


MARCH 7, 1990

TO: SENATOR DOLE  
FROM: CAROLYN SEELY   
SUBJECT: SPEECH TO WASHINGTON NON-PROFIT TAX CONFERENCE

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On Thursday, March 8, 1990, you are scheduled to speak to a luncheon of the Washington Non-profit Tax Conference. Congressman VanderJagt will also address this luncheon. The audience will consist of more than 500 leaders from the non-profit community, including foundations, churches and hospitals, their lawyers and association representatives.

Probably the most critical legislative issue facing non-profits generally is the possible reform of the unrelated business income tax ("UBIT") stalled since 1987 in the Ways and Means Committee Oversight Subcommittee chaired by Congressman Pickle. (Small business groups made UBIT reform a legislative priority, at their last White House Conference in 1985-6.) Reportedly Subcommittee members disagree significantly over proposals to broaden the scope of the UBIT. While pleased with Congress' reluctance to change this law, non-profits are becoming concerned that UBIT reform will eventually be looked upon as a revenue raiser, given the budget situation.

Congressman VanderJagt is certainly well positioned to comment on the UBIT issue, however. In addition, on Friday, the Conference will hear from Congressmen Schulze, Frenzel, Archer and Rangel, all Ways and Means Committee members, and they have invited Joint Tax and Treasury staff responsible for the UBIT issue.

Another important issue for charities is the inclusion since 1987 of contributions of appreciated property (i.e., the amount of untaxed appreciation) as a preference under the alternative minimum tax. Senator Danforth proposed an amendment deleting this preference which passed the Finance Committee last year, but was stripped from reconciliation, as a revenue loser. He will pursue the issue when these amendments are reconsidered.

Given the overkill of UBIT reform at this Conference, you have been asked to address the broader budget and tax issues facing this Congress and to make political remarks, generally. You need not take questions unless you choose to do so.

26TH ANNUAL

WASHINGTON

NON-PROFIT TAX

CONFERENCE

The  
Nation's  
most  
comprehensive  
tax  
seminar  
for  
the  
entire  
non-profit  
community  
and  
its  
professional  
advisors.

Thursday  
and Friday,  
March 8-9,  
1990

J.W. Marriott  
Hotel

Washington, D.C.



Organization Management, Inc.  
13234 Pleasantview Lane  
Fairfax, Virginia 22033  
Phone: 1-703-968-7039  
FAX: 1-703-818-0259

*"It is, without a doubt, the best Conference in the  
country devoted to non-profits."*



## ABOUT THE 26TH ANNUAL WASHINGTON NON-PROFIT TAX CONFERENCE:

*"I have attended other conferences, but none is better."*

*"I believe this Conference is the premier product in the U.S. and that it has consistently, and without exception, delivered, in spoken and written form, outstanding papers of lasting worth as references on all relevant aspects of taxation of non-profit organizations."*

*"The Conference offers the most concise and efficient means I know of for keeping abreast of trends and changes in the non-profit field."*

*The Washington Non-Profit Tax Conference, now in its 26th year, is the outstanding annual event in the field for all non-profit organizations, their management and their professional advisors. Attendance at the Conference is the largest by far of any program offered all segments of the non-profit sector and, for almost three decades, the Conference has been one of the three largest programs in America concerned with taxation in any field . . . general or specific.*

*In addition to the professional continuing education units available from all states with a mandatory requirement—and by the IRS for Enrolled Agents—the Conference is particularly notable for providing maximum opportunities for interaction between the large, diverse audience and a faculty which is second to none. Registrants have ample opportunity to question the faculty in the morning programs, and afternoon break-out sessions offer smaller groups with like interests an opportunity to cover their specific concerns more fully.*

*The Registrants' Reception at the end of the first afternoon's program offers a pleasant occasion at which to meet new friends, greet old ones, and discuss the day's work.*

*We hope to have you with us.*

**—Ellis E. Meredith, President  
Organization Management, Inc.**

## CONFERENCE PROGRAM

March 8 & 9, 1990

7:30 a.m.-5:30 p.m.

REGISTRATION AND BADGE PICK-UP  
BALLROOM LEVEL

**CONFERENCE DIRECTOR:** *George D. Webster*

**ADVISORY PANEL:**

*Norman S. Fink*

*Richard S. Gallagher*

*James K. Hasson*

*Joseph E. Lundy*

*John C. Stophel*

**THURSDAY MORNING, March 8, 1990**

Opening Remarks: *George D. Webster*

Moderator: *Hugh McCahey*

Year In Review: *Richard S. Gallagher*

Non-Profit Investments: Decision-Making  
and Diversity: *Roberta M. Weil*

Compensation (including retirement for  
non-profit executives): *Barbara S. Bromberg*  
*Joseph A. Boehret*

**INTERMISSION** — *Refreshment Break*

1,000 Points of Light: *C. Gregg Petersmeyer*  
(Invited)

Charitable Contributions . . . windfalls  
and pitfalls: *Conrad Teitell*

Exempt Organizations — IRS (Current  
Issues and Activities): *Edward D. Coleman*

Question and Answer Session

**LUNCHEON** — 12:30 p.m.

Speakers: *Honorable Robert S. Dole*  
*Honorable Guy VanderJagt*

**THURSDAY AFTERNOON, March 8, 1990**

**SESSION I** — 2:00-5:30 p.m.

## FUNDRAISING BY NON-PROFITS

Moderator: *Norman S. Fink*

An Overview of the Impact of Curtailed Tax  
Incentives to Charitable Giving — *Philanthropy*  
*at Risk: Norman S. Fink*

Planning a Charitable Gift of a Partial Interest  
of Tangible and/or Intangible Property — *Slicing*  
*the Loaf: Carolyn C. Clark*

The Alternative Minimum Tax and the  
Charitable Deduction — *A Trap for the*  
*Unwary: Daniel R. Ross*

**INTERMISSION** — *Refreshment Break*

New Trends and Techniques of Using Split-  
Interest Gifts in Financial Planning: *Lynda S.*  
*Moerschbaeche*

Fiduciary Obligations With Respect to Solicita-  
tion and Management of Charitable Remainder  
Trusts and Pooled Income Funds — *The Court-*  
*ship of Liability: Howard C. Metzler*  
*Roberta M. Weil*

**SESSION II** — 2:00-5:30 p.m.

## GENERAL OPERATIONAL ISSUES

Moderator: *James K. Hasson, Jr.*

Agenda for Legal Issues Affecting  
Non-Profits: *Harvey P. Dale*

Forms 990, 1023 and 1024 Problems: *Edward*  
*D. Coleman*

Ethical Considerations in Non-Profit  
Organizations: *John W. Hazard, Jr.*

**INTERMISSION** — *Refreshment Break*



**THURSDAY AFTERNOON, March 8, 1990**

**Session II (Continued)**

Grant Making by Private Foundations:  
A Functional Approach: *D. French  
Slaughter, III*

International Philanthropy (Including  
Grants to Foreign Charities): *Pamela Winnick  
John A. Edie*

**SESSION III – 2:00-5:30 p.m.**

**RELIGIOUS ORGANIZATIONS**

Moderator: *John C. Stophel*

Tax Planning for Churches and Other Religious  
Organizations (Effect of *Texas Monthly, Inc. v.  
Bullock*; sales taxes; property taxes; UBIT, un-  
employment taxes; and FICA taxes): *Wendell  
R. Bird*

Attitudes toward public issues since *Bob Jones  
University* – Effect on tax-exempt status, racial  
discrimination, sex discrimination, homosexu-  
ality, abortion, etc.): *Oliver S. Thomas*

How much religion in the public square? (Pub-  
lic prayers, religious symbols, access to public  
forums, etc.): *Samuel E. Ericsson*

**INTERMISSION – Refreshment Break**

What lies ahead for deductibility of contribu-  
tions to churches? What are the implications of  
*Hernandez?*: *Hugh K. Webster*

Church-operated schools – Dealing with Cur-  
rent Problems: Exempt status; racial and sex  
discrimination; property taxes; charitable con-  
tributions; zoning, licensing, Accreditation of  
Teachers; Required Texts, Required Curricu-  
lum: *John C. Stophel*

**REGISTRANTS' RECEPTION**

5:45 p.m.-7:00 p.m.

**FRIDAY MORNING, MARCH 9, 1990**

**BREAKFAST – 7:45 a.m.**

Speakers: *Honorable Richard T. Schulze  
Honorable William Frenzel*

**MORNING SESSION – 9:00 a.m.-12:15 p.m.**

Moderator: *Joseph E. Lundy*

Legislative Tax Issues: *Ronald A. Pearlman  
(Invited)*

Insurance for Non-Profits: *Huntington T.  
Block*

Legislative and Political Activities of  
Non-Profits (Including  
abortion issues): *Wendell R. Bird  
A. L. Spitzer  
John C. Stophel*

**INTERMISSION – Refreshment Break**

Preparation of Effective Grant  
Request Proposals *Warren J. Wood*

Treasury Department and Non-  
Profits: *Kenneth Gideon (Invited)*

Mailing Lists and UBIT: DAV  
Revisited: *Donald C. Alexander*

Tuition Price Fixing?: *Caspa L. Harris, Jr.*

**LUNCHEON – 12:30 p.m.**

Speakers: *Honorable Charles Rangel  
Honorable William Archer*

**FRIDAY AFTERNOON – March 9, 1990**

Moderator: *Hugh K. Webster*

Health Care  
Organizations: *Robert S. Bromberg  
Bonnie S. Brier  
T. J. Sullivan*



## WHO SHOULD ATTEND . . . AND WHY?

If you are involved in running a non-profit organization or you advise non-profit clients, you know how important it is to keep up with technical developments in the non-profit field. Keeping informed can make the difference in determining whether or not your organization runs efficiently and effectively. It can even affect whether or not you are able to maintain your tax-exempt status.

OMI's Washington Non-Profit Tax Conference is the most definitive source of information on this complex and often-changing field of law. Sessions are geared to providing timely updates and information to individuals familiar with tax issues at all levels. Panel discussions, keynote speakers, and question-and-answer sessions provide valuable information from top-level figures in Congress, the Administration and the private sector. Also, through more informal exchanges throughout the two-day Conference, you have an opportunity to discuss specific issues of interest to you and your organization or clients.

Take a good look at the complete outline included in this brochure. If you are in any way involved in the management or counseling of non-profit organizations, you'll want to join the more than 600 of your peers expected to attend this timely and authoritative 1990 Conference.

### CONTINUING EDUCATION CREDITS:

Accountants, attorneys and other professionals interested in accreditation under appropriate state licensing procedures should note that the Conference is designed for approval for professional continuing education units in all states which have mandatory requirements and by the IRS for Enrolled Agents. Please be sure to complete the appropriate section on the enclosed Advance Registration Form. If you have any questions, contact Alice F. Corcoran, Washington Non-Profit Tax Conference, 13234 Pleasantview Lane, Fairfax, Virginia 22033 . . . Phone: 1-703-968-7039; FAX: 1-703-818-0259.

### REGISTRATION:

Registration fees are as follows:

\$695.00 each until February 15, 1990;

\$745.00 each as of February 16, 1990.

The registration fee includes attendance at two full days of the Conference, two lunches, one breakfast, the Registrants' Reception, coffee breaks, and all materials. In addition, you receive the invaluable Faculty Presentation Book, including program information and back-up materials from many of the faculty's presentations.

Registrant materials and badges will be picked up at the Registration Desk on the Ballroom Level of the J. W. Marriott Hotel, 1331 Pennsylvania Avenue, N.W., Washington, D.C. beginning at 7:30 a.m. on Thursday, March 8th. No one will be admitted to the Conference proceedings without a badge.

### CANCELLATIONS:

Registrations cancelled up to 14 days prior to the Conference (2/22/90) will receive full refunds; 13 to 4 days prior (2/23-3/4/90) receive a 50% refund; three days prior (3/5/90), no refunds and no carryover to next Conference. Substitutions may be made at any time.

### HOTEL AND TRAVEL INFORMATION:

Conference participants are responsible for making/changing/cancelling their own hotel and travel arrangements. A special block of rooms has been reserved at substantially-reduced rates for registrants of the 26th Annual Washington Non-Profit Tax Conference at Conference Headquarters (the J. W. Marriott Hotel on Pennsylvania Avenue, just two blocks from the White House.) PLEASE NOTE: The Hotel MUST receive your room reservation request NO LATER THAN FEBRUARY 13, 1990 in order for you to be accommodated in the OMI Conference room block. Thereafter, rooms are subject to availability at a higher rate.

When you register in advance, you will be sent a hotel reservation request form to make your reservation. If you make your own reservations separately, please identify yourself as being with the OMI Tax Conference in order to receive the room discount. If you wish to contact the J. W. Marriott directly, their Reservations' phone is 1-202-626-6900; the Marriott's main phone number is 1-202-393-2000.



## PROFESSIONAL FACULTY

*DONALD C. ALEXANDER*, Attorney, Cadwalader, Wickersham & Taft, Washington, D. C.

*WENDELL R. BIRD*, Attorney, Atlanta, GA

*HUNTINGTON T. BLOCK*, Huntington T. Block Insurance, Washington, D. C.

*JOSEPH A. BOEHRET*, Jack Zima Associates, Washington, D. C.

*BONNIE S. BRIER*, Attorney, Ballard, Spahr, Andrews & Ingersoll, Philadelphia, PA

*BARBARA S. BROMBERG*, Attorney, Paxton & Seasongood, Cincinnati, OH

*ROBERT S. BROMBERG*, Attorney, Cincinnati, OH

*CAROLYN C. CLARK*, Attorney, Milbank, Tweed, Hadley & McCloy, New York, N.Y.

*HARVEY P. DALE*, Professor of Law, New York University, New York, N.Y.

*JOHN A. EDIE*, Vice President and General Counsel, Council on Foundations, Washington, D. C.

*SAMUEL E. ERICSSON*, Executive Director, Christian Legal Society, Merrifield, VA

*NORMAN S. FINK*, Senior Counsel, John Grenzebach & Associates, Chicago, IL

*RICHARD S. GALLAGHER*, Attorney, Foley & Lardner, Milwaukee, WI

*CASPA L. HARRIS, JR.*, President, National Association of College and University Business Officers, Washington, D.C.

*JAMES K. HASSON, III*, Attorney, Sutherland, Asbill & Brennan, Atlanta, GA

*JOHN W. HAZARD, JR.*, Attorney, Webster, Chamberlain & Bean, Washington, D. C.

*JOSEPH E. LUNDY*, Attorney, Ballard, Spahr, Andrews & Ingersoll, Philadelphia, PA

*HUGH McCAHEY*, Manager, Association Department, U. S. Chamber of Commerce, Washington, D. C.

*HOWARD C. METZLER*, Associate Vice President, Pomona College, Claremont, CA

*LYNDA S. MOERSCHBAECHER*, Attorney, Trucker & Moerschbaecher, San Francisco, CA

*DANIEL R. ROSS*, Attorney, Drinker, Biddle & Reath, Philadelphia, PA

*A. L. SPITZER*, Attorney, Ropes & Gray, Boston, MA

*D. FRENCH SLAUGHTER, III*, Attorney, McGuire Woods Battle & Boothe, Charlottesville, VA

*JOHN C. STOPHEL*, Attorney, Stophel & Stophel, Chattanooga, TN

*CONRAD TEITELL*, Attorney, Prerau & Teitell, White Plains, N.Y.

*OLIVER S. THOMAS*, General Counsel, Baptist Joint Committee on Public Affairs, Washington, D. C.

*GEORGE D. WEBSTER*, Attorney, Webster, Chamberlain & Bean, Washington, D. C.

*HUGH K. WEBSTER*, Attorney, Webster, Chamberlain & Bean, Washington, D. C.

*ROBERTA M. WEIL*, Vice President for Investments, Columbia University, New York, N.Y.

*PAMELA WINNICK*, CARE, New York, N.Y.

*WARREN J. WOOD*, Attorney, Robert Wood Johnson Foundation, Princeton, N.J.

## GOVERNMENT FACULTY

*EDWARD D. COLEMAN*, Director, Exempt Organizations Technical Division, Internal Revenue Service, Washington, D. C.

*KENNETH GIDEON*, Assistant Secretary of Treasury for Tax Policy, U. S. Treasury Department, Washington, D. C.

*RONALD A. PEARLMAN*, Chief of Staff, Joint Committee on Taxation, Washington, D. C.

*C. GREGG PETERSMEYER*, Deputy Assistant to the President and Director, Office of National Service, Washington, D. C.

*T. J. SULLIVAN*, Senior Attorney, Office of Assistant Chief Counsel, Employee Benefits & Exempt Organizations, Internal Revenue Service, Washington, D. C.



## CONGRESSIONAL SPEAKERS

*HONORABLE WILLIAM ARCHER*, Member,  
House Ways and Means Committee, Washing-  
ton, D. C.

*HONORABLE ROBERT S. DOLE*, United States  
Senator, Washington, D. C.

*HONORABLE WILLIAM FRENZEL*, Member,  
House Ways and Means Committee, Washing-  
ton, D. C.

*HONORABLE CHARLES RANGEL*, Member,  
House Ways and Means Committee, Washing-  
ton, D. C.

*HONORABLE RICHARD T. SCHULZE*, Member,  
House Ways and Means Committee, Washing-  
ton, D. C.

*HONORABLE GUY VANDERJAGT*, Member,  
House Ways and Means Committee, Washing-  
ton, D. C.

## WHAT PARTICIPANTS HAVE TO SAY ABOUT THE WASHINGTON NON-PROFIT TAX CONFERENCE

*"It was a great Conference. You are doing the tax-  
exempt group a great service in sponsoring this  
Conference every year. We look forward to it."*

*"I should like to congratulate you on your success-  
ful planning. The Conference was impressive, and  
I would certainly recommend any other meetings  
your organization may put on to anyone interested  
in the non-profit field."*

*"I've attended the Conference for the past 20 years.  
It quickly became clear to me that it offered and  
delivered all that I would need to keep up my legal  
education in this field and increase my ability to  
respond to my clients' needs."*

*"The finest Conference I have attended."*

*"The speakers at the Washington Non-Profit Tax  
Conference are the most highly-qualified in the Na-  
tion. The organization of the Conference and the  
material handed out are excellent."*

*"Clearly the best Conference of its kind."*

*"I very much enjoyed the Conference, ranking it as  
one of the most informative meetings on tax infor-  
mation I have attended in recent years."*

*"The contacts made, the content presented, make  
the Conference invaluable to me."*

*"I appreciated the different perspective I got from  
listening to and questioning representatives from  
exempt organizations."*

*"This program was one of the best, if not the best,  
of all that I've attended over the last several years."*

*"The choice of Senator Dole was excellent. He got  
the attendees to thinking about something other  
than themselves and their own problems."*

*"The contacts made, the content presented, make  
the Conference invaluable to me."*

*"I have only praise for the Conference. It has been  
of immense value to me for many, many years."*

*"It is the most comprehensive and satisfactory con-  
ference I have attended."*

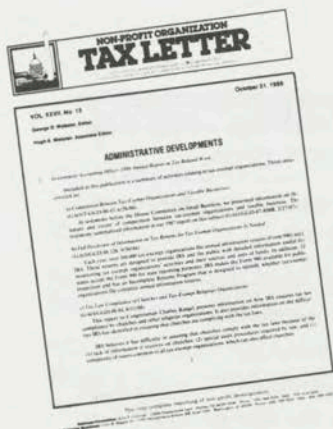
*"I have been attending for eight years and find this  
seminar to be the very best of its kind. Very inform-  
ative and well documented."*

*"Definitely worth the time and money since you  
always get to talk with individuals who can answer  
your questions about specific matters of concern  
to you."*

*"I think it is excellent; that is the reason I came to  
it and plan to do so in the future."*

*"The format and content continues to be excellent.  
Evening reception a very good idea — chance to  
mingle with others attending."*





## ORGANIZATION MANAGEMENT'S "NON-PROFIT ORGANIZATION TAX LETTER"

You can spend days searching through reports, records, publications and summaries . . . or you can read OMI's "Non-Profit Organization Tax Letter." The "Tax Letter" is a concise, easy-to-read newsletter that gives you an overview of everything that affects the tax-exempt field—culled from every corner of the private and public sectors.

And the "Tax Letter" is the only newsletter written by the recognized expert in the tax-exempt field—George D. Webster of Webster, Chamberlain & Bean. You get the benefit of his insights into hot topics. You get his knowledge on issues—deep enough to make even the most complex problem clear. Often, you get vital information you just won't find in the "public record." And you get it fast—with the facts you need to follow up.

You can start receiving this valuable newsletter today by checking the subscription box on the Conference Registration Form included in this brochure. You should note that new subscribers are presently eligible for the following bonuses with their subscription: #1 - Faculty Presentation Book from OMI's 25th Annual Washington Non-Profit Tax Conference (while supplies last) . . . a \$125 value; #2 - Three prior issues . . . a \$36 value; #3 - A sturdy binder to hold a two-year supply of Tax Letters for reference . . . a \$7.50 value.

### REGISTRATION FEE

(please fill in the appropriate amount):

UNTIL February 15, 1990:

Registration Only - \$695 \$ \_\_\_\_\_

Registration and One-Year

Subscription to OMI's

"Non-Profit Organization

Tax Letter" - \$890 \$ \_\_\_\_\_

AFTER February 15, 1990:

Registration Only - \$745 \$ \_\_\_\_\_

Registration and One-Year

Subscription to OMI's

"Non-Profit Organization

Tax Letter" - \$940 \$ \_\_\_\_\_

Subscription to "Non-Profit Organization  
Tax Letter" only:

\$95 for one year \$ \_\_\_\_\_

\$365 for two years \$ \_\_\_\_\_

☐ Check enclosed for \$ \_\_\_\_\_,  
payable to "OMI,"

☐ Bill me. To receive the special discount,  
payment must be received no later than  
February 15, 1990.

## ADVANCE REGISTRATION FORM FOR 1990 CONFERENCE

Please register the following individuals for the  
26th Annual Washington Non-Profit Tax Conference,  
Thursday and Friday, March 8 & 9, 1990  
the J. W. Marriott Hotel, Washington, D.C.

Name _____	Position _____
Name _____	Position _____
Name _____	Position _____
Organization _____	
Address _____	
City _____	State: _____ ZIP _____
Date _____	Phone _____ FAX _____

MAIL TO: Organization Management, Inc.  
(OMI) — Attn: Alice F. Corcoran  
13234 Pleasantview Lane — Fairfax,  
Virginia 22033 — Phone: 1-703-968-7039  
FAX: 1-703-818-0259

IF YOU DESIRE ACCREDITATION, PLEASE  
COMPLETE THE FOLLOWING:

Type (Accountant, Attorney, etc.) \_\_\_\_\_

Social Security Number \_\_\_\_\_

State(s) and Appropriate (CPA, State Bar,  
Enrolled Agent, etc.) Number(s) \_\_\_\_\_

*Copy*

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*March 8  
12-1:00 luncheon  
1:00 SPEAK  
but flexible  
between 12 & 2:00*

September 8, 1989

*89*

Honorable Robert S. Dole  
United State Senate  
141 Hart Senate Office Building  
Washington, D. C. 20510

Dear Senator Dole:

We propose again to have the Washington Non-Profit  
Tax Conference. The 26th Conference will be held at the  
J. W. Marriott Hotel on March 8-9, 1990.

We would like very much to have you again as the  
luncheon speaker on either Thursday, March 8 or Friday,  
March 9, but I would suggest as a first alternative that  
it be on Thursday, March 8. We, of course, will provide  
the usual honorarium of \$2,000 to you or the charity of  
your choice. Since you have been the outstanding participant  
we would like to have you speak again in 1990.

Sincerely,

*George D. Webster*  
George D. Webster  
Conference Director

GDW:jh

9-14-89 Interim Ltr.



MARCH 8, 1990

TALKING POINTS  
NON-PROFIT TAX CONFERENCE

- O GOOD AFTERNOON. THANK YOU FOR INVITING ME  
AGAIN THIS YEAR.

## THE BUDGET PROCESS

- O CONGRESS IS SLOWLY BEGINNING ITS ANNUAL RAIN DANCE TO COME UP WITH A BUDGET THAT MEETS OUR DEFICIT TARGET OF \$64 BILLION UNDER THE GRAMM-RUDMAN-HOLLINGS LAW.
- O AS YOU KNOW, LAST YEAR WE BASICALLY TOOK A WALK ON THE DEFICIT ALTHOUGH WE HAD AN OPPORTUNITY, GIVEN THE ELECTION MANDATE, TO ENACT SOME TOUGH PROGRAMS LIKE THE FLEXIBLE FREEZE.



-3-

- O INSTEAD WE SPENT 10 MONTHS AND DEVOTED OVER  
60% OF OUR ROLL CALL VOTES IN THE SENATE TO  
REDUCE THE DEFICIT BY ONLY \$16 BILLION -- AND WE  
NEEDED FOUR MONTHS OF SEQUESTER TO DO EVEN  
THAT. THIS YEAR WE NEED \$36 BILLION -- MORE  
THAN TWICE AS MUCH -- UNDER OMB'S OPTIMISTIC  
ASSUMPTIONS. AND THE CONGRESSIONAL BUDGET  
OFFICE NOW SAYS WE NEED \$60 BILLION MORE!

-4-

O SO YOU CAN SEE WHY THE PROCESS IS SO  
FRUSTRATING AND WHY THE BUDGET COMMITTEE  
PREFERS TO FOCUS ON REFORMING THE  
GRAMM-RUDMAN-HOLLINGS LAW -- AGAIN! IN FACT,  
THE COMMITTEE WILL NOT EVEN BEGIN WORK ON A  
1991 BUDGET RESOLUTION UNTIL AFTER THE MARCH  
RECESS, TWO WEEKS BEFORE ITS APRIL 1 DEADLINE.  
AND I DON'T EXPECT ANY SERIOUS ACTION BEFORE  
JUNE.



## SOCIAL SECURITY

- O IN THE MEANTIME, THE DEMOCRATS ARE CAUCUSING TO DECIDE UPON AN ALTERNATIVE TO SENATOR MOYNIHAN'S PLAN TO CUT SOCIAL SECURITY PAYROLL TAXES BY \$55 BILLION IN 1991.
- O SENATOR MOYNIHAN HIT UPON A SLOW NEWS DAY WITH HIS PROPOSAL FOR TAX CUTS TO ELIMINATE THE SOCIAL SECURITY TRUST FUND SURPLUS AND RETURN TO A "PAY AS YOU GO" SYSTEM.

PREDICTABLY, OTHER DEMOCRATS, LIKE SENATOR HOLLINGS, IMMEDIATELY BEGAN CALLING FOR TAX INCREASES TO PAY FOR THESE CUTS, THEREBY EXPOSING THE REAL DANGER TO THE ECONOMY OF THE MOYNIHAN PLAN.

- O BUT ALTHOUGH THE LAST TIME I LOOKED SENATOR MOYNIHAN ONLY HAD ONE VOTE -- HIS OWN -- THIS DEBATE IS LIKELY TO AT LEAST SLOW DOWN ENACTMENT OF CAPITAL GAINS RELIEF.



-7-

- O MOREOVER, THE ISSUE OF THE ROLE OF SOCIAL SECURITY IN THE BUDGET PROCESS IS SQUARELY BEFORE US. AND OTHER SENATORS, LIKE SENATOR HEINZ, ARE RENEWING THEIR CALLS TO REMOVE THE TRUST FUND BALANCE FROM THE DEFICIT CALCULATIONS.

#### THE ELECTION

- O AS YOU KNOW THIS IS AN ELECTION YEAR. AND FOR A CHANGE, THE REPUBLICANS APPEAR LIKELY TO MAKE GAINS IN A MID-TERM ELECTION.

- O UNLIKE RECENT SENATE CAMPAIGNS WHERE THE DEMOCRATS HAVE BEEN ABLE TO RECRUIT BETTER CANDIDATES, WE NOW HAVE 8 REPUBLICAN HOUSE MEMBERS RUNNING FOR THE SENATE BEHIND A PRESIDENT WHOSE POPULARITY IS BREAKING RONALD REAGAN'S RECORDS.
- O HOWEVER, BECAUSE THIS IS AN ELECTION YEAR, BI-PARTISAN COOPERATION WILL BECOME MORE AND MORE DIFFICULT. NEVERTHELESS, I BELIEVE



THAT WE WILL FINALLY AGREE ON WHAT I HAVE  
CALLED THE FIVE C's: CLEAN AIR, CHILD CARE,  
CAMPAIGN FINANCE REFORM, A CRIME PACKAGE,  
AND SOME FORM OF CAPITAL GAINS RELIEF.  
HOWEVER, AS ALWAYS, THE SERIOUS DEBATE ON  
THE BUDGET AND THE BUDGET PROCESS WILL  
CONTINUE TO DOMINATE OUR AGENDA UNTIL BOTH  
CONGRESS AND THE PRESIDENT FACE UP TO THE  
TOUGH CHOICES.

## IMPLICATIONS FOR NON-PROFITS

- O THE ON-GOING BUDGET DEFICIT SITUATION MAY HAVE IMPLICATIONS FOR THE NON-PROFIT SECTOR AS WELL. IN THIS AREA, AS IN EVERY OTHER, THERE WILL BE INCREASED SCRUTINY OF FOREGONE REVENUE TO ENSURE THAT ANY LOSS REMAINS JUSTIFIED.
- O LAST YEAR, THE FINANCE COMMITTEE DECIDED THAT WE HAD GONE TOO FAR IN 1986 WHEN WE INCLUDED GIFTS OF APPRECIATED PROPERTY UNDER THE



-11-

ALTERNATIVE MINIMUM TAX. ALTHOUGH THE REPEAL OF THAT PREFERENCE WAS DELETED ON THE SENATE FLOOR, SENATOR DANFORTH INTENDS TO PURSUE THE ISSUE AGAIN THIS YEAR.

- O ON THE OTHER HAND, IN THE DEBATE OVER UNRELATED BUSINESS INCOME TAX REFORM, SMALL BUSINESS HAS ALLEGED THAT THE BENEFITS OF TAX EXEMPT STATUS MAY HAVE BEEN EXTENDED TO ORDINARY COMMERCIAL ENDEAVORS.

-12-

THEREFORE, I URGE ALL OF YOU TO ASSIST THE  
CONGRESS IN RESTRICTING TAX EXEMPTION TO  
TRULY ESSENTIAL CHARITABLE ENDEAVORS.

- O THE ORGANIZATIONS REPRESENTED IN THIS ROOM  
ARE PERFORMING VALUABLE AND ESSENTIAL  
SERVICES. AND THE MEMBERS OF CONGRESS WANT  
TO OFFER YOU OUR SUPPORT SO THAT YOUR GOOD  
WORK CAN CONTINUE.



-13-

O BUT THIS IS A TWO-WAY STREET. WE ALSO NEED  
YOUR COOPERATION SO THAT THE TAX BENEFITS  
WHICH YOU SO RIGHTLY DESERVE ARE NOT ABUSED  
BY EITHER YOUR ORGANIZATIONS OR YOUR  
BENEFACTORS.

CONCLUSION

- O ALL OF YOU PLAY A KEY ROLE IN MAKING THIS A  
KINDER, GENTLER AND BETTER NATION. AND I  
BELIEVE THAT BOTH OUR JOBS CAN BE MADE EASIER  
IF WE WORK TOGETHER MORE CLOSELY IN THE  
FUTURE.
- O THANK YOU.