

Kay Luther

SENATOR DOLE'S SCHEDULE - Week of April 28-May 4, 1986

MONDAY, APRIL 28

7:45	<i>WASH MILTON</i> U.S. Chamber 1615 H St, NW <i>FNT. BALL ROOM</i>	SPEAK - U. S. Chamber Meeting
9:00	H-227 Cap.	SPEAK - Central Illinois Chambers
9:45	S-230 Cap.	MTG. w/Don Newman, HHS, Helms & Humphrey
tent. 10:15	S-230 Cap.	MTG. w/Bill Graves, Jr. (cand. for Ks. Sec'y of State)
10:30	SD-215	FINANCE COMM. (tax reform)
betw. 11:15 11:45	SR-485	SPEAK (5min) Oregon GOP Trust Fund members (approx. 50)
12-1:30	1717 K St, NW 9th Fl.	NEW YORK TIMES LUNCHEON
2:00	S-230 Cap.	MTG. w/Bud Meyerhoff re tax bill (Rich to sit in)
2:00	SD-215	FINANCE COMM. (tax reform)
5:00	S-230 Cap.	MTG. w/Don Alexander (re tax issue) (Rich to sit in)
5:30-7:30	9th Fl-Hart	RECEP. by Nat'l Coop. Business Assn.
5:30 & 6:30	Crystal Gateway Marriott 1700 Jeff Davis Hwy.-Arlington	RECEP. & DINNER by Ks. Chambers of Commerce (Mike/Steve also)
6-8:00	1100 LHOB	RECEP. by Independent Bankers Assn.
6-8:00	B-357 RHOB (Cafeteria)	RECEP. by Nat'l Assn. of Public TV Stations (Walt/Brent/Dale)
6-8:00	345 CHOB	RECEP. by Nat'l Assn. of Bank Women (Ksns. atndg.) ??

April 28, 1986

BUDGET TALKING POINTS

o On April 21, the Senate kicked-off debate on the fiscal 1987 budget resolution. Our initial forays were not exactly positive ones -- that is if your goal is to rein in federal spending. We started adding money back for programs like education, (\$300 MILLION) and offsetting the cost, which we have to do under Gramm-Rudman, by increasing taxes. The budget resolution was already in trouble on the Republican side because the \$74.3 billion revenue increase it contemplates was far higher than the President and many Republicans were willing to accept. The Senate also voted overwhelmingly (83-14) against an amendment to eliminate more than 40 federal programs, as the President requested in his budget. Fortunately, the next day we started defeating add-back amendments. And I hope that trend will continue.

o What happens from here is uncertain. I have initiated a series of meetings with my Republican Senate colleagues. The goal is to reach a consensus on a budget that will both increase the level of defense spending above that in the Senate Budget Committee's resolution, and lower the revenue increase. The only way to do that is to cut spending in non-defense areas further. The question is how much can we do and where.

There are some in the administration who are urging us to re-estimate the budget numbers to reflect changes in economic conditions. I'm not sure how much we'd actually gain from this exercise. As a matter of fact, there are some, like Budget Chairman Domenici, who claim the deficit estimates will not improve and could actually worsen the deficit picture. Interest rates have fallen, but the original projection for economic growth is higher than what the final numbers will show. And with lower oil prices, which have reduced receipts from windfall profits taxes and receipts for offshore oil sales, the revenue base is down considerably.

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o I do understand the problem Senator Domenici faced in getting a resolution out of the committee -- the delicate balance between enough for defense, but not too much; enough cuts in domestic programs, but not too much; and enough revenues to meet the \$144 billion deficit figure in Gramm-Rudman-Hollings.

o I'd like to see us come up with a strong-bipartisan vote on a budget. And I've made a commitment to try to work with House Republicans and keep them informed on what direction we're heading. And of course, we've met with the administration, and will continue to do so. Their counsel and support, while not mandatory as it relates to the budget resolution since the President does not sign it, will be crucial in the eventual implementation of the budget.

o Failing to set out a spending and tax guideline for Congress to follow would make everything we do in the coming months that much more difficult. But more important, failing to address the deficit issue head-on this year, while the economy is strong, means we are abdicating our responsibility to our children and grandchildren. We're living in a fool's paradise. Living on credit, and paying dearly for it -- \$145 billion in interest on the debt this year alone. But sooner or later those bills will come do -- and the effect that could have on the economy could well prove devastating.

o We've got some tough choices ahead. If we, as a Nation, want our government to provide certain benefits, maintain certain programs, then we have to find a way to pay for them -- either by cutting back on other federal activities -- or by raising revenues.

o The Senate's shown it's willingness to make them in the past. And I'm sure it will again. It would be nice, however, to have some company.

BUDGET DETAILS

o The total deficit reduction in the resolution is \$38.8 billion in fiscal 1987; \$58.9 billion in 1988; and \$74.4 billion in 1989.

o The Committee's budget resolution contains \$18.7 billion in additional revenues in fiscal 1987 and a total of \$74.3 billion from fiscal 1987-89. Revenue effects from spending measures assumed in the budget, such as retirement reforms and the sale of CONRAIL, plus revenue from reconciliation would account for \$6.1 billion, \$22.3 billion over three years. And the president's budget contained \$5.9 billion in FY 87 revenue increases, \$21.6 over three years.

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o Defense spending under the resolution would call for \$295.1 billion in FY 87 budget authority and \$280 billion in outlays. The President requested \$320.4 billion in budget authority, outlays, \$282.2 billion. According to the Budget Committee, the amounts included in the resolution allows for 2.8 % growth in budget authority from the FY 86 post-sequester budget authority level. In FY 1988 and 1989 there would be a 1% real growth rate.

o The budget resolution would reduce non-defense spending in FY 87 by \$17.3 billion in outlays, and by more than \$70 billion from FY 87-89, mostly through freezes and reductions. However, \$2.3 billion in additional FY 87 spending would be allocated for critical programs such as embassy security, space shuttle construction, a farm credit initiative (\$400 million over 3 years), IRS, Head Start and key education programs.

Social Security, military and civil service pensions and all other indexed programs would receive a cost-of-living adjustment. All civilian and military personnel would receive a 3% pay raise.

o Agriculture: The budget resolution assumes the enactment of the tobacco price support program contained in reconciliation with projected reduced budget authority and outlays of \$100 million in fiscal 1987 and \$600 million over three years; It assumes \$ 300 million in savings over three years from enactment of the 1985 farm bill; and it increases budget authority by \$150 million in each of the next three years and \$130 million in fiscal 1987 for farm credit programs.

IMPLICATIONS OF FAILURE TO MEET DEADLINES

o Missing the April 15 deadline makes it even more questionable that the reconciliation process necessary to achieve savings would be completed by June 15.

o Missing the April 15 deadline further complicates and delay tax-reform legislation this year, since a major issue of revenue increases or neutrality in tax reform would remain an open issue.

o Procedurally, the failure to adopt a resolution by April 15 means that appropriation bill mark-ups could proceed with no general blueprint for FY 1987 spending.

o Assuming no resolution is adopted by May 15, then House appropriation bills would likely proceed to be reported, passed, and sent to the Senate. No point of order (Section 303) would lie against such bills in the House, but would lie in the Senate. The Senate could waive the point-of-order by a majority vote, voting on a resolution by the SBC. It is not clear that

the SBC would be able to report such a resolution and such a resolution would likely be objected to by Minority Leader Byrd if it were reported using a poll.

o For those who argue that we should sit back and do nothing because the healthy economy will take care of the deficit, that just isn't so. Even if the very optimistic economic projections are realized, we won't meet the \$144 billion Gramm-Rudman deficit target. And those who argue that we can reach the target merely by trimming appropriations accounts are also wrong. It will take more -- changes in entitlement benefit programs, and maybe even some revenue increases.

BOB DOLE
KANSAS

United States Senate

OFFICE OF THE MAJORITY LEADER
WASHINGTON, DC 20510

April 25, 1986

M E M O R A N D U M

TO: SENATOR DOLE

FROM: SHEILA BURKE *SB*

SUBJECT: HELMS-HUMPHREY-NEWMAN MEETING

Senators Helms and Humphrey have submitted a number of questions to Don Newman, the undersecretary-designee, and are unsatisfied with the answers to date. The key issues involved are the enforcement of the law precluding Medicaid funding of abortions and the recovery of over-payments to certain states.

Having talked with the officials at HHS, I am under the impression that they feel that they are unable to give any further information to Senators Helms and Humphrey and feel that they have adequately answered the questions. Alternatively, Helms complains that the answers that he has been given have simply been repeated in each letter and they have been unable to satisfy their concerns.

APRIL 25, 1986

TO: SENATOR DOLE
FROM: MIKE PETTIT
SUBJECT: BILL GRAVES, JR.

As you know, Bill Graves announced his candidacy for secretary of state on April 18. He has been assistant secretary of state since January 1985, and joined the Secretary of State's office in 1980 as deputy assistant secretary of state for administrative services. Graves plans to officially file in May, and would take a leave of absence from his current post beginning in June.

Graves, 33, is a native of Salina and the son of William and Helen Graves. He has a bachelor's in business administration from Kansas Wesleyan and worked at family-owned Graves Truck Lines, Inc.