

**FINAL**

2/26/93

**CONTACT:**

Jo-Anne Coe

202/408-5105 (O)

202/408-5117 (FAX)

703/845-1714 (H)

**SENATOR BOB DOLE SCHEDULE -- FEBRUARY 28-MARCH 1, 1993****Sunday, February 28**

3:55 PM Lv. Residence

4:10 PM Ar. Washington National Airport  
Signature Flight Support  
703/549-8340NOTE: John Ruan's plane will arrive at 4:00 from  
Florida, and refuel before departing.

4:20 PM Lv. Washington

AIRCRAFT: Ruan Corp. Lear 35A  
TAIL NO.: N 109 JR

SEATS: 7

MANIFEST: Senator Dole  
Senator Grassley  
John Ruan  
Mr. and Mrs. Larry Miller  
Rex Miller  
Herman KilpperPILOT: Jerry Ware  
515/255-5096CO-PILOT: Gordon Kruse  
515/223-1249FLIGHT TIME: 2 hrs 20 mins  
TIME CHANGE: -1 hourCONTACT: Jan Gillam  
515/245-2561 (O)  
515/245-2611 (FAX)  
515/288-7762 (H)  
Ruan Aviation: 515/285-5222  
Page Avjet: 515/285-4221Ed Redfern  
703/759-9388

PAGE TWO

5:40 PM Ar. Des Moines, Iowa  
Page Avjet  
515/285-4221  
Ruan Aviation - Page Avjet  
515/285-5222  
MET BY: Bob and Kim Haus  
515/277-9317

(Kim was 1988 DFP Iowa Staff;  
Bob ran Sen. Grassley's '92 Senate race)

NOTE: Mike Glassner will be arriving in Des Moines via van  
accompanied by John Bush, ~~Kim Wells~~, and Kathy Peterson.

6:00 PM Ar. Des Moines Marriott  
515/245-5500  
  
MET BY: Mike Glassner  
  
Proceed to Midwest Resources Suite  
(Formerly Gary Kirke's suite)

6:30 PM Proceed to Salon B & C

6:30 PM COCKTAILS  
7:00 PM DINNER with Iowa DFP Supporters

Program:  
7:00 PM - Guests are seated for dinner  
7:10 PM - Intro of Senator Dole - Steve Roberts  
7:10 PM - REMARKS - SENATOR DOLE  
7:30 PM - Dinner is served

(Option: Senator Dole goes from table-to-table, and  
dinner is served in his suite following the event. Mike  
Glassner and Tom Synhorst will "play by ear".)

ATTENDANCE LIST ATTACHED:  
Included are Dole Iowa Leadership,  
Iowa GOP Leadership,  
Regional Dole Field Coordinators,  
Metropolitan Dole County Leadership,  
Dole Finance Leadership,  
Dole Iowa Staff

CONTACT: Tom Synhorst  
1-800-766-2034  
913/649-3469 (FAX)

Hotel: Jay Semeraud  
515/245-5500

PAGE THREE

9:00 PM Dinner concludes  
Proceed to Midwest Resources Suite

RON: Des Moines Marriott  
515/245-5500

Monday, March 1

8:30 AM MIKE GLASSNER TO MEET DAVID YEPSEN IN LOBBY OF HOTEL

8:30 AM- INTERVIEW WITH DAVID YEPSEN  
9:00 AM Des Moines Register

9:00 AM NOT LATER THAN 9:05 AM, MIKE GLASSNER IS TO  
ESTABLISH PHONE LINE WITH WHO-RADIO STUDIO

515/283-1429

9:07 AM- LIVE INTERVIEW/CALL-IN RADIO PROGRAM  
9:30 AM WHO-RADIO

HOST: Mr. Jan Mikelson

General Telephone No.: 515/242-3500

9:30 AM Proceed to Salons A, B, C, D & E

9:30 AM- ATTEND/SPEAK  
10:30 AM 1993 NATIONAL FORUM FOR AGRICULTURE

CROWD SIZE: 300-350

FORMAT: Classroom style

TABLE ON RISER:

Senator Dole  
Senator Grassley  
Governor Branstad (arrives at 9:40)  
Chuck Johnson  
Tom Urban  
Stan Johnson

FRONT ROW TABLE: Kaj Mortensen  
Dean Kleckner

MICROPHONES WILL BE IN PLACE IN THE AUDIENCE

General Theme: The Challenge of Industrialization



PAGE FOUR

CONTACTS: Nancy Risbeck, Pioneer Hi-Bred  
515/245-3623  
Susan Sanders  
515/225-3138

## PROGRAM:

Moderator: Stan Johnson, Director,  
Center for Agricultural and  
Rural Development

9:00 AM - Opening comments and introductions:  
Chuck Johnson, Chairman of Exec. Council,  
President, Pioneer Hi-Bred Internat'l Inc.

9:05 AM - REMARKS - Tom Urban, President & Chairman  
of the Board, Pioneer Hi-Bred Internat'l  
"Industrialization: A move to truly  
consumer-driven agriculture"

9:35 AM - BRIEF COMMENTS - Stan Johnson and  
INTRODUCTION OF SENATOR GRASSLEY

9:40 AM - REMARKS AND INTRODUCTION OF SENATOR DOLE -  
SENATOR GRASSLEY

9:45 AM - REMARKS - SENATOR DOLE  
"Progress in Technology and the  
Development of an Internationally  
Competitive Agriculture"

Q&A to Follow

10:30 AM

Lv. Marriott Hotel

DRIVER: Hal Manders

10:55 AM

Ar. Elliott Flying Service  
515/285-6551

11:00 AM

Lv. Des Moines

AIRCRAFT: John Deere Co. Citation 3  
TAIL NO.: N 900 JD

MANIFEST: Senator Dole  
Senator Grassley

SEATS: 7

PILOT: Pat Versluis  
CO-PILOT: Jay Sears



**PAGE FIVE**

FLIGHT TIME: 2 hrs 15 mins  
TIME CHANGE: +1 hour

MEAL SERVICE: Box lunch

CONTACT: Jerry Parkin (Deere)  
515/244-9377  
Dean Dort  
202/223-4817

Bob Pim - AgForum  
515/225-9344  
515/240-8021 (Car Phone)

2:15 PM

Ar. Washington National Airport  
Signature Flight Support  
703/549-8340

MET BY: Wilbert Jones

Ar. RLO, US Capitol



Dick & Jean Klingaman  
Mildred Pedersen  
John Ruan  
John Ruan III  
Bill Van Orsdel  
Gary Kirke  
Herman Kilpper  
Rich & Charisse Schwarm  
Clark & Phyllis Kelly  
Katie & Luke Roth  
Jan Swanson  
Ray & Sharon Dearen  
~~Kim Wells~~  
Mike Glassner  
Kathy Peterson  
Steve Brown  
John Bush  
Tom Synhorst  
Ed Redfern  
Steve Gibbs  
Chris Holt

Waterloo/Black Hawk  
Waterloo/Black Hawk  
Des Moines/Polk  
Des Moines/Polk  
Des Moines/Polk  
Des Moines/Polk  
Des Moines/Polk  
Lake Mills/Winnebago  
Charles City/Floyd  
Des Moines/Polk  
Cedar Rapids/Linn  
Ames/Story  
Kansas  
Kansas  
Kansas  
Kansas  
Kansas



February 26, 1993

TO: SENATOR DOLE

FROM: BRET FOX

SUBJECT: TALKING POINTS FOR PRESS CONTACTS IN DES MOINES

-----  
FOLLOWING IS A BREAKDOWN ON SOME OF THE KEY ELEMENTS OF THE PRESIDENT'S BUDGET, AS IT AFFECTS USDA. WHILE WE KNOW WHERE THE CUTS ARE PROPOSED, HOW THE ADMINISTRATION PLANS TO ACHIEVE THOSE CUTS IS, IN MANY CASES, YET UNKNOWN.

MANY OF THE PURPORTED SAVINGS FIGURES ARE HIGHLY SUSPECT. FOR EXAMPLE, SECRETARY MADIGAN'S PROPOSAL TO CONSOLIDATE AND CLOSE MORE THAN 1,200 USDA FIELD OFFICES WOULD SAVE ONLY ABOUT \$100 MILLION OVER THREE YEARS. WE DON'T KNOW HOW PRESIDENT CLINTON AND MIKE ESPY PROPOSE TO CARRY OUT MADIGAN'S PLAN, BUT THEIR BUDGET PROPOSES TO DO SO AND CREDITS A SAVINGS OF \$68 MILLION IN FY-1994 AND \$742 MILLION THROUGH FY-1997.

KEY POINTS ON THE BUDGET PROPOSALS AFFECTING USDA PROGRAMS

- AS PRESENTED, THE PRESIDENT'S PROPOSAL WOULD SHIFT EMPHASIS IN THE USDA BUDGET AWAY FROM COMMODITY PROGRAMS, CROP INSURANCE, RURAL ELECTRIFICATION AND THE USDA BUREAUCRACY, AND TOWARD FOOD AND NUTRITION, RURAL DEVELOPMENT AND RESOURCE CONSERVATION PROGRAMS.
- THE FY-1994 BUDGET ALONE CALLS FOR A NET INCREASE IN USDA PROGRAM SPENDING OF \$1.4 BILLION. OVER THE FY1994-97 FOUR YEAR PERIOD, A NET INCREASE OF \$9.4 BILLION IS PROPOSED.
- THE BIG TICKET ITEMS ARE IN USDA ENTITLEMENTS. OVER THE FOUR-YEAR PERIOD, A \$12.8 BILLION INCREASE IS PROPOSED FOR FOOD AND NUTRITION PROGRAMS, \$9 BILLION OF WHICH IS IN FOOD STAMPS TO OFFSET THE IMPACT OF THE PROPOSED BTU TAX ON LOW-INCOME HOUSEHOLDS. COMMODITY PROGRAMS AND CROP INSURANCE WOULD BE CUT ALMOST \$4.9 BILLION OVER THE SAME PERIOD.

KEY PROPOSALS AFFECTING AG PRODUCERS

- MOST OF THE "BIG-TICKET" CUTS IN FARM PROGRAM SPENDING DO NOT TAKE AFFECT UNTIL FY-1997 -- AFTER WE WRITE A NEW FARM BILL. SO THOSE ARE VERY MUCH UP IN THE AIR, UNLESS CHANGES ARE MADE THIS YEAR IN THE AUTHORIZING COMMITTEES TO ACHIEVE THE OUT-YEAR SAVINGS -- i.e., WRITE A FARM BILL THIS YEAR.
- A NUMBER OF CUTS ARE NOT CUTS AT ALL -- THEY ARE INCREASES IN USER FEES. THERE HAVE BEEN NO SPECIFICS REVEALED ON PROPOSED USER FEES FOR GRAIN INSPECTION AND OTHER SERVICES.



- HOWEVER, WE DO KNOW THAT THE INLAND WATER WAY USER FEE WOULD INCREASE THE DIESEL TAX ON TUG-BOATS THAT HAUL BARGES FROM \$.19 PER GALLON TO \$1.19 PER GALLON IN 1997. THIS IS BIG FOR IOWA FARMERS AND OTHERS ALONG THE MISSISSIPPI RIVER. A TAX OF THAT MAGNITUDE COULD RAISE TRANSPORTATION COSTS FROM MINNEAPOLIS TO GULF PORTS BY AS MUCH AS \$.15 PER BUSHEL. THAT IS A HUGE COST THAT WILL BE PASSED BACK TO THE FARMER.

#### IMPACT OF TAX PROPOSALS

- THE PROPOSED BTU TAX WOULD HIT AGRICULTURE HARD. BY THE VERY NATURE OF THE TAX, WE DO NOT EXPECT THE "OFF-ROAD" EXEMPTION THAT HAS RIGHTFULLY BEEN GRANTED TO AGRICULTURE IN PAST FUEL TAX INCREASES. WHAT'S MORE, WHILE NATURAL GAS USED AS FEEDSTOCK IN PRODUCING FERTILIZER MAY BE EXEMPTED, ENERGY USED TO MANUFACTURE THAT FERTILIZER WILL BE TAXED. FERTILIZER AND MANY OTHER FARM INPUTS WILL ESCALATE IN COST.
- IT IS STILL UNCLEAR, BUT IT IS RUMORED THAT THIS TAX IS INTENDED TO APPLY TO ETHANOL AS WELL. I AM WAITING FOR A CONFIRMATION ON THAT FROM SECRETARY BENTSEN.
- FARMERS TAKE ANOTHER HIT WHEN THEY GO TO SELL THEIR GRAIN. TRANSPORTATION COSTS ARE A LARGE COMPONENT OF THE DIFFERENTIAL IN PRICES RECEIVED BY, SAY, A FARMER IN WESTERN KANSAS COMPARED TO ONE LOCATED NEAR A RIVER TERMINAL IN IOWA. THE ADDED COST WILL RESULT IN LOWER PRICES PAID.
- SOME EXAMPLES OF THE IMPACT OF THE TAX. THESE FIGURES TAKE INTO ACCOUNT ONLY THE TAXES ON FUEL USED FOR FARM PURPOSES, AND DO NOT INCLUDE INCREASED INPUT COSTS, ELECTRICITY OR HOME HEATING COSTS:  
  
700 WHEAT/300 ACRE MILO (KANSAS) - \$900-1,300 PER YEAR  
  
300 CORN/300 ACRE SOYBEANS (IOWA) - \$300-600 PER YEAR
- TO HIS CREDIT, THE PRESIDENT HAS INCLUDED AN INVESTMENT TAX CREDIT, AND AS OF YET HAS NOT PROPOSED TO REDUCE THE \$600,000 ESTATE TAX EXEMPTION.

#### SUMMARY

- THE OBVIOUS SHIFTS AWAY FROM FARMER-RELATED PROGRAMS -- SO SOON AFTER THE BIG CUTS IN 1990 -- AND TOWARD CONSUMER-RELATED PROGRAMS, COMBINED WITH A WILLINGNESS TO IMPOSE PAINFUL TAXES ON FARMERS POINTS TO A GENERAL FEELING THAT AGRICULTURE IS NOT A HIGH PRIORITY IN THIS ADMINISTRATION.
- I WOULD SUGGEST THAT THE PRESIDENT COULD DO MORE TO HELP AGRICULTURE AND THE OVERALL ECONOMY BY LAYING OFF ON THE TAXES, TAKE MORE LEADERSHIP IN MAKING THE TOUGH CUTS IN RUNAWAY ENTITLEMENT SPENDING, AND PLACE A SUCCESSFUL RESOLUTION TO THE GATT AT THE TOP OF HIS LIST.



February 23, 1993

TO: SENATOR DOLE

FROM: BRET FOX

SUBJECT: DETAILS OF AG BUDGET CUTS -- FYI

THE PROPOSED CUTS AND SPENDING "STIMULUS" IN THE USDA BUDGET ARE AS FOLLOWS (IN MILLIONS):

<u>CUTS</u>	<u>FY1994</u>	<u>FY1994-97</u>
*TARGET PROGRAM PAYMENTS TO THOSE WITH LESS THAN \$100,000 OFF-FARM INCOME	-75	-470
*LIMIT WOOL AND MOHAIR PAYMENTS	-10	-212
*INCREASE TRIPLE-BASE FROM 10% TO 25%, INCREASE FEES ON NON-PROGRAM CROPS, ELIMINATE 0/92 AND 50/92, ELIMINATE HONEY PROGRAM	-12	-2,899
*CAP MARKET PROMOTION PROGRAM AT 1993 LEVEL	-52	-208
*REFORM CROP INSURANCE	-105	-1,290
*FOREST SERVICE PROGRAM CHANGES	-12	-74
*REDUCE FOOD STAMP ADMIN. EXPENSE	-40	-300
*CREATE FARM SERVICE AGENCY	-68	-742
*FmHA AND REA CHANGES	-196	-838
*INCREASE FOOD INSPECTION FEES	-104	-416
*CUT EARMARKED RESEARCH PROJECTS	-136	-567
*INCREASE GRAIN AND MKTG. INSPECTION FEES	-14	-59
*CUT FOREIGN AG SERVICE	-10	-40
*REDUCE PL-480 PROGRAMS	-65	-369
*CUT BELOW-COST TIMBER SALES	-46	-274
*(REDUCTION IN RECEIPTS FROM ELIMINATING BELOW-COST TIMBER SALES)	<u>+38</u>	<u>+202</u>
<b>TOTAL CUTS</b>	<b>-907</b>	<b>-8,556</b>

SPENDING "STIMULUS"

*RURAL DEVELOPMENT LOANS AND GRANTS	+145	+871
*FmHA LOANS AND GRANTS	+393	+2,361
*FOOD SAFETY AND INSPECTION	+18	+120
*NATIONAL RESEARCH INITIATIVE	+30	+480
*FOOD STAMPS, WIC, TEFAP	+1,506	+12,806
*FOREST SERVICE INITIATIVES	<u>+170</u>	<u>+1,295</u>
<b>TOTAL SPENDING INCREASES</b>	<b>+2,262</b>	<b>+17,933</b>

\*\* ADD THE REQUESTED \$791 MILLION FOR FY-1993 SUPPLEMENTAL  
APPROPRIATIONS, NET INCREASE IN SPENDING -- \$10.168 BILLION



February 25, 1993

TO: SENATOR DOLE  
FROM: DAVE SPEARS  
SUBJECT: RUAN PROJECT - WORLD AG. CAPITOL

BELOW IS THE RECOMMENDATION FROM THE USDA TASK FORCE WHO WENT TO IOWA AND HAS BEEN WORKING ON THE PROJECT PROPOSAL.

BOTTOM LINE THE TASK FORCE SAID THAT THE PROJECT HAS MERIT BUT DOES NOT FIT WITHIN CSRS RESEARCH NEEDS. THEY ALSO SAID FINANCING SHOULD BE PURSUED THROUGH OTHER SOURCES. THEY ARE SUGGESTING THE ECONOMIC STIMULUS PACKAGE AS A POTENTIAL SOURCE OF FUNDS.

MR. RUAN WILL BE LOOKING FOR YOUR HELP INCLUDING THIS PROJECT IN THE FINAL PACKAGE.

02-25-93 01:34PM FROM USDA/S & E

TO 83162648446

P009

X. Recommendation.

The Review Team finds that there is merit in the mission of the World Food and Agricultural Capitol and the technology transfer concept to fulfill it. However, the mission does not fulfill the research mission of the U.S. Department of Agriculture.

The principals need to continue to refine this concept into a state-of-the-art set of marketable, cost effective programs that will appeal to users worldwide. Once this program is developed, the facility plans should be revised to provide space and equipment commensurate with those program needs. Investment and operational financing should be sought primarily from the potential beneficiaries and from other appropriate sources, including the State of Iowa.





OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

Richard D. Johnson, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

**CONFIDENTIAL MEMORANDUM**

TO: Senator Dole  
FR: Robert Haus  
RE: Political Climate in Iowa  
DT: 26/2/93

Senator, Tom Synhorst requested that I give you a brief overview of the political climate in Iowa prior to your upcoming visit.

Iowa, like the federal government, is faced with tough revenue and spending choices in 1993. One of the main problems facing Iowa is how to reform its spending habits, and get its burgeoning debt load under control. The FY 92 general fund debt totaled \$408 million, excluding long term bond and lease-purchase debt the State owes. The FY 93 deficit is anticipated to be \$338 million. When long term debt is taken into account, Iowa is over \$1.3 billion in red ink.

In the 1992 session, the Legislature passed a landmark bill that limits state spending to 99% of current revenues. The other 1% is to go to an emergency cash reserve fund, to help the state weather hard economic times. As an additional part of this law, a specific appropriation will be made for at least the next three to five years to retire the \$408 million debt. This will be the first session in which the legislators will have to abide by the new limitations.

In the 1992 election Republicans regained control of the Iowa House of Representatives. This is the first time they have controlled the body since the 1982 election, the last election that factored in redistricting. Many, if not all, of the newly elected members ran on a simple theme: getting Iowa's spending under control and limiting the rapid growth in state spending.

The House Republicans, feeling their victory was a mandate to cut spending (although their margin is only 51-49), have embarked on a "no sacred cows" approach to spending review. They have scaled back the planned increase in state aid to schools, cut indigent legal defense, are planning to eliminate some proposed low-income tax credits for renters, and made other proposed spending cuts that upset many people. Including Governor Branstad.

For the first time in his ten year reign, he has a majority of Republicans in one of the chambers. He has not, from my perspective, been able to coordinate with them a shared agenda. This is due in large part because the House Repubs want to cut an additional \$22-40 million from the Governor's spending recommendations. He is planning to run for re-election and is therefore subject to political pressures to not cut too many budget items.

Thus, what we have here in Iowa is a classic case of Gridlock. A Republican Governor is forced to work with more conservative House Republicans and a Senate still controlled by Democrats. In seven weeks, the two chambers have sent only six bills down to the Governor for his signature. The primary battles are not on the issues, but rather on who controls the process. At this point, it appears that there is no clear winner.

The only good aspect of Iowa's politics is that although the Republicans are infighting, it is over how much to cut, not whether to cut.



FROM:Republican Party of Iowa

TO:

313162648446

FEB 26, 1993

1:55PM

P.01

The Republican Party of Iowa  
521 East Locust  
Des Moines, Iowa 50309

## COVER SHEET

To: Joyce McCluney  
Mike Glasner

Re: Senator Dole's trip to Iowa

Date: February 26, 1993

Time:

# Pages (Including cover): 16

Comments: If you have any questions or need further or different information, please contact Terri Hasselman at 515-282-8105

If you have trouble receiving this transmission, please call (515) 282-8105.  
Our fax number is (515) 282-9019.

## Legisla setting

### ETHICS

*Continued from Pa*

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Michael Gronstal, I  
key supporter of th  
While Gronstal s  
ly resist efforts to  
agrees that some r  
changes are nee  
changes that those  
issue seem to agree

• The law's defi  
list is too broad a  
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the same registrati  
requirements on  
member who make  
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multi-client lobby  
every day in the Ca

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pg. 14



A CLEAN CAMPAIGN?

# Campbell considers statehouse

In Iowa, Democrats are in disarray following their 1992 losses.

Iowa Attorney General Bonnie Campbell plans to gear up her 1994 campaign for governor this month by establishing an exploratory committee to raise money.

"I'm going to do it sometime in January," the Democrat said in an interview last week. "I don't have to make a final decision whether to run until next year or late this fall ... I'm leaning toward running."

Campbell said she would make her decision regardless of what Republican Gov. Terry Branstad plans to do.

"I'm never in a position to choose my opponent. I can do things to advance my position well before I know whether the governor is seeking re-election."

Some have speculated that Campbell would run only if Branstad retired, leaving an open seat. If he sought re-election, these politicians were betting she would seek re-election because it's difficult to knock off an incumbent.

Campbell's statement is the strongest signal to date she has given that she is going to run for governor, and it serves to quell talk that she's not.

Campbell's move also adds some clarity to 1994 politics. By doing that,

## ON CAPITOL HILL



David YEPSEN

she continues to shut off other potential Democratic candidates for governor, like Senate President Leonard Boswell. Democratic strategists believe one reason they have not won the governorship is because they fight divisive and expensive primaries, and then have no resources left to use against the Republicans.

While there are benefits to primaries — like tuning an organization and a message and getting lots of free publicity — the Democratic view is that gubernatorial primaries are more trouble than they are worth.

Campbell's move also sends the signal to other candidates that the job of attorney general will be wide open. A lot of lawyers in both parties have been thinking about making the run. On the Democratic side, former Attorney General Tom Miller has indicated he would run for whatever job Campbell did not. He was well-respected as attorney general. Also, his political network and name recognition would make him the early front-runner.

Still, he is a bit scuffed up from his unsuccessful primary bid for governor in 1990, when abortion-rights advocates trashed him with attack ads for his anti-abortion views. Miller has also had some ethics complaints filed against him while he's been in private practice. Both items could be used against him.

A slew of other Democratic possibilities are also mentioned. Just about anyone passed over for the U.S. Attorneys' jobs in Iowa would be possibilities.

On the Republican side, the 1990 GOP candidate, Ed Kelly, is a possibility. He came close to defeating Campbell when few thought he could win, so he might be a contender.

## Attorney General of Iowa and



Attorney General Bonnie Campbell

pg. 4



shlek County Attorney Michael Mahaffey is another possibility.

Campbell is also making some other smart moves as she prepares her bid for governor. High on her list of things to do is sit down with leaders of organized labor in Iowa and talk about their demand that their gubernatorial candidates promise to repeal the right-to-work law.

AFL-CIO president Jim Wengert feels strongly that the law should be repealed. Most Iowans don't think you should have to belong to a union to keep a job. Wengert says workers who benefit from collective bargaining should help pay for it. Most voters don't feel that way.

For almost 50 years, Democrats in Iowa have towed labor's line. And for 50 years, Republicans have used the issue against Democrats, particularly to separate them from small business. "There is no chance the right-to-work law will be repealed in Iowa," Campbell said. "Yet it comes up every time. It's kind of a phony issue."

Yet Terry Branstad and the Republicans are masters at using these wedge issues and Campbell understands that until a Democratic candidate for governor can stand up and say "I support the right-to-work law and see no reason to change it and would protect a repeal with my veto," the GOP will club them with it. (Democratic U.S. Senator Tom Harkin told audiences in New Hampshire that Iowa had a right-to-work law, and he sees no reason to change it. And, surprise, he wasn't struck dead by a labor lightning bolt.)

In addition to raising money, shutting off primary opponents and moving away from the right-to-work issue, Campbell is taking other steps to prepare for a bid. Her husband, Ed, has quit his work as a statehouse lobbyist to avoid any conflict-of-interest charges. She travels Iowa constantly. And she's making a name for herself by calling for tougher penalties for crimes, cracking down on deadbeat dads and proposing a plan to build more prison cells.

She'd borrow money to build them, which leaves her open to big-spending charges. But given the shortage of prison space that's occurred during Branstad's tenure in office, he's equally vulnerable to the charge that he's jeopardized public safety.

The two can argue that one to a

draw: Iowans don't like debt but they also like to feel safe.

It's not all hunky dory for Campbell. She understands the liabilities female candidates face when they run for higher office. While feminists wish it weren't true, the fact is some voters still have problems accepting women in top elective jobs. It means female candidates have to work just that much harder.

Also, 1994 will be an off-year for Democrats because they hold the White House. In Iowa, Democrats are in disarray following their 1992 losses and it's not clear they can rebuild in two years, particularly if voters are in a more conservative mood.

Also, Campbell is not a native Iowan but comes from rural New York state. That could be a liability in a state where people who've lived here a decade are still seen as newcomers. Even worse is the fact that she lives in Des Moines. These facts could be exploited in attack ads.

Also, during the race for attorney general, Branstad once tried to make an issue out of the fact that her brother is serving a life sentence on a murder charge.

Branstad has said he believes families are fair game in politics — unless it's his own, of course. When suggestions are made that his son or his brother have received favorable treatment from government agencies, the governor complains with the best of them.

Branstad and the Republicans may think twice about trying to use these family issues against Campbell. If they do, they risk backfire or having their own family negatives tossed right back at them.

Because of that, strategists on both sides say a Branstad-Campbell match-up in 1994 has the potential for being a clean race. But while the governor and Campbell may have the personal self-discipline to keep it clean, it's not clear they control the hotheads in their ranks who usually start such attacks.

You never lose money by betting a political campaign will get negative. You can, however, lose a pile by betting politicians can keep a race clean.

DAVID YERSEN is The Register's chief political reporter.

pg. 4A



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# Educational infighting by Regents president Pomerantz

By JONATHAN ROOS  
REGISTER STAFF WRITER

At the urging of a state lawmaker to end the "infighting," Iowa Board of Regents President Marvin Pomerantz said Wednesday that he plans to arrange a meeting with representatives of Iowa education groups.

"We want to work together," Pomerantz told members of a House-Senate subcommittee that oversees the education portion of the state budget.

Sen. Michael Connolly, D-Dubuque, said he is concerned that cooperation between higher education and elementary-secondary education has been strained by increased competition for the state's limited tax dollars.

"It looks like we've got an unfortunate situation here with this infighting in the educational community, and that is a concern of mine," said Connolly, who heads the Senate Education Committee.

## Open Letter

Last March, as part of their lobbying effort, presidents of the state universities wrote an open letter to lawmakers asking that automatic budget increases for public schools and other programs be eliminated. The Legislature later scrapped a for-

**It looks like we've got an unfortunate situation here with this infighting in the educational community."**

— Sen. Michael Connolly  
D-Dubuque

mula used to set school-aid increases, a move that upset public-school boosters, including the Iowa State Education Association.

In December, the ISEA recommended that a long-range solution to money woes for the state's school districts would be reducing duplication at the state universities. That would include closing teacher-training programs at Iowa State University and the University of Iowa, and programs in business, engineering and journalism.

Early this month, the teachers union recommended shifting money from a private college-grant program to pay for a budget increase for community colleges.

Pomerantz said education groups must work together.

"We're part of a total education system," he told members of the education-appropriations subcommit-

tee. "It's not possible for one part to do extremely well and the other parts to do extremely poorly. We all need to do well."

## Money for Health Care

Gov. Terry Branstad has outlined a 1994 budget plan that shows the state will have about \$100 million more to spend next fiscal year, and much of that additional revenue already is committed to health care for the poor.

The Legislature now is in the middle of a debate over how much to allow school district budgets to grow next year.

Altogether, the state universities and schools for the deaf and blind have proposed a \$32 million increase in state appropriations to support their operating budgets. Branstad's budget plan calls for roughly a \$9 million increase.

On another topic, Pomerantz defended the Board of Regents' decision to sell WOI-TV, which is tied up in court.

"It's the type of thing we have to shed if we're to have excellence in our priorities," he said.

Pomerantz criticized the involvement of ISU faculty members in the lawsuit challenging the sale. "While they may have a right, I really question the motives involved," he said.

The leader of lowans for WOI-TV is ISU economics professor Neil Harl.

## Senate panel OKs \$61 million for schools

By THOMAS A. FOGARTY  
REGISTER STAFF WRITER

A unanimous Senate Education Committee voted Wednesday to increase by \$61 million state spending for Iowa's public schools next year.

The increase coincides with Gov. Terry Branstad's budget recommendation for fiscal year 1993, but exceeds a House-passed version of the school finance bill by about \$11 million.

At either level, many public school officials say, the likely increase next year in the state's \$1.35 billion school aid program is paltry enough to create hardships.

Senate Education Committee Chairman Michael Connolly, D-Dubuque, agreed that his committee's proposed increase is slim. The prevailing political atmosphere precludes a bigger increase, he said.

"I'm very concerned about the trend," Connolly said of state spending for education. "Education has always been No. 1 in Iowa. It's always been a strong suit. For us to retreat now, as I feel the House has done, undermines our efforts in economic development and job creation."

The full Senate is expected to debate the committee version of the bill today. The increase is expected to win

Rep. Steven Grubbs, R-Davenport, the House Education Committee chairman, denied Connolly's charge that the House version of the school finance bill undermines public education in Iowa.

"We're not giving as much as we'd like to education, but nobody is getting as much as they like," said Grubbs.

Technically, the Senate Education Committee bill allows schools next year to increase per-pupil spending by 2.3 percent. The effect of that action is to increase basic state aid payments to schools next year by \$36 million. The cost to the state of maintaining the schools would increase by an additional \$25 million next year because of special education, enrollment growth and other factors.

The House-passed version of the bill allows school budget growth of 1.6 percent. Under either version of the bill, some districts with declining enrollments face the prospect of no increase in the amount of state aid they will receive next year.

Under new state budgeting laws, the Legislature has until Feb. 11 to determine the level of spending next year for Iowa schools.

Until this year, the law called for automatic annual increases in school aid calculated by a formula that took into account the effects of inflation on local school dis-

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FROM: Republican Party

of Iowa TO:

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FEB 26, 1993

1:58PM P.05

offer an amendment to increase motorcycle registration fees to offset the diversion of federal highway money that would occur if Iowa does not adopt a motorcycle helmet law this year.

"I think we've got a hard 30 votes in favor of our amendment in the Senate," Sen. James Kersten, R-Fort Dodge, said Tuesday.

The amendment sponsored by Kersten and other senators would levy a \$15 surcharge on annual motorcycle registrations beginning in October, with subsequent annual increases sufficient to cover federal penalties to Iowa.

The federal government will require Iowa to spend 2 percent of highway money on public safety programs if the helmet law is not enacted by October.

## LEGISLATIVE BILLS

### PASSED IN THE SENATE

**S.F. 22** — Allows school districts to increase per-pupil spending next year by 2.1 percent. 48-1. To governor.

**S.F. 94** — Pre-empts local governments from implementing fertilizer and pesticide controls that are more stringent than those of state government. 37-11. To House.

**S.F. 141** — Authorizes newly reorganized school districts to vote on enrichment levies. 42-0. To House.

### INTRODUCED IN THE SENATE

**S.J.R. 9** — Nullifies a rule requiring that new law enforcement officers have normal hearing in each ear. By Sturgeon.

**S.C.R. 14** — Prohibits establishment of a nuclear waste disposal repository in Iowa. By Judge and Rosenberg.

**S.F. 152** — Allows automatic renewal of the family farm property tax credit. By Bennett.

**S.F. 153** — Authorizes accountants to practice as limited liability companies. By State Government Committee.

**S.F. 154** — Requires youths younger than 12 to wear a safety belt when riding in the open bed of a truck. By Rife.

**S.F. 155** — Establishes a state universal health insurance plan. By Boswell.

**S.F. 156** — Regulates school districts with whole-grade sharing agreements. By Kibbie.

**S.F. 157** — Authorizes the use of mobile radio transmitters while hunting coyotes. By Natural Resources Committee.

**S.F. 158** — Cuts the annual live racing requirement for simulcasting at pari-mutuel tracks to 60 days from 90 days. By Palmer.

**S.F. 159** — Regulates investigation of accidents involving road workers. By Freise.

**S.F. 160** — Provides alternative accreditation for schools. By Education Committee.

stad is expected to sign into law, was approved 48-1 by the Senate and 75-21 by the House. However, a pre-

pared with Branstad's budget recommendation of 2.3 percent, said they were trying to keep a lid on

wanted to take less money budget for basic school aid money would be available

## IF CAMPBELL DOESN'T RUN

# Nagle raises profile, poised to enter race for governor in '94

The former congressman from Waterloo is gearing up to challenge Branstad.

By DAVID YEPSEN

REGISTER STAFF WRITER

Former U.S. Rep. Dave Nagle said Tuesday he is thinking about running for governor in 1994.

"I'm interested in it," the Waterloo Democrat said, adding that he doesn't plan to challenge Attorney General Bonnie Campbell in the primary if she runs.

Nagle, 49, narrowly lost a bid for re-election to Congress last year and returned to his Waterloo law practice. In recent weeks he has stepped up his travel schedule around the state to party fund-raisers and is becoming active in efforts to block reinstatement of the death penalty.



Nagle "Interested"

Nagle said he is unlikely to challenge Campbell because "the last thing the party needs is a primary." He said he is a friend of Campbell and her husband, Ed, and "I don't want to get into a primary with them."

Campbell has said she is likely to run for governor. Some party leaders are trying to discourage other candidates from entering the race, arguing that primaries are expensive and divisive.

But other Democrats say they are concerned about Campbell's electability after only four years as attorney general and after her revelation that she did not make prompt payment of Social Security taxes for a cleaning lady.

Nagle said, "It's February and it's a long year ahead so we'll see what happens. She's going out to find out whether she can put it together."

Gov. Terry Branstad, a Republican, is expected to seek re-election to a fourth term in 1994.

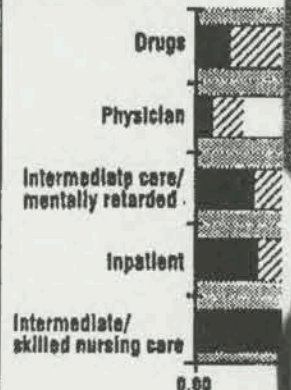
Nagle has raised his visibility recently by speaking out against the death penalty. He plans to bring actor Mike Farrell to Iowa tonight for a legislative hearing regarding moves to restore the death penalty.

Nagle, who served six years in Congress and a stint as state Democratic chairman, earned a reputation as an aggressive campaigner. He said Branstad's effort to reinstate the death penalty is a political move designed to embarrass Democrats who generally oppose the idea.

"It's an outrageous political stunt and an attempt to Willie Horton-ize the election," Nagle said. Willie Horton is a criminal made famous by Republican attack ads against 1988 Democratic presidential candidate Michael Dukakis.

## MEDICAID

IOWA LAWMAKERS must be escalating Medicaid expenditures. Here are some of the state's Medicaid spending in millions of dollars.



Legend: Aged (solid black), Disabled (hatched)

SOURCE: Iowa Department of Human Services

## HAVENS FOR DRUGS

# Fortified

By JONATHAN ROO

REGISTER STAFF WRITER

Drug dealers should be for turning their homes into fortresses, says a Bettendorf resident.

Rep. David Millage has making it a crime to fortify houses to prevent or deter drug activity. Those convicted of the crime could be imprisoned five years and fined as much as \$7,500.

"Law enforcement agencies doing a drug bust, can't go in and place they're trying to do and the dealers are disposing of drugs in the toilet or the garbage disposal," said Millage, a Republican. "By the time they break down the fortifications the drugs are gone," he said.

For example, First Assistant County Attorney Realf O'Brien described a Davenport drug house in which the suspects left a hole in the wall through a door leading to the roof of the building while trying to gain entry. Slowing the

## OFFICIAL PUBLICATION

## OFFICIAL PUBLICATION

(R189)

### NOTICE OF PUBLIC HEARING BUDGET ESTIMATE

Fiscal year July 1, 1993 - June 30, 1994

City of Des Moines, Iowa

The Council will conduct a public hearing on the proposed 1993-1994 Budget at City Hall Council Chambers, East First and Locust on March 1, 1993, at 5:30 o'clock p.m.

The Budget Estimates Summary of proposed receipts and expenditures is shown below. Copies of the detailed proposed 1992-1993 Budget may be obtained or viewed at the office of the Mayor and City Clerk and at the City Library.

The estimated total tax levy rate per \$1000 valuation on regular property is \$16.07.

The estimated tax levy rate per \$1000 valuation on agricultural land is \$3,00375.

At the public hearing, any resident or taxpayer may present objections to, or arguments in favor of, any part of the proposed budget.

February 1, 1993

*Donna Boetel-Baker*  
/s/ Donna Boetel-Baker City Clerk

## OFFICIAL PUBLICATION

## OFFICIAL PUBLICATION

(R194)

NOTICE OF PUBLIC HEARING

BUDGET ESTIMATE



# Political charges fly, but school bill OK'd

*Branstad is expected to sign the measure*

By JONATHAN ROOS  
and THOMAS A. FOGARTY  
REGISTER STAFF WRITERS

Already 12 days tardy, the Iowa Legislature wasted no time Tuesday in approving a simple but controversial bill that sets the overall level of school spending next year.

Unable to agree on a figure, lawmakers had missed a Feb. 11 deadline for setting the rate at which per-pupil spending — a key figure in determining school budgets — will be allowed to increase.

Negotiators for the Republican-controlled House and Democratic-controlled Senate finally struck a compromise Monday that paved the way for Tuesday's approval of a 2.1 percent budget growth rate. Under the plan an additional \$27 million in basic state aid will be distributed to Iowa's public schools. When other types of aid are included, the overall increase will be an estimated \$57 million.

State aid and property taxes are schools' primary sources of revenue.

The bill, which Gov. Terry Branstad is expected to sign into law, was approved 48-1 by the Senate and 75-21 by the House. However, a pre-

ceding House vote on the negotiators' agreement was much closer, 52-45, with Republicans voting for the agreement and all but one Democrat voting against it.

Negotiations broke off late Feb. 11 after the Senate held firm with an offer of 2.1 percent school spending growth and House Republicans declined to go higher than 2 percent. Under a budget reform law passed last year, the Legislature was to set school aid by Feb. 11.

That was a difference of only \$1.6 million in a total state budget of \$3.6 billion. And under either plan, schools would receive an overall school aid increase of about \$55 million, including money for enrollment growth, special education and school consolidation incentives.

The impasse ended Monday when negotiators agreed to 2.1 percent, but they added this wrinkle: To close the \$1.6 million difference, \$800,000 is to be taken out of a \$27.9 million teacher salary fund and the rest will be taken from other parts of the budget.

House Republicans, who originally proposed a 1.6 percent increase compared with Branstad's budget recommendation of 2.3 percent, said they were trying to keep a lid on

state spending.

"What we're trying to do here is one part of ending up with a balanced budget," said House Majority Leader Brent Siegrist, R-Council Bluffs.

House Democrats chastised the Republican majority for missing the Feb. 11 deadline and, in their view, shortchanging schools.

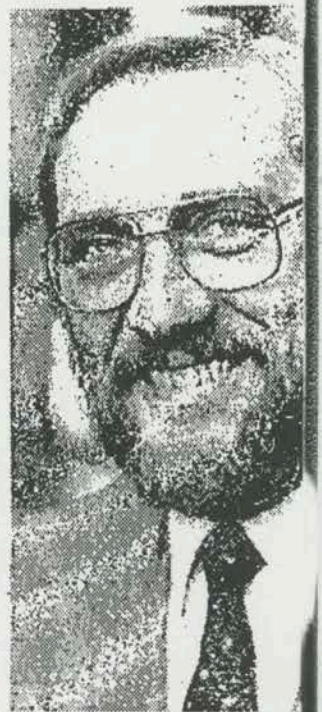
"For 12 days schools have been held hostage for no purpose whatsoever," said Rep. Philip Wise, D-Keokuk.

House Minority Leader Bob Arnould, D-Davenport, accused Republican leaders of playing "a political game with the kids of this state."

Republicans dismissed the criticism, saying Democrats were the real culprits for running up huge state budget deficits when they controlled both the House and Senate.

"I don't believe schools are going to fall apart because of a few days delay in knowing the amount of money available next year," said Rep. Tom Miller, R-Cherokee.

The only senator to vote against the school spending bill, Republican Brad Banks of Westfield, said he wanted to take less money from the budget for basic school aid so more money would be available for special



**“We've been living  
sin in this body for  
days.”**

—Rep. C. Arthur  
D-Clinton, commending  
lawmakers' failure  
a Feb. 11 deadline for  
a school spending

education.

The stage was set for the session budget battle when the legislature last year eliminated the practice of allowing school aid to increase automatically each year. That makes up about a third of the budget.

## IF CAMPBELL DOESN'T RUN

## Nagle raises profile

### MEDICAID

IOWA LAWMAKERS must tackle  
regulating Medicaid expenses each

BRIAN LARRINGTON/TIME

1200

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Actual and projected  
state general fund  
Medicaid spending



# Energy tax will sock rural areas hardest, lowans protest

By TOM CARNEY  
and DIRCK STEIMEL  
REGISTER STAFF WRITERS

Gasoline and diesel-fuel users in Iowa and other rural states are taking exception to the Clinton administration's position that an energy tax imposes no more burden on one region of the country than on another.

"It impacts us unfairly," said Scott Weiser, president of the Iowa Motor Truck Association. "It hits us in rural areas much more than city folks. It's a regressive tax."

President Clinton has proposed an energy tax measured by the British thermal unit, or Btu. That's the amount of heat necessary to raise the temperature of a pound of water by 1 degree Fahrenheit.

## Three-Year Phase-In

It would be imposed on producers, refiners and transporters of fuel, not directly on consumers, and would be phased in over three years, administration officials say. The first phase would take effect July 1 of next year.

The tax is expected to increase the cost of gasoline, natural gas, home

## TAKING SIDES

- Iowa environmentalists, senior citizens, educators, business people, health-care providers tell what they think of Clinton's plan.
- Iowa could get \$32.4 million more in taxes on Social Security benefits — or lose \$16.7 million in income tax revenue.
- Clinton takes his economic program on the road. **Page 4A.**
- How much of a deficit cut?
- Democrats back it, but party conservatives will try to tip it toward spending cuts. **Page 5A.**

heating oil and electricity. Administration officials said an energy tax was chosen partially because it would not hurt any one region more than others.

"We're going to get hit with all of them," said Colin Criswell, a chemist at the Ames Laboratory on the Iowa State University campus. "We're a cold climate, but we're also a hot climate. . . . We're in the sights."

The Btu tax is likely to raise the cost of electricity Iowans use to cool their homes in summer, the cost of

**ENERGY** Please turn to Page 4A



DOUG WELLS/THE REGISTER

pipe at Planned Parenthood of were arrested. **STORY: 3M.**

## spaper war

ad- one daily paper, not counting college papers. Pittsburgh and San Antonio were the latest to lose their second papers.

Only 34 cities now have competing dailies; the smallest is Kingsport, Tenn., population 32,000.

Storm Lake's population is about 8,800.

"It's certainly an oddity," said the

**PAPERS** Please turn to Page 2A

## 'STRONG STATEMENT'

## DUFFY'S VIEW





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# Democrat rival in special race

THE REGISTER'S IOWA NEWS SERVICE

**Fort Madison, Ia.** — Democrat Rick Larkin defeated Republican Mark Hagerla Tuesday in a special election to the Iowa House of Representatives.

Larkin's victory means Republicans will control the House with a 51-49 majority. The vote in the predominantly Democratic House District 99 was 3,457 to 3,236.

Larkin will be seated as soon as possible.

The special election was brought about by the death Jan. 27 of Rep. Clay Spear, 76, a longtime Democrat.

"It was an organizational race," Larkin said. "Whoever got the most voters out was going to win."

Larkin also said that it also came down to name recognition.

"Lee County, and especially Fort Madison, put me over," he said. "They knew my name because I've run for City Council three times and Board of Supervisors twice."

Larkin, of Fort Madison, and Hagerla, of West Burlington, fought an intense two-week campaign for the seat.

Because Democrats outnumber Republicans in the district 6,800 to 3,600, Larkin, 40, seemed to have an advantage over Hagerla, 56, who owns three grocery stores. The district is in Des Moines and Lee counties. It includes the city of Fort Madison, but not the city of Burlington.

Hagerla served in the Iowa Senate for four years, but he was thrown into the same district as Sen. Eugene Fraise, D-Fort Madison, when law-



**Rick Larkin**  
Will be seated soon

makers redrew legislative districts after the 1990 census. Fraise defeated Hagerla last fall.

Larkin said he would resign from the Lee County Board of Supervisors and take a leave of absence from his counseling job at the Iowa State Penitentiary in Fort Madison.

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## LEGISLATIVE BILLS

### INTRODUCED IN THE HOUSE

H.F. 13 — Nullifies a rule on hearing requirements for law enforcement officers. By Steve Hansen.

H.F. 201 — Allows line of credit and overdraft fees to be included in consumer credit. By Commerce Committee.

H.F. 202 — Defines full-time and part-time legislators. By Fallon.

H.F. 203 — Increases the dependent credit on state income taxes. By Steve Hansen.

H.F. 204 — Establishes an Iowa Invests program to revamp the welfare system. By Plasier.

H.F. 205 — Requires the courts to consider responsibilities to children of previous marriages when setting child support. By Koenigs.

H.F. 206 — Prohibits advertising for alcoholic beverages. By Fallon.

H.F. 207 — Extends a measure allowing banks to purchase saving institutions controlled by the Resolution Trust Corp. By Commerce Committee.

H.F. 208 — Sets a time frame for representation elections supervised by the public employment relations board. By Labor Committee.

H.F. 209 — Allows an employer to take a credit against future payments for over-payments of worker compensation benefits. By Labor Committee.

H.F. 210 — Provides a six-month license suspension for using an altered driver's license to purchase alcohol. By Transportation Committee.

H.F. 211 — Gives owners the option of registering a vehicle in the month of purchase or

month of birth. By Grubbs.

H.F. 212 — Lowers the threshold for schools to purchase machinery using equipment levies. By Daggett.

H.F. 213 — Alters appointment procedures for the prosecuting attorneys training council. By Dinkla.

H.F. 214 — Establishes a loess hills development and conservation authority. By Houser and others.

### INTRODUCED IN THE SENATE

S.C.R. 12 — Honors the president of the Associated General Contractors of America. By Fraise, Lind and Horn.

S.F. 123 — Regulates rural water districts. By Rensink.

S.F. 124 — Allows non-teachers to serve as coaches. By McLaren.

S.F. 125 — Exempts funeral limousine services from the state sales tax. By Ways and Means Committee.

S.F. 126 — Exempts greenhouses from the sales tax on fuel used in heating or cooling. By Ways and Means Committee.

S.F. 127 — Guarantees employees the right to use lawful products during non-working hours without employer retribution. By Business and Labor Relations Committee.

S.F. 128 — Creates an Iowa Invests program and Iowa Human Investment Commission. By Symoniak.

S.F. 129 — Sets interest rates on judgments

and decrees. By McKean.

S.F. 130 — Regulates local government accounting. By Symoniak.

S.F. 131 — Defines illegal fireworks and outlawing possession of such items. By Lloyd-Jones.

S.F. 132 — Changes foster care regulations. By Bartz.

S.F. 133 — Allows deduction of a share of pension income for state tax purposes. By Tinsman and others.

S.F. 134 — Allows deduction of a share of pension income for state tax purposes. By Tinsman and others.

S.F. 135 — Guarantees state funding for local services for people with mental illness, mental retardation, developmental disability or brain injury. By Palmer.

S.F. 136 — Allows establishment of county toll roads. By Bennett.

S.F. 137 — Requires employers to grant leave for parents attending their children's school activities. By Buhr.

S.F. 138 — Establishes a coyote management program. By Agriculture Committee.

S.F. 139 — Increases motor home registration fees by \$100. By Murphy.

S.F. 140 — Allows electric cooperatives to have classes of membership. By Environment and Energy Utilities Committee.

S.F. 141 — Allows newly reorganized school districts to have enrichment levies. By Education Committee.

dent locations has been identified. The sum of the worst traffic accidents in the Des Moines Traffic and Transportation Department.

With the Des Moines Traffic and Mike Ring, senior traffic engineer report is issued early next year, said report will not show up until the 1993 likely will not show up until the 1993 mishaps. But the improvements tion still made the list with 19 and Euclid avenues, that intersec-

will be repaired.

and Martin Luther King Jr. Parkway Avenue; and in 1996 Euclid Avenue and East 14th Street and Aurora

lowest number since 7,062 accidents 4 percent drop from 1991 and the ed 7,162 traffic accidents last year, a Moines in 1991. City officials count- There were 21 traffic deaths in Des about half the average number of 20. Eleven traffic deaths in 1992 was the lowest reported since 1987. total number of traffic accidents was cent in Des Moines last year, and the Traffic deaths fell nearly 50 per-

By TOM ALEX  
REGISTER STAFF WRITER

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## WORST INTERSECTIONS

HERE, according to the city's latest survey, are the most dangerous intersections in Des Moines.

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7. Euclid and	7. S.E. 14th and	10. E. 14th and	10. Beaver	10. Second	10. Second



# Legislators weigh effects

## Clinton's tax proposals could skew state's revenue base

**Shifting budget may force Iowa lawmakers to debate tax policy whether they want to or not.**

By DAVID YEPSEN  
REGISTER STAFF WRITER

President Clinton's tax proposals are pushing the Iowa Legislature toward a debate over Iowa's tax laws, legislators said Wednesday.

The potential effects of Clinton's proposals vary.

Raising federal income tax rates would diminish state revenues because Iowans are allowed to deduct their federal tax bill. But increasing taxes paid by Social Security recipients could provide a boost to the state.

An energy tax could take millions out of the state, potentially depressing economic activity in Iowa.

"If there are major shifts in revenues, we'll have to take a look at some kind of legislation, because we can't take that kind of hit," said Sen. William Dieleman, the Sully Democrat who heads the tax-writing Senate Ways and Means Committee.

His House counterpart, Rep. Darrell Hanson, R-Manchester, agreed, saying that while lawmakers don't particularly want to debate tax policy in 1993, they may be forced into it by Clinton.

"There could be a lot of changes to our revenue base," he said.

Senate President Leonard Boswell, D-Davis City, said, "I can see where we could have a fairly big hit on this year's budget," forcing Gov. Terry Branstad to recalculate his 1994 budget proposals.

Hanson said proposals to increase taxes paid by higher-income Social Security recipients would increase state tax revenues because Iowa ties many of the definitions of taxable Social Security income with the ones used by the federal government.

### Not Just the Elderly

"These aren't the elderly just trying to get by," he said. "These are the politically potent elderly who belong to AARP (the American Association of Retired Persons) and are the people with Winnebagos. Many state lawmakers will want to avoid offending them."

All said they need more details of Clinton's specific proposals — and some idea what Congress will do with them — before they can estimate the

precise impact on Iowa's tax revenues.

Almost any action will affect the state treasury.

Clinton's proposal to increase federal taxes on the wealthy will decrease state tax revenues by at least \$22 million and perhaps more, according to estimates, because of what lawmakers call "federal deductibility."

### Would Lose Money

"If we do nothing, it's clear it will cost us money, and probably significant amounts of money," Hanson said.

In recent years, attempts to limit the ability of Iowans to deduct federal taxes before calculating state income taxes due have been rebuffed by opponents who say federal deductibility shields Iowans from having to pay taxes on tax break porters of limits say it would reduce a tax given well-off Iowans.

House Appropriations Committee chair Ron Corbett, R-Cedar Rapids, said, "If it had been done, I think we want to do it while we (Republicans) are in control," because Democratic lawmakers often want to limit federal deductibility in order to find more revenues to spend. Republicans would try to offset the increase.

### 'CLEAR SHOT'

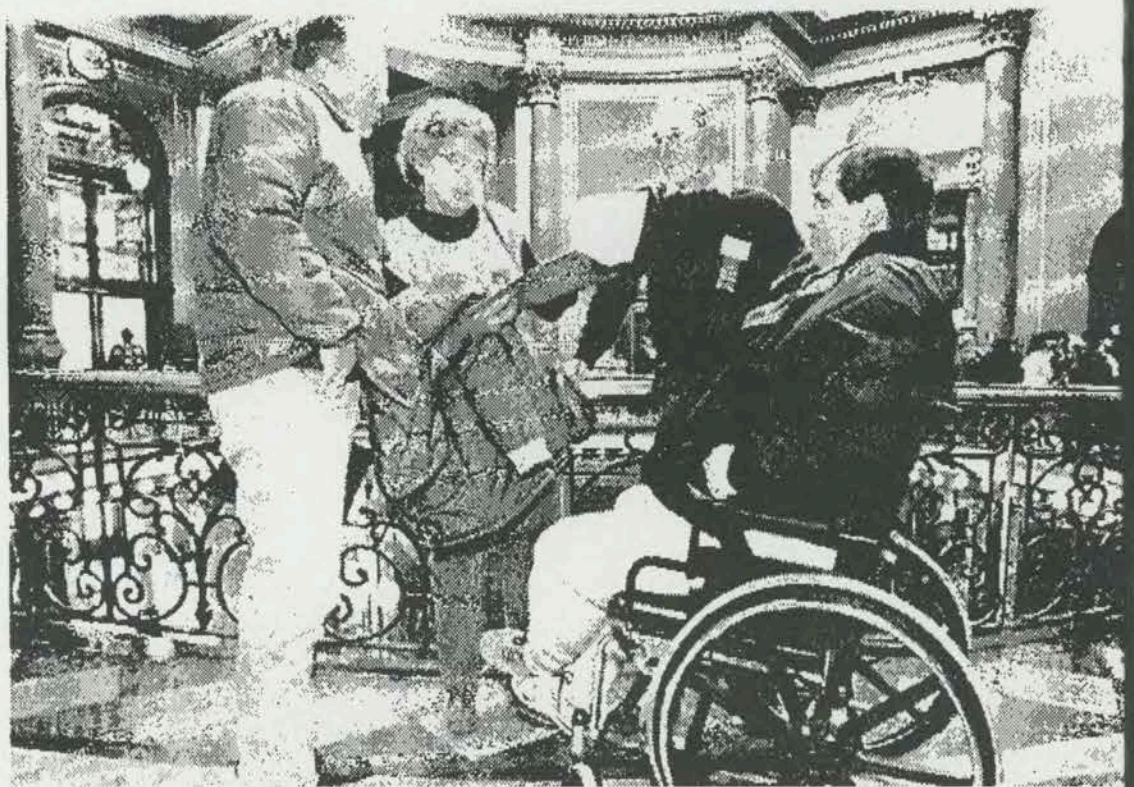
## Lawmakers eye shorter race season at Altoona track

By THOMAS A. FOGARTY  
REGISTER STAFF WRITER

The Iowa Legislature this session may shorten the legally required length of a live racing season at Prairie Meadows in 1993, but any other changes in state gambling laws appear unlikely, two influential lawmakers agreed Wednesday.

"The one thing that has a clear shot — that people probably figure we could pass — is something to shorten the live season at Prairie Meadows," said Sen. Michael Gronstal, D-Council Bluffs. "Anything beyond that becomes a difficult equation."

## HE'S FOR THE HELMET LAW





#### ON THE UPSWING

## Branstad finds favor with half of Iowans

The governor reverses a slide in his approval rating, which bottomed out nearly a year ago at 37 percent.

By THOMAS A. FOGARTY  
REGISTER STAFF WRITER

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AND TRIBUNE COMPANY

Reversing a precipitous slide in popularity, Gov. Terry Branstad now wins approval for his job performance from about half the state's adult population, according to a new Iowa Poll.

Forty-nine percent of Iowans say they generally approve of Branstad's job performance, the poll says. Another 42 percent say they disapprove, and the rest are undecided.

For Branstad, who is widely expected to seek a fourth term in 1994, the poll is something of a half-empty, half-full proposition.

#### "Mendoza Line"

On the negative side, any politician whose popularity is hovering near 50 percent has cause for concern. It's roughly equivalent to baseball's "Mendoza line" — a paltry .200 batting average.

On the positive side, the trend line in Branstad's popularity is on the upswing.

In a recent one-year period, Branstad saw his popularity as measured by the Iowa Poll drop 32 points. In February 1991, it stood at 69 percent. It dropped consistently until reaching 37 percent in February 1992. Battered by budget problems and labor strife in state government, Branstad scored his all-time low rating in the February 1992 poll.

The seven-day interviewing period for the new Iowa Poll was ideally timed for producing results favorable to the governor. During the period, he was at the top of the news nearly every day as he laid out his plans for addressing state problems in the legislative session that began Jan. 11.

#### Older, Rural Iowans

In the new poll, Branstad's popularity ratings run particularly high among Iowans age 65-plus (56 percent), college graduates (60 percent), rural residents (62 percent), northwest Iowans (57 percent) and southwest Iowans (69 percent).

Branstad is given particularly low approval ratings by blue-collar workers (43 percent), Iowans in labor union households (32 percent), central Iowans in Polk, Story, Dallas and Warren counties (42 percent) and southeast Iowans (43 percent).



# Budget top legislative problem

## ISSUES

Continued from Page 1B

than inflation and we can't keep up with that," said state Treasurer Michael Fitzgerald, another leading critic of the state's financial practices.

Even when the state scrapes up enough for a new program this year, it will only be a pittance.

### Economic Development

For example, the governor says economic development is a priority with him, yet his aides concede he will be unable to restore Department of Economic Development programs to previous levels. Much-touted marketing initiatives will get only a million or two more, less than what experts say is needed.

The budget will affect public safety. Iowa does not have enough money to solve the problem of a lack of prison beds and an aging prison system that needs rebuilding, a problem that is forcing the parole board to release prisoners after they have served only a fraction of their sentences.

Another vexing problem is posed by the state's borrowing practices, which also are being challenged in the courts. Iowans for Tax Relief contends the state is, in effect, kiting checks by borrowing money in one year to pay off the bills from a prior year. Loss of that suit could force additional spending changes if the state can't borrow money.

As it is, the practice costs the state millions. Iowa's credit rating is so poor, officials say, they are forced to spend millions to buy insurance to convince investors that Iowa will repay the loans. If Iowa's finances were solid, the state wouldn't have to borrow money. If it did have to borrow money, it wouldn't have to buy insurance and that money could be used for programs.

### A Challenge

"I don't want to underestimate the difficulties with which putting this budget together is going to be," Branstad said. "It is a significant challenge."

Among the challenges:

- According to the Department of

Management, state agencies and spending formulas are calling for \$250 million more in new spending. The growth in tax revenues will give them only about \$100 million more to spend.

- Of that \$100 million, about \$45 million will go to pay rising costs of health care for poor Iowans under the Medicaid program. At least \$30 million will go to increase state aid to schools.

- The state will have to come up with money for pay raises for state employees.

- The state still has bills that are not paid in the fiscal year in which they are incurred. Among the payments charged to the wrong fiscal year are about \$53 million in tax refunds, \$34 million in property tax relief, a \$21 million state payroll and \$16 million in pay to employees at community colleges.

- The state troopers pension system and the judicial pension system are \$52 million short of being able to pay all the benefits they eventually will owe. The state has not fully financed these two pension systems. This gives the state a few extra million to spend each year, but places a pension burden on future officials.

- While automatic spending increases were eliminated in many state programs, about 12 percent of the state budget remains on so-called automatic pilot.

- Costs of providing mental health care and lawyers for poor Iowans continue to outpace the rate of inflation.

### Priority Changes

Fixing these budget problems is difficult because it means controversial changes in Iowa's priorities.

Mechanisms that policy-makers have for doing that often are limited to such controversial things as layoffs, mergers of governments, higher tuitions and fewer road construction projects.

As a result of these conflicting pressures, the governor and lawmakers had little success in keeping their first promise to clean up Iowa's budget. In 1986, they approved a law to put Iowa on standard accounting, but fell off track in the face of election year demands for

spending in 1989-1990.

But this time, say the politicians, they'll keep their promises.

They say their 1992 spending reforms are more specific than the law approved in 1986. They say Iowans now are more informed about the state's financial problems. Both the Iowa economy and the national economy appear to be moving out of the recession, and that should generate more tax revenues and reduce demand for government services.

Also, Republicans have taken control of the Iowa House and a more conservative Democratic leadership is running the Iowa Senate. This is not an election year and politicians say all that should make it a bit easier for them to limit the growth of spending.

"We have nothing but tough choices to make through the rest of this decade," said Attorney General Bonnie Campbell.

## State budget woe could hit Iowans at grocery store

Complicated budget matters can develop into high-profile legislative debates that hold the prospect of touching Iowans at the checkout counter. Here's an example:

The state is appealing two rulings that would make it liable for \$75 million in tax refunds:

Senate Majority Leader Wally Horn, D-Cedar Rapids, said that if the state loses the cases, it should consider applying the sales tax to some foodstuffs that are now exempt. "You could grab a few million dollars," he said.

Iowa exempts many foods from the tax to keep it from hitting poor people, but recent studies have argued that people with higher incomes buy more expensive foods and get the same break. That's led some to suggest the state put the tax on more expensive foods and not on others.

Computer check-out scanners could be programmed to tell the difference. Another option would be to put the tax back on all foods and then give poor Iowans an income tax break.

— David Yepsen

pg. 6A



## **\$338 MILLION DEFICIT**

# Budget biggest legislative problem

The state made progress last year toward balancing the budget, but more remains to be done.

By DAVID YEPSEN  
REGISTER STAFF WRITER

Iowa faces a budget deficit this year projected to reach \$338 million, and chipping away at it will be the biggest problem facing lawmakers when they begin their 1993 session in a week.

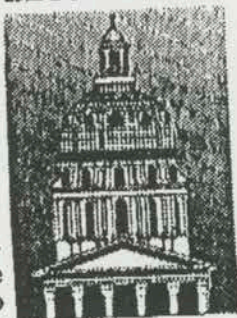
"The Legislature and the governor will still have a budgeting problem this year," said Dennis Prouty, director of the Legislative Fiscal Bureau.

"The first thing is to balance the budget and to complete our goal of having the state budget on generally ac-

cepted accounting principles," said Gov. Terry Branstad. "We made progress last year."

But state Auditor Richard Johnson, one of the leading critics of the state's spending practices, said that while progress was made toward balancing the budget, "we didn't really cut the overall budget last year. Some departments got cut, but overall all we did was reduce the amount of the increase."

### THE NEW IOWA LEGISLATURE



### Budget

## Deficit Soared

For fiscal 1992, which ended June 30, Iowa's budget deficit soared to a record \$408 million under generally accepted accounting principles, which are set by a national board. According to financial reports, the state's own, non-standard bookkeeping system would have showed an \$18 million deficit if the state hadn't moved some money in special trust funds to make up the difference.

"It was our low-water mark," said Gerald Bair, director of revenue and finance.

"We have not gotten to a point where we can live within our means," said Gretchen Tegeler, the state director of management. Johnson confirmed that, saying that in 1992 the state spent \$71 million more than it collected in revenues.

State officials say that spending limits and other changes instituted last year will reduce the deficit for fiscal 1993 to \$338 million. The governor and lawmakers during the 1993 legislative session will develop a budget for fiscal 1994, which begins July 1, 1993.

## Most Difficult

Balancing the books is the most difficult problem because it affects every other problem the state faces.

"It's easier said than done," Branstad said.

Budget problems will touch Iowans in many ways during the coming year.

For example, Iowa may be liable for \$75 million in tax refunds if it loses appeals of two tax cases. The state has lost the cases and is arguing to higher courts that it should not have to pay refunds because it can't afford them.

If the state loses the cases, Bair acknowledged that the obligation would quickly throw budget-balancing plans off track.

## School Aid

Another example of how the state's budget problems continue to vex Iowans and their lawmakers are the delays in school aid payments. The state can't pay state aid to school districts quickly, and some districts say that means they can't hire the extra teachers or are forced to borrow money.

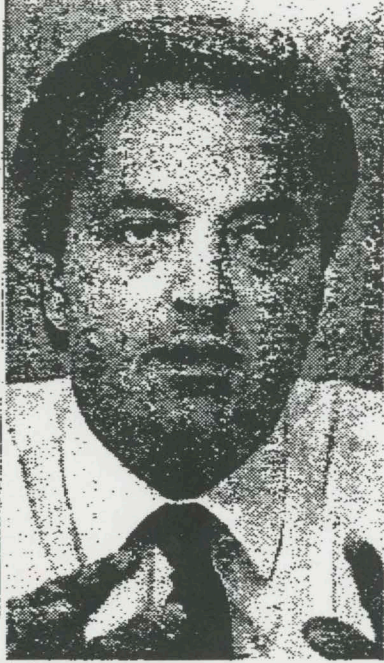
For the first time, the state teachers union has suggested taking money away from universities to finance elementary and secondary schools. The teachers contend that public schools are growing faster than universities and that many professors don't spend enough time in classrooms.

"The real problem we have in the state budget is we have so many programs with costs going up higher

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pg. 6





John Roehrick  
Defeated

# Tabor ousts Roehrick from top party post

## TABOR

*Continued from Page 1B*

Taylor of Manning as party vice chairwoman, replacing Denise Dolan of Dubuque, who did not seek re-election.

Tabor, 38, said the party has not done enough to court votes in rural areas of the state. "We need a change," Tabor said. "A lot needs to be done."

He promised to raise money, step up attacks on Gov. Terry Branstad, a Republican, and "run this like a campaign. It starts today."

## Perot Backers

Tabor also promised to court Texas billionaire Ross Perot's Iowa supporters, many of whom voted for GOP candidates in non-presidential races last fall.

Des Moines businessman Joe Jongewaard, who also sought the chairmanship, dropped out of the contest before the balloting began. Former state Rep. Jack Hatch of Des Moines also ran, but dropped out after the second ballot.

Tabor said after his victory that "the message I hope to send to people across the state is this is not a Des Moines-based party. It's true Des Moines is the largest city in the state and of critical importance in raising money, but by the same token we need to be building across the state."

"That's particularly true when it comes to the governor's race," he said. "There are many rural counties we are going to have a hard time winning but we need to cut the Republican margins there so when we carry the larger cities we can come up with victories."

He said in Iowa's two major 1992 congressional races, "we did not do particularly well in rural counties. We may never win them, but if we can cut the margins we'll do well. It's a statewide effort to elect a governor in 1994 and return the Legislature to Democratic control."

## "Lot Went Wrong"

Tabor said "a lot went wrong" in the 1992 campaign. Congressional campaigns ran poor advertising strategies and did not respond well when attacked, he said. The party's get-out-the-vote effort lacked the money to reach every potential voter.

Roehrick left the committee offices immediately after the vote and said he did not want to comment on his loss. He had said earlier that he thought he had enough votes to win

the job and that it was wrong to blame him for losses that were not his fault.

Tabor's first task is finding new offices for the party and paying off a \$180,000 debt.

Tabor asked the committee to pay him a salary between \$36,000 and \$45,000, since he planned to give up farming and work full time at the job.

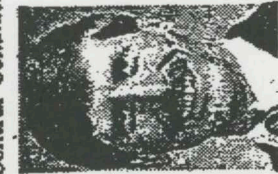
Twenty votes were needed to win the job as head of the 39-member committee. On the first ballot, Roehrick got 17 votes, Tabor got 15 and Hatch received 6. On the second ballot, Roehrick got 16 votes, Tabor got 17 and Hatch received 5. Hatch withdrew before the third ballot, in which Tabor sewed up the race, 22-16. Only one committee member, Jim Reynolds of Dubuque, was absent from the balloting.

## THREE BALLOTS

# Tabor ousts Roehrick from top party post

By DAVID YEPSEN  
REGISTER STAFF WRITER

Stung by losses in the 1992 election, the Iowa Democratic State Central Committee ousted party



Chairman John Roehrick Saturday and replaced him with Eric Tabor, a Baldwin farmer.

Tabor, who ran three unsuccessful races for Congress in northeast Iowa, defeated Roehrick by a

## Tabor New chairman

vote of 22-16 on the third ballot. Roehrick is a Des Moines lawyer who had served four years in the job.

Party leadership took on a decidedly rural flavor Saturday as the committee also elected Doris

TABOR Please turn to Page 5B



## THE IOWA LEGISLATURE

### Statehouse NOTES

#### Corrections chief refuses to discuss aide's firing

Citing advice from lawyers, Sally Chandler Halford, the new director of the Iowa Department of Corrections, refused Thursday to tell a state lawmaker why she fired the former department official in charge of prisons.

"It isn't something I can answer in a public meeting," Halford said when asked by Sen. Michael Connolly, D-Dubuque, why she fired Chuck Lee, the department's former deputy director for institutions.

Without a public explanation, Halford fired Lee on Jan. 7, during her first week as director of the Iowa Department of Corrections. Connolly asked Halford about the firing during her appearance before the Senate Judiciary Committee, of which he is a member.

Although Halford refused to explain Lee's firing, she told Connolly that in her new job she needed "a team in which there is compatibility in management style and philosophy."

Halford, who faces Senate confirmation later this session, called reports that she fired Lee at the direction of the Gov. Terry Branstad's office "absolutely not true." The Iowa Board of Corrections has scheduled a meeting next month to have Halford explain the firing. The meeting is to be closed to the public.

# Ethics rules causing headaches

## Bill to revise complex code is scheduled to be debated in House

By DAVID YEPSEN

REGISTER STAFF WRITER

Ethics. Mere mention of the word around the Legislature causes faces to wince, eyes to roll and heads to shake.

A complex code of conduct approved in the wake of last year's ethics troubles in the Legislature is causing unintended problems. As a result, lawmakers have started work on revisions they say are designed to make the current law workable.

Some issues in the bill, scheduled to be debated next week in the Iowa House:

- **Lobbyist regulation.** Professional lobbyists have long had to register. The new law seems to require lots of ordinary Iowans to register and fill out all the paperwork if they make one or two contacts with a legislator.

That could violate free speech rights and generate lots of unintended paperwork. For

example, lawmakers want the Farm Bureau's full-time lobbyists to register, but they did not intend that every Farm Bureau member in the state should have to register as a lobbyist if those members talk to their legislator about an agricultural problem.

"We don't want to catch the little old lady in Keota," said state Rep. Dorothy Carpenter, a West Des Moines Republican who chairs the House Ethics Committee.

Carpenter's committee is considering a proposal that says someone is a lobbyist only if he or she is designated by a group to represent it, or if a person spends more than \$250 per quarter pushing his or her agenda before lawmakers.

- **Lobbyists** would have to disclose their salaries, fees, retainers and expenses twice a year — on Jan. 31 and July 31.

- **Revolving door.** To prevent members and top state officials from cashing in on their contacts after they leave office, current law prohibits them from contacting lawmakers as lob-

bysts. Some fear that restriction is too broad and restricts members of minor boards and commissions.

Proposed changes specify which top officials and department heads are prohibited from becoming lobbyists for two years after they leave office. That exempts minor boards and commissions.

- **\$3 limit.** The new law limits gifts of food and drink to public officials to no more than \$3 per day per donor. That ends lavish wining and dining. Some members want to increase the amount to \$5 so they can attend lunches back home with constituents.

Others say a \$5 limit would be too much of a loophole. The House Ethics committee has tentatively decided to leave the limit at \$3 for all public officials, including local officials.

- **Gifts.** Most gifts from certain donors are currently outlawed for all public officials, including local officials. Those restricted donors are people who are trying to influence legislation or public policy of the government.

Some want to allow gifts worth up to \$3. That would allow officials to accept small gifts from those who lobby or try to influence them. But Tuesday, the House Ethics committee decided to leave the flat ban on gifts in place.

- **Personal financial disclosure statements.** Local officials — school board members, city council members and county officials — don't have to disclose their personal finances; and most lawmakers say they are not planning to require them to do that.

A list of other top elected officials, legislators and department heads will have to disclose personal finances.

Current thinking of many lawmakers is to require legislators, statewide officials such as the governor, top appointees of the governor and department heads to make a disclosure of any interest or investment that produces income of more than \$500 annually.

### TALKING ABOUT MONEY





## Iowa schools advance in competition

THE REGISTER'S IOWA NEWS SERVICE

**Mount Vernon, Ia.** — Mount Vernon High School was one of 24 schools to advance Saturday in the Iowa Academic Decathlon.

More than 80 Iowa high schools participated in the regional round of the decathlon, which was held at nine sites around the state. The schools compete to represent the state in the National Academic Decathlon in Phoenix, Ariz., in April, said Dick Wiederhold, president of the Iowa Decathlon organization.

Schools were divided into two divisions (large and small), with the largest 64 high schools making up the large division.

Up to nine students (juniors and seniors only) make up the teams.

Areas of competition include economics, language and literature, social studies, science, math and fine arts.

The top 24 schools from Saturday's competition will compete March 12 and 13 in Denison for the state title. Those schools are:

**SMALL DIVISION** — Mount Vernon, Eagle Grove, Johnston, Tipton, Schater-Crestland, Hull Western Christian, Marion, Sibley-Ocheyedan, Adel-De Soto, Spirit Lake, Delwin and Iowa City Regina.

**LARGE DIVISION** — Urbandale, Oskaloosa, Iowa City West, Council Bluffs Thomas Jefferson, Cedar Rapids Washington, Ankeny, Cedar Rapids Jefferson, Davenport Central, Denison, Pleasant Valley, Indianola and Muscatine.

## Man turns himself in in shooting case

THE REGISTER'S IOWA NEWS SERVICE

**Waterloo, Ia.** — A man accused of shooting his friend during an argument turned himself in to Waterloo police Sunday.

Donald Francis Shea, 44, was charged with willful injury (a Class C felony) and receipt, transportation and control of firearms by a felon.

Police said Shea was arguing with Nick Rodgers, 39, Saturday when Shea pulled out a handgun and pointed it at Rodgers.

# Special legislative session may loom

## Budget impasse, uncertainty have bogged down state lawmakers

By DAVID YEPSEN

REGISTER STAFF WRITER

Some state legislators say the possibility of a special legislative session this fall is growing.

A Statehouse impasse over budget issues and uncertainty about the effects on Iowa of President Clinton's economic plans are blamed.

"We may be here longer — well past April 30 — and be back for a special (session) in the fall," said House Appropriations Committee Chairman Ron Corbett, R-Cedar Rapids.

The possibility of a special fall legislative session comes against the backdrop of the current session, which is producing few bills after six weeks in Des Moines.

When the 1993 session began last month, leaders were forecasting a smooth gathering. Republicans had taken control of the Iowa House and a more conservative Democratic leadership had emerged in the Senate. This was supposed to make for harmony.

### School Aid

But now the Legislature is deadlocked over how much state aid to provide to local schools. The difference is small — some legislators say it's the equivalent of a few pop-can refunds per child. But the feud has escalated to a test of political wills between House Republicans and Senate Democrats.

Senate Majority Leader Wally Horn, D-Cedar Rapids, said he would like to resolve the matter by March 1, which still would leave plenty of time for school districts to complete their budgets in time for the July 1 start of the fiscal year.

For more than a week, House Republicans have been offering a compromise plan that would rearrange some of the money provided to schools. Horn said he's willing to consider that.

The school-aid stalemate was sparked by different interpretations of last year's spending law and how much has to be set aside for a surplus.

House members take a more conservative view than the Senate or the governor. House members say they want a surplus set aside.

Since the school-aid bill was the first one up for consideration, House conservatives went to work on it, contending that everything in government needed to be cut.

### "Don't Want To Fold"

Democrat Horn said: "The problem is, Democrats' top priority is education, and that's the one we don't want to fold on. The problem in the House is the right-wingers — the dirty dozen — who are controlling at least 30 moderate Republicans in the House and are keeping this from being resolved."

But Republican Corbett said schools "are going to have to do their share, too."

"We're saying no, we want to live under current law and therefore we have to have an ending balance. ... They are going to be forced to have an ending balance," he said.

Some members fear this sort of deadlock will spill over into other budget issues.

But leaders said they hope to keep that from happening. Last week, the Senate Democrats completed their budget targets for agencies and there was some similarity with the House Republicans in a number of areas.

THE REGISTER

## IOWA'S 1994 BUDGET TARGETS

THESE ARE the amounts, in millions of dollars, suggested by the governor and the parties controlling the House and Senate.

Agencies	Governor's proposals	House Republicans' proposals	Senate Democrats' proposals
Administrative	\$54.6	\$53.4	\$53.0
Agriculture and natural resources	42.5	39.0	42.5
Economic development	27.4	26.5	26.5
Education	701.1	696.5	705.1
Health and human resources	72.9	72.6	72.8
Human services	704.5	704.5	704.5
Justice	228.0	225.8	225.8
Regulation	48.7	48.0	47.2
Transportation	23.9	23.6	23.4
Capital expenses	3.8	3.7	1.1
Standing appropriations, including school aid	1,601.2	1,593.2	1,605.6
<b>TOTAL</b>	<b>\$3,508.6</b>	<b>\$3,486.8</b>	<b>\$3,507.5</b>

SOURCE: Senate Democrats

Still, the House and Senate are \$20.7 million apart in their spending plans.

### Education, Environment

"We're close on all the budget targets except (agriculture) and natural resources and education," Corbett said. The differences rest primarily in spending for state universities, community colleges and environmental programs.

Horn agreed: "We're pretty close on a lot" of other areas.

The lack of money to spend has contributed to the slow pace of the 1993 session. A lot of newcomers are taking their time learning the ropes and many conservative Republicans say they don't think the Legislature should pass a lot of bills in the first place.

"There is no money for bills," said Horn.

He said the ideological differ-

ences between the two chambers kills off many ideas.

Members consider an idea but then realize it has little chance in the other chamber. "Will the other house take up this bill? No? Well, then why do it?" Horn said. "They say, 'Why should I do all the work of passing a bill just to see it killed?'"

The irony in all this deadlock for many lawmakers is that while they must sit around with little to do now, they face the unhappy prospect of coming back in the fall to adjust Iowa's tax laws to whatever Congress does with President Clinton's economic package.

Clinton is calling for higher taxes, including taxing more Social Security benefits. That has a two-sided effect on Iowa's tax revenue, neither of which is acceptable to the politicians.

Because Iowa allows taxpayers

to deduct federal taxes before calculating the state income taxes they owe, any increase in federal taxes reduces state tax revenues. Estimates of the loss range from \$12 million to \$26 million, depending on what federal increases are enacted.

But since Iowa law "couples" many of its definitions of what is taxable income with federal definitions to make things easier for taxpayers, the proposal to raise taxes on well-to-do Social Security recipients also would raise state tax revenues. Estimates of the increase are as high as \$32.5 million.

### "That Don't Sell"

"The politics of this is you tax the elderly to let the rich get out from paying tax? That don't sell," said Senate Appropriations Committee Chairman Larry Murphy, D-Oelwein.

Dealing with those issues may lead legislators into a full-blown discussion of the fairness of Iowa's tax structure. Many liberals argue that it is unfair to poorer people. Legislators from border areas say Iowa's taxes often drive business and taxpayers into other states. Quad Cities lawmakers and north-west Iowa lawmakers say retirees often find it worthwhile to move to Illinois or South Dakota.

Some Republicans want to eliminate the deductibility of federal taxes — which would raise state tax revenues — but then lower Iowa's tax rates, so that overall tax revenues would remain the same.

Since Congress is not likely to complete work on Clinton's proposal until after the Legislature is scheduled to go home at the end of April, the lawmakers can't know what issues they'll have to face until later in the year.



DATE

2/25

TO:

Senator Dole

FROM:

Kathy Ormiston

☒

For your information

☐

Per your request

☐

For your approval

☐

For your signature

Other



assume what the president is talking about here is something beyond that 150--

SECRETARY BENTSEN: Yes, and I would assume that too. But I don't think those have been determined, or they would have been in the package.

SENATOR GRASSLEY: Do you anticipate that they will be part of the discussion we have before we make a decision this year?

PRESS RETURN TO CONTINUE OR ENTER A REQUEST.  
^D

SECRETARY BENTSEN: That's what we're talking about. We're just delighted to have any kind of recommendations you have in that regard.

SENATOR GRASSLEY: But the president here is probably talking about some additional proposals that he's going to make.

SECRETARY BENTSEN: Well, if we can find them, we will. And we've sure been searching. We've got you 150 of them; that's a pretty good start.

SENATOR GRASSLEY: Another point would be a commentary, not necessarily a question. And that, again, is based on something I just read in the morning paper. And this is not legislative; this is the president's on executive order; that he's going to have 100,000 positions eliminated in four years.

And according to some discussion yesterday before a House committee that evidently is in regards to the table of organization. Well, departments never fully fill their table of organization. I hope that what the president is talking about  
PRESS RETURN TO CONTINUE OR ENTER A REQUEST.  
^D

of reducing 100,000 jobs is 100,000 people that today are actually on the payroll; not some phantom job out there that exists on a table of organization that might not be filled.

I hope that he's going to reduce it 100,000 below whenever he made that statement.

Now, my next point is this, and it's based on the proposition that the president has always said he wants his deficit reduction efforts to be bipartisan.

And in the last few days, including some phone calls that four or five people on my staff have received, the Democratic National Committee is doing telephone solicitation, asking people for \$50 to help President Clinton sell his economic plan.

It seems a little unusual, if not a little unseemly, to have a political party using the president's economic plan as a fundraising tool. Is the administration involved in this money-raising operation?



SECRETARY BENTSEN: Senator, I'm not informed on that.

SENATOR GRASSLEY: I hope they aren't. I hope they collect the \$50 under this guise, that it's going to go for  
PRESS RETURN TO CONTINUE OR ENTER A REQUEST.

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reducing the deficit.

On another question, two days ago, CNBC was quoted-- quoted an unidentified Treasury official in saying that the investment tax credit provisions would not apply to farm equipment.

SECRETARY BENTSEN: Well, that's just wrong.

SENATOR GRASSLEY: Well, for my part, I'm glad to know that, because that's very important.

SECRETARY BENTSEN: For my part, too. I want to be able to go back to Texas.

SENATOR GRASSLEY: On Monday, Laura Tyson argued that everyone will benefit eventually if the Clinton program is passed because interest rates would be reduced. It was almost as if she were guaranteeing or promising that this would happen.

Do you think that lower interest rates are a given? And I'd also like to have you tie into that, as you reduce interest rates, you're reducing income for a lot of people who have investments, CDs, et cetera, that depend so much on these  
PRESS RETURN TO CONTINUE OR ENTER A REQUEST.

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interest rates.

SECRETARY BENTSEN: That's true. But I must say as far as guarantees of being able to reduce interest rates, I don't think that's either in my job description or Laura Tyson's. But we think we can do things that will encourage the reduction in interest rates. And that's quite true that for those people who depend on interest rates that there will be a reduction in income.

Hopefully some of them will go into investments where they'll have a commensurate return there. Maybe even better with the costs of borrowing money for corporations going on.

SENATOR GRASSLEY: In your plan, does Part B Medicare premiums go up? And if so, when?

SECRETARY BENTSEN: Part B Medicare premiums, what we have done is an extension. And the point I was making earlier, where in the 1990 budget agreement it was for a fixed dollar, and that added up to about 27 percent. And we have proposed an extension of that.

PRESS RETURN TO CONTINUE OR ENTER A REQUEST.

^D



Bob Dole

NEWS

U. S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER



FOR IMMEDIATE RELEASE  
FEBRUARY 25, 1993

CONTACT: WALT RIKER  
(202) 224-5358

## CLINTON BUDGET: WHERE IS IT?

DOLE SLAMS WHITE HOUSE & MEDIA HYPOCRISY: REPUBLICANS DESERVE SPECIFICS OF OVERDUE CLINTON BUDGET BEFORE OFFERING OWN "SPECIFICS"

WASHINGTON -- The following is the text of remarks delivered today on the Senate floor by Senate Republican Leader Bob Dole regarding the Clinton budget proposal, and White House and media demands that Republicans produce "specific" alternatives before they have seen overdue details of the Clinton Administration's own proposal. (The text has been revised to correct syntax and some figures):

Mr. President, I do not want to hold up consideration of the funding resolution. But I do want to take a minute or two to talk about the President's economic package and to point out a few facts that I think would be important for those who are following the budget package.

### Clinton Misses Budget Deadline

First of all, Section 300 of the Congressional Budget Act requires that the President submit his budget to Congress on the first Monday in February. This new deadline was set in the Budget Enforcement Act of 1990, and President Bush made the deadline in 1991 and 1992. So far the Clinton Administration has sent us a blueprint. We are still awaiting specifics.

I would just indicate that in that vein, as was pointed out by our friend, the distinguished Secretary of the Treasury, Mr. Bentsen, yesterday before the Senate Finance Committee, he said this: "Let me say what we are doing this morning. We are coming to you with not a completed detailed package. We are coming to you before we send you the budget to talk to you about some things where we want your input; where we want you to fill in and help us with the further details. If you have some more cuts that you want, let's all put our fingerprints on them."

The point I would make is we have a blueprint, but we do not know what the details are. For all of this we have been talking about for the past several weeks, we have been guessing. We do not know what the defense cuts are. Nobody knows. That is \$112 billion in additional spending cuts.

### Where Are the President's Details?

Now the Washington Post has been, sort of acting as an intermediary for the Clinton Administration, faxing up inquiries to those on the Republican side, saying: Well where is your alternative? Do you have any specific budget cuts? Send them to the Post and we will pass them on to the White House. I guess that is what they have in mind since they are the number one cheerleader in this town for the Administration.

We just suggest to the Post that they ought to be asking: Where is the budget? Where are details of this package? How can Republicans respond to a package in one week when the Clinton administration has been out there ever since the campaign ended in November -- I guess some do not think the campaign has ended -- but, since the election, working on this detailed bold plan for America.

### GOP Has Made the Tough Votes

So I just suggest on behalf of the Republicans that we will be responsible as we have been in the past. And going back to 1985 again, and years after that when we were up here willing to do the tough things, make the tough choices. And in that year, only one Democrat voted with us, the late Ed Zorinsky from the state of Nebraska. And the vote was 50 to 49. We passed the toughest budget resolution that his place has seen before and since that time.

So I would just suggest that we are prepared to be players. I have always been a player. But I want to play after I see all the people on the field, all of the specifics on the field, not half of

(more)



the team, or nobody knows what \$12 billion streamlining government is. What is it? An \$11 billion in administrative savings? What is it?

I just suggest that there are a lot of things we can do before we can comply with the Post deadline of today so they can run a big story tomorrow morning point out, what are the differences?

#### Cut Back New Spending, Taxes & Tax Breaks

But I would just say for starters, there is \$178 billion in new spending. We can certainly cut that back by \$100 billion or so. There are a lot of new taxes, \$360 billion in new taxes. We could certainly cut that back.

And there are some tax breaks of some \$60 billion, \$70 billion, and we can certainly cut those back. That would be a good start. But right now we have a package that is about \$3 in new taxes for every dollar in new spending. I wanted to indicate to the Washington Post, the intermediaries for the Clinton Administration, that we are working and we will be there with a plan.

#### See Budget First, Then Vote

First, we want to see the budget. Now we are being told we may pass a budget resolution before we get the budget. Maybe that has been done. Maybe there is precedent for it, but we would like to see the budget before we pass the budget resolution. We would like to see the specifics, the cuts, the new taxes, what the impact is on defense, and the energy impact. We think, in fairness, we have a right to see that before the press demands of us that we come up with some whole new package, so we can start debating the Republican package.

#### Advice to White House: Campaign is Over

Finally, a word of advice to the communications department at the White House. They ought to calm down, go out for a weekend, have a diet Coke, enjoy yourself. The campaign is over. You won. Now comes the hard part: leading America. It is a lot easier and a lot more fun to play the campaign game where every Administration policy becomes a victim of some 30-second negative TV ad. This is not Super Tuesday. We are dealing with a major deficit reduction plan.

This is not the New Hampshire primary or the Iowa caucus. This is day 37 of the Clinton presidency. If the White House continues to treat every day like another day on the campaign trail, the American people -- and I think President Clinton himself -- will be ill served. It certainly does not make Republicans want to jump up and support the President, if we have somebody in the communications department saying we are doing nothing but whining or carping. That may have been good campaign talk, but we are going to be around here 3 years and 11 months, and we want to cooperate with the President. We do not want to get in a contest with his communications director.

#### The Political Stimulus

I suggest that, as in the past, we are going to be responsible, and we are going to have real cuts, not just in defense, not 112 billion more out of defense. We are going to try to scale back a lot of the new spending. I note that today in the Washington Post, even they are saying now the stimulus package does not do much, but it is "psychological." They had the right letter first -- P -- but it is P for political, not psychological.

#### The Bush Recovery

The Bush recovery is well under way. We are making progress. We will have to revise the economic growth estimates for the last quarter of 1992. It seems that we ought to let the Bush recovery continue without adding \$18 billion to the deficit. In the spirit of cooperation, I say to the President of the United States, President Clinton, that he will find Republicans being responsible. We have had 7 days. He has had about 100-some days to get ready. We still do not have his budget. I say that, in fairness, give us a little time. We are going to have some options. We agree with Secretary Bentsen and others that this has to be a total effort. We hope that when that time comes, we will have more support for our ideas than we had in 1985, when one Democrat voted for the Republican package.

#### Patriotism Redefined

So we hope we can do better than that. We think the people want more jobs, and they want the deficit reduced. They want us to speak out. They want bipartisanship. They are tired of gridlock, and we want to be helpful where we can. But, that does not mean you are not patriotic if you do not sign onto \$360 billion in new taxes. If that is patriotism, it is a brand new definition. We may not meet the Washington Post's deadline, but we will try to be responsible on this side of the aisle.





Times Mirror  
Center for  
The People &  
The Press

**N E W S Release**

EMBARGOED

FEB 26 1993

1875 Eye Street, N.W., Suite 1110  
Washington, D.C. 20006  
202 293-3126

FOR RELEASE: FRIDAY, FEBRUARY 26, 1993, A.M.

## **Less Support For Clintonomics Over The Back Fence**

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202/293-3126



## LESS SUPPORT FOR CLINTONOMICS OVER THE BACK FENCE

A substantial majority of the American people continues to support Bill Clinton's economic program, even as an uneasy and critical tone dominates the conversations and discussions of the plan among a remarkably high proportion of the public. At the same time, the poll also finds most Americans seemingly willing to wait for a personal payoff from the Clinton plan.

A nationwide *Times Mirror* survey conducted February 20-23 finds that Clinton gets strong backing for the economic proposals he outlined last week (58% favor, 27% oppose). But when Americans are asked to characterize their discussions in recent days with friends and neighbors, expressed opinions about the President's plan are much more divided. Only 45% of those respondents say the discussions were mostly *positive*, while slightly more (46%) depict their conversations as *critical* of the Clinton plan.

Americans who are displeased are doing more talking than those who back the President's initiative. But these grass roots deliberations can nonetheless erode support for the Clinton program over time among key groups, particularly Perot supporters, who barely give the plan majority approval.

The Clinton program has received more public attention than any presidential policy or proposal in the history of Times Mirror's public interest surveys.<sup>1</sup> Forty-eight percent of Americans say they paid *very close* attention to news about the economic plan. No fewer than 64% of respondents polled by the Times Mirror Center say they have discussed the plan over the past five days with friends and neighbors.

Critics are more likely than supporters to have talked about the plan (73% to 64%). Eighty-nine percent of critics who discussed the plan with friends and relatives characterize these discussions as "mostly critical of the Clinton approach to the economy", while only 70% of backers say their discussions with friends and relatives were mostly supportive of the program.

Americans who voted for Ross Perot in November offer the most dramatic disjuncture between their own views of the plan and their characterizations of "back porch opinions" - 49% favor Clinton's program, 34% oppose and 17% are unsure. But 53% of those who voted for Perot in November characterized discussions of the plan with acquaintances as critical, while only 36% described these talks as supportive.

### *Quick Fix Not Anticipated*

Perhaps the most encouraging aspect of public reactions to the Clinton program from the Administration's point of view is that Americans seem willing to wait for the Clinton program to work. Most do not expect enactment of the Clinton program to benefit them

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<sup>1</sup> Public interest in George Bush's policies reached a high of 40% in Sept. 1989 when he announced a war on drugs. Only 34% followed very closely Bush attempts to reach budget deficit agreements with Congress (Oct-Nov. 1990).



financially in the short run. In fact, a 42% plurality of Times Mirror's respondents thought they would be **worse off** this year, and only 33% believe they will be **better off** if the President's plan goes into effect in 1993. However, majorities believe that three years from now they will be better off (51%) and the country will be better off (58%).

The difference between long and short term views of Clinton's program relates very much to income level. People earning less than \$30,000 a year expect to better off both in the long run and short run. More affluent people expect to be worse off in the short run, but better off three years from now, if Clinton's policies are enacted. (See Table on page 4)

Politically, people who say they voted for Bush expect to be worse off as a result of Clinton's program in both the short and long runs, while Clinton voters expected to be better off at both points in time. Perot voters express equivocal views - 55% expect to be worse off in the next 12 months, and only 20% better off. Three years from now, 38% see themselves as potentially better off, but about as many, 41%, think they will be worse off.

#### ***A Tax Emphasis***

By a large margin the Clinton program is seen as one that mostly emphasizes tax increases (59%) rather than spending cuts (23%). As might be expected, critics of the plan are more apt to focus on tax hikes (78%), but a majority of those who back the plan also characterize it that way. Looked at another way, the survey shows support for the Clinton initiative even among those who see it as a tax increase program. Forty-nine percent of those who see the plan mainly as a tax hike favor it, while 35% oppose it. However, 72% of American who don't see the plan as mainly a tax increase favor it.

Analysis of the survey indicates that younger Americans who see the Clinton program as mostly a tax increase are more likely to still support the President's plan (57%) than are older people who see it that way (43%).

#### ***A Swollen Middle Class***

More people today (51%) than in the 1960s (45%) say they are members of the middle class. At the same time the number of people who describe themselves as working class has fallen from 37% to 29% over that period.



## Opinion of President Clinton's Economic Plan

	<i>Personal View</i>		<i>Discussions With Friends and Neighbors<sup>2</sup></i>		<i>N</i>
	<u>Favor</u>	<u>Oppose</u>	<u>Mostly Supportive</u>	<u>Mostly Critical</u>	
<b>Total</b>	58	27	45	46	(1516)
<b>Sex</b>					
Male	59	29	42	47	(761)
Female	58	24	47	44	(755)
<b>Race</b>					
White	56	29	41	49	(1300)
Black	77	12	79	15	(117)
*Hispanic	60	23	55	34	(78)
<b>Age</b>					
Under 30	63	25	46	47	(352)
30-49	58	27	46	44	(665)
50+	56	28	42	48	(485)
<b>Education</b>					
College Grad.	59	29	40	48	(424)
Other College	56	31	42	48	(417)
H.S. Grad.	61	24	47	43	(514)
< H.S. grad.	57	22	53	43	(158)
<b>Region</b>					
East	64	22	45	43	(288)
Midwest	58	27	45	45	(405)
South	57	28	44	47	(544)
West	56	28	44	47	(279)
<b>Party ID</b>					
Republican	30	51	18	72	(425)
Democrat	84	9	71	21	(532)
Independent	55	25	40	50	(494)
<b>Presidential Vote</b>					
Bush	27	55	13	78	(381)
Clinton	87	6	72	18	(515)
Perot	49	34	36	53	(187)

*Question: Overall, do you support or oppose Bill Clinton's economic plan?*

*Question: In the past few days, have you discussed Bill Clinton's economic plan with your friends or neighbors, or not? Overall, were these discussions mostly supportive or mostly critical of Clinton's economic plan?*

\*The designation, hispanic, is unrelated to the white-black categorization.

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<sup>2</sup>Based on respondents who had discussions with friends and neighbors (N=1014).



## Personal Financial Future

(If Clinton's Economic Program Is Enacted)

	<i>In One Year</i>			<i>In Three Years</i>			<i>N</i>
	<u>Better Off</u>	<u>Worse Off</u>	<u>No Diff.</u>	<u>Better Off</u>	<u>Worse Off</u>	<u>No Diff.</u>	
<b>Total</b>	33	42	14	51	32	5	(1516)
<b>Sex</b>							
Male	30	47	14	49	35	6	(761)
Female	35	38	15	52	29	4	(755)
<b>Race</b>							
White	29	46	14	47	35	5	(1300)
Black	64	11	15	75	8	5	(117)
*Hispanic	44	28	16	53	27	11	(78)
<b>Age</b>							
Under 30	47	36	11	60	28	4	(352)
30-49	30	47	12	51	33	4	(665)
50+	27	41	19	43	34	7	(485)
<b>Income</b>							
50K+	22	55	14	49	38	3	(315)
30-49K	27	50	14	51	36	3	(402)
20-29K	40	35	14	52	30	7	(277)
<20K	43	30	16	55	25	7	(355)
<b>Region</b>							
East	33	38	19	57	23	5	(288)
Midwest	32	44	12	50	35	4	(405)
South	35	39	14	48	34	5	(544)
West	30	48	14	48	35	6	(279)
<b>Party ID</b>							
Republican	15	66	11	26	55	5	(425)
Democrat	51	20	18	72	12	4	(532)
Independent	28	48	13	47	36	6	(494)
<b>Presidential Vote</b>							
Bush	7	73	10	19	65	3	(381)
Clinton	52	18	19	77	10	4	(515)
Perot	20	55	14	41	38	7	(187)

*Question: If Clinton's economic program is enacted, do you think that you and your family will be better or worse off financially in a year?*

*Question: If Clinton's economic program is enacted, do you think that you and your family will be better or worse off financially in 3 years?*

\*The designation, hispanic, is unrelated to the white-black categorization.



## **SURVEY METHODOLOGY**

The survey results are based on telephone interviews conducted under the direction of Princeton Survey Research Associates among a nationwide sample of 1,516 adults, 18 years of age or older, during the period February 20-23, 1993. For results based on the total sample, one can say with 95% confidence that the error attributable to sampling and other random effects is plus or minus 3 percentage points.

In addition to sampling error, one should bear in mind that question wording and practical difficulties in conducting surveys can introduce error or bias into the findings of opinion polls.



## THE QUESTIONNAIRE



TIMES MIRROR CENTER FOR THE PEOPLE AND THE PRESS  
NATIONAL OPINION SURVEY  
FEBRUARY 20-23, 1993  
N=1,516

INTRODUCTION: Hello, I am \_\_\_\_\_ calling for the Princeton Survey Research Associates from Princeton, New Jersey. We are conducting a telephone opinion survey for leading newspapers and TV stations around the country. I'd like to ask a few questions of the youngest male, 18 years of age or older, who is now at home (IF NO MALE, ASK: May I please speak with the oldest female, 18 years of age or older, who is now at home?)

Q.1 Do you approve or disapprove of the way Bill Clinton is handling his job as President?

56 Approve

25 Disapprove

19 No opinion  
100

Q.2 Now I will read a list of some stories covered by news organizations this past month. As I read each item, tell me if you happened to follow this news story very closely, fairly closely, not too closely, or not at all closely. (READ AND ROTATE LIST) How closely did you follow news stories about ... (READ SCALE IF NECESSARY)?

	<u>Very Closely</u>	<u>Fairly Closely</u>	<u>Not too Closely</u>	<u>Not at all Closely</u>	<u>DK</u>
c. Bill Clinton's economic plan	49	36	10	5	*=100

Q.3 Overall, do you support or oppose Bill Clinton's economic plan?

58 Support

27 Oppose

15 Don't know/Refused  
100



Q.3a If Bill Clinton's economic program is enacted, do you think that a year from now you and your family will be better off financially or worse off financially?

33 Better off  
42 Worse off  
14 No difference (VOL)  
11 Don't know/Refused  
100

Q.4 What about three years from now ... If Bill Clinton's economic program is enacted, do you think that you and your family will be better off financially or worse off financially three years from now?

50 Better off  
32 Worse off  
5 No difference (VOL)  
13 Don't know/Refused  
100

Q.4a What about the country as a whole? If Bill Clinton's economic program is enacted, do you think that the country as a whole will be better off financially or worse off financially three years from now?

58 Better off  
29 Worse off  
3 No difference (VOL)  
10 Don't know/Refused  
100

Q.4b In the past few days, have you discussed Bill Clinton's economic plan with your friends or neighbors, or not?

64 Yes  
36 No  
\* Don't know  
100

GO TO Q.5



Q.4c Overall, were these discussions mostly supportive or mostly critical of Clinton's economic plan?

BASED ON THOSE WHO ANSWERED YES IN Q.4b N=1,014

45 Supportive

46 Critical

9 Don't know/Refused  
 100

Q.5 What would you say Bill Clinton has emphasized more in his economic program: government spending increases, government spending cuts, or tax increases?

5 Spending increases

23 Spending cuts

59 Tax increases

8 All equally (VOL)

5 Don't know/Refused  
 100

D13. By and large, do you think of yourself as being of the ... (READ LIST)?

	NORC - Oct. 1964
1 Upper class	<u>2</u>
9 Upper middle class	11
51 Middle class	45
29 Working class, or	37
8 Lower class	3
<u>2</u> Don't know/Refused 100 (DO NOT READ)	<u>2</u> 100



By THOMAS C. HAYES

The energy tax that President Clinton proposed last week would ripple through various industry sectors in different ways. And from Maine to Washington state, executives are beginning to contemplate how to shift their strategies, pricing policies and operating plans to adjust to a tax on most energy consumption.

For some industries, energy represents a small fraction of their total costs. But for others, like aluminum manufacturing and airlines, energy eats up a sizable share of revenues. Such a tax would also affect the cost of moving goods, and in some cases consumers' choices of what products to buy. Auto makers, for example, estimate that higher gasoline prices of 8 cents a gallon or more by 1996 would spur sales of smaller cars.

The energy tax would be based on the energy content of nearly all fuels, as measured by British thermal units — the heat required to raise the temperature of a pound of water by 1 degree Fahrenheit. The tax would be phased in starting next year and would take full effect in 1996.

Executives in some industries are counting on passing the higher prices along to customers, but where that is not possible, they may have to pay for some of the tax out of their own earnings until they can figure out ways to get costs down further. In industries like airlines and chemicals, market leaders with low costs say the extra tax will weigh most heavily on their weaker rivals, and could lead to a Darwinian weeding-out process.

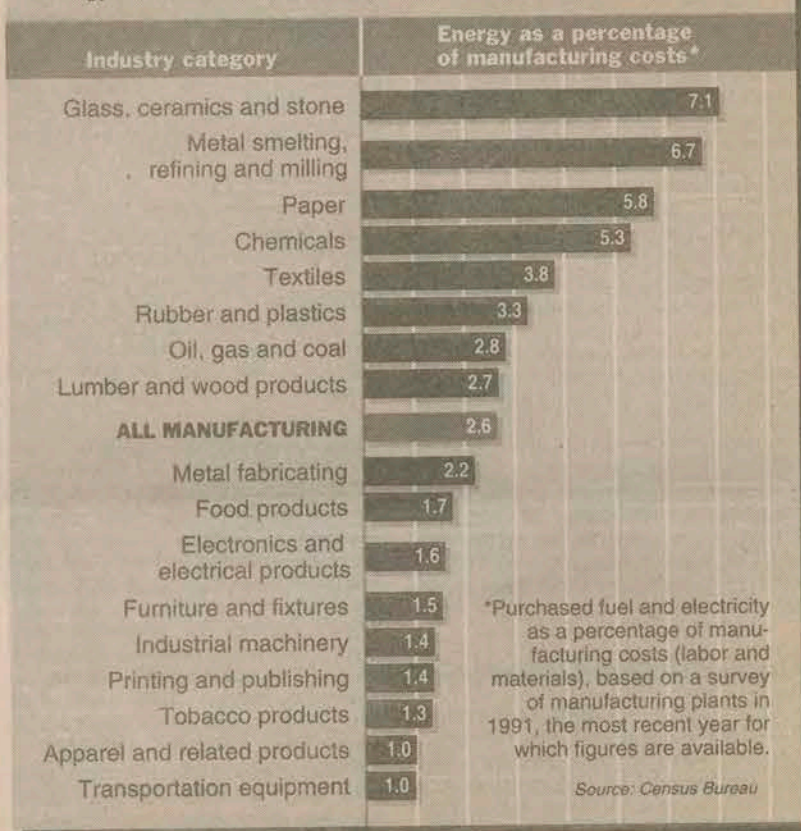
Here is a sampling of how executives in eight industries assess they anticipate making in their operations if the energy tax becomes law:

## Improving Auto Mileage

Energy experts say Mr. Clinton's energy tax could add 8 to 12 cents to the price of a gallon of gasoline, and auto manufacturers and dealers ex-

## Manufacturers' Energy Tax Exposure

Energy costs are a much bigger part of the cost of manufacturing in some industries than in others, so the broad-based energy tax proposed by the Clinton Administration would fall harder on more energy-intensive manufacturers, and their customers.



The New York Times

pect that the tax will accelerate the shift by consumers toward smaller and more fuel-efficient cars. Some manufacturers, like the Ford Motor Company, were already beginning to look harder in that direction, and the tax could accelerate improvements in efficiency.

Ford, for example, said it was al-

ready gearing up to produce more of its smaller models, including the Ford Escort and Tempo and the Mercury Topaz, at the expense of bigger cars.

"The percentage of cars in the

Continued on Page D2

D2

## Industries' Plans on B.T.U. Tax

Continued From First Business Page

small end of the market will go up," said Dave Kulp, the company's manager of fuel-economy planning and compliance. He added, "We have available capacity to produce more."

Ford is also working on several design changes in aerodynamics, tires and transmissions to improve the fuel efficiency of all models, Mr. Kulp said.

## Raising Air Fares

The nation's airlines have lost \$6 billion in the last three years. Now they must calculate how much they can raise fares to recover increased jet-fuel taxes without losing too many passengers. In the short term, industry executives do not see much in the way of cost savings from more efficient engines or other improvements. The Air Transport Association estimates that the industry will pay \$1.2 billion in higher costs when the tax reaches full force in 1997.

The tax would add "tens of millions of dollars" to costs at American Airlines, said Al Becker, a spokesman. Yet the nation's largest airline would not cancel flights or reduce service in other ways because of the tax alone, he said. "This energy tax is not going to persuade us to do something that we would not otherwise do," Mr. Becker said.

Southwest Airlines, the only profitable major airline in the last three years — and the one with the lowest costs — could possibly benefit if weaker carriers pull out of busy markets. "Obviously, when you are doing well and still growing, there is an advantage" when weaker carriers are forced to retreat, said Gary Kelly, chief financial officer of Southwest.

## Cutting Trucking Costs

The trucking industry anticipates a \$3 billion increase in costs from the energy tax at a time when its yearly

profits are about \$5 billion.

William M. Clifford, president and chief executive of the St. Johnsbury Trucking Company, in Holliston, Mass., estimated that the energy tax would add \$90,000 a month to his company's costs. The privately held company, which ranks about 10th among the nation's trucking concerns, has yearly revenues of \$300 million.

"It's a buyer's market, so we won't be able to pass on those costs to our customers," Mr. Clifford said. But he bled trying to find ways to reduce his company's costs.

"We just went through a recapitalization of this company," he said. "We were not generating a profit. I had to cut costs, lay off people. It was very unpleasant. Certainly, our plans have to change."

## For Aluminum, a Burden

As big consumers of energy, the aluminum industry would find the energy tax a substantial burden. At the Intalco Aluminum plant in Ferndale, Wash., for example, the tax would increase electricity costs by perhaps \$10 million a year, and add 11 percent to production costs. And Noel Shelton, power manager at the plant, said the higher costs could cause Intalco to lose sales to rivals across the border in Canada, whose prices would likely be harder to match or undercut.

Producers in Canada and elsewhere built large, modern plants in the late 1980's, and many pay less for power to make a pound of aluminum than do manufacturers in the United States, Mr. Shelton said.

Energy conservation programs at Intalco, a subsidiary of Alumax, "have gone about as far as we can go," he said. "If we make any further electricity cuts, we would have to reduce our plant output."

## Competing in Chemicals

Chemical manufacturers consume 7 percent of the nation's total energy supplies. Half of that amount goes into feedstocks, mainly crude oil and natural-gas products, that are excluded from the Clinton energy tax. But the other half — the power consumed by production equipment — would be subject to the tax. And the Chemical Manufacturers Association estimates that the tax would increase the industry's annual fuel bill of \$10 billion by about 12 percent.

Most chemical makers invested heavily in energy-conservation equipment during the last 20 years, and some companies said that continued improvements should cover some

portion of the higher energy costs. Officials at Elf Atochem North America's plant in Tacoma, Wash., expect that over the next 10 years energy efficiency programs will cut more than \$33,000 from monthly electric bills that currently average about \$600,000.

The company, a unit of France's oil giant, Elf Aquitaine, is spending \$5.8 million on programs that are projected to cut power consumption by 20 megawatts over 10 years.

"A tax could be a sizable figure," said Edward Lowe, operations manager. "But our competitors also are located within this country. If all energy ratios go up proportionately, we'd still be in the same competitive position. Our tax would be passed on to our customers."

But an energy tax could cause troubles for exporters. "As our costs go up in the U.S., that digs into our worldwide competitiveness," said Vince F. Villani, a vice president in the industrial chemicals division of the Union Carbide Corporation. Union Carbide, a low-cost producer, could gain sales and markets if higher costs from the energy tax cause uneconomical plants in the United States to close, he said.

The chemical industry is the nation's biggest export sector, larger than agriculture, producing a surplus of \$16.3 billion last year, down from \$18.8 billion in 1991. "We're forecasting further declines this year, without an energy tax," said Allen Lenz, chief economist for the industry trade group.

## Effect on Refiners

Petroleum refiners have had slack demand and slim profits for the last few years. For most refiners, a new tax of about \$3.50 a barrel — the level that would be reached in 1996 under the President's proposal — would far exceed the current profit on each barrel, which has been less than \$1 a barrel. But industry executives expressed doubts that the full cost of an energy tax could be passed to customers in all parts of the country.

"The markets aren't any good right now," said John R. Hall, chairman and chief executive of the Ashland Oil Company, the nation's largest independent oil refiner, based in Ashland, Ky.

On the West Coast, where refiners export a sizable portion of the gasoline, jet and diesel fuel, and other products they produce, executives are concerned that the extra cost of the tax would make their products less competitive abroad.

In periods of slack demand, such as January and February when gasoline demand falls, West Coast refiners

export from 10 to 30 percent of their output of all fuels, mainly to East Asia, said Kenneth Riley, vice president of business management and new ventures for the ARCO Products Company. The refining and marketing unit of ARCO Inc. is based in Los Angeles.

"Every bit of common sense says that exports should be exempted from the tax," Mr. Riley said.

But Bruce Pasternack, senior vice president and managing partner of the energy group at Booz, Allen & Hamilton Inc., the accounting and consulting firm, said most other refiners — whose products are sold largely within the United States — would probably not lose customers by raising prices apace with taxes.

A price increase for gasoline of 7 or 8 cents a gallon will lower demand by less than 1 percent, or fewer than 100,000 barrels a day, he said. "If you think about gasoline prices, month to month and year to year, they fluctuate by at least that much," he said.

## Utilities to Pass Tax On

Utility executives, like those in other industries, are looking at a strategy of cutting costs and raising prices to cover the cost of a new energy tax.

In Michigan, which ranks No. 8 among the states in energy consumption, executives at the CMS Energy Corporation estimate that the proposed tax would push up their costs 5 percent. Including a higher corporate tax, costs would rise by a total of 7 percent. CMS provides electricity and natural gas to businesses and consumers in central Michigan.

William T. McCormick, the company's chairman, said CMS would pass the costs to customers through higher rates. Yet growth of demand will gradually slow or even decline because higher costs would make business customers less competitive. Then, he said, they "will not be able to afford as much energy."

Residential customers, though, normally do not cut back on heating, cooking, television viewing and other energy-consuming activities when prices rise, he said.

The Detroit Edison Company, which supplies electricity to 1.9 million customers in southeastern Michigan, said it would step up cost-cutting programs as one response to the Clinton energy tax.

Recent programs enabled the utility to pare electric bills by an average of 5 percent, starting last month. Still, Detroit Edison intends to charge customers for its rising costs from an energy tax, said Robert Dobkin, a spokesman. Most consumers will not cut consumption, he said, despite efforts by Detroit Edison to encourage conservation.



THE WHITE HOUSE

WASHINGTON

February 26, 1993

Dear Mr. Leader:

Thank you very much for your letter concerning the budget process.

I appreciate knowing your views, but I see no reason not to proceed on the current schedule of enacting a concurrent budget resolution. Last week we submitted to the Congress a document entitled, "A Vision of Change for America," which includes more information than is needed -- or typically included -- in a budget resolution. Therefore, I believe we should proceed with the budget process. Deficit reduction is too important a task to delay even for a few weeks.

I look forward to working with you on these and other issues in the future, and to seeing you at lunch on Tuesday.

With best wishes,

Sincerely,



The Honorable Bob Dole  
Minority Leader  
United States Senate  
Washington, D.C. 20510



NOTICE

*There should be no release of  
this document until 9 p.m.,  
Wednesday, February 17, 1993*

# A VISION OF CHANGE FOR AMERICA



February 17, 1993