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THE WHITE HOUSE
WASHINGTON

October 29, 1982

*c7
Can I get your
comments?*

MEMORANDUM FOR MICHAEL K. DEEVER ✓
CRAIG FULLER

FROM: JAY MOORHEAD *JM*
Special Assistant to the President
Private Sector Initiatives

SUBJECT: CONTRIBUTIONS STRATEGY RECOMMENDATIONS FROM
TASK FORCE ON PRIVATE SECTOR INITIATIVES

For your information, I am enclosing a draft report from the Contributions Strategy Committee, the Cabinet Committee, the Impediments Committee, and the Incentives Committee of the Task Force.

These drafts are currently being circulated to Task Force members and will be edited for presentation to the President on December 8.

There will be eleven committee reports submitted by the Task Force, four of which have potential for controversy (Cabinet, Contributions, Incentives, Impediments).

I would like to receive some guidance by November 10 about expected Administration reaction to these recommendations.

Please note: There is wide disagreement in the Task Force over the specific recommendations of each committee. Therefore, although each committee will submit its report to the Chairman, Bill Verity, the views represented reflect only the Committee's, not the entire Task Force. Consequently, the reports cover a wide range of opinion and it is not expected that each recommendation will be adopted by the Administration.

Please advise who else I should circulate information to, i.e., who in Meese's shop?



Draft

October 12, 1982

MEMORANDUM TO: Task Force Members
FROM: The Impediments Committee
SUBJECT: Final Committee Report

Due to the nature of the Impediments Committee being research oriented as opposed to action oriented, we have found the substance of our final report to be considerable and therefore lending itself to a rather lengthy report. (Approximately 40 pages.) It is impossible for us to have a completed first draft of our report by this date so we have instead provided the attached "outline."

This "outline" has been sent to our committee members for review. The first five sections of the "outline" depict to a close degree what the contents of our final report will look like. Section VI, the main substance of the report, requires some explanation.

Under subsections A through D in the "outline" we have presented in list form a brief synopsis of the impediment identifications that we have received. This is not the format under which they will be addressed in the final report. In the final report under each subsection there will be textual explanation of that category of impediments. Within that text, a few of the more salient or significant impediments will be discussed as examples of our explanation. In an appendix, listed under the same subsection, these impediments and those of lesser significance or salience will be compiled in a fairly detailed explanatory format. The reason for this structure is that it would be far too voluminous to try to discuss all the impediments under a certain category, especially since many are technical in nature. Yet to deny interested parties the detailed analysis of impediments provided by the private sector would be a waste of its valuable energy and resources. Therefore, we have decided to provide an appendix that will contain the detailed material and allow us to forego such explanation in the text.

Report to President Reagan
by the
Committee on Impediments to Private Sector Initiatives

Chairman: Hon. Barber B. Conable, Jr., Member of Congress
Michael Joyce, Executive Director, The John M. Olin Foundation
Kenneth Dayton, Chairman, Dayton Hudson Corporation
Rev. E. V. Hill, Mt. Zion Missionary Baptist Church

I. Charge of the Committee:

The Committee on Impediments was asked by the Task Force to survey the realm of private sector initiative and to identify impediments which prevent or retard the fullest use of private sector initiatives in the United States. We were to look at federal, state and local statutes, regulations and practices.

Almost immediately the question of separating impediments from incentives arose. The two are often interrelated. For example, some feel that the lack of specific incentives to encourage the private sector in a certain direction is in fact an impediment. The report does not try to draw a firm distinction between impediments and incentives. Instead, its focus is on identifying areas of public policy where changes could be made which would release or encourage greater private sector initiative than already exists. Throughout this report, therefore, the idea of "impediment" will be used in a broad sense.

Our primary focus is on identifying impediments and pointing out ways in which they have impeded volunteerism, public-private partnerships, charitable endeavors and other forms of private sector initiative. In a few instances, a remedy may be straightforward and self evident. In many, where it is not, we do not try to suggest specific policy changes. We hope, however, that others both within the Administration and without will study the areas we have identified and make concrete proposals for change which would encourage private sector initiative.

II. Definition of impediments and incentives:

A law or regulation need not totally stifle private initiative in order to impede it. An impediment can be viewed as a behavior, rule, regulation, law which increases the costs, reduces the potential benefits, increases the risk or precludes a specific strategy of private sector initiative. Of course, it is possible for an impediment to prevent private sector initiative altogether -- as appears to be the case with the law which currently prohibits volunteers from serving in federal agencies unless an exception has been specifically legislated. Conversely, a behavior, rule, regulation, or law which permits, encourages, reduces the cost, increases the potential benefits, or reduces the risk of a private sector initiative is considered to be an incentive.

It has been brought to the attention of the Committee that many of the very real impediments to private sector initiative are not the result of laws or regulations but instead involve attitudes and motivations on the part of individuals and organizations. While acknowledging that this is the case, the Committee chose to focus its attention on impediments which specific legal or regulatory changes could resolve.

Impediments and incentives at the Federal level receive most of the attention in this report; they are most readily identified and impact activity on a nation-wide basis. A few specific impediments have been identified at state and local levels. There are undoubtedly many more which parallel Federal impediments as well as some which are unique to the laws and regulations of individual states. The Committee has communicated with the State level private sector initiative task forces to urge them to replicate this examination of impediments and incentives.

III. Private sector initiatives face no overwhelming, major impediments:

U.S. has enjoyed a lengthy, rich and diverse tradition of private initiative, voluntary association and creative cooperation among its citizens to solve mutual problems and meet common needs.

This enduring tradition indicates that no insuperable barriers or legal impediments exist which would preclude a continuation of this type of activity.

Generally, where there is motivation and strong determination that a particular private sector initiative be undertaken, those involved have usually found a way to succeed.

Failures of specific initiatives do occur -- for lack of proper or sufficient motivation, insufficient funding, lack of community support or perceived need -- but it is the finding of the Committee that the climate in the U.S. today continues to encourage and favor private initiatives, volunteerism and non-governmental approaches to problem solving.

IV. Prevent creation of new impediments:

Before addressing existing impediments, the Committee stresses the importance of not creating new impediments inadvertently as new programs and policies are developed by government.

Recommendation: Policy makers at every level of government should review and study the possible consequences on private sector initiatives of proposed policy initiatives prior to their implementation.

Many policy changes are motivated by factors which have little or nothing to do with fostering private sector initiatives. However, while keeping these principal aims or motivations in mind, it is still possible to assess whether a particular proposal would help or hinder private sector initiative compared with one or more alternative approaches and to consider ways that basic policy thrusts could be modified to create a climate favorable to private sector initiative.

Examples of broad public policies currently being debated which have potential impediments for private sector initiative:

—Flat or consumption-based income tax: while recognizing that broad changes in the tax structure must be judged by many other standards, what would be the impact on charitable contributions and could these methods of taxation be adjusted so that they would not decrease such contributions.

- New federalism: what impact would reallocating government responsibility for meeting human needs have on non-profit groups involved in helping the needy?
- Repair of infrastructure: what would be the impact of decisions relating to the repair, relocation or closing of roads, bridges, schools, public housing on the sense of community and neighborhood identification and solidarity which propel many private sector initiatives?
- Minimum wage: what would be the impact on state or federal decisions to increase minimum wages on the employment of youth, trainees and others who private sector initiatives often try to help?

The Committee is NOT recommending that a formal study or exhaustive impact analysis be launched every time a new policy is considered. However, it suggests that just as policy makers attempt to assess the impact of proposed changes on the economy, the environment and on families, some thought be given to what the potential impacts on private sector initiatives might be and how any possibly negative impacts could be avoided.

- Example: During the consideration of The Economic Recovery Tax Act of 1981, it was realized that the full operation of the new rules for depreciation of capital assets would mean that some corporations would show reduced taxable income on their ledger books. If the limit on deductibility of corporate charitable contributions had been left at five percent, this would have meant that at least a few corporations with aggressive philanthropic programs would have to have reduced their contributions in order to stay within the allowable limit. The limit was therefore doubled to 10 percent — not because anyone expected corporate contributions to double, but merely to prevent other changes in the law from having an unintended, negative impact on existing patterns of charitable giving.

V. The Crucial Role of a Strong Economy:

The Committee wants to emphasize that a strong economy constitutes the greatest incentive to private sector initiative. None of the specific impediments we identify below begins to match the negative effects of a weak economic climate on stifling private sector initiative, be it charitable contributions, the development of public-private partnerships, the creation of the jobs and income that reduce the need for philanthropy or the development of creative alternatives for meeting needs in the private sector.

VI. Specific Impediments and Incentives:

Specific impediments and needed incentives which individuals and organizations have been brought to the Committee's attention as barriers they have encountered in trying to foster private sector initiatives will be discussed in this section. (No single member of the committee necessarily agrees that every one of these items ought to be highlighted.) An appendix to the report will provide a more detailed discussion of the impediments.

The Committee stresses that it is not necessarily advocating a specific legislative or regulatory response to these impediments and incentives. Instead, it urges that these areas be reexamined to determine whether the original rationale behind the existence or lack of these policies outweighs the problems they create for private sector initiative.

A. Contribution of funds by individuals and families

1. Make permanent the above-the line income tax deduction for charitable contributions; government and interested groups should continue to make taxpayers aware of this new deduction for people who do not itemize their other deductions.
2. State income taxes should lower the cost of giving by recognizing charitable contributions by taxpayers who do not itemize deductions — such a change is currently pending final approval in California.
3. Increase the limitations on the percent of income the contribution of which can be claimed as a deduction.
4. Consider policies which would permit individuals to contribute Series E savings bonds, IRA's and Keough accounts — such as the penalty for liquidating IRA funds before age 59 1/2.
5. Bargain sale provisions: Under pre-1970 tax law, when a taxpayer might have been in a better cash position as a result of contributing appreciated mortgaged property to a charitable organization. Under current law, it is no longer advantageous to do so. This impediment might be alleviated by revising the law to tax only 25 percent of the cost of such a donation.
7. Contribution of artistic works: Tax treatment of gifts made by artists discourages gifts of great works of art to museums and galleries in the United States.
8. Charitable trusts: Several tax impediments to the creation of charitable trusts have been identified. These include the uncertainty as to the right to reform defective trusts under certain circumstances, and the 20 percent limitation on the percentage of AGI which can be deduction for the creation of a trust and the lack of a carryforward provision.

B. Volunteers

1. Federal law currently prohibits Federal agencies from permitting volunteers to contribute their services unless a statute has been enacted specifically exempting the agency from this provision. Those agencies which have been permitted to use volunteers — the SBA, Forest Service, Savings Bond program, for example -- have found that volunteers contribute importantly to accomplishing agency functions. Consideration should be given to lifting this blanket government-wide prohibition on volunteer services.
2. The Federal government currently gives no preference in choosing grantees to applicants who plan to use volunteers even though use of volunteers would permit government dollars to stretch further.

3. Members of civic and charitable associations are not permitted to place unstamped mail in mail boxes. Permitting such a practice might help these organizations mitigate the impact of high postage rates.
4. Individuals who have student loans are deterred from working as unsubsidized volunteers or for very low stipends because of loan repayment requirements. Consideration should be given to whether loan repayment requirements could be suspended or forgiven during such periods.
5. The deduction allowed for individuals who volunteer to accept an exchange student into their household during the school year has not been updated to reflect the increase in the personal tax exemption from \$600 to \$1000. Increasing this deduction would make it possible for more families to accept such students.

C. Tax-exempt organizations

1. Non-profit organizations

- a. Accounting methods used by the Federal Government in calculation of amounts to be reimbursed under grants or contracts should not penalize organizations for use of volunteers. Current procedures count the value of volunteer services in such a way as to reduce agency reimbursement for indirect costs.
- b. A law was recently enacted requiring the government to pay interest on late payments to contractors. This law did not include late government payments government grantees. Such late payments sometimes necessitate borrowing, at high rates of interest, by the grantees to cover their costs until the federal payment arrives. However, these interest costs must, under current law, be absorbed by the grantee agency. Payments should be made on a timely basis at least, and where possible, on an advance funding basis so that grantees will be able to plan for and allocate their funds on a reasonable basis.
- c. Non-recurring "acts of human kindness" should be permitted in the structure of the Supplemental Security Income program so that non-profit groups are not discouraged from assisting the aged, blind, and disabled individuals who depend on this program but whose needs are often in excess of support provided under the program.
- d. Tax exempt organizations that make grants to for-profit businesses are in jeopardy of losing their tax exempt status despite the fact that the grants are made to stimulate business growth in economically depressed areas.
- e. Compliance with a patchwork of State laws regulating charitable solicitation to prevent fraud and deception has increased the cost of charitable fundraising and in some cases has created serious unintended difficulties for reputable charities.

- f. Postage rates should be reviewed in light of their impact on the ability of charitable organizations to generate income to carry on their functions.
- g. Check clearing charges imposed under federal law are felt to increase the costs of fund-raising for charities which depend on numerous very small contributions rather than a few large gifts.
- h. A reevaluation and redefinition of unrelated business income of charities is needed to provide a greater degree of certainty in this area.
- i. Multiple reporting requirements are required of nonprofit organizations by local, state and federal governments, often requiring repeated filing of the same documents and the same information. Simplification and streamlining of these required reports would free organizations from much of this unproductive work and expense.
- j. Relax federal regulations which prohibit use of government vehicles in connection with occasional charitable drives or projects when such use does not interfere with the "mission" of the agency.
- k. Review state and local zoning laws, health, fire and safety regulations regarding the provision of services such as daycare for children, the handicapped and the elderly to make sure that regulations can assure the safety and wellbeing of those in care without making the kinds of requirements which prevent the organization and provision of these services where they are needed.
- m. The rules governing whether an organization qualifies as a public charity require that at least one-third of its annual contributions come from broadly based public contributions, fees, admissions and so forth. This requirement jeopardizes the organization's status if it accepts large contributions from other charities and it discourages efficient means of husbanding and distribution funds for charitable purposes.
- n. Under current law, charitable tax-exempt organizations are prohibited from balancing their investment portfolios with debt-financed properties (mortgaged real estate). This prevents them from purchasing real estate as an investment and from holding such property received as a gift.

2. Foundations

- a. Community foundations are required to obtain at least 10 percent of their support from public contributions in order to maintain public charity status. This has the inevitable and undesirable effect of penalizing a community foundation for its earlier success in attracting contributions. As the value of the foundation's endowment and that of endowment income increases, it becomes more and more difficult to attract sufficient annual contributions to meet the 10 percent test.

- b. It has been alleged that a major factor in reducing the "birthrate" of new foundations and discouraging the flow of additional funds into the foundation field is the prohibition under current law of excess business holdings. In summary, these rules provide that a private foundation cannot hold more than 20% of a corporation's voting stock, less the percentage owned by all disqualified persons. Should a foundation acquire excess business holds as a result of the receipt of a gift, bequest or corporate merger, a five-year grace period is allowed during which the foundation may dispose of such holdings without incurring the tough penalties imposed under current law. An effort should be made to develop a rule which would allow greater flexibility without permitting the kinds of abuses that led to the current rule.
- c. Private foundations are not allowed to rely on IRS rulings as to a grantee's public charity status. This forces the foundations to expend their resources in order to make these determinations on their own, thus resulting in less funds available for charitable purposes.
- d. Donors to private foundations may not deduct the fair market value of contributions of appreciated property without adjustment for capital gains tax unless the foundation distributes to qualified charities 100 percent of all their contributions within 2-1/2 months after the end of the taxable year of the donations. This means a foundation must be certain of selling all the properties it receives in order to fund its distributions within the same year. These requirements are too rigid in the case of real properties subject to market uncertainties to permit a substantial contributor to fully fund its foundation with appreciated properties and may therefore reduce the amount contributed.
- e. Foundations are required to pay a 2 percent excise tax on their investment income. This tax was intended to cover the IRS's costs in monitoring tax exempt organizations' compliance with the tax law. This revenue generated by the tax far exceeds what is being spent for compliance and reduces the funds available for charitable purposes.
- f. The penalties and sanctions on both public charities and private foundations for relatively minor infractions need to be reviewed. In the case of private foundations, a multi-level set of penalty taxes have sometimes created problems for smaller foundations which lack the resources to retain adequate legal counsel. Public charities' violations are sanctioned by the loss of their tax-exempt status altogether, a punishment which may be too harsh to match minor advertent violations.
- i. Presently, only one of four eligible candidates for corporate-related foundation scholarship programs may receive an award. This "25% test" was devised by Congress to prevent corporations from funneling compensation to their employees through educational scholarships to their children. These stringent limits severely and unnecessarily limit the freedom of company foundations to engage in a charitable activity of broad benefit to the community.

- j. Under present law, even the most remote lineal descendant of someone who established a family foundation is prohibited from being involved in the activities of the foundation. Violations of this broad definition of family member for purposes of determining who are "disqualified persons" triggers substantial penalty taxes. This rule can impose a great administrative burden on private foundations, the magnitude of which increases geometrically with each passing generation.

D. The For-Profit Sector

1. Prudent standard for investment of private pension funds: investigate whether encouraging some small percentage — one to three percent initially — of the enormous assets held in these funds to be invested with a somewhat higher risk factor or a lower rate of return would free capital needed for public-private partnership efforts to revitalize local communities without jeopardizing retirement benefits.
2. Permit corporate deductions for the reduced tax associated with permitting stockholders to designate dividends for contributions to charity.
3. Tax credits for large corporate contributions to job creation organizations.
4. Corporations that make loans bearing interest at less than market rates to businesses located in inner-city neighborhoods or to charitable organizations receive no special tax benefit. A proportionate deduction in relation to the below-market interest rate and prevailing market rates should be considered.
5. Numerous suggestions have been made to allow corporations special tax preferences for targeting their operations, expansion, contracting, hiring, etc. on minority-owned business and on enterprise zones.
6. Corporations are not permitted to take a charitable deduction for contributions of transportation of contributed excess inventory. Although they can claim a charitable contribution deduction for contributing the inventory, moving the inventory to the charity is not deductible and sometimes costs so much that the corporation opts to destroy the products rather than to contribute them.
7. Growers and raisers of agricultural products are not permitted charitable deductions for contributions of these products, which are not marketable.

REPORT OF CONTRIBUTIONS STRATEGY COMMITTEE

Draft

Committee Members

Arthur Levitt, Jr. Chairman; Chairman American Stock Exchange
Cornell Maier, Chairman Kaiser & Chemical Corporation
Richard W. Wyman, President, Rockefeller Foundation
Terence Cardinal Cooke, Archbishop of New York
Elder Thomas S. Monson, The Mormon Church
Dee Jepsen, Special Asst. to the President for Public Liaison
Kenneth N. Dayton, Chairman of Executive Committee,
Dayton-Hudson Corporation
John Gardner, Chairman, Independent Sector

Mission

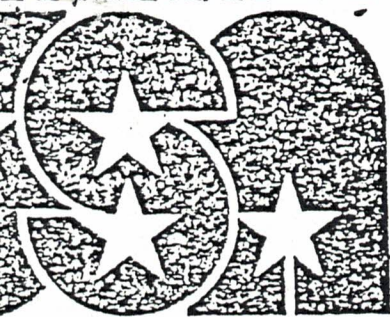
The mission of this committee is to identify and encourage programs that offer the potential for stimulating improvements in the amount and patterns of giving by corporations, foundations and individuals.

Activities and Results

The committee has developed and the Task Force has approved statements concerning contribution strategies for corporations, individuals and foundations and these statements are attached as part of this report. These statements have been widely disseminated through the general press and to the specific constituencies involved. For example, the statement on corporate public involvement has been distributed to individual corporations, general business organizations like the National Association of Manufacturers, the Business and Roundtable and the American Business Conference as well as to a wide range of industry trade organizations. Similarly, the statement on foundations has been distributed through the Council on Foundation and Independent Sector to their membership and through the newsletters of many national membership organizations.

Recommendations

The committee's specific recommendations concerning corporate, individual and foundation giving are included in the attached statements.



March 24, 1982

TASK FORCE RECOMMENDATIONS ON CONTRIBUTIONS STRATEGIES

The President's Task Force on Private Sector Initiatives believes that while the private sector is already making a major contribution to the social and economic progress of America through a variety of contributions of time, talent and money, more can be done to make the private sector a strong partner with government in meeting the needs of American communities.

The private sector includes business, organized labor, religious and civic groups, educational and philanthropic institutions, service and neighborhood organizations, trade and professional associations, individuals and families -- the broadest possible cross-section of American life. Each part of the private sector has an important role to play in shaping the future of our nation.

This statement is the first of several that the Task Force will issue during its 13-month life about how we can most appropriately strengthen the private sector. It focuses specifically on the contributions made by corporations and individuals. Subsequent statements will address the work of private and community foundations, religious organizations, volunteer-involving organizations and other non-profit groups.

CORPORATIONS

The Task Force recommends that corporations:

1) Double within four years the level of cash contributions to non-profit organizations engaged in public service, with a goal of tax-deductible contributions equalling at least two percent of pre-tax net income.

2) Double within four years the overall level of their involvement in community service activities, both in financial contributions and in the mobilization of their human resources in volunteer capacities.

3) Reassess the pattern and direction of both their cash contributions and other forms of public involvement to insure that the most pressing human, social and economic needs in their communities are being addressed effectively.

4) Commit themselves to active involvement in the development and enhancement of partnerships between the private and public sectors in their communities.

In recent years corporations have gone far beyond cash contributions in their involvements in the community -- to job creation and training for the unemployed, targeted urban investments, loaned technical expertise to local and state government and support for employee volunteer programs. Their total cash contributions of approximately \$3 billion have been matched by a variety of in-kind contributions of goods, services, and loaned personnel. These contributions are a vital resource in communities nationwide.

Individual corporations vary widely in the extent and nature of their current involvement and in their potential for increased involvement over time. Thus, the Task Force recommendations address the overall commitment that must be made by the business community in the years immediately ahead. Likewise, the Task Force recognizes that the most active and lasting commitment will come as the product of each company's own recognition that the condition of the communities in which they operate is as much a part of their business as the products they make and the services they offer.

INDIVIDUALS

The Task Force recommends a goal of doubling individual giving in the next four years.

Almost 90 percent of private giving is by individuals. In 1980, the total of individual contributions exceeded \$43 billion. In addition, individuals contribute an enormous amount of personal volunteer time, equivalent in 1981 to an estimated \$64.5 billion.

When individuals give money and time, our society benefits in three ways:

- specific people and causes are assisted;
- there is a greater awareness of community needs and issues;
- the givers gain an important sense of service.

Since its beginnings, this country has benefited from an extraordinary willingness on the part of individuals to participate in addressing communities' needs and aspirations. It is important to our nation and to its givers and receivers that we strengthen that voluntary impulse. A doubling of individual giving in four years will raise personal donations to a level of approximately \$100 billion.

The present average of personal contributions is about two percent of annual income, with many individuals and groups contributing the traditional ten percent "tithe." The Task Force proposes that Americans work toward an average contribution of five percent of personal income.

The increased support should go to the causes of one's choice. That too is an important part of our democracy and the pluralism that strengthens it.

Individual giving and volunteering go hand in hand. If within the next four years we can double the levels of contributed time and money, we will have multiplied all of the benefits of this country's unique pattern of private initiative for the public good.

TASK FORCE RECOMMENDATIONS ON CONTRIBUTIONS

STRATEGIES FOR FOUNDATIONS

On March 24, 1982, the President's Task Force on Private Sector Initiatives announced the first of a series of statements to encourage the private sector to strengthen its role as a partner with government in meeting the needs of American communities. That statement concerned the potential for two segments of the private sector, corporations, and individuals. The current statement addresses foundations.

BACKGROUND

Foundations are independent nonprofit organizations that have been funded from private sources, managed by their own trustees and established to serve the public interest by addressing social, educational, cultural and other charitable needs. The majority of foundations are known as independent foundations originally established and funded by individuals or families. A second important category is community foundations. They are a flexible vehicle through which individuals and corporations can make gifts or bequests of any size for the benefit of a community or a region and are governed by a publicly appointed board of trustees. A third category, corporate foundations, receive their funding from a corporation and their functions were covered in the earlier Task Force statement about corporate public involvement.

The first two categories of foundations account for about 5% of all private sector giving in the United States and their share of the total has gradually declined over the past decade due to such factors as inflation, government regulation, the impact of tax laws and the effect of the securities markets on foundation assets. The net result has been a continued slow decline in foundation giving in real dollars over recent years.

At the same time, foundations occupy a unique position in the private sector and have the potential for playing a more important role in helping to address the social and economic needs facing the country. Foundations are unique in their flexibility to respond to needs, in their ability to take risks and in their freedom to explore problems. The diversity among the nation's 22,000 foundations is a classic example of the pluralism in America's private sector and provides an opportunity for a rich and creative response to those issues and needs which are within the resources of the foundation community.

RECOMMENDATIONS

The Task Force recommends that:

- 1) Foundations reassess the pattern and direction of their giving to insure that the most pressing human, social and economic needs are being addressed effectively.
- 2) Foundations commit themselves, where appropriate, to active involvement in the development and enhancement of partnerships between the private and public sectors in their communities, and to the nurturing of community-based organizations that play so important a role in such partnerships.
- 3) Foundations voluntarily recognize their continuing accountability to the public as nonprofit organizations and follow the example of many foundations in openly communicating the amount and nature of grants made and their grantmaking objectives and priorities.
- 4) Every effort should be made to reverse the declining birth rate of foundations by aggressively promoting the formation of new foundations.

COMMUNITY FOUNDATIONS

Community foundations have an especially vital role to play in community partnerships because of their staffs' broad knowledge of the geographic area they serve, and their ability to pool gifts from many sources to meet community needs. These foundations often are in a position to provide expert grantmaking assistance to local corporations who desire to increase the level of their giving. They also make excellent partners with national corporations and foundations desiring to make contributions in cities or regions where they lack information about local needs. As a bridge between the donors and the local non-profit sector, community foundations are natural partners to work with local government to address community problems. The Task Force recommends that:

- 1) The cities and regions without community foundations take steps to form such foundations. The key persons in such a process are community leaders, heads of non-profit organizations and bank trust officers, attorneys and estate planners working with individual donors to establish a pooled community trust committed to addressing local needs and concerns. In addition, independent foundations and corporate foundations can play an important role in providing technical and financial resources for the formation of new community foundations.
- 2) Localities with community foundations mobilize resources to obtain additional gifts, bequests and corporate contributions to provide a substantial asset base from which grants can be made.
- 3) Existing community foundations place a high priority on providing technical and financial assistance in the formation or enhancement of public-private partnerships in their communities.

EXAMPLES

The following examples indicate some of the ways independent and community foundations are taking the initiative to address community needs:

-- In response to the severe crisis brought on by floods and mudslides in the San Francisco Bay Area, the San Francisco Foundation established a \$7 million emergency fund.

-- The Mid-Nebraska Foundation gave a matching grant to High Plains Emergency Medical Services to establish a radio system for advanced life support activities in an 18 county region of west central Nebraska.

-- The William Penn Foundation has funded a \$1.5 million program to help non-profit organizations meet survival needs of Delaware Valley residents, including short-term emergency assistance for food, clothing, fuel, shelter and health care.

-- The New York Community Trust administers a pooled special projects fund from nine corporations to respond to some of the needs brought about by New York City's fiscal crisis.

-- The Charles Stewart Mott Foundation made grants to seven new or revitalized community foundations throughout the country to provide for salaried staff, special project support and endowment challenges. All seven foundations now have strong executive directors and three have raised sizeable endowment funds.

-- The Hartford Foundation for Public Giving has helped fund the Citizens Committee for Effective Government, a corporate sponsored study group that used volunteer teams from the private sector to conduct management studies of the city government and the public school system. Changes recommended and adopted saved taxpayers \$548,000 in the first year.

-- The Metropolitan Atlanta Community Foundation sponsored the "Leadership Atlanta" program in which potential leaders from all sectors of the city convened to study the city in detail and to get to know one another. The networks of friendships that developed have served the city well in difficult times and the model has been emulated by other cities.

-- The Greater Essex Community Foundation in Orange, New Jersey worked with the Department of Health and Human Services to conduct an exploratory study of home equity conversion, a form of reverse mortgage for the elderly, as an important element in stabilizing the living conditions of the nation's senior citizens.

-- The John Hay Whitney Foundation granted \$39,000 to the Hispanic Saguache County (Colorado) Community Council to establish a local community action project.

-- The Northwest Area Foundation and the Otto Bremmer Foundation provided leadership and administrative support in establishing the North Dakota Community Foundation.

These examples represent some of the ways foundations can do their part in responding to needs on the local level. The Economic Recovery Tax Act of 1981 includes a feature which establishes the annual payout requirement for foundations at 5% of assets. This change from prior law increases the ability of foundations to preserve their assets at a level which should insure a steady payout of grant dollars in future years. At the same time, there may be other legislative and regulatory changes which will further enhance the responsive ability of foundations and facilitate the creation of new foundations. These possibilities are being explored by the Task Force.

REPORT OF INCENTIVES COMMITTEE

Draft

Williams C. Norris, Chairman
Chairman and CEO, Control Data Corporation

William S. White, President, C.S. Mott Foundation

Leslie Luttgens, Chairman, Council on Foundations

James S. Henry, President, Center for Public Resources

Mission Statement

To identify incentives for increased initiatives by private sector organizations, from the largest corporations to the smallest business, foundations and non-profit agencies. In addition, identify incentives for individuals, as employees, as shareholders, or as private citizens that will increase personal participation in voluntarism, and provide examples of such activities. The Committee has targeted as its primary mission the expansion of employment.

Recommendations

The Committee's specific recommendations concerning incentives are included in the attached statement.

SUMMARY REPORT - COMMITTEE ON INCENTIVES

Expanding employment is the primary mission adopted by the Incentives Committee. Every community needs a means to assure the continuing process of creating new jobs. This can best be accomplished by combining voluntarism, contributing, and investing in a focused approach through local public/private partnerships.

Expanding employment requires that new jobs be created, and that people be made job-ready through counseling, education and training, and supported by necessary social services. Because of limited time and resources, it is not feasible to devise a program embracing all aspects of expanding employment. Therefore, the Incentives Committee concluded that it should concentrate on a limited program whereby public/private partnerships stimulated new job creation by focusing on assisting small businesses since studies show that they create most of the new jobs.

Local assistance needed most by small businesses is investment in programs supporting their startup and growth. Investments in small businesses can take a variety of forms such as: seed capital, debt, or equity; by providing technology or management assistance.

To encourage such investments in small business, local public/private partnerships should consider setting targets and their achievements recognized -- very much as that now given for contributing by "membership" in the Two Percent and Five Percent Clubs.

Local investment standards should take into account the size and character of both the community and investing organizations.

To provide further stimulus for contributing, volunteering, and investing in job creation programs, the Committee is also recommending a variety of potential incentives. The attached suggests types of incentives that can be considered at the federal, state, or local level.

Together, local targets and incentives are intended to aid local partnerships to undertake a commitment to a continuing program of job creation.

POTENTIAL INCENTIVES FOR EXPANDING EMPLOYMENT

JOB CREATION

To focus investments in job creation, the following incentives could be applied:

- Tax credit for contribution to community-based organizations engaged in activities that expand employment.
- Double tax credits for volunteers for volunteering time to community organizations such as cooperation offices assisting small businesses.
- Tax credits for investments in "incubators" for small businesses.
- Tax credits for investments in small companies in designated areas.
- Tax credits for making technology available to small companies in designated areas.
- Special investment tax credits for large companies that locate branch plants in poverty areas.

EMPLOYMENT PREPARATION/EDUCATION AND TRAINING

It is critical that education and training be linked to jobs. Tax incentives such as the following could induce the needed investments in training and subsequent hiring:

- Tax credits for linking education and work experience for disadvantaged youth and disabled in skills in acutely short supply.

COMMUNITY REVITALIZATION

Incentives should be extended not only to corporations for investments, but to encourage individuals to assist the needy and participate in community development affairs.

A significant incentive has to be a new spirit which legitimizes volunteer work and defines it as the most acceptable behavior. Financial incentives could include:

- Up-front government funding to get redevelopment stimulated. Higher levels of funding to communities with comprehensive revitalization and employment expansion plans in place.
- Tax exemption to banks on interest paid to provide loans for stimulating housing and commercial development in inner cities.
- Federal insurance and tax exemptions on interest income for insurance companies, pension funds and other similar sources for large commercial and housing projects.
- Credits for volunteers for car mileage and a percent of donated time. (Double credit for time to efforts focused on expanding employment.)
- Tax credits to corporations that provide reimbursement of employees for percent of time spent on priority volunteer activities.
- Tax credits to corporations that grant additional increases in retirement pay for seniors who are volunteering.

COMMITTEE REPORT

DRAFT

Liaison with Government Offices

I. Membership and Mission

The Committee on Liaison with Government Offices, one of the 11 Task Force committees, is made up of the following members:

Dr. Jean L. Harris, Chairman	Thomas W. Pauken
Dee Jepsen	William R. Bricker
Honorable David Durenberger	Robert Mosbacher, Jr.

Task Force staff support to the committee was provided by T. Wendell Butler, Rich Birney, and Shari Jackson.

The mission of the Committee was to coordinate the work of the Task Force with private initiative programs conducted by Federal departments and agencies, and to serve as liaison in presenting Task Force recommendations on incentives, impediments and other policy proposals to appropriate government officials.

II. Activities

To carry out its mission the Committee, working with the White House Office on Private Sector Initiatives, undertook a Cabinet Program on Private Sector Initiatives. The Program had the following major elements:

- The President informed the Cabinet of his personal interest in the program and asked the agencies to establish a senior level point of contact for private initiative activities.

The President stated, "We seek to provide as much support for voluntarism without federalizing as possible. I'm instructing the Cabinet to review agency procedures and regulations and identify barriers to private sector involvement. We want to deregulate community service... I'm also asking the Cabinet to develop pump priming and seed money programs that offer incentives for private sector investment. In addition, the Cabinet will provide technical knowledge to develop private incentives. Furthermore, existing programs will be examined to determine those which could be more productively carried out in the private sector."

- Designated agency officials met with White House and Task Force staff on May 25, 1982. Each agency was requested to prepare a report by June 1, 1982. This report was to include:

- A summary of current programs in each department/ agency involving private sector initiatives.
- Proposed incentive programs for greater private sector involvement in programs under the Department/ agency purview.
- A listing of current programs and activities which could be "privatized" or carried out more productively by the private sector.
- Suggested administrative, legislative, or policy initiatives that would further the mission of the Cabinet program.

III. Results

More than 40 departments and agencies provided input to the Task Force on over 480 different programs and projects that had private sector implications. A computerized summary of the reports has been developed. Collectively, the reports show that the private non-profit sector is already the service delivery mechanism for many federally financed activities. Some agencies, primarily because of their mandate, are ahead of others in working with the private sector. We learned, however, that there are many examples of novel approaches to public/private collaboration being carried out in a number of different agencies involving several issue areas that need to be brought to the attention of other Executive Branch policy makers and administrators. Following are some examples of what some agencies are doing to promote private sector initiatives.

- Organizing for Private Sector Initiatives

All of the major agencies responded to the President's call to designate liaison persons for private sector initiatives. However, some agencies created offices or intra-agency working groups to address private sector initiatives. Most noteworthy, in February, 1982, the Secretary of the Department of Health and Human Services established a Working Group on Private Sector Initiatives with representatives from all of the major agency components and chaired by the Undersecretary. The Working Group was charged with developing new approaches to expand public/private partnerships that address health and human service needs. The Working Group also devised a mechanism to involve the regional offices of the Department in promoting public/private collaboration.

Likewise, the Department of Education has a 16 member working group to coordinate PSI activity. It has also established contacts in departmental and regional offices to provide a two-way communications system.

USICA uses the Office of Private Sector Programs to coordinate 14 committee efforts, and Peace Corps has established an Office of Private Sector Development. The Office of Volunteer Liaison -- Public/Private Partnership has the mission of promotion of private initiatives for ACTION.

Recommendation: It is recommended that each major department and agency establish an intra-agency working group or office of Private Sector Initiatives along the lines of the Health and Human Services and Department of Education models.

"Seed Money" and "Pump Priming" Grants

The use of grants to leverage increased private sector involvement is evident in some agencies. Health and Human Services makes child welfare services grants to those states providing for the use of volunteers as program components. The Transportation Department is also looking at ways for UMTA to encourage grant recipients to engage in ventures with private sector. HHS is exploring other options which would encourage private participation in projects.

In the area of contracting, DOT and DOD are considering "profit-sharing" arrangements with contractors who finish work ahead of schedule or other similar improvements. HHS is considering a method of biasing contract letting toward firms which are significantly involved in helping provide community services.

ACTION is providing funds to states, counties, communities and organizations to conduct grass-roots energy conservation programs. Their Community Energy project has \$1.5 million to spend on projects assisting communities in helping their citizens and businesses reduce their energy costs. Focus is on short-term campaigns that use low-cost/no-cost conservation methods.

Recommendation: It is recommended that departments and agencies use discretionary funds both at the programmatic and Secretary's level to encourage private sector initiatives. Small seed money and "pump priming" grants demonstrate a commitment to private sector initiatives that goes beyond conferences and technical assistance. This does not require increased overall funding but merely a reallocation of a portion of already appropriated funds. Ongoing categorical programs that were not redrafted legislatively because they were scheduled for elimination -- e.g., the Labor Department's Title V program -- should now be managed with greater attention toward their private sector initiative potential.

Discretionary and program funds should also be made available for interagency and cooperative agreements in support of private sector initiatives. Discretionary funds should be used to enable strong non-profit programs to replicate their activities, not merely to demonstrate the possibility of such replication. Seed money grants can be used both to defray some operating expenses and to encourage a program's private sector initiative components, e.g., an expanded use of volunteers.

Categorical programs should be examined to see if their legislative authorization can be reoriented toward the private sector, in the manner of the increased role of PICs. (Private Industry Councils) in the new employment and training legislation.

● Recognition Programs

Several agencies reported on awards and recognition programs ranging from individual to program-wide commendation. In particular, the Department of Housing and Urban Development established a new National Recognition Program for partnerships utilizing Community Development Block Grant (CDBG) funds. The purpose of the HUD recognition program is to identify those communities which have effectively utilized the Block Grant program to generate exemplary public/private partnerships that can be used as models for other communities. The 475 submissions received by HUD ranged from the conversion of a 19th century hotel in the village of Bellows Falls, Vermont into retail space and contemporary apartments for the elderly to a multi-million dollar industrial park in Detroit. 100 partnerships will receive Regional Recognition certificates from which 10 will receive national recognition in awards ceremonies in Washington, DC.

Awards programs are the most visible form of recognition in government agencies. ACTION, HHS, and USDA sponsor annual awards to recognize service by volunteers; likewise, SBA annually honors business councils. The director of the FBI has a more aggressive program where by he honors 20 citizens each month for outstanding contributions to law enforcement.

Recommendation: It is recommended that each department and agency establish an awards and recognition program for its employees involved in exemplary private sector initiative activity, as well as for programs under the purview of the agency. The HUD model is one good example of many received by the Task Force.

● Procurement and Privatization

Procurement of goods and services is a constant interaction between government and the private sector. Operations must constantly be reviewed to ensure that government is not producing items at a greater expense than they could be purchased, or that the purchase process is yielding the best goods and services for the money spent.

General Services Administration and DOD are making progress on these issues. DOD has an Acquisition Improvement Steering Group, with business community advisors to improve planning, cost estimates, production rates, etc.

Small Business Administration, Energy and HUD have initiatives to ensure and encourage small and minority business participation in procurement activity. HUD's program in NYC is co-sponsored by the Chamber of Commerce and the Rockefeller Foundation.

Health and Human Services is exploring introducing legislation which would favor contractors with sizable philanthropy programs in the granting of its government contracts.

Many agencies are looking toward spinning off programs to the private sector where it can be demonstrated that those programs can be run more efficiently and effectively in the private sector. For example, at the Department of Commerce:

- The National Technical Information Service for example is being considered for privatizing. The center is the central source for the public sale of Government information needed by business for innovation and decision-making.
- The Secretary of Commerce and National Oceanic and Atmospheric Administration have has a major objective, turnover of the Landsat earth satellite program to the private sector.
- The Department is also considering spinning off to the private sector selected specialized weather forecasting programs such as fruit frost prediction. In addition, the National Advisory Committee on Oceans and Atmosphere is studying user-fee and private sector takeover options for the National Weather Service.

Limited privatization is occurring within other various agencies. For example, student loan debts at DOED and Title I debts at HUD are being collected by private firms. NCUA and FEMA are exploring ways to allow private insurance to replace government insurance in several cases. GSA is planning to out lease unused space, Interior is looking at private operation of campgrounds, and the VA wants to increase private participation in caring for its 106 national cemeteries.

Recommendation: It is recommended that departments and agencies identify programs that could be privatized or more effectively, efficiently and productively run by a private sector entity, such as the Commerce model.

● Volunteers

One of the most successful techniques for increasing service delivery while limiting expense is the utilization of volunteers. Throughout the federal government, many volunteers are being utilized in the delivery of human services.

Medicaid screening, counseling, transportation, readers for grant processing, aging and nutrition services, phone answering, babysitting, childhood immunization programs, VD hotlines, surrogate mothers, runaway youth aid and day care are just a few of the ways in which HHS has been able to utilize volunteers. In their report HHS in conjunction with ACTION, identified over 760,000 volunteers involved in their programs.

Justice encourages volunteers in crime watch programs and working with troubled youth. Several bureaus of Interior have volunteers cleaning and maintaining trails, working on campsites, and supervising recreational activities. The SBA uses volunteers to assess damages at disaster areas and as technical advisors, helping small businesses. Treasury uses some volunteers to help the elderly file tax returns and to help sell savings bonds.

Recommendation: It is recommended that departments and agencies identify opportunities for the use of increased volunteers in the administering of programs under the agencies purview of such as the HHS, VA and ACTION Models.

● Legislative and Regulatory Relief

Many federal agencies and departments identified legislative and regulatory impediments to private sector initiatives. While some steps are being taken within the agencies to remove some impediments, others are common to several agencies and deserve Executive Branch-wide consideration. A few are listed here:

- State and federal laws which prohibit the use of volunteers
- The unavailability of Workmen's Compensation to cover volunteer workers
- The question of tort liability relating to the actions of volunteers
- HHS and GSA are evaluating the potential for legislation which would revise the Public Benefit Allowance authority to permit donations of surplus federal property to a broader spectrum of nonprofit and for-profit organizations involved in volunteer activity.
- The modification of tax laws to provide greater deductions for personal expenses relating to volunteer work, i.e., transportation, child care, etc.
- The use of voluntary approaches to regulatory compliance such as compliance bubbles which allow plants to exceed EPA emission standards for less control in other plant operations.

- The revision of tax laws to permit deductions for corporations and individuals (e.g., health professionals) to donate work time in health and social services.
- The making of federal day care facilities available to mothers who participate in volunteer activities.
- The revision of regulations to permit the use of federal buildings and facilities for other purposes by voluntary organizations during their non-use.
- The amendment of Title II of the Federal Credit Union Act to allow private sector insurance companies to serve as an alternative to the Federal Insurance Program for credit unions.

Recommendation: It is recommended that these impediments be referred to the Task Force on Regulatory Reform. It is also suggested that these issues be addressed on an ongoing basis by the Cabinet Council and Interagency Working Group on Private Sector Initiatives (see below).

● Cabinet Council and Inter-Agency Working Groups

A review of agency and departmental efforts in the area of private sector initiatives reveals a substantial amount of effort. However, the potential exists for a significant improvement which would result in reduced federal outlays and improved efficiency and productivity. Much more needs to be done to ensure that federal agencies develop policies aimed at encouraging public/private collaboration.

The review also shows that the efforts are fragmented and uneven among the Cabinet agencies and departments. Moreover, no mechanism exists to replicate the successful activities of agencies.

Recommendation: It is recommended that the President establish a Cabinet Council Group on Private Sector Initiatives to provide policy guidance to an Interagency Working Group on Private Sector Initiatives. Both organizations should be supported by the White House Office on Private Sector Initiatives.

THE WHITE HOUSE

WASHINGTON

October 27, 1982

MED
PM
JY

*Shirley
I want to have
lunch meet
this guy.*

MEMORANDUM FOR J. UPSHUR MOORHEAD III

FROM:

RALPH LESLIE STANLEY *Ralph Stanley*

SUBJECT:

MEDIA AND COMMUNICATIONS STRATEGY FOR PRIVATE
SECTOR INITIATIVES TASK FORCE--DECEMBER 8, 1982

*456-
6597*

Pursuant to our conversation regarding the media and communications strategy we discussed in anticipation of the final meeting of the President's Task Force on Private Sector Initiatives, I offer the following series of suggestions for you to consider to create as favorable a public reaction as possible to the events surrounding December 8, 1982. They are presented in chronological sequence so that you can develop momentum approaching and following December 8, 1982.

1. Identify Surrogate Speakers - You should take the time to draft a short (8-10) list of "spokesmen", other than the President, on Private Sector Initiatives. It would include William Verity, yourself, Elizabeth Dole, whichever Congressmen and Senators have been most supportive, and others from the Task Force. I would draft the list, contact the spokesmen, and make sure when they are available for the week of December 5 - 11 to plug into whatever calls you get them from media.

ACTION: Jay Moorhead

DEADLINE: November 10, 1982

2. Contact Potential Surrogate Organizations - By now you have no doubt developed a mailing list of private sector individuals and organizations which support the PSI Task Force. You should plan a mailing to them the week of November 28 asking them specifically to plan media campaigns for the week of December 5 - 11. You should, at a minimum request them to:

- 1) Issue a press release about PSI
- 2) Schedule principals on local electronic media news
- 3) Conduct editorial board meetings with local papers
- 4) Cover it in newsletters, etc.

ACTION: Jay Moorhead

DEADLINE: November 19, 1982

3. Identify Primary Media Contacts in D.C. - Between now and November 25, I would call ABC, NBC, CBS, and the Washington Post, New York Times, and Wall Street Journal and try and get the name of the reporter or producer you can have a 1/2 hour meeting with to explain the Task Force to, and leave some materials with. The key here is to have them know your name, so they call you instead of another office here when they are ready to do a story the week of December 5.

The reason here is that dozens of papers take their lead from this major media group. If the sense there is that PSI had clear goals, clear results, and was a success, it will shape the regional coverage. It is worth your personal effort.

ACTION: Jay Moorhead
Six meetings

DEADLINE: December 1, 1982

4. Op-Ed Mailing - You should prepare an 800-1000 work Op-Ed piece, get RR, Deaver, Verity, or next most prominent name to sign it, and have Karna Small mail it to all 1500 major dailies. They should get it in the mail on or right before December 8th.

ACTION: Jay Moorhead
Karna Small

DEADLINE: Mail December 6th

5. Congressional Media Event- During the Task Force meeting of December 8th, you should ask Duberstein to arrange meeting on the Hill to deliver the report or recommendations to Baker and O'Neill. This will get its own media coverage. In addition, you might consider a mailing to Congressional press offices of PSI's in their states or districts and ask them to do a press release in conjunction with the President's activities. Press secretaries on the Hill appreciate very much knowing about WH news in advance so they can get in the cycle.

ACTION: Jay Moorhead
Ken Duberstein

DEADLINE: December 4th

6. Washington Press Club - You should schedule Verity in to do a lunch speech the week of December 5th.

7. Major Media Events December 8 - 9th - Following the luncheon, the optimum event is RR and Verity to appear in the WH press room. Following that, or at the beginning of the week, which will lead the net news hopefully, you should contact the following to schedule your key spokesmen:
 - o MacNeil-Lehrer
 - o ABC Nightline
 - o GM America - ABC
 - o Today - NBC
 - o Good Morning - CBS
8. Radio Spokesman - Jan Barbieri in Karna Small's office can give you a list of the 25 or so key radio news stations which she can contact to get a live interview with a PSI surrogate during the days following December 8th. You should also have her contact all the radio networks, the major talk shows (Larry King) to get coverage.
9. Press Events for December 8th - You should personally make sure that there is press availability for December 8th, and that there is a press kit, which includes at least four key examples of PSI's that have been started. These should be carefully selected.
10. Morning Shows - December 9th - You should be ~~by~~ sure guests are available for GMA, Today, and Good Morning on December 9th. Kim Hoggard does the bookings for the White House, so give her your key surrogate list and ask her to call for you.

ACTION: Jay Moorhead

DEADLINE: December 4th

11. Major Columnists - At least two weeks before, you should ask Karna Small to distribute your press kit to major Washington columnists, including:

Pat Buchanan
George Will
William Safire
Coleman McCarthy
Evans/Novak
Ellen Goodman
Emmett Tyrell
James J. Kilpatrick

Also make sure the information goes to all the Washington talk shows, such as Agronsky, McGloughlin, Washington Week in Review.

13. Sunday Talk Shows - You should see if Hoggard can get your surrogates on one of he Sunday shows following the 8th.

I would be glad to discuss these or other suggestions with you.

THE WHITE HOUSE
WASHINGTON

file PSI

October 14, 1982

MEMORANDUM FOR MICHAEL K. DEEVER

FROM: JAMES S. ROSEBUSH *Jim*

SUBJECT: PSI OPTIONS

I add my voice of support to Jay Moorhead's recommendation. I feel very strongly that we should not create any other council, commission or committee. It's now time to beef up the White House PSI operation.

cc: Jay Moorhead

THE WHITE HOUSE

WASHINGTON

October 7, 1982

MEMORANDUM TO MICHAEL K. DEEVER

FROM: JAY MOORHEAD, SPECIAL ASSISTANT TO THE PRESIDENT
FOR PRIVATE SECTOR INITIATIVES

SUBJECT: PRIVATE SECTOR INITIATIVES HIGHLIGHTS.

Task Force - held its fourth meeting in Wichita, Kansas. Members viewed successful public/private partnerships in the city, discussed plans for the December 8 year-end meeting with the President and talked over strategy to carry the private initiatives thrust into '83 & '84.

President Reagan - addressed 120 national trade association executives in the White House. The participants were also briefed by a panel of trade association members who successfully put together private initiatives in their organizations.

Braddock Publications - agreed to prepare and publish a book of key contacts in the private sector initiatives field. The book will contain federal, state and private resources, for local private sector initiatives programs.

Summer Jobs Initiative - chief executive officers and private industry council chairmen met with the President on September 23. Participants were commended for their active participation promoting Summer Jobs for Youth last year and agreed to coordinate with the Office of Private Sector Initiatives in a private sector summer jobs program next year.

Friends University - in Wichita, Kansas has responded to reductions in federal funding (from 27% to 11%) by organizing a private sector fundraising drive that has raised \$4 million so far. By 1984, Friends plans to be almost totally self-supporting.

West Coast Life Insurance Company - in the San Francisco Bay area is sponsoring free community seminars on parenting. In cooperation with the De Bolt family, the 'Adopt a Family Program' solicits \$2500 corporate investments to cover the costs of placing a "special needs" child in a permanent adoptive home -- saving the community up to \$12,000 a year for foster home care or as much as \$60,000 for institutional care.

Balboan Retirement Facility - has responded to the President's call for increased private sector initiative by reducing its rates up to 22% and has placed a freeze on the lower prices until January 1, 1984.

Middletown Journal - has agreed to publish the "Brighter Side of the News" published by the Task Force on Private Sector Initiatives on a regular basis.

Governor John Brown - has initiated the "Buy American Program" in the State of Kentucky. In response to the Governor's initiative, the Mechanics Savings Bank has set aside \$1 million to help customers finance American made products at the lower interest rate of 12%. Twenty other banks in the Kentucky area have followed the lead and lowered interest rates on the Buy American effort.

Hunt Manufacturing Company Foundation - has increased its charitable contributions from 1.5% of its pre-tax income in 1981, to 3.8% in 1982. Hunt's goal is to eventually contribute a full 5% to non-profit organizations, and the Foundation has identified cultural activities as a priority. Hunt Foundation is located in Philadelphia, PA.

Better Brands - a Chicago-area beer distributor, will contribute 50 cents to Providence-St. Mel High School for each case of Pabst Blue Ribbon sold during August and September.

Pepsi Cola Company - sponsors a basketball skills program in all 50 states. Over 3,000 organizations and 3,000,000 youths participate in the program. Program culminates in national competition in conjunction with the NBA play-offs.

Palm Beach Post - reports from Florida that volunteers are more active than ever. Retired citizens report that volunteering is a way to remain in touch with the community and a great chance for public contact. Over 400 volunteers work an average of four hours per week in the local Health Department.

The Kroger Company - in partnership with the Greater Cincinnati Nutrition Council distributes certificates to approximately 3,500 families a month which can be redeemed at any Kroger market.

The Citizens Crime Watch - in Dade County, Florida, whose membership numbers 175,000, is credited with a 50% reduction in drug sales at the North Miami Senior High School since extending its operations to the school.

BankAmerica Foundation and the Chevron Fund of San Francisco - pledged \$1 million to the United Way of the Bay Area -- 17.6% and 21.2% increases respectively.

Syracuse, New York - has embarked on a campaign to promote their city and attract business and industry. Called The Greater Syracuse Program, it was kicked off by an unprecedented fundraising effort in which \$3.2 million was raised by businessmen. The theme is "I've Got a Share in Syracuse."

NBC News - reported on a McDonald's located in a high school in Lexington, Massachusetts where students get training in fast-food management. The PSI office initiated a letter from the President commending the outstanding efforts between the public and private sector.

Call for Help - in Peoria, Illinois is a program sponsored by the Mental Health Association of Illinois Valley which provides help to individuals undergoing personal crises. Seventy-five professionally trained volunteers contribute more than 2,000 hours each month to counsel these people in need. With 90% of their total operating budget coming from the United Way, and the remaining 10% generated through private donations, the program is able to operate without any federal funding.

According to a survey of Fortune 500 companies - corporate giving is expected to increase 15% in 1982. The survey was conducted by Hill & Knowlton and the International Association of Business Communicators. The 80 respondents credited Reagan's appeal to the private sector for return to voluntarism as a factor in the projected increase in corporate contributions.

Prudential Foundation - reports that matching gifts programs for colleges and universities have doubled in the last decade from 452 companies to 901 companies, and matching gifts programs for non-educational non-profit organizations have increased since 1977 from 6% of matching gifts to 16%.

WTVN-TV - in Columbus, Ohio organized a Job Fair, designed to draw attention to the critical problem of unemployment in the Central Ohio area. In cooperation with Columbus Area Chamber of Commerce, Job Fair hopes to have a commitment of over 100 jobs by air date.

Fairfield County Cooperative Foundation - consisting of philanthropic groups from the Connecticut area, organized to enhance the quality of life in Fairfield County. Foundation members believe that, through cooperation, they will be better able to raise funds for education, social welfare, health and the arts.

National Alliance of Business - reports an incentive to employ disadvantaged youth, age 16-17, in summer jobs was added to the Target Jobs Tax Credit. Under standard TJTC procedures, employers can claim tax credit of 50% on the first \$6,000 in wages. Now, by hiring disadvantaged youths between May 1 and September 15, they can claim credits of 85% on wages up to \$3,000, effective May 1, 1983.

Consolidated Edison Company of New York - is attempting to attract new and expanding business, and thus create new jobs by offering a five-year discount ranging from 15 to 30% on charges for the additional electrical usage. The discount decreases progressively over subsequent years so that it elapses at the end of 10 years.

SAFECO Life Insurance Company - in Seattle, Washington, reports it will soon meet all of the recommendations of the President Task Force by setting a 2% goal for its contributions program, doubled corporate community activities and earmarked 10% of its 1982 and 1983 contributions budgets for a Special Response Fund for community, private, nonprofit Health and Social Service organizations, affected by reduced government spending.

Connecticut General Life Insurance Company - announced construction of a 4,500 square-foot child care center. The center which will be located on the company's property, will have space for 100 children and will be run by Kinder-Care Learning Centers. Company President reports, "It helps the company attract and retain quality employees, especially women who are attempting to fulfill career desires. And it is part of our company's commitment to activities that contribute to the civic good."

Ultrasystems Incorporated - in Northern California, in partnership with government and industry has built the first power plant in the U.S. which will exclusively use forest waste materials as the fuel. The plant will produce 11 megawatts of electricity -- enough power to satisfy the electrical needs of 10,000 homes.

ITT Continental Baking Company - has earmarked \$200,000 for start-up grants for research on nutrition and the elderly. Since targeting this program, Continental has put research results to work in a series of leaflets and a film geared to the needs and interests of older people.

Jartran, Inc. - is offering a 15% discount card to be used in the rental of their equipment by Senior Citizens. All 1,600 nationwide Jartran dealers will participate in the campaign.