal program and service. Each Cabinet Secretary will be asked to assign 5 to 10 people -- managers, auditors, and front-line workers -- to devote a portion of their time to the project for up to six months. The goal of the Review is not to produce another report, but to make specific recommendations for action, agency by agency.

The Review teams will look at existing analyses by GAO, CFOs, and Inspectors General for immediate action; evaluate the efficiency of every federal department; ask federal workers and the American people to make specific suggestions on how to improve services and cut bureaucratic waste, by calling an 800-number (every agency already has one) or writing the Vice President; recommend ways to streamline the bureaucracy by eliminating unnecessary layers of management and reducing duplication of effort; look for ways to improve services through better use of technology and by making government programs more responsive to the customers they serve; suggest changes that would reward performance, give managers more flexibility, and put more decision-making power in the hands of front-line workers; and identify top priorities for performance-based management decisions.

This will not be another study -- Washington has had too many studies. The Review will act on existing wisdom and recommendations by real people to produce real results. We don't intend to create new jobs, spend new money, or generate new paperwork in the process.

3. Statements by John Sharp on how the Performance Review worked in Texas, and by David Osborne on what reinventing government can accomplish.

4. Recognition of congressional efforts to join in the President's war on waste. Several members of Congress have proposed legislation to create either a Performance Review or a Reinventing Government Commission. We are currently planning to invite Senators Glenn, Lieberman, Krueger, and Roth, and Reps. Conyers and Gordon.

5. Expression of support for legislation to begin performance measurements -- including the Roth bill on performance-based budgeting.

A few questions remain for Wednesday:

1. What precise role can we give outsiders like Sharp, Osborne, and From?  
We want to create a broad circle of advisers -- perhaps including the members of Congress listed above -- without triggering the open-meeting laws under the Federal Advisory Committee Act. Texas made extensive use of free help from private consultants and auditors; we should too, if we can.

2. Are we planning to submit legislation asking Congress for broader powers through reorganization authority? If we're serious about reinventing government, we'll need it, but Howard Paster suggests that we wait as long as possible, so we don't raise jurisdictional issues in Congress that could jeopardize the economic plan. We don't need to decide anytime soon.

3. How should we proceed in developing a strategy for the campaign to reinvent government? The key areas include:

- a) Devolution of responsibilities to the states;
- b) Reorganization of departments and agencies;
- c) Sunset laws;
- d) Incentives to reward performance, productivity, and innovation, including an Innovation Fund;
- e) Regular Presidential visits to agencies to meet with managers and policymakers and hold town meetings with employees;
- f) Truth in spending laws;
- g) Regulatory reform;
- h) Civil service reform;
- i) Procurement changes; and
- j) Pilot restructuring of departments.