WITHDRAWAL SHEET
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Collection: DARMAN, RICHARD G.: Files

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File Folder: Presidential Decisions File (1)

Box 4
OA 10476

Date: 5/28/98

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. note 5/4	Richard Darman to RR re Deficit Reduction Decisions, (p.2 whole), 1p.	n.d.	P5 ~~P5~~ 10/26/00

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]
- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 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.

Freedom of Information Act - [5 U.S.C. 552(b)]
- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statue [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

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- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

MEMORANDUM

The President has seen_____

THE VICE PRESIDENT

WASHINGTON

October 9, 1984

MEMORANDUM FOR THE PRESIDENT

FROM: The Task Group on Regulation of Financial Services

SUBJECT: Reorganization of the Federal Financial Regulatory System Proposed by the Task Group on Regulation of Financial Services

The Task Group on Regulation of Financial Services was formed in December of 1982 to review the federal system for regulating financial institutions. Our objective was to propose legislation to make this system more effective and less burdensome. In addition to ourselves as Chairman and Vice Chairman, the members of the Task Group included the Attorney General, the Director of the Office of Management and Budget, the Chairman of the Council of Economic Advisers, the Assistant to the President for Policy Development and the heads of the seven federal financial agencies.[1] The Task Group's Final Report contains 50 separate legislative recommendations that were unanimously approved by the members of the Task Group.

Background

Since the Revolutionary War the states have chartered banks and regulated their practices. During the Civil War, however, President Lincoln created the Office of the Comptroller of the Currency as part of the Treasury Department to oversee the chartering and regulation of a system of national banks. The first Comptroller in 1863 employed a total of 5 clerks and 1 messenger.

In the 121 years since creation of the OCC, American financial markets have grown dramatically in both size and complexity. Today over 50,000 different financial firms hold more than $5 trillion of private funds. At the same time, the federal regulatory establishment has also grown dramatically.

---

[1]These are the Fed, OCC (part of Treasury) and FDIC for banks; FHLBB for savings and loans and other thrift institutions;

(Footnote Continued)

Today seven federal agencies with 37,000 employees regulate financial firms, with annual fees and expenditures of more than $4 billion. Approximately 7,000 federal employees at 3 agencies are engaged full time in regulating banks alone.

Problems with the System

The growth in the regulatory system has occurred piece by piece, and Congress has never comprehensively reviewed, let alone revised, the system. In recent years various types of problems have developed:

1. Excessive Regulation. Various practices (such as opening new bank offices) are subject to regulatory controls that are unnecessary or could be greatly streamlined. In fact, while regulatory controls have greatly increased over recent years, the number of failed institutions has risen for banks and thrifts.

2. Duplication Among Federal Agencies. There is significant overlap and duplication in the responsibilities of the agencies. For example, 5 agencies handle both securities matters and antitrust issues involving banks and thrifts. Similarly, two agencies regulate state-chartered banks, even though all state chartered banks are equivalent from a regulatory perspective. Finally, a bank with a parent holding company is usually subject to 2 different federal agencies, which can greatly increase regulatory costs. Fragmentation can also impair safety and soundness if responsibility for a particular problem becomes unclear.

3. Competitive Inequities. Regulatory differences often create competitive disadvantages for a particular type of firm. For example, during previous high interest periods, banks and S&Ls were generally prohibited from paying market rates on consumer deposits. Not surprisingly, many deposits were transferred to money market funds that were not under comparable restrictions. Deregulating interest rates solved that particular problem, but similar situations continue to exist.

4. Unnecessary Interference with State Regulatory Programs. Approximately 70% of U.S. banks are state-chartered, although federal insurance has meant that virtually all state-chartered depository institutions also have a federal regulator. Unfortunately federal agencies often duplicate activities performed by the states, even in areas unrelated to maintaining a stable financial system.

(Footnote Continued)
NCUA for credit unions; SEC for securities firms; and the CFTC for commodities and futures trading firms.

Proposals for Reform

The Task Group recommendations are designed to streamline the overall system and improve agency accountability. The present agencies would continue to exist, but in many areas their authority would be modified.

The specific recommendations of the Task Group are discussed in detail in its Final Report, a copy of which is attached. However, key points include:

Reorganization of Bank Regulatory Agencies

- 3 federal bank regulators would be reduced to 2 by eliminating the FDIC's role in general bank supervision. An upgraded agency within the Treasury Department would regulate all national banks, while the Fed would handle all federal regulation of state-chartered banks.

- The agency regulating a bank would also usually supervise its parent holding company, thus breaking the Fed's current monopoly on regulation of bank holding companies and subjecting most banking organizations to only one federal regulator rather than 2.

- The Fed would continue to supervise the holding companies of the very largest banks and those with significant international activities.

- The FDIC would be recast as an insurance agency rather than an all-purpose regulator to sharpen its ability to protect depositors. All its current responsibilities for environmental, consumer and other laws not related to the solvency of insured banks would be transferred to other agencies.

- The Fed would transfer its authority to establish the permissible activities of bank holding companies to Treasury, although it would maintain a limited veto right over new activities.

Transfer of Regulatory Authority to the States

- A new program would transfer current federal supervision of many state-chartered banks and S&Ls to the better state regulatory agencies, creating new incentives for states to assume a stronger role in supervision.

- Federal agencies would be directed to assist interested state agencies in upgrading their capabilities to assume full supervision of state-chartered institutions.

Streamlining of Existing Regulations

- The special regulatory system for thrifts would be maintained, but eligibility would be based on whether an institution is actually competing as a thrift, rather than its type of charter.

- Antitrust and securities matters would each be handled by 1 agency rather than 5.

- Many specific regulatory provisions would be simplified to eliminate unnecessary burden, such as by eliminating permits to open branches or install automatic teller machines.

Recommendation: The Administration should support the specific proposals set forth in the Final Report of the Task Group to reform the federal financial regulatory system. The Vice President's office should continue to coordinate the drafting of specific implementing legislation by the appropriate agencies for submission by the Administration to Congress for priority consideration next year.

Approve _____ Disapprove _____

_____ _____

CHAIRMAN VICE CHAIRMAN

The President has seen

THE WHITE HOUSE

WASHINGTON

July 18, 1984

MEMORANDUM FOR THE PRESIDENT

FROM: CRAIG L. FULLER

SUBJECT: Commercial Use of Space

A Cabinet Council on Commerce and Trade Working Group has reviewed an assortment of initiatives designed to encourage commercial activity in space. These suggestions were invited as part of our effort to develop a clear policy for space related commercial activities. The CCCT Working Group, chaired by Bud Evans at NASA, has completed its review and has presented the attached material for consideration.

There were four general categories considered:

I. Economic Initiatives. Tax laws and regulations which discriminate against commercial space ventures need to be changed or eliminated.

II. Legal and Regulatory Initiatives. Laws and regulations predating space operations need to be updated to accommodate space commercialization.

III. Research and Development Initiatives. In partnership with industry and academia, government should expand basic research and development which may have implications for investors aiming to develop commercial space products and services.

IV. Initiatives to Establish and Implement a Commercial Space Policy. Since commercial developments in space often require many years to reach the production phase, entrepreneurs need assurances of consistent government actions and policies over long periods.

RECOMMENDATIONS:

The following proposals are recommended for Presidential approval:

Economic Initiatives:

- Replace the current "carry-on test" for the 25% research tax credit with provisions allowing corporations engaged in a trade or business to form joint ventures and be eligible to use any R&D tax credits resulting from the venture. (I-1)

- Modify the tax code to assure that space capital projects owned principally by United States interests and operated for domestic purposes are eligible for the 10% Investment Tax Credit and the accelerated cost recovery system. (I-2)

- Facilitate long-term contracts with new space ventures if the Government has a need for the product and if the purchase would be cost-efficient. (I-3)

- Direct the Treasury to develop a proposal designed to identify those prototypes eligible for the R&D credit even though eventually used in commercial service, in a manner that would reduce uneconomic incentives that may currently exist. (I-4)

-Clarify the appropriate tariff regulations to ensure space-made products are not considered imports when returned to the United States. (I-5)

These proposed changes are in reference to the current tax law. They would, of course, be revised in accordance with decisions made on fundamental tax reform later this year.

Legal and Regulatory Initiatives:

- Assure that radio frequency assignment for private sector use is timely. Consult with departments and agencies as appropriate.(II-1)

- As a first step, transfer, through Executive Order, the responsibility for controlling space launches from non-government facilities to the Department of Transportation. As a second step propose legislation to confirm this action and streamline the process. Consultation is required as part of both steps with State on foreign policy issues and with the Department of Defense on national security issues. These departments and any other affected agencies would be given an opportunity to concur in the interagency review process. (II-2)

- Provide additional protection of proprietary information through the Space Act. (II-3)

- Assure fair international competition. (II-4)

Research and Development Initiatives:

- Expand current practices to increase private sector awareness of space opportunities and to encourage increased industry investment in high-tech, space-based research and development. (III)

These initiatives would not alter the Administration's basic policy of focusing Federal funding on basic research. It would also not involve any change in the previously approved NASA multiyear funding levels for fiscal years 1984 and 1985. Proposals for additional funding would be presented in the 1986 budget process.

Initiatives to Establish and Implement a Commercial Space Policy:

- Establish and implement a consistent space policy. Immediate steps would include announcing commercialization decisions and increasing public awareness about the commercial opportunities in space. (IV-1)

- Develop a plan for privatization of specific government space activities. (IV-3)

- Establish a high-level national focus for commercial space issues by creating a CCCT Working Group on the Commercial Use of Space. The Working Group would be chaired by a representative of the Department of Commerce with a representative of NASA serving as vice chairman.

  Membership would consist of all interested departments and agencies. All departments and affected agencies will be invited to participate in the initial meeting of the working group and may determine the degree of participation they desire.

  The Assistant to the President for National Security Affairs and the Assistant to the President for Cabinet Affairs will oversee the development of a memorandum of understanding clarifying the coordination process between the SIG(Space) and the CCCT Working Group on the Commercial Use of Space, and the functions and responsibilities of the two bodies.

The proposals listed below were considered and are recommended for further study:

Economic Initiatives:

- Modify research tax credit for space industries where their unique characteristics may warrant distinct provisions. (I-1)

- Explore the tax treatment of free government services for research and development. (I-6)

Initiatives to Establish and Implement Commercial Space Policy:

- Assure reasonably priced access to the Shuttle. (IV-2)

The following proposal was considered and it is recommended that you reject it.

Economic Initiatives:

- Reduce space investment risk through Government loan guarantees, purchase of securities options and by allowing sale of R&D debentures. (I-3)

ACTION:

_____ Approve as recommended

_____ Not approved

RR Approved as modified

Attachments

Document No. 186886CS

WHITE HOUSE STAFFING MEMORANDUM

DATE: 6/15/84 ACTION/CONCURRENCE/COMMENT DUE BY: --

SUBJECT: OCS LEASING ISSUES

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McMANUS	☐	☐
MEESE	☐	☑	MURPHY	☐	☐
BAKER	☐	☑	OGLESBY	☐	☑
DEAVER	☐	☐	ROGERS	☐	☐
STOCKMAN	☐	☑	SPEAKES	☐	☑
DARMAN	☐P	☑SS	SVAHN	☐	☑
FELDSTEIN	☐	☐	VERSTANDIG	☐	☑
FIELDING	☐	☑	WHITTLESEY	☐	☐
FULLER	☐	☐	_____	☐	☐
HERRINGTON	☐	☐	_____	☐	☐
HICKEY	☐	☐	_____	☐	☐
McFARLANE	☐	☐	_____	☐	☐

REMARKS:

For your information.

RESPONSE:

Richard G. Darman
Assistant to the President
Ext. 2702

MTB
JS
Speales

THE WHITE HOUSE
WASHINGTON

CABINET AFFAIRS STAFFING MEMORANDUM

Date: June 15, 1984 **Number:** 186886CA **Due By:** --

Subject: OCS Leasing Issues

	Action	FYI
ALL CABINET MEMBERS	☐	☐
Vice President	☐	☑
State	☐	☐
Treasury	☐	☑
Defense	☐	☐
Attorney General	☐	☑
Interior	☑	☐
Agriculture	☐	☐
Commerce	☐	☑
Labor	☐	☐
HHS	☐	☐
HUD	☐	☐
Transportation	☐	☐
Energy	☐	☐
Education	☐	☐
Counsellor	☐	☑
OMB	☐	☑
CIA	☐	☐
UN	☐	☐
USTR	☐	☐
GSA	☐	☐
EPA	☐	☐
OPM	☐	☐
VA	☐	☐
SBA	☐	☐

	Action	FYI
CEA	☐	☐
CEQ	☐	☐
OSTP	☐	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐
Baker	☐	☐
Deaver	☐	☐
Darman *(For WH Staffing)*	☐	☑
Jenkins	☐	☐
Mc Farlane	☐	☐
Svahn	☐	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐
CCCT/Gunn	☐	☐
CCEA/Porter	☐	☐
CCFA/	☐	☐
CCHR/Simmons	☐	☐
CCLP/Uhlmann	☐	☐
CCMA/Bledsoe	☐	☐
CCNRE/	☐	☐

REMARKS:

Please note attached memorandum which indicates the President's conclusions following yesterday's CCNRE on OCS Revenue Sharing.

Thanks.

RETURN TO:

☑ Craig L. Fuller
Assistant to the President
for Cabinet Affairs
456-2823

☐ Katherine Anderson ☐ Don Clarey
☐ Tom Gibson ☐ Larry Herbolsheimer
Associate Director
Office of Cabinet Affairs
456-2800

THE WHITE HOUSE

WASHINGTON

June 15, 1984

MEMORANDUM FOR THE SECRETARY OF THE INTERIOR

FROM: CRAIG L. FULLER CLF

SUBJECT: OCCS Leasing Issues

The President has decided that your proposal to explore a comprehensive resolution of the obstacles facing the OCS leasing program has considerable merit, but that it would not be appropriate to pursue it through consultations with the Congress or affected states at the president time.

He has requested that you form a working group and take advantage of the next few months to develop more fully the tentative proposal described at yesterday's meeting through additional in-house analysis. You should develop a formal plan for possible approval late this year on a schedule that would permit its consideration as a 1985 State of the Union initiative.

The Department of Justice should continue its defense of the government's position in the 8(g) litigation. Also, in view of the commitments we made to a number of Members of Congress who supported our public position on OCS revenue sharing legislation, our position on the pending bills for the balance of this session (see attached) should remain unchanged.

STATEMENT OF ADMINISTRATION POLICY

September 14, 1983
(House)

H.R. 5 - Ocean and Coastal Resources Management and Development Block Grant Act
(Jones (D) North Carolina)

The Administration strongly opposes enactment of H.R. 5 because it earmarks up to $300 million a year of Federal revenues from Outer Continental Shelf oil and gas leasing receipts to support what amounts to new State grant programs. The monies authorized to be appropriated for the grant programs would amount to approximately $3.0 billion over the next 10 years.

These grant programs would support -- at funding levels far in excess of current levels -- the Coastal Zone Management Program, the Coastal Energy Impact Program (CEIP), Sea Grant Program, and other related programs -- all of which the Administration has decided to terminate or phase down because they can be funded by the States without further Federal assistance or are no longer needed to meet their original purposes. Moreover, the bill requires the establishment of a management structure to administer the imposition of significant regulatory and reporting requirements on the States. This is directly contrary to the Administration's efforts to reduce such Federally-imposed burdens.

The provisions of the Outer Continental Shelf Lands Act were carefully designed to provide adequate protection for, and appropriate compensation to, coastal areas that might be affected adversely by OCS activities. In this context, H.R. 5 cannot be justified because it would duplicate existing programs and would inefficiently reward States not experiencing significant adverse effects.

The bill also uses an undesirable budgetary technique -- earmarking of receipts -- which limits the flexibility of the Congress and the President in meeting changing requirements in future years.

Should H.R. 5, reach the President's desk in it's present form, it would be recommended for disapproval.

** ** ** ** ** **

The President has seen_____

THE WHITE HOUSE

WASHINGTON

June 15, 1984

MEMORANDUM FOR THE PRESIDENT

FROM: CRAIG L. FULLER

SUBJECT: Outer Continental Shelf Revenue Sharing

Secretary Clark presented two choices yesterday concerning the next steps the Administration should take with regard to the OCS Revenue Sharing issues:

1. Proceed now with a working group to resolve questions within the Administration and develop a strategy that can be advanced publicly late this year or early next year; or,

2. Proceed immediately with Congressional and other appropriate consultations in an effort to achieve action this year to resolve the OCS Revenue Sharing issues.

Comment

DOI would like to proceed with a working group and begin exploring options with Members of Congress and governors. OMB and White House staff firmly believe that there is little chance of advancing this issue in a way we could support this year, but do favor the establishment of a working group now to resolve the differences you heard discussed yesterday, with action coming late this year or early next year.

Recommendation

Approve Disapprove

Form the working group now but do not publicly advance a final strategy until late this year or early next year.

cc: Edwin Meese III
James A. Baker III

The President has seen_____

THE DEPUTY SECRETARY OF COMMERCE
Washington DC 20230

February 17, 1984

MEMORANDUM FOR The Cabinet Council on Management and Administration
FROM: Clarence J. Brown
Re: Consulting Services Controls

BACKGROUND

For over twenty years reports by the GAO and other agencies have identified problems in the way the government awards, manages, and uses consulting service contracts. The press reports contracts awarded to "Beltway Bandits" on the basis of employees' contacts or past relationships with the contracting agency. Estimates of the cost of the services have ranged from $1.5 to $4 billion, but they cannot be relied upon due to vague definitions of the term. Every previous President has been unsuccessful in addressing the problems. The CCMA asked the Working Group to define "consulting services," estimate their cost, review existing controls on their use, and propose further reforms.

FINDINGS

(1) We agreed that consultants are really providing "advisory and assistance services" to program managers through studies and analyses. A review was then made of the Federal Procurement Data System (FPDS), which is used to collect data on all awarded contracts, for categories which might include "advisory and assistance service" contracts. Data on these contracts are supposed to be entered into a single category in the System,but vague descriptions now lead to the contracts being entered into as many as eleven categories.

In five of the eleven categories, we believe all contracts are being awarded for "advisory and assistance services." In the category of R&D Management and Support Services, an undetermined portion of the contracts awarded are for such services, with the remaining portion awarded for administrative, maintenance, or custodial services. Spending for all contracts in these six categories totalled $15.5 billion in FY 1982.

"Advisory and assistance services" are present in five other categories totalling $14.5 billion in FY 1982, but current definitions make it impossible to determine the amount.

(2) All agencies have some control system in place, but only two have strictly applied the OMB Model Control System recommended last year. The systems generally track the eleven steps of the OMB Model, but there are weaknesses in most of them.

(3) In most of the categories, at least 40% of the contracts are awarded on a cost or non-competitive basis or are extensions of existing contracts (also without competitive bidding).

In the largest of the eleven categories above, R&D Engineering and Operational Systems Development, 72% of the contracts were awarded on a non-competitive basis, 68% were modifications, and 52% were cost-basis contracts.

RECOMMENDATIONS

- The GSA and the Office of Federal Procurement Policy should form a government-wide Task Team to improve the accuracy of the Federal Procurement Data System. We have made some specific recommendations on this issue.

- Agencies should strengthen their control systems to at least satisfy the steps of the OMB Model.

- "Consulting services" should be redefined as "advisory and assistance services." Contracts for them in six categories in the FPDS should be subject to further controls, including the following:

  - Review (over a threshold amount) by a Single Official who is not involved in procuring the contract.
  - Evaluation of the product's utility to the agency.
  - Cross-reference of proposed contracts, through a government-wide system, to prevent duplication.

- Other changes with respect to these contracts include:

  - Certifying that the employee managing the contract is truly qualified.
  - Preparing annual plans for these contracts.
  - Rewarding good contract management.

- Five of the eleven categories as noted above should be sampled to determine what portion of the dollars spent were for "advisory and assistance services."

- We reiterate recommendations made in mid-December on this issue:

  - OMB should require Departments and agencies to report actual spending for FY 1983 and estimated spending for FY 1985 for these services in six categories of the FPDS.
  - Departments and agencies should continue to report contracts for $10,000 for "advisory and assistance services," notwithstanding the increase in the small purchase threshold last year.

- Existing regulations against excessive use of modifications, non-competitive and cost-basis contracts must be enforced.

- Minor recommendations with respect to grants, intra- and interdepartmental contracts for "advisory and assistance services," and advisory committees have also been made.

RECOMMENDED OPTIONS

1) Issue an Executive Order requiring departments and agencies to control the use of "advisory and assistance services" and to name a single official to apply appropriate controls as requested by OMB.

_____ Approve _____ Disapprove

2) Authorize OMB to cooperate with departments and agencies in implementing the recommendations (listed on the preceding page) made by the Cabinet Council on Management and Administration to establish greater controls on the use of consultant services in the federal government.

_____ Approve _____ Disapprove

3) Encourage the Inspectors General, as coordinated by the President's Council on Integrity and Efficiency, to perform spot checks and audits of the various agency control systems on the uses of consultant services.

_____ Approve _____ Disapprove

Via a CCMA w/p of 2-28-84
Vote an Executive order,
an "authorization," and
a directive, with a middle."

-15-

Recommendations

We recommend that we take three additional actions to ensure that the progress which the Administration has made toward a more efficient and effective Federal Government continue. The recommended actions are:

Management Reviews

We should continue to tie management improvement initiatives to the budget by conducting management reviews as part of the Fiscal Year 1986 budget review and preparation.

Approve ~RR

Disapprove _____

President's Council on Management Improvement

We should establish a President's Council on Management Improvement (PCMI) to plan, develop (for review and approval of the CCMA and the President), and implement long term Government-wide management improvements. This Council, which would be chaired by the Deputy Director of OMB, would consist of the Assistant Secretaries for Management of the major departments and agencies.

Approve ~RR

Disapprove _____

If organized, the PCMI should prepare an annual report to the Congress, beginning this year under the direction of OMB, which would provide an assessment of management in the Federal Government, the results to date of the management improvement initiatives undertaken by this Administration, and a discussion of the remaining management problems which need to be addressed jointly by the Legislative and Executive branches.

Approve ~RR

Disapprove _____

These Recommendations were offered at a CCMA w/ the President on 2-23-84. The decisions relate to a presentation by Joe Wright on Reform '88.

cc: DO Records
DO Chron
Deputy Director
Arlene Triplett
Ralph Bledsoe
Melissa Allen
IAC: File/Chron

IAC:MJALLEN:mja 02/21/84

The President has seen

Received SS

1984 FEB 21 AM 7:41

THE WHITE HOUSE

WASHINGTON

FEBRUARY 13, 1984

MEMORANDUM FOR THE PRESIDENT

FROM: CRAIG L. FULLER

SUBJECT: SUGGESTED NOMINATIONS TO FILL CURRENT VACANCIES ON THE TASK FORCE ON LEGAL EQUITY FOR WOMEN

There currently exists a number of vacancies on the Task Force on Legal Equity for Women. These vacancies occur in slots that had been allocated to the Cabinet departments and certain select agencies. The following people have been nominated by the heads of departments and agencies to represent their respective agencies where current vacancies exist.

These names have been reviewed by Mike Deaver, the Office of Legislative Affairs, the Office of Policy Development, Presidential Personnel and my office. There is agreement among these White House offices that the appointments should be made. There is also agreement on the recommended Chairperson.

The following names require your concurrence for appointment to the Task Force.

Department of Treasury:
Donna Pope
Director, Bureau of the Mint

Department of Interior:
Laura Dietrich
Special Assistant to Secretary Clark

Department of Transportation:
Mari Maseng
Assistant Secretary for Public Affairs

Department of Education:
Madeleine Will
Assistant Secretary for Special Education and Rehabilitation Services

Veterans Administration:
Nora Kinzer
Special Assistant to Administrator Walters

Office of Management and Budget:
Connie Horner
Associate Director for Economics and Government

ACTION:

Betty Brake
Deputy Director

RR Approve appointments _____ Disapprove appointments

The Chair of the Task Force is currently vacant as well. Dorcas Hardy, Assistant Secretary for Human Development Services at the Department of Health and Human Services, and a current member of the Task Force, is recommended to be Chairperson of the group.

RR Approve appointment _____ Disapprove appointment

Document No. 186682CS

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/9/84 ACTION/CONCURRENCE/COMMENT DUE BY: --

SUBJECT: PRESIDENTIAL DECISIONS RE LIVER TRANSPLANTATION AND RELATED ISSUES

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McFARLANE	☐	☐
MEESE	☐	☐	McMANUS	☐	☐
BAKER	☐	☐	MURPHY	☐	☐
DEAVER	☐	☐	OGLESBY	☐	☑
STOCKMAN	☐	☐	ROGERS	☐	☐
DARMAN	☐P	☑SS	SPEAKES	☐	☐
FELDSTEIN	☐	☐	SVAHN	☐	☐
FIELDING	☐	☐	VERSTANDIG	☐	☐
FULLER	☐	☐	WHITTLESEY	☐	☐
HERRINGTON	☐	☐	_____	☐	☐
HICKEY	☐	☐	_____	☐	☐
JENKINS	☐	☐	_____	☐	☐

REMARKS:

The President has decided on Issues II, III, and IV. With regard to Issue I, the President has indicated that he does not feel strongly about Options 1 or 3, and would like additional discussion at a later date.

RESPONSE:

Richard G. Darman
Assistant to the President
Ext. 2702

THE WHITE HOUSE
WASHINGTON

Received SS
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CABINET AFFAIRS STAFFING MEMORANDUM

Date: February 8, 1984 **Number:** 186682CA **Due By:** --

Subject: DECISION MEMO: Liver Transplantation and Related Issues

	Action	FYI
ALL CABINET MEMBERS	☐	☐
Vice President	☐	☐
State	☐	☐
Treasury	☐	☐
Defense	☐	☐
Attorney General	☐	☐
Interior	☐	☐
Agriculture	☐	☐
Commerce	☐	☐
Labor	☐	☐
HHS	☐	☑
HUD	☐	☐
Transportation	☐	☐
Energy	☐	☐
Education	☐	☐
Counsellor	☐	☐
OMB	☐	☑
CIA	☐	☐
UN	☐	☐
USTR	☐	☐
GSA	☐	☐
EPA	☐	☐
OPM	☐	☐
VA	☐	☐
SBA	☐	☐

	Action	FYI
CEA	☐	☐
CEQ	☐	☐
OSTP	☐	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐
Baker	☐	☐
Deaver	☐	☐
Darman *(For WH Staffing)*	☐	☑
Jenkins	☐	☐
Mc Farlane	☐	☐
Svahn	☐	☑
_____	☐	☐
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_____	☐	☐
_____	☐	☐
_____	☐	☐
CCCT/Gunn	☐	☐
CCEA/Porter	☐	☐
CCFA/	☐	☐
CCHR/Simmons	☐	☐
CCLP/Uhlmann	☐	☐
CCMA/Bledsoe	☐	☐
CCNRE/	☐	☐

REMARKS:

The President has decided on Issues II, III and IV. With regard to Issue I, the President has indicated that he does not feel strongly about Options 1 or 3 and would like additional discussion at a later date.

Thanks.

RETURN TO:

☑ Craig L. Fuller
Assistant to the President
for Cabinet Affairs
456-2823

☐ Katherine Anderson ☐ Don Clarey
☐ Tom Gibson ☐ Larry Herbolsheimer
Associate Director
Office of Cabinet Affairs
456-2800

THE WHITE HOUSE

WASHINGTON

Decision

February 1, 1984

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN A. SVAHN

SUBJECT: Liver Transplantation and Related Issues

This memorandum requests your decision on the options presented to you at the January 3 meeting of the Cabinet Council on Human Resources.

At the conclusion of that meeting, there was general agreement on Issue II and III below but Issue I and IV were not decided. The Department of Health and Human Services will have to testify on these issues next week and decisions on all issues are now needed.

ISSUE I: SHOULD THE ADMINISTRATION SUPPORT A FEDERAL BAN ON THE BUYING AND SELLING OF ORGANS?

Background

Some have argued that allowing a market in solid organs for transplant would increase the supply of such organs. Several members of Congress and groups such as the AMA have raised ethical objections to this. Legislation was introduced in both houses last year to ban the sale of organs for transplant. Senator Hatch and Congressman Gore have promised further efforts toward a ban this year.

A ban on the buying an selling of organs would be a regulation of medical practice, a matter generally left to the States. More limited options for federal action toward a ban would be a ban on interstate commerce in organs, or exhorting the States to impose their own bans.

Fiscal Impact

If a market in solid organs develops, the cost of transplant procedures would rise, by the amount paid for the organs, perhaps up to $25,000 each. Also, since paying for organs would increase their supply, more transplantations could be done, which would also increase the outlays of the payors for transplantation. Additional organs for transplant would be of immense value to potential recipients, of course.

If a ban is imposed on sale of organs, fewer kidney, heart and liver transplantations would be done. Candidates for kidney transplant could be maintained on dialysis, but no alternative to transplant exists for person needing heart or liver transplantation.

Options

Option 1: Support Federal legislation directed to a ban on the buying and selling of solid organs whether from a living donor or from a cadaver.

Such a ban would not preclude payment for the cost of locating, harvesting, transporting, storing, matching or transplanting.

Option 2: Support Federal legislation directed toward a ban on the buying and selling of organs in interstate commerce.

Option 3: Oppose any Federal action and leave the matter to the States in their role as regulators of the practice of medicine.

Option 4: Take no position at this time.

Decision

Option 1 _____ Support a Federal ban

Option 2 _____ Support a ban on interstate commerce

Option 3 _____ Oppose any Federal action

Option 4 X Take no position

ISSUE II: SHOULD THE ADMINISTRATION SUPPORT AN ORGAN PROCUREMENT CLEARINGHOUSE?

Background

To provide the most efficient use of scarce human organs, it is necessary to have a mechanism for matching donors and potential recipients.

The Surgeon General convened two workshops involving organ procurement agencies, transplant surgeons and other private

sector organizations concerned with organ transplantation. This was done to assist the establishment of such a system for the procurement of organs other than kidneys and to develop a mechanism for encouraging organ donation. From these conferences, the American Council on Transplantation was formed, which is establishing a private sector organ procurement clearinghouse.

However, a federal organ procurement agency has been advocated by some members of Congress and others. If this option were chosen the government itself would perform the functions of organ procurement.

Fiscal Impact

The private sector clearinghouse is supported by a grant of $100,000 annually from HHS. The cost to the federal government of a federal organ procurement agency is unclear, but it would likely be at least several million dollars annually.

The Cabinet Council recommends Option 2 below.

Options

Option 1: Establish a Federal Organ Procurement Agency

Option 2: Continue to support the voluntary private sector clearinghouse that is being established.

Decision

Option 1 _____ Support a Federal organ procurement agency

Option 2 __X__ Support the private sector clearinghouse

ISSUE III: SHOULD THE ADMINISTRATION RECOGNIZE LIVER TRANSPLANTATION AS A NON-EXPERIMENTAL PROCEDURE?

Background

In 1980, the U.S. Public Health Service found liver transplantation to be "experimental" which has kept the Health Care Financing Administration from including the procedure as a reimbursable technique under Medicare. Since many states tie their Medicaid coverage decisions to Medicare, they have not allowed reimbursement for liver transplantation. In April 1982, HCFA asked the PHS to examine again the safety and efficacy of liver transplantation in light of new technology, drug therapy,

Because of the complex scientific involved, the National Institutes of Health convened a Consensus Development Conference in June, 1983, in which the skills, resources and institutional support needed for liver transplantation were discussed. The consensus of the participants was that "liver transplantation offers an alternative therapeutic approach which may prolong life in some patients suffering from severe liver disease. . . ." However, serious questions remain to be addressed to assure that diffusion of this technology occurs in an orderly fashion which avoid subjecting patients to unnecessary risks and puts scarce institutional resources to use for those individuals who have the most chance to be helped.

Options

Option 1: Accept the findings of the NIH Consensus Conference as a basis for coverage guidelines, and thereby cover under Medicare patients with several diagnoses, and limit the transplantations to health care institutions with special capacities.

Fiscal Impact

HHS estimates that at most, a total of 4,700 individuals could benefit each year from liver transplantation, of whom 500 are children. However, beyond reimbursement, the greatest constraint on transplantation is the availability of donor organs. HHS estimates that during the next two to three years no more than 300 to 500 transplantations could be done per year.

It is quite difficult to judge the number of patients who would be covered under Medicare, Medicaid, Blue Cross/Blue Shield or other private carriers. It is extremely unlikely that any children would be eligible for Medicare coverage of the procedure should it become reimbursable under Medicare.

HHS estimates a cost of $200,000 per liver transplantation. Using the above maximum figure of 4,700 transplantations per year, this represents an annual total cost of $940 million for all payors.

Based on data on insurance coverage patterns for persons who are limited in activity or who have more than 12 physician office visits each year, HHS estimates that the breakdown of this liver transplantation cost would include $57 million under Medicare and $128 million under Medicaid (of which one-half is federal cost).

Option 2: Give Federal recognition to liver transplantation as a non-experimental procedure for children with biliary atresia and certain other rare congenital abnormalities, and conduct clinical trials for others. Such Federal recognition could be accomplished by the Secretary of Health and Human Services indicating this in connection with the CHAMPUS Program.

Fiscal Impact

This option would give federal recognition to liver transplantation in cases of children with biliary atresia. This is the diagnosis in which the great majority of liver transplantations has been done to date.

The cost to the federal government of this option would be one-half the Medicaid cost and the CHAMPUS cost. HHS estimates that of the maximum of 500 candidates for transplant each year, 74 would be Medicaid-eligible, with a total cost of $15 million.

In addition, this option would authorize clinical trials of liver transplantation in 112 patient with diagnoses other than biliary atresia. The procedure cost of $22 million would be apportioned among the various payors based on the health insurance coverage of the patient. HHS would pay the data analysis costs of approximately $3 million.

Option 3: Establish broad clinical trials involving children and adults.

Fiscal Impact

This option would authorize clinical trials of liver transplantation in 224 patients, including biliary atresia. The procedure cost of $45 million would be apportioned among the various payors based on the health insurance coverage of the patient. HHS would pay the data analysis costs of approximately $6 million.

The Cabinet Council recommends Option 2.

Decision

Option 1 _____ Support Medicare coverage for several diagnoses

Option 2 __X__ Recognize procedure for biliary atresia and support clinical trials for others

Option 3 _____ Support clinical trials for all diagnoses

ISSUE IV. SHOULD THE ADMINISTRATION APPOINT A TRANSPLANT ADVISORY COMMITTEE?

Background

There remains a number of bio-ethical, legal, economic and social questions concerning organ transplantation. An advisory committee on transplantation, composed of physicians, patients or their guardians, lawyers, clergymen, economists, and others, would address these issues.

Fiscal Impact

Whether a Presidential or a Secretarial Committee, such a group would likely cost approximately $200,000 for one year of work.

Options

Option 1: Appoint a Presidential Committee

Option 2: Permit the Secretary of HHS to appoint such a committee.

Option 3: Do not appoint an Advisory Committee

Decision

Option 1 _____ Presidential committee

Option 2 _____ Secretarial committee

Option 3 __X__ No committee

THE WHITE HOUSE
WASHINGTON

January 9, 1984

MR. PRESIDENT:

The attached decision memo is to follow-up our luncheon discussion on deficit reduction. I have provided copies to Messrs. Meese, Baker, and Deaver -- with the suggestion that you discuss this at your 9:00 meeting in the morning.

Richard G. Darman

cc: Meese, Baker, Deaver

The President has seen...

THE WHITE HOUSE

WASHINGTON

NOTE FOR THE PRESIDENT

FROM: RICHARD G. DARMAN Dick

SUBJECT: DEFICIT REDUCTION DECISIONS

This memo is for your convenience in reviewing and formalizing your deficit reduction decisions.

(A) STRUCTURAL REFORMS

It has been assumed that you have already decided to include the following in your program -- and to announce these in the context of the State-of-the-Union-and-Budget presentations:

- Constitutional amendment to provide Presidential line-item veto (with specific details still to be decided) RR ___YES ___NO

- Constitutional amendment to provide for balanced budget RR ___YES ___NO

Your advisers unanimously recommend that your program also include a commitment to study tax simplification -- with a visible directive to Treasury (in the State of the Union), that requires: adherence to principles seeking greater fairness, simplification, efficiency, reduction of cheating, and incentives for work, savings, investment, and growth; and a report to you at the end of 1984.

RR ___YES ___NO

(B) BUDGET PROGRAM DECISIONS REVIEWED/APPROVED TO DATE

It has also been assumed that you intend to stick with the budget-cutting decisions you have already made in the budget review process, that you approve Don Regan's "cats and dogs" revenue measures (to which no objections have surfaced); and that you approve a space platform initiative (at the OMB/NASA budget compromise level). The deficit -- given these decisions and troika economic assumptions -- would then be projected as on page 1, line 3 of the attached memo (which you reviewed at lunch). NOTE: over five years, these decisions amount to a net of roughly $250 billion in deficit reduction (relative to our "current services projection).

X ___YES ___NO

(C) ADDITIONAL DEFICIT REDUCTION OPTIONS FOR DECISION

The options discussed at Monday's lunch (paper attached) should be viewed as addressing the question: What, if anything, else? As requested, I note here below who (among those at lunch) recommends what:

____YES ____NO Option (1): "All decisions to date with no additional measures"

Recommended by: Weinberger

____YES ____NO Option (2): "Additional 7.5% corporate/individual surcharge"

Recommended by: Baldrige, Feldstein, Stockman

____YES ____NO Option (3): "Additional 3% outlay cut (ex social insurance) and matching contingency tax"

Recommended by: no one

____YES ____NO Option (4): "Additional 3% outlay cut (ex social insurance)"

Recommended by: Regan

____YES ____NO Option (5): "All decisions to date plus bipartisan deficit commission"

Recommended by: Baker, Darman, Deaver, Fuller, McFarlane, Meese, Oglesby, Svahn.
NOTE: If this option is selected, a supplementary paper on the detailed charter and membership of the Commission will be required for Presidential review and decision.

____YES ____NO Option (6): "Bipartisan deficit commission plus [some other option]"

NOTE: Shultz favors a Commission plus a consumption tax on energy. Baldrige favors a Commission on entitlements along with option (2).

SUMMARY OF BUDGET STATUS* TO DATE

Budget Component	1985	1986	1987	1988	Total
Budget Totals:					
1) Outlays	923	1,000	1,072	1,136	4,131
2) Revenue	744	814	887	978	3,423
3) Deficit	-179	-186	-185	-158	-708
Deficit Reduction Measures Reflected in Budget Totals:					
4) Non-DOD spending cuts	5	11	15	20	51
5) DOD savings from FY 1984 topline	11	12	12	12	47
6) Debt service savings	2	5	7	10	24
7) Treasury tax code reform	7	11	15	19	52
8) Sub-total	25	39	49	61	174
9) Memo item: Composition of Treasury tax code measures:					
10) Health cap reform	3.7	6.3	7.7	9.6	27.3
11) State/local leasing abuse	1.8	2.8	4.2	5.9	14.7
12) All other	1.6	1.9	3.0	3.5	10.0
Budget Shares of GNP:					
13) Outlays	23.7%	23.6%	23.4%	22.9%	---
14) Revenue	19.1%	19.2%	19.3%	19.7%	---
15) Deficit	-4.6%	-4.4%	-4.0%	-3.2%	---

* Based on approved FY 1985 economic forecast:

	Real GNP Growth	Unemployment Rate	T-bill	CPI Increase
1984	5.3%	7.7	8.5	4.4
1988	4.0%	5.8	5.5	3.9

ADDITIONAL DEFICIT REDUCTION OPTIONS

Budget Option	1985	1986	1987	1988
Option #1: All Budget Decisions to Date with no Additional Measures:				
1) Deficit Level	-179	-186	-185	-158
Option #2: Additional 7.5% Corporate/Individual Surcharge:				
2) 7.5% Surcharge	22	33	36	40
3) Deficit Level	-156	-149	-142	-110
Option #3: Additional 3% Outlay Cut (Excluding Social Insurance) and Matching Contingency Tax:				
4) Additional 3% Outlay Cut	16	27	31	33
5) Matching Contingency Tax	--	27	31	33
6) Deficit Level	-163	-128	-115	-80
Option #4: Additional 3% Outlay Cut (Excluding Social Insurance):				
7) Additional 3% Outlay Cut	16	27	31	33
8) Deficit Level	-163	-156	-149	-119
Option #5: All Budget Decisions to Date plus Bipartisan Deficit Commission:				
9) Commission Savings	--	50	65	83
10) Deficit Level	-179	-136	-120	-75
Option #6: Bipartisan Deficit Commission plus Any Option Above				

4-Year Total

	#1	#2	#3	#4	#5*
Outlays					
1) Non-DOD Savings	51	51	100	100	51
2) DOD Savings ...	47	47	105	105	47
3) Debt Service ..	24	44	50	40	24
4) Total Outlay ..	122	142	255	245	122
Revenue					
5) Treasury Pkg...	52	52	52	52	52
6) Tax Increase ..	0	131	91	0	0
7) Total Revenue..	52	183	143	52	52
Deficit					
8) Deficit Total..	-708	-557	-486	-587	-510

Deficit Share of GNP

	1985	1986	1987	1988
#1	4.6	4.4	4.0	3.2
#2	4.0	3.5	3.0	2.1
#3	4.2	3.1	2.5	1.6
#4	4.2	3.7	3.6	2.4
#5	4.2	3.2	2.6	1.5

* Commission deficit reduction target shown in deficit line only

FURTHER DETAILS ON DEFICIT REDUCTION OPTIONS

All Options: Treasury Would be Directed Now to Study and Develop New Tax Simplification Aproach Based on Following Principles:

- The tax system must be made more simple
- The tax system must be made more fair
- Incentives for work, savings, investment and economic growth must be increased
- Taxes must be easier to pay and easier to collect
- Cheating must be substantially reduced

Option #2: Additional 7.5% Corporate/Individual Surcharge

- Immediate transmittal and active Administration support of 7.5% surcharge.
- Entitlement savings sought on parallel track "best efforts" basis.
- Surcharge effective January 1, 1985 but triggers on only if FY 1985 non-DOD appropriations do not exceed Administration request.
- Automatic expiration in 1987 -- replace with structural spending/ tax reform. Triggers-off before 1987 if deficit below 2.5% of GNP.

Option #3: Additional 3% Outlay Cut (Excluding Social Insurance) and Matching Contingency Tax

Distribution of Additional 3% Cut

	1985	1986	1987	1988	4-Year Total	% of Total
1) DOD	8	15	17	18	58	54%
2) National Interest	2	2	3	3	10	9%
3) Other Domestic	6	10	11	12	39	36%
4) Total	$16	$27	$31	$33	$107	100%

Memo Item: Impact on Defense Budget Authority vs. January FY 1984 Topline:

o Cut agreed to by DOD	-17	-10	-11	-11	-49	N.A.
o Additional 3% Outlay Cut .	-19	-19	-19	-19	-76	N.A.
o Total B.A. Cut	-36	-29	-30	-30	-125	N.A.
o Revised DOD B.A. Level ...	286	328	359	394	1,367	

Description of Additional 3% Outlay Cut and Matching Contingency Tax

- o 3% outlay cut from previously approved FY 1985 levels for all budget accounts except social insurance programs (Social Security, Medicare, UI, etc.).
- o 10% cap on 1985 Budget Authority cut from previously approved levels to protect slow-spend programs. Proportionate B.A. cut in out-years.
- o Matching contingency tax not transmitted or supported by Administration until both previously approved and additional 3% domestic spending cuts enacted. Matching contingency tax triggers-on in FY 1986 if deficit above 2.5% of GNP and no recession.

Option #4: Additional 3% Outlay Cut (Excluding Social Insurance)

- o Same pro-rata outlay cut as in option #3.
- o No additional contingency tax.

Option #5: Details of Bipartisan Deficit Commission

- o Comprised of outsiders.
- o Recommendations non-binding.
- o Reporting date: December 1984.
- o Tax proposals: referral to Treasury for review as part of simplification study.
- o Spending cut proposals: referral to OMB and Congress.

THE WHITE HOUSE
WASHINGTON

Date: 1/6/84

NOTE FOR: EDWIN MEESE III

The President has

seen ☐
acted upon ☑
commented upon ☐

the attached; and it is forwarded to you for your:

information ☐
action ☑

Richard G. Darman
Assistant to the President
(x-2702)

cc: C. Fuller
Original to files

The President has seen

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: EDWIN MEESE III, CHAIRMAN PRO TEMPORE
CABINET COUNCIL ON MANAGEMENT AND ADMINISTRATION

SUBJECT: Border Inspection Consolidation

Background

Improvement of passenger and cargo inspections at air, land, and sea ports of entry is a priority goal of this administration.

At the CCMA Planning Meeting of November 2, 1983, it was agreed that a proposal on how best to achieve this goal would be developed and recommended for your review and possible approval. The Customs Service and the Immigration and Naturalization Service (INS) worked with the top officials of OMB, Justice, and Treasury to agree upon a compromise proposal.

Proposal and Discussion

The proposal would:

- Place primary passenger inspection at air and sea ports in Customs.
- Place primary passenger inspection at land ports in INS.
- Transfer land patrol between land ports of entry to INS.

A detailed analysis indicates that this consolidation of functions will:

- Facilitate passenger and cargo processing.
- Enhance law enforcement activities.
- Achieve greater efficiency and accountability over the management of our border programs.

Strong support for the proposal exists among industry representatives. Members of Congress, in general, are cautiously receptive but more consultation is necessary.

The Customs Service and the INS are in total agreement except for one point - the responsibility for primary inspection activity at pre-clearance sites in foreign airports. "Pre-Clearance" passenger inspection is performed prior to departure to the United States to facilitate entry.

Since the U. S. Customs Service would have primary responsibility for inspection at all airports, they believe Customs should also be given responsibility for pre-clearance airports, so as to retain the one representative concept to industry. INS feels that Customs does not have the expertise in the complexities of

pre-clearance as an immigration control device. Currently, Customs personnel at pre-clearance sites outnumber INS personnel by 2 to 1 (approximately 180 inspectors to 90). There are currently 9 pre-clearance sites excluding 2 sites in the Virgin Islands.

Recommendation Number 1

That you approve the transfer of primary inspection activity at pre-clearance sites from INS to Customs. While there are four discrete options which were reviewed ranging from doing nothing with pre-clearance to splitting the responsibility of pre-clearance between INS and Customs, it appears that this recommendation is most in line with the scope of the overall guidelines approved by the CCMA.

_____ Approve _____ Approve With Modification _____ Disapprove

Recommendation Number 2

That you approve the proposal to consolidate the primary inspection activities of INS and Customs, as outlined above.

_____ Approve _____ Approve With Modification _____ Disapprove

THE WHITE HOUSE
WASHINGTON

Date: 1/6/84

NOTE FOR: EDWIN MEESE III

The President has

seen ☐
acted upon ☑
commented upon ☐

the attached; and it is forwarded to you for your:

information ☐
action ☑

Richard G. Darman
Assistant to the President
(x-2702)

cc: C. Fuller
Original to files
D. Stockman

The President has seen____

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: Edwin Meese III, Chairman Pro Tempore
Cabinet Council on Management and Administration

SUBJECT: Position Management

OMB, OPM and the Grace Commission believe the Federal workforce is top-heavy in higher-paid professionals and managers, creating a "bulge" in positions at grades GS-11 to GS-15. There was general consensus at the November 2, 1983 CCMA Planning Meeting that action should be taken to deal with this "bulge".

Proposed Goal

- OMB and OPM propose that we reduce the "bulge" by 8%, through four annual budget cuts of approximately 2% per year between FY 1985 and FY 1988.

Implementation

- To achieve a percentage reduction in these grade levels, OMB has factored-in a Ø.55% net reduction in GS-11 to GS-15 personnel costs for the FY 1985 budget. That figure allows for replacing "bulge" positions with lower-graded jobs, and assumes that reductions will be gradual, through attrition.

- OPM has proposed formulas for tailoring the goal to each agency, taking into account current workforce ratios and any recent success in reducing the absolute number of GS-11 to GS-15 positions.

- OMB and some agencies disagree with OPM's formulas, preferring different adjustment factors, such as agency mission and amount of contracting-out. Agencies also differ on how progress should be monitored.

- If the goal is not approved, OMB can restore the FY 1985 funds in the process for the pay-raise supplemental.

Decision

___ Approve the 8% Goal ___ Disapprove the Goal

The President has seen____

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

October 13, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: MB Malcolm Baldrige, Chairman Pro Tem
Cabinet Council on Commerce and Trade

SUBJECT: Financial Interest and Syndication Regulations.

Issue

Should the Reagan Administration take a position on proposed changes in the rules governing television network involvement in the program production business?

Background

The Federal Communications Commission (FCC) in 1970 adopted rules limiting the role of the three national television networks in the program production business. Two important rules are the "Financial Interest" and "Syndication" rules.

The Financial Interest rule generally prohibits the networks from owning all or part of the entertainment programs that they air. The Syndication Rule prohibits the networks from marketing television shows in the so-called "syndication market" after they have finished their exhibition on network TV.

The FCC placed restrictions on the networks for several reasons. First, they found the networks had used control over their own network distribution systems to extract valuable ancillary rights and other "unfair" concessions from program producers. To secure network exhibition of their programs -- essential at that time to profitability -- producers had been required, for example, to sign-over rights to syndicate reruns, the video cassette and tape rights, etc. Second, the FCC determined that allowing the national networks to control "off-network" exhibition of programs could disadvantage unaffiliated or "independent" television stations. There was concern then that without the Syndication Rule, the networks might withhold reruns from the syndication market either completely or long enough to affect price ("warehousing") or sell the rights to their affiliates on terms more attractive than those extended independent stations ("preferential licensing").

The FCC rules restricting the national networks were adopted at the same time the Justice Department was suing the three networks for allegedly monopolizing the program production business. These antitrust actions were later settled by consent decrees. The decrees mirror many of the restrictions contained in the FCC's rules.

The Current FCC Proceeding

In 1979, a special FCC study staff recommended that the Financial Interest and Syndication rules be eliminated. The special study staff found that the rules were inconsistent with maintaining a strong and competitive network broadcasting system and were not required to ensure a diverse and competitive programming industry. In July 1982, the FCC began proceedings to change these regulations. The Commerce and Justice Departments filed comments in January and April 1983, urging major changes in the rules. Both Commerce and Justice also participated in oral arguments held by the FCC in March 1983 and reiterated their view that changes were warranted given developments in the mass media field since 1970. The Federal Trade Commission (FTC) filed comments supporting the Commerce-Justice views.

The FCC in August 1983 formally proposed new regulations. The FCC proposed, first, to eliminate the restrictions on the networks owning all or part of the entertainment programs they air. The FCC proposed to relax, but not eliminate, the restrictions placed on network involvement in the syndication market. Under this latter proposed rule, the networks would be required to sell the syndication rights to television shows that they own within five years after the show was first run on network television, or six months after the series completed its network run. The networks would also have to use unaffiliated program syndicators to market the rights to such programs. The purpose of this proposed rule is to limit the ability of the networks to "warehouse" programming, or to preferentially license it to their affiliates to the detriment of the independent television stations.

The FCC determined that there was a public interest in maintaining the ability of the networks to compete against new media, given the fact a majority of the public will continue to rely on conventional television services. The FCC also found that the public's interest in a strong and diverse programming industry and financially sound independent television stations would be furthered by the changes in the rules they proposed.

In September 1983, the Commerce and Justice Departments and the FTC again filed comments with the FCC generally supporting the proposed changes in the Financial Interest and Syndication rules. The Justice Department has also held discussions with the networks concerning possible changes in the consent decrees; absent such changes (which would require court approval), the effect of the rule changes the FCC has proposed would be blunted.

Pending Legislation

Congressman Henry Waxman and Senator Pete Wilson are sponsoring bills that would block any changes in the FCC Financial Interest and Syndication rules for five years (H.R. 2250, S. 1707). The Administration took no position on the Waxman bill when House subcommittee hearings were held in September 1983. The Commerce Department has been asked to testify before the Senate Communications Subcommittee on S. 1707 on November 2.

Arguments for Repeal

These are the main arguments for eliminating or changing the FCC rules:

o Unwarranted Intrusions. The FCC's financial interest and syndication rules constitute an unwarranted regulatory intrusion into the effectively competitive programming and video marketplaces. Indeed, the rules never achieved the purposes for which they were adopted. If anticompetitive practices arise, adequate antitrust remedies are available.

o Enhanced Competition. Repeal will increase competition in the program production business. Small producers will gain an additional financing option and will thus compete more effectively with the major studios.

o New Technologies. Repeal will afford the networks the ability and incentive to increase investment in programming and compete more effectively with new technologies, including cable TV. They will continue to be interested in preserving a strong broadcasting industry.

Arguments Against Repeal

These are the arguments for retaining the FCC rules.

o Increased Concentration. The networks will force smaller producers out of business and deny the major studios the profits needed to keep making high quality TV programming.

o Warehousing. Most desirable syndicated programs would be withheld from the independent stations if the networks had the chance. This would reduce competition with networks and affiliates, drive advertising rates higher, and deny viewers meaningful options.

o Loss of Creative Control. The networks will deny the studios the ability to control quality. With greater leverage, networks will wring even more concessions from the major studios.

Positions of the Parties

The major television program producers are represented by the Motion Picture Association of America (MPAA). MPAA opposes any change in the FCC regulations. It believes the television networks exercise market power and relaxing restrictions would resurrect the perceived competitive abuses of the past. MPAA maintains changing the FCC rules will lessen competition, lead to further concentration in the program production field, and reduce the likelihood new and innovative programs will be aired on network TV. Trade associations composed of small program producers and the pertinent labor unions (e.g., SAG, AFTRA) also generally support the MPAA position and oppose any changes in the FCC rules.

The associations representing unaffiliated, independent television stations generally oppose any changes in the FCC rules that would allow the networks to control the syndication market. They maintain that no safeguards are adequate to prevent preferential licensing of the most desirable programs to the networks' affiliated stations. They maintain

that independent stations, not new media, constitute the networks' chief competition today and are thus likely targets.

The national television networks say that substantial changes in the FCC restrictions are warranted given changes in the competitive conditions in the mass media market. The networks state that since cable television now reaches 60 million viewers, their control over the "video marketplace" has been diluted. They maintain that changes in the FCC regulations are needed to give them a greater incentive and ability to compete against new media. The networks also have stated they believe safeguards including the antitrust laws are sufficient to forestall any competitive abuses. The networks have stated that changing the FCC rules constitutes a "number one priority." All three national networks are on record as supporting the FCC's recently proposed rule changes.

The Commerce and Justice Departments have both argued that changes in marketplace conditions warrant major changes in the FCC's regulations. The Commerce Department has urged elimination of both the Financial Interest and Syndication rules. The Justice Department has supported eliminating the Financial Interest rule and relaxing the Syndication rule. Both Commerce and Justice are on record as generally supporting the rule changes proposed by the FCC in August 1983. The FTC generally supported the views of the Executive departments and supported repeal.

Options

These are the options now available to the Administration:

1. Oppose any legislation and support the FCC-Commerce-Justice-FTC position favoring major changes in the FCC rules. The FCC's actions are premised on five years of careful study. The expert Executive agencies and the FTC generally support the FCC's proposals. The present rules tend simply to protect one group of large firms (e.g., MCA/Universal, Gulf & Western/Paramount, Coca-Cola/Columbia) from another (e.g., ABC, CBS, NBC) and without clearly furthering any public interest. Any competitive problems, moreover, could only arise over time; ad hoc FCC actions and private and public antitrust actions probably provide ample remedies.

Pros

-- Would be consistent with the Administration's deregulatory, procompetitive policies.

-- Repeal would promote the ability of the networks to compete against new media and tend to ensure continued high-quality shows on "free" television.

Cons

-- Could alienate programmers, the creative community, and independent station owners and be cast as evidence of "insensitivity" to small producers and need for more creativity.

-- If forecasts of harm materialize, the result could be fewer program choices for the public eventually, and independent stations may be affected.

2. Support pending legislation and oppose changes in the FCC rules. Since the FCC has already proposed formal rule changes, legislation may be the only way to block any deregulatory action. The pending bills would block any FCC rule changes for five years. Technical considerations, FCC ownership rules, and antitrust decrees generally hobble the major studios in any effort to compete against the TV networks in distributing programs. It is arguably unfair to permit the networks into production, distribution, and exhibition while major Hollywood studies are prevented by consent decrees from engaging in all three of these activities.

Pros

-- Would be supported strongly by virtually all segments of the Hollywood community.

-- Would forestall emergence of any forecast competitive or "creative" problems.

Cons

-- Would entail reversing position taken by Commerce, Justice, and FTC over the past year and leave Administration open to charges of favoritism.

-- Would alienate national networks which have declared changing the FCC rules to be a "number one priority."

3. Support compromise, two-year moratorium legislation. Legislation stopping any FCC rule changes for two years, with a requirement that the agency formally revisit the area then, is an alternative to the proposed legislation. There are other alternatives that can be considered as well. As the current economic recovery accelerates, the range of competitive alternatives to the networks may become more apparent.

Pros

-- Would assure networks that the regulation would be reconsidered in the near future.

-- Would assure program producers that there would be no change for at least two years.

Cons

-- A two-year moratorium would please neither the networks nor program producers.

-- Would continue in effect rules Commerce, Justice, FTC and FCC all have found economically and competitively unwarranted.

4. Take no Administration position; permit Justice and Commerce to continue advancing expert agency views. At issue here is a fight over profits between two profitable industries. The Administration as such has taken no position; Congress has not yet sought a statement of the President's views.

Pros

-- Would demonstrate Administration's reliance on cabinet departments to deal with complex, special-interest domestic issues not requiring Presidential attention or direct involvement.

-- Could avoid alienating either the Hollywood community or the national television networks.

Cons

-- If legislation passes, the Administration will have to make a final decision; taking no action now might mean less chance to affect the final outcome.

-- Not deciding now will continue direct pressure on White House or speculation and mischaracterization of the President's "true" position.

THE WHITE HOUSE
WASHINGTON

Date: July 28, 1983

NOTE FOR: CRAIG L. FULLER

The President has

seen ☐
acted upon ☒
commented upon ☐

the attached; and it is forwarded to you for your:

information ☐
action ☒

Richard G. Darman
Assistant to the President
(x-2702)

cc: Mr. Meese
Mr. Baker
Original to files

The President has seen

Received SS

1983 JUL 27 PM 3:23

THE WHITE HOUSE

WASHINGTON

27 July 1983

MEMORANDUM FOR THE PRESIDENT

FROM: EDWIN MEESE, III

SUBJECT: Timber Sale Contract Extensions

Pursuant to the Cabinet discussion on 21 July 1983 and to your request to me, I recommend that you authorize the Secretaries of Agriculture and of the Interior to extend certain timber sale contracts for a period up to five years beyond their current termination dates. If you approve, such extensions may be made without interest but would be subject to the following conditions:

National Forest timber sale contracts for timber sales prior to 1 January 1982, may be, upon application, extended five years beyond the existing termination. A purchaser applying for extensions will be required to submit a plan showing how the applicant intends to meet his contractual commitments--National Forest, other Federal, and private. The operating schedule set forth in the approved extension plan will be incorporated into individual contracts in the form of a payment/cutting schedule designed to pay off the contract price in 5 years or less. Modification of the extension plan and the payment/cutting schedules in individual contracts will be permitted as long as the modified plan meets the original criteria for approval.

Contracts which have previously been extended and which are not in default may be extended for an additional five years following the current termination date. Current contract extensions which require the payment of extension deposits or interest may be replaced with a 5-year extension. The 5-year term of such extensions will start as of the time of contract modifications. Such modifications will not be retroactive and may be approved only if payments are current under the terms of the extensions being replaced.

If you approve, instructions will be issued regarding application procedures, the conditions to be imposed on extended contracts, and measures required to insure adherence to the extension plan.

RR APPROVE _____ DISAPPROVE

R6D-FY1

THE WHITE HOUSE
WASHINGTON

Date: July 26, 1983

NOTE FOR: SECRETARY DONALD T. REGAN
(Through Craig Fuller)

The President has

seen ☐
acted upon ☒
commented upon ☐

the attached; and it is forwarded to you for your:

information ☐
action ☒

Richard G. Darman
Assistant to the President
(x-2702)

cc: Mr. Meese
Mr. Baker
Original to files

The President has seen_____

THE WHITE HOUSE

WASHINGTON

July 18, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: THE CABINET COUNCIL ON ECONOMIC AFFAIRS

SUBJECT: H.R. 3110 — Governmental Leasing Act of 1983

Background

At the June 22, 1983 meeting of the Cabinet Council on Economic Affairs, we discussed with you the increasing use of sale/leaseback arrangements by tax-exempt entities, including state and local governments and private non-profit organizations.

Many governments and non-profit organizations have entered into these arrangements in order to shift a portion of the cost of a building or other major capital investment to the Federal Government by taking advantage of tax incentives not normally available for the investments of public or private non-profit entities.

The House Ways and Means Committee is currently considering H.R. 3110, the Government Leasing Tax Act of 1983, which would deny certain tax incentives for property leased to governments and other tax exempt entities. At the meeting there was agreement on two basic principles that would guide the Administration's position on this legislation.

Basic Principles

1. The legislation should not inhibit state and local governments in their efforts to contract out or privatize certain services which they feel can best be provided by private sector entities.

2. The legislation should ensure that property constructed with Federal grants or tax exempt financing is not also eligible for tax benefits normally available only for the investments of private for-profit entities. Thus, we would prevent so-called double dipping.

Administration Position on H.R. 3110

Consistent with these principles the Cabinet Council on Economic Affairs recommends that the Administration's position on H.R. 3110 include the following:

1. Limiting the scope of the bill to the transactions that present the greatest potential for tax abuse. These include:

- o The sale and leaseback by a tax-exempt entity of its existing stock of property; and
- o The leasing to a tax-exempt entity of any property, whether new or used, that is acquired or constructed with the proceeds of tax-exempt obligations.

Except for property that is financed with tax-exempt obligations, the leasing of new or newly acquired property should not be affected by the bill. Leases by tax-exempt entities must, however, qualify as leases, not conditional sales, under IRS guidelines.

Eliminating from the scope of the bill newly acquired property that is not tax-exempt financed recognizes that there are many legitimate, non-tax reasons for such entities to lease property such as office space, office equipment, and computers.

2. Applying the general principles of the bill to all property that is leased to the Federal Government.

This will not raise the cost to the Federal Government of using property, but it will treat the costs of government leasing as outlays.

3. Eliminating the current provision requiring that property leased to the Federal Government must be placed in service by January 1, 1984. The bill should also grandfather any lease transaction involving the Federal Government for which congressional approval was given by May 23, 1983, providing that a binding contract with respect to such a transaction is concluded by September 30, 1983.

This will save the Federal Government from incurring additional legal and other transaction costs that would result from restructuring pending lease transactions.

4. Treating foreign lesees the same as tax-exempt lesees, consistent with existing law. In the special case of property produced abroad and used abroad no U.S. tax benefits will be allowed.

Recommendation: The Cabinet Council on Economic Affairs recommends that the Administration support H.R. 3110, the Governmental Leasing Act of 1983, if amended in accordance with the principles outlined above.

Approve DTR Disapprove _____

DTR

Donald T. Regan
Chairman Pro Tempore

THE WHITE HOUSE
WASHINGTON

Date: June 16, 1983

NOTE FOR: DAVID A. STOCKMAN

The President has

seen ☐
acted upon ☒
commented upon ☐

the attached; and it is forwarded to you for your:

information ☐
action ☒

Richard G. Darman
Assistant to the President
(x-2702)

cc: Craig L. Fuller
Kenneth M. Duberstein
Edwin L. Harper
Original to files

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

June 14, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: DAVID A. STOCKMAN

SUBJECT: DECISION ON CHILD SUPPORT ENFORCEMENT

The Senate Finance Committee has scheduled hearings on child support enforcement for June 16. As part of the Administration FY 84 budget initiatives, you proposed several reforms in the child support enforcement program. Legislation to implement these reforms has not, as yet, been transmitted to Congress. HHS is holding the bill until a decision is made on Secretary Heckler's proposed amendment. Her proposal was discussed at the May 24 Cabinet meeting on women's issues. A decision is needed in the near future if our proposed reforms are to be considered by the Finance Committee.

CURRENT LAW

- o States are required to establish programs to obtain child support payments from legally liable absent spouses of AFDC recipients and others who apply for CSE services.
- o Federal Government pays 70 percent of administrative costs of program.
- o A state failing to establish a CSE program forfeits 5 percent of the Federal share of AFDC program payments.

ADMINISTRATION'S PROPOSED FY 84 REFORMS

- o Strengthen CSE programs, in part, by mandating that states withhold wages of absent spouses to collect support payments.
- o Restructure Federal financing to increase incentives for collecting support payments from legally liable absent spouses.
- o A state failing to implement required reforms would lose between 3 and 5 percent of AFDC funds.

IMPETUS FOR HECKLER AMENDMENT

- o The proposed restructuring of Federal financial assistance would have the effect of
  - increasing assistance to states for collecting child support payments from absent spouses of AFDC recipients and,
  - reducing financial assistance to states for collecting child support payments from absent spouses of parents not receiving AFDC.

- Representatives of women's groups claim that this will result in fewer resources being devoted to collecting child support payments for women not receiving AFDC.

THE HECKLER AMENDMENT

- The amendment would place additional requirements on states to ensure collection efforts for non-AFDC parents. The additional requirements would mandate that states establish

  - A minimum $25 application fee payable by any non- AFDC applicant who seeks state assistance in collecting child support payments, and

  - A collection fee payable by the absent parent. The fee would equal 3 to 10 percent of the amount collected by the state from the absent parent and would be assessed on top of the child support payment.

PROS

- The amendment is likely to be well-received by special interest women's groups and, as a result, may improve the prospects for passage of our legislative reforms.

- The amendment appears to have no known opposition on the Hill.

CONS

- The amendment runs counter to the Administration's Federalism principles. It places additional mandates on states in an area where the Federal Government has no legitimate interest and uses the club of Federal AFDC dollars to enforce the mandates.

- The amendment's value in addressing the women's groups' concerns is questionable. The amendment would establish a fee for services currently provided to many women free of charge or at a lower cost.

DECISION:

RR AMENDMENT APPROVED

_____ AMENDMENT DISAPPROVED

_____ No decision as yet on amendment. Transmit legislative reform package as currently drafted leaving open the possibility of sending up the amendment at a later date.

THE WHITE HOUSE
WASHINGTON

Date: 4/29/83

NOTE FOR: EDWIN MEESE

The President has

seen	☐XX
acted upon	☐XX
commented upon	☐

the attached; and it is forwarded to you for your:

information	☐XX	and/or
action	☐XX	

Richard G. Darman
Assistant to the President
(x-2702)

cc: Craig Fuller
Central Files - Original

Note: Three decision memos attached

The President has seen ____

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: Edwin Meese, Chairman Pro Tempore EM
Cabinet Council on Management and Administration

SUBJECT: Reauthorization of the Office of Federal Procurement Policy

In the next few weeks, Administration officials will be testifying on the reauthorization of the Office of Federal Procurement Policy. This document requests your guidance and approval of the proposed Administration position on this issue.

Background

OFPP's statutory authorization expires September 30, 1983. At the CCMA meeting on March 18, 1983, OFPP reauthorization was discussed, and the Council concluded that the Administration should support reauthorization, but preferably as a more integrated element of OMB (in lieu of continuing it in its current, somewhat independent status). H.R. 2293, introduced on March 23, confirmed the preference of Congressmen Brooks, (D-Tex) and Horton (R-NY) for a separate OFPP organization.

Current Status

H.R. 2293 would reauthorize OFPP in its present organizational form for three years and provide it with regulatory authority in addition to its existing policy role. The House Government Operations Committee held hearings on April 7 at which OMB, OFPP, GAO, GSA, the American Bar Association, and several industry associations testified. While generally supporting the bill, Administration spokesmen recommended several modifications, including removal of the proposed regulatory authority provisions. Markup of the bill is scheduled to be completed on April 28.

On April 7, Senators Roth (R-Del) and Cohen (R-Me) introduced an OFPP reauthorization bill (S. 1001) which would reauthorize OFPP with its current mission and functions, for five years. Hearings have been scheduled for April 27.

Options

Because the process of reauthorizing OFPP is not yet complete, the Administration can still influence legislation which will determine OFPP's role and mission for the next several years.

1. Support S. 1001 and work with its co-sponsors (principally Senator Cohen) to shape it more to the Administration's views. As noted by Senator Cohen, passage of S. 1001 in its introduced form is not intended. The bill provides for a 5-year renewal of OFPP without changing any other provisions of the current authorization. Many of the provisions in the current authorization are clearly out-of-date and will need revision. (For example, it calls for development of the Uniform Federal Procurement System, which was completed and submitted to Congress over a year ago.)

2. Since H.R. 2293 is not yet in markup, seek the help of sympathetic Committee members to incorporate the changes recommended in the Administration's testimony. If successful, urge its adoption by the House. If unsuccessful, revert to Option 1. (Options 1 and 2 are not mutually exclusive, and can be pursued simultaneously or in sequence.)

3. Draft separate legislation and seek Senate sponsorship of a bill which would (1) reauthorize OFPP for five years, (2) transfer the Federal Acquisition Institute to GSA, (3) provide for testing authority of new procurement concepts, and (4) not provide for procurement regulatory authority. The passage of time makes this option a less viable alternative. Introduction of an additional bill, moreover, might confuse the situation and split the Administration's potential allies, especially in the Senate.

Recommendations

That the Administration pursue Options 1 and 2 simultaneously.

Approve: _____ Disapprove: _____

THE WHITE HOUSE The President has seen_____

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: Edwin Meese, Chairman Pro Tempore
Cabinet Council on Management and Administration

SUBJECT: Paperwork Reduction Act

This document requests your guidance and approval of the proposed Administration position on funding reauthorization of the Paperwork Reduction Act. The Act gives broad powers to OMB to:

- Reduce the private-sector burdens of federal forms, surveys, and regulations.
- Enhance the quality and efficiency of federal statistical data and the surveys underlying them.
- Improve federal management of computer and telecommunications technologies.
- Issue the Administration's annual "paperwork budget," under which Federal paperwork has been reduced by over 20 percent since you took office.

The Act's paperwork review authorities have been crucial to the success of your regulatory review program under Executive Order 12291:

- The OMB office set up to review forms and surveys under the Act also reviews regulations under the Executive Order.
- Aside from producing administrative savings, this arrangement makes sense because a large share of Federal paperwork is imposed through regulation--i.e., EPA's complex reporting system for hazardous waste disposal, FDA food and drug labelling requirements.
- The Act strengthens your Executive Order because it provides that the public may ignore Federal paperwork requirements--including regulations--unless they bear a control number indicating OMB approval.

Oversight hearings were held in the House this week and will be held in the Senate next week. In the House, OMB review of agency regulations is being attacked as (1) interfering with agency policymaking and (2) distracting OMB from Paperwork Act functions such as improved management of government computers and

telecommunications systems. If these attacks result in legislation restricting OMB's ability to administer both the Act and your Executive Order through the same office, the regulatory reform program could be crippled.

Chairman Jack Brooks of the House Government Operations Committee, along with ranking Republican Frank Horton, have introduced a bill that would seriously interfere with the regulatory review operation. We are attempting to work out a compromise that would:

- Preserve OMB's management flexibility,
- Allow Brooks to tell other Committee Chairmen--especially John Dingell--that the Paperwork Act is not providing the legal authority for the regulatory review program (the legal authority is not the Act itself but your Constitutional authorities), and
- Avoid a floor fight over the Act's reauthorization, which would become a free-for-all attack on OMB and the regulatory review program.

Recommendation:

To attempt to work out a compromise amendment with Brooks and Horton, as described above, that would avoid possible floor amendments to the Paperwork Reduction Act.

Approve: _____ Disapprove: _____

The President has seen_____.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: Edwin Meese, Chairman Pro Tempore EM
Cabinet Council on Management and Administration

SUBJECT: President's Reorganization Authority

In the next few weeks, Administration officials will be testifying on the President's Reorganization Authority. This document requests your guidance and approval of the proposed Administration position on this issue.

Background

Reorganization authority has been available to all Presidents, except President Ford, since 1939. The authority has permitted the President to propose organizational changes through the Congress through an expedited form called "Reorganization Plans"; and the Plan automatically takes effect in 60 days unless disapproved by either House.

A bill (H.R. 1314) sponsored by Congressmen Brooks and Horton would provide the authority to you until December 1984. The bill preserves the concept of expedited congressional consideration of a plan but adds further limitations on use of the President's authority to propose organization changes.

- Requires an affirmative vote on a joint resolution of approval by both Houses of Congress. (This overcomes the constitutional question presented by the one House veto.)

- Requires the submission of Presidential directives (e.g., Executive orders, memos, etc.) with a plan if these directives are required to complete a reorganization.

- Extends to 90 days the period within which Congress can act.

- Prohibits use of the authority to create an agency or rename a department.

Current Status

The Deputy Director of OMB testified before the House Government Operations Committee in favor of H.R. 1314 with two proposed changes:

- To avoid disclosing draft Presidential directives (e.g., Executive orders, memos) to Congress, the message accompanying a plan would describe the actions for completing a reorganization.

- Maximum number of plans that can be pending before Congress should be increased from three to four.

Markup of H.R. 1314 by the Committee is anticipated by April 28. Hearings before Senator Roth's Governmental Affairs Committee are tentatively set for the same date.

Options

1. Continue to support extension of reorganization authority (H.R. 1314), with previously discussed modifications.

   The authority provides a means for proposing--through reorganization plans--the transfer and consolidation of statutory functions or activities. Even though the authority in H.R. 1314 is more constrained than we would prefer, the procedures in the bill that ensure expedited action by the Congress are of value.

2. Quietly withdraw support for the authority.

   The Administration is on record supporting H.R. 1314 and the value of the authority to both the President and Congress. Withdrawal of support now would send a signal that your Administration is not interested in organization of the executive branch and may increase the probability that Congress will legislate further in the organization area, e.g., S. 35, Commission on More Effecient Government.

Recommendations

Option 1 (Support H.R. 1314 with modifications).

Approve: _____ Disapprove: _____