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DRAFT

Office of Management and Budget

Circular A-122

Cost Principles for Nonprofit Organizations

Circular A-122 is revised as follows:

1. Insert a new paragraph in Attachment B, as follows: "B21 Lobbying and Related Activities.

- a. (1) Organizations shall include, as part of their annual indirect cost proposal, a statement identifying by category costs attributable in whole or in part to activities made unallowable by subparagraph b, and stating how they are accounted for.

Comment: The fact that a cost included in the proposal discussed in subparagraph a(1) (such as an employee's salary, an item of equipment, or the cost of a facility) may be used in part for lobbying or related activities, as defined by subparagraph B21 b, does not make the remainder unallowable.

(2) The certification required as a part of the Financial Status Report required under Attachment G of Circular A-110 shall be deemed to be a certification that the requirements and standards of this paragraph, and of other paragraphs of Circular A-122 respecting "lobbying and related activities," have been complied with.

(3) Organizations shall maintain adequate records to demonstrate that the determination of costs as being allowable or unallowable pursuant to subparagraph a(1) above complies with the requirements of this Circular.

Comment: As with other costs under this Circular, to the extent that such documentation is not provided by the organization, the amount that cannot reasonably be demonstrated to be allowable, up to the entire cost in question, shall be disallowed.

(4) For the purposes of complying with subparagraph a, there will be no requirement for time logs, calendars, or similar records documenting the activities of an employee whose salary is treated as an indirect cost, and the absence of time logs or comparable records for indirect cost employees not kept pursuant to the discretion of the grantee or contractor will not serve as a basis for contesting or disallowing claims, unless: (a) the employee engages in lobbying or related activities more than 25% of the time or (b) the organization has materially misstated allowable or unallowable costs within the preceding five year period. Agency guidance regarding the extent and nature of documentation required pursuant to subparagraph a(3) shall be reviewed under the criteria of the Paperwork Reduction Act, to ensure that requirements are the least burdensome necessary to satisfy the objectives of this subparagraph.

Comment: This provision is for the purpose of assuring that agencies and auditors must rely on the good faith estimates of time spent on lobbying by such employees, or upon outside evidence.

(5) Agencies shall establish procedures for resolving in advance, in consultation with OMB, any significant questions or disagreements concerning the interpretation or application of subparagraphs a or b. Any such advance resolution, if in writing, shall be binding in any subsequent settlements, audits, or investigations with respect to that grant or contract for purposes of interpretation of this Circular.

b. Notwithstanding other provisions of this Circular, costs associated with the following activities are unallowable:

(1) Attempts to influence the outcomes of any Federal, State, or local election, referendum, initiative, or similar procedure, through in kind or cash contributions, endorsements, publicity, or similar activity;

Comment: The Internal Revenue Code prohibits tax-exempt charitable organizations from "interven[ing] in (including the publishing or distributing

of statements), any political campaign on behalf of any candidate for public office." 26 U.S.C. Section 501(c)(3). In addition, for purposes of defining "influencing legislation," the Internal Revenue Code defines "legislation" to include "action with respect to Acts, bills, resolutions, or similar items... by the public in a referendum, initiative, constitutional amendment, or similar procedure." 26 U.S.C. Section 4911 (e)(2).

In one respect, this subparagraph is narrower than the Internal Revenue provisions, because it is confined to "contributions, endorsements, publicity, or similar activity," in contrast to the broader proscription of "participat[ion] or interven[tion], directly or indirectly..."

(2) Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections;

Comment: The Internal Revenue Service has included within the list of disqualifying activities under 26 U.S.C. Section 501 (c)(3) the following: "participa[tion] or interven[tion], directly or indirectly, in any political campaign on behalf of or in opposition to any candidate for public office." 26 C.F.R. Section 1.501(c)(3) - (c)(3)(iii).

(3) Attempts to influence legislation pending before Congress or a State legislature by communicating with any member or employee of the Congress or legislature, (including efforts to influence state or local officials to engage in similar lobbying activity), or with any government official or employee in connection with a decision to sign or veto enacted legislation;

Comment: The Treasury, Postal Service, and General Government Appropriations Act traditionally contains a rider providing: "No part of any appropriation contained

in this or any other Act ... shall be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress." E.g., P.L. 96-74, Section 607, 93 Stat. 575. The Internal Revenue Code defines "influencing legislation" as including "any attempt to influence any [federal, state, or local] legislation through communication with any member or employee of a legislative body, or with any government official or employee who may participate in the formulation of the legislation." 26 U.S.C. Section 4911 (d) (1) (B). This provision is narrower than the Internal Revenue Code provisions because it does not apply to influencing legislation at the local level. Moreover, subparagraph c(5) excludes from the coverage of this provision any lobbying or related activity at the state level directly related to the ability of or cost to the organization of performing the grant or contract.

(4) Preparation, distribution, or use of publicity or propaganda designed to influence legislation pending before Congress or a State legislature by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, or fundraising drive, lobbying campaign, or letter-writing or telephone campaign, for the purpose of influencing such legislation; or

Comment: The Treasury, Postal Service, and General Government Appropriations Act traditionally contains a rider providing: "No part of any appropriation contained in this or any other Act ... shall be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress." E.g., P.L. 96-74, Section 607, 93 Stat. 575. The Internal Revenue Code defines "influencing legislation" to include: "any attempt to influence any [federal, state, or local] legislation through an attempt to affect the opinions of the general public or any segment thereof." 26 U.S.C. Section 4911 (d) (1) (A). This

subparagraph is more narrowly tailored than these provisions, because it is limited to efforts to obtain concerted actions on the part of the public and does not, therefore, include mere attempts "to affect the opinions of the general public or any segment thereof," if such attempts do not lead to concerted action. This is consistent with the GAO's interpretation of the "publicity or propaganda" appropriations rider. See B-202975 (Nov. 3, 1981).

(5) Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding pending legislation, and analyzing the effect of pending legislation, except to the extent that such activities do not relate to lobbying or related activities as defined by paragraph 1.b. hereof.

Comment: The costs of all legislative liaison activities are made unallowable for contractors under the current Defense Acquisition Regulations (DAR), Section 15-205.51, but are allowable for civilian contractors under the current Federal Procurement Regulations (FPR), Section 1-15.205-52.

This subparagraph is narrower than the DAR provisions, because it only makes legislative liaison costs unallowable if they relate to otherwise unallowable lobbying activities.

c. Notwithstanding subparagraph b, costs associated with the following activities are not unallowable under this paragraph:

(1) Providing technical advice or assistance to the Congress or a State legislature or to a member, committee, or other subdivision thereof, in response to a specific written request by such member, legislative body, or subdivision;

Comment: This tracks the exception at 26 U.S.C. Section 4911 (d) (2) (B).

(2) Any communication with an executive branch official or employee, other than a communication made expressly unallowable by paragraph 1.b.(3) hereof.

Comment: This is identical in substance to the exception at 26 U.S.C. Section 4911 (d) (2) (E). Read in conjunction with subparagraph b(3), the effect is to make clear that the only contacts with executive branch officials made unallowable are those in connection with the signing or veto of enrolled bills, or attempts to use state and local officials as conduits for grantee and contractor lobbying of Congress or state legislatures.

(3) Any activity in connection with an employee's service as an elected or appointed official or member of a governmental advisory panel;

(4) Any lobbying or related activity at the state level for the purpose of influencing legislation directly affecting the ability of the organization or cost to the organization of performing the grant, contract, or other agreement; however, state governments acting as subgrantors may, through appropriate state processes, waive the current practice under OMB Circular A-102 making Circular A-122 applicable to nonprofit subgrantees with regard to such lobbying activities at the state level as are deemed appropriate.

Comment: The Internal Revenue Code provisions defining "influencing legislation" cover lobbying at the state and local level, as do the current Defense Acquisition Regulations (DAR), Section 15-205.51 and the current Federal Procurement Regulations (FPR), Section 1-15.205-52. This subparagraph is narrower than those provisions because (1) lobbying at the local level is not covered, and (2) lobbying at the state level is not covered if it (a) directly affects the ability of or cost to the grantee or contractor of performing the grant or contract; or (b) when states choose to adopt rules waiving such restrictions for their federal grant subgrantees.

(5) Any activity specifically authorized by statute to be undertaken pursuant to the federal grant, contract, or other agreement.

Comment: This Circular does not, nor could it, limit the ability of Congress, subject to constitutional constraints, to appropriate funds for the use by contractors or grantees for lobbying or related activities.

2. Renumber subsequent paragraphs of Attachment B

3. Insert language in subparagraph B.4.b of Attachment A, so that it reads as follows:

b. Promotion, lobbying or related activities (as defined by subparagraph B21(b) of Attachment B), and public relations.

Comment: This is a technical language change, which amends the former term "lobbying" to "lobbying and related activities." The added language is "or related activities (as defined by subparagraph B21(b) of Attachment B)."

requirements relating to bid guarantees, performance bonds, and payment bonds unless the construction contract or subcontract exceeds \$100,000. For those contracts or subcontracts exceeding \$100,000, the Federal agency may accept the bonding policy and requirements of the grantee provided the Federal agency has made a determination that the Government's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

a. *A bid guarantee from each bidder equivalent to five percent of the bid price.*—The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

b. *A performance bond on the part of the contractor for 100 percent of the contract price.*—A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

c. *A payment bond on the part of the contractor for 100 percent of the contract price.*—A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

3. Where the Federal Government guarantees or insures the repayment of money borrowed by the recipient, the Federal agency, at its discretion, may require adequate bonding and insurance if the bonding and insurance requirements of the recipient are not deemed adequate to protect the interest of the Federal Government.

4. The Federal sponsoring agency may require adequate fidelity bond coverage where the recipient has no coverage and the bond is needed to protect the Government's interest.

5. Where bonds are required in the situations described above, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties (31 CFR 223).

ATTACHMENT C.—CIRCULAR No. A-110

RETENTION AND CUSTODIAL REQUIREMENTS FOR RECORDS

1. This attachment sets forth record retention requirements for grants and other agreements with recipients. Federal sponsoring agencies shall not impose any record retention requirements upon recipients other than those described below.

2. Except for paragraph 1, this attachment also applies to subrecipients as referred to in paragraph 5 of the basic circular.

3. Financial records, supporting documents, statistical records, and all other records pertinent to an agreement shall be retained for a period of three years, with the following qualifications:

a. If any litigation, claim or audit is started before the expiration of the 3-year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

b. Records for nonexpendable property acquired with Federal funds shall be retained for 3 years after its final disposition.

c. When records are transferred to or maintained by the Federal sponsoring agency, the 3-year retention requirement is not applicable to the recipient.

4. The retention period starts from the date of the submission of the final expenditure report or, for grants and other agreements that are renewed annually, from the date of the submission of the annual financial status report.

5. Recipient organizations should be authorized by the Federal sponsoring agency, if they so desire, to substitute microfilm copies in lieu of original records.

6. The Federal sponsoring agency shall request transfer of certain records to its custody from recipient organizations when it determines that the records possess long-term retention value. However, in order to avoid duplicate record-keeping, a Federal sponsoring agency may make arrangements with recipient organizations to retain any records that are continuously needed for joint use.

7. The head of the Federal sponsoring agency and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any pertinent books, documents, papers, and records of the recipient organization and their subrecipients to make audits, examinations, excerpts and transcripts.

8. Unless otherwise required by law, no Federal sponsoring agency shall place restrictions on recipient organizations that will limit public access to the records of recipient organizations that are pertinent to a grant or agreement except when the agency can demonstrate that such records must be kept confidential and would have been exempted from disclosure pursuant to the Freedom of Information Act (5 U.S.C. 552) if the records had belonged to the Federal sponsoring agency.

ATTACHMENT D.—CIRCULAR No. A-110

PROGRAM INCOME

1. Federal sponsoring agencies shall apply the standards set forth in this attachment in requiring recipient organizations to account for program income related to projects financed in whole or in part with Federal funds. Program income represents gross income earned by the recipient from the federally supported activities. Such earnings exclude interest earned on advances and may include, but will not be limited to, income from service fees, sale of commodities, usage or rental fees, and royalties on patents and copyrights.

2. Interest earned on advances of Federal funds shall be remitted to the Federal agency except for interest earned on advances to States or instrumentalities of a State as provided by the Intergovernmental Cooperation Act of 1968 (Public Law 90-577).

3. Proceeds from the sale of real and personal property either provided by the Federal Government or purchased in whole or in part with Federal funds, shall be handled in accordance with Attachment N to this circular pertaining to property management.

4. Unless the agreement provides otherwise, recipients shall have no obligation to the Federal Government with respect to royalties received as a result of copyrights or patents produced under the grant or other agreement (see paragraph 5, Attachment N).

5. All other program income earned during the project period shall be retained by the recipient and, in accordance with the grant or other agreement, shall be:

a. Added to funds committed to the project by the Federal sponsoring agency and recipient organization and be used to further eligible program objectives;

b. Used to finance the non-Federal share of the project when approved by the Federal sponsoring agency; or

c. Deducted from the total project costs in determining the net costs on which the Federal share of costs will be based.

ATTACHMENT E.—CIRCULAR No. A-110

COST SHARING AND MATCHING

1. This attachment sets forth criteria and procedures for the allowability of cash and

in-kind contributions made by recipients or subrecipients (as referred to in paragraph 5 of the basic circular), or third parties in satisfying cost sharing and matching requirements of Federal sponsoring agencies. This attachment also establishes criteria for the evaluation of in-kind contributions made by third parties, and supplements the guidance set forth in Federal Management Circular 73-3 with respect to cost sharing on federally-sponsored research.

2. The following definitions apply for the purpose of this attachment:

a. *Project costs.*—Project costs are all allowable costs (as set forth in the applicable Federal cost principles) incurred by a recipient and the value of the in-kind contributions made by the recipient or third parties in accomplishing the objectives of the grant or other agreement during the project or program period.

b. *Cost sharing and matching.*—In general, cost sharing and matching represent that portion of project or program costs, not borne by the Federal Government.

c. *Cash contributions.*—Cash contributions represent the recipient's cash outlay, including the outlay of money contributed to the recipient by non-Federal third parties.

d. *In-kind contributions.*—In-kind contributions represent the value of noncash contributions provided by the recipient and non-Federal third parties. Only when authorized by Federal legislation, may property purchased with Federal funds be considered as the recipient's in-kind contributions. In-kind contributions may be in the form of charges for real property and non-expendable personal property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

3. General guidelines for computing cost sharing or matching are as follows:

a. Cost sharing or matching may consist of:

(1) Charges incurred by the recipient as project costs. (Not all charges require cash outlays by the recipient during the project period; examples are depreciation and use charges for buildings and equipment.)

(2) Project costs financed with cash contributed or donated to the recipient by other non-Federal public agencies and institutions, and private organizations and individuals, and

(3) Project costs represented by services and real and personal property, or use thereof, donated by other non-Federal public agencies and institutions, and private organizations and individuals.

b. All contributions, both cash and in-kind, shall be accepted as part of the recipient's cost sharing and matching when such contributions meet all of the following criteria:

(1) Are verifiable from the recipient's records;

(2) Are not included as contributions for any other federally-assisted program;

(3) Are necessary and reasonable for proper and efficient accomplishment of project objectives;

(4) Are types of charges that would be allowable under the applicable cost principles;

(5) Are not paid by the Federal Government under another assistance agreement (unless the agreement is authorized by Federal law to be used for cost sharing or matching);

(6) Are provided for in the approved budget when required by the Federal agency; and

(7) Conform to other provisions of this attachment.

4. Values for recipient in-kind contributions will be established in accordance with the applicable cost principles.

5. Specific procedures for the recipient in establishing the value of in-kind contribu-

tions from non-Federal third parties are set forth below:

a. *Valuation of volunteer services.*—Volunteer services may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. Volunteer services may be counted as cost sharing or matching if the service is an integral and necessary part of an approved program.

(1) *Rates for volunteer services.*—Rates for volunteers should be consistent with those paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient organization, rates should be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved.

(2) *Volunteers employed by other organizations.*—When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (exclusive of fringe benefits and overhead costs) provided these services are in the same skill for which the employee is normally paid.

b. *Valuation of donated, expendable personal property.*—Donated, expendable personal property includes such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to expendable personal property included in the cost or matching share should be reasonable and should not exceed the market value of the property at the time of the donation.

c. *Valuation of donated, nonexpendable personal property, buildings, and land or use thereof.*

(1) The method used for charging cost sharing or matching for donated nonexpendable personal property, buildings and land may differ according to the purpose of the grant or other agreement as follows:

(a) If the purpose of the grant or other agreement is to assist the recipient in the acquisition of equipment, buildings or land, the total value of the donated property may be claimed as cost sharing or matching.

(b) If the purpose of the agreement is to support activities that require the use of equipment, buildings or land, depreciation or use charges for equipment and buildings may be made. The full value of equipment or other capital assets and fair rental charges for land may be allowed provided that the Federal agency has approved the charges.

(2) The value of donated property will be determined in accordance with the usual accounting policies of the recipient with the following qualifications:

(a) *Land and buildings.*—The value of donated land and buildings may not exceed its fair market value, at the time of donation to the recipient as established by an independent appraiser (e.g., certified real property appraiser or GSA representatives) and certified by a responsible official of the recipient.

(b) *Nonexpendable personal property.*—The value of donated nonexpendable personal property shall not exceed the fair market value of equipment and property of the same age and condition at the time of donation.

(c) *Use of space.*—The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

(d) *Leased equipment.*—The value of leased equipment shall not exceed its fair rental value.

6. The following requirements pertain to the recipient's supporting records for in-kind contributions from non-Federal third parties.

a. Volunteer services must be documented and, to the extent feasible, supported by the same methods used by the recipient for its employees.

b. The basis for determining the valuation for personal services, material, equipment, buildings and land must be documented.

ATTACHMENT F.—CIRCULAR NO. A-110

STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

1. This attachment prescribes standards for financial management systems of recipients. Federal sponsoring agencies shall not impose additional standards on recipients unless specifically provided for in the applicable statutes (e.g., the Joint Funding Simplification Act, P.L. 93-510) or other attachments to this circular. However, Federal sponsoring agencies are encouraged to make suggestions and assist recipients in establishing or improving financial management systems when such assistance is needed or requested.

2. Recipients' financial management systems shall provide for:

a. Accurate, current and complete disclosure of the financial results of each federally sponsored project or program in accordance with the reporting requirements set forth in Attachment G to this circular. When a Federal sponsoring agency requires reporting on an accrual basis, the recipient shall not be required to establish an accrual accounting system but shall develop such accrual data for its reports on the basis of an analysis of the documentation on hand.

b. Records that identify adequately the source and application of funds for federally sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, and income.

c. Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

d. Comparison of actual outlays with budget amounts for each grant or other agreement. Whenever appropriate or required by the Federal sponsoring agency, financial information should be related to performance and unit cost data.

e. Procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the recipient, whenever funds are advanced by the Federal Government. When advances are made by a letter-of-credit method, the recipient shall make drawdowns as close as possible to the time of making disbursements.

f. Procedures for determining the reasonableness, allowability and allocability of costs in accordance with the provisions of the applicable Federal cost principles and the terms of the grant or other agreement.

g. Accounting records that are supported by source documentation.

h. Examinations in the form of audits or internal audits. Such audits shall be made by qualified individuals who are sufficiently independent of those who authorize the expenditure of Federal funds, to produce unbiased opinions, conclusions or judgments. They shall meet the independence criteria along the lines of Chapter 3, Part 3 of the U.S. General Accounting Office publication, *Standards for Audit of Governmental Organizations, Programs, Activities and Functions*. These examinations are intended to ascertain the effectiveness of the financial management systems and internal procedures that have been established to meet the terms and conditions of the agreements. It is not intended that each agreement awarded to the recipient be examined. Generally, examinations should be conducted on an organization-wide basis to test the fiscal integrity of

financial transactions, as well as compliance with the terms and conditions of the Federal grants and other agreements. Such tests would include an appropriate sampling of Federal agreements. Examinations will be conducted with reasonable frequency, on a continuing basis or at scheduled intervals, usually annually, but not less frequently than every two years. The frequency of these examinations shall depend upon the nature, size and the complexity of the activity. These examinations do not relieve Federal agencies of their audit responsibilities, but may affect the frequency and scope of such audits.

1. A systematic method to assure timely and appropriate resolution of audit findings and recommendations.

2. Primary recipients shall require subrecipients (as defined in paragraph 5 of the basic circular) to adopt the standards in paragraph 2, above except for the requirement in subparagraph 2e, regarding the use of the letter-of-credit method and that part of subparagraph 2a, regarding reporting forms and frequencies prescribed in Attachment G to this circular.

ATTACHMENT G.—CIRCULAR NO. A-110

FINANCIAL REPORTING REQUIREMENTS

1. This attachment prescribes uniform reporting procedures for recipients to: summarize expenditures made and Federal funds unexpended for each award, report the status of Federal cash advanced, request advances and reimbursement when the letter-of-credit method is not used; and promulgates standard forms incident thereto.

2. The following definitions apply for purposes of this attachment:

a. *Accrued expenditures.*—Accrued expenditures are the charges incurred by the recipient during a given period requiring the provision of funds for: (1) goods and other tangible property received; (2) services performed by employees, contractors, subrecipients, and other payees, and (3) other amounts becoming owed under programs for which no current services or performance is required.

b. *Accrued income.*—Accrued income is the sum of (1) earnings during a given period from (i) services performed by the recipient; and (ii) goods and other tangible property delivered to purchasers; and (2) amounts becoming owed to the recipient for which no current services or performance is required by the recipient.

c. *Federal funds authorized.*—Federal funds authorized are the total amount of Federal funds obligated by the Federal Government for use by the recipient. This amount may include any authorized carry-over of unobligated funds from prior fiscal years when permitted by law or agency regulation.

d. *In-kind contributions.*—In-kind contributions are defined in Attachment E to this circular.

e. *Obligations.*—Obligations are the amounts of orders placed, contracts and grants awarded, services received, and similar transactions during a given period that will require payment by the recipient during the same or a future period.

f. *Outlays.*—Outlays or expenditures represent charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subrecipients. For reports prepared on an accrual basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-

File
O.M.B.

THE FOLLOWING PAGES WERE EXCERPTED FROM THE ORIGINAL TRANSCRIPT OF THE CONFIRMATION HEARING OF DAVID STOCKMAN AS DIRECTOR OF O.M.B., HELD BEFORE THE SENATE GOVERNMENTAL AFFAIRS COMMITTEE ON JANUARY 8, 1981.

1 of people. You won't have equal access to, fair access to
2 it, it can't achieve certain goals that are necessary. After
3 I heard you describe the four or five billion dollars in
4 revenues that you believe immediate decontrol would raise as
5 not a great sum, I decided you are really a classic liberal
6 after all.

7 (Laughter.)

8 Senator Levin. I have been interested in legislative
9 veto. Dave Boren and I have introduced an approach which
10 we call Levin-Boren, which is really a two-House veto, a
11 delaying mechanism in essence for legislation before they
12 come into effect to give us a chance in Congress to veto
13 those regulations that are produced by unelected bureaucrats,
14 not accountable to the people

15 I think the public has spoken for many years in
16 terms of their feelings of the regulatory burden, too often
17 the regulatory waste and the regulatory areas. They want
18 elected officials accountable to them to be the ones who
19 are responsible in some real way for the real burdens they
20 carry, which these days more and more are regulatory
21 burdens.

22 The House, there has been a one-House veto proposal, House
23 bill 1776, which, as I understand it, has been co-sponsored
24 by yourself, which I think generally reflects the position
25 of the House in terms of the one-House veto.

1 Can we expect you to continue your support for either
2 one-House or two-House veto?

3 Mr. Stockman. I guess like my writings, my legislative
4 record would follow me down to the other end of Pennsylvania
5 Avenue, Senator.

6 They have not in the past been overly favorable down
7 there to the notion of the legislation veto. But I think
8 it addresses the fundamental problem, and I support the
9 principle, the concept and I would expect that I would
10 continue to do so.

11 We simply cannot delegate vast amounts of power like
12 blank checks to the various regulatory agencies to make public
13 policy without some scrutiny on the part of accountable
14 officials. And the most accountable officials in our
15 governmental system are right up here on Capitol Hill. So
16 I think whether it is a one-House, two-House, regardless
17 of the precise institutional mechanism that you set up,
18 I think it is a good idea. In fact, I think it is an
19 imperative, necessary idea.

20 I hope we can continue to attach it to various
21 agencies as we have done in the past.

22 Senator Levin. The legislative veto proposal has not
23 been well received at the other end of Pennsylvania Avenue,
24 but the President-elect has supported legislative vetos during
25 the campaign.

1 Would you expect that that support would continue?
2 Have you heard anything to the contrary?

3 Mr. Stockman. I have heard nothing to the contrary. I
4 would expect that that pledge, like many others, will be
5 fulfilled.

6 I would further say that in addition to the supporting
7 of the legislative veto, I would expect and hope that this
8 Administration will be doing its own share of the effort
9 in that regard on the Executive end of the process. It seems
10 to me that at OMB in particular there are a number of new
11 tools that have been authorized or encouraged by Congress,
12 Paperwork Reduction Act, Executive Order 12044, which clearly
13 contemplate oversight review of this vast daily outpouring
14 of new rule-makings and other regulatory measures that come
15 from the agencies.

16 So, rather than seeing any reason here for conflict,
17 I think working together we could go a long way towards
18 solving what is a very clear and very important problem.

19 Senator Levin. Relative to the Executive role in
20 regulations, to what extent do you believe that OMB has
21 the authority to influence regulatory agencies to adopt
22 one regulatory proposal over another and should that influence
23 be made public?

24 Mr. Stockman. Senator, I would say that as I read
25 the statute, I see no power whatsoever for OMB to dictate

1 an outcome in terms of how a standard is established, its
 2 contents, what it requires. But I think there is clear
 3 instruction, both through the Paperwork Act and through
 4 the President's Executive Order for OMB to ensure that in the
 5 process of rule-making, in the process of regulations
 6 writing, that the agencies consider as much information and
 7 as much cost, benefit material, and so forth, as possible,
 8 and that in the process of issuing these regulations, they
 9 diligently search to find out the least costly, least disruptive,
 10 least paperwork-ridden way of doing it.

11 That I think is not only a permissible, but it is a
 12 legally-required responsibility of the Office of Management
 13 and Budget. But that is process rather than substance. But
 14 I believe the better process will get better outcome, less
 15 burdensome rules and regulations.

16 Senator Levin. Those assertions of OMB that you call
 17 part of the process, of course, can expect the substance.
 18 Whatever those assertions are, do you believe the efforts
 19 on the part of OMB in a regulatory process should be made public
 20 so that the public knows to what extent, how precisely the
 21 OMB is interjecting itself in the regulatory process?

22 Mr. Stockman. Yes. I would see no reason why there
 23 should be anything secret about it. As a matter of fact,
 24 the more we can make the regulatory process, the rule-making
 25 process accessible to the public, I think maybe we will get

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Personnel

DONALD W. MORAN

ASSOCIATE DIRECTOR FOR HUMAN RESOURCES, VETERANS &
LABOR

Mr. Donald W. Moran was born in Chicago, Illinois on November 27, 1951. He attended the Chicago Public Schools for nine years, before entering Luther High School South in Chicago, from which he graduated in 1969.

Mr. Moran received a Bachelor of Science degree in Mathematics from the University of Illinois in Champaign-Urbana in 1973. He subsequently studied economics and business administration at Southwestern Michigan College in Dowagiac, Michigan before entering the Manpower Leadership Program at the University of Michigan, which he completed in 1977.

Mr. Moran began his career in government in 1974, as Administrative Assistant to the Cass County (Michigan) Board of Commissioners. In that capacity, in addition to assisting the County Board in the execution of its county-wide executive responsibilities, he administered the county's public employment programs under the Emergency Employment Act, and later the Comprehensive Employment & Training Act.

When the administrative authority for CEPA programs in the county was transferred to a new regional entity, the Region 4 Manpower Consortium, Mr. Moran joined that organization as its public employment administrator. Subsequently, he undertook, as a full-time consultant, to assist the staff of the Michigan Employment Security Commission in designing planning methods and procedures to implement its administrative contract with the Region 4 organization.

In 1976, Mr. Moran was appointed Executive Director of the Barry-Branch-St. Joseph Employment & Training Consortium of Coldwater, MI, the regional CEPA sponsor for the South Central Michigan area. He resigned from that post in 1977 to join the Washington staff of U.S. Congressman David A. Stockman (R-Mi), as a Legislative Assistant.

As Congressman Stockman's Legislative Assistant, Mr. Moran performed legislative research and counselled the Congressman on a wide range of issues, from agricultural policy to labor programs. His main concentration was in the areas of federal health policy — where he provided support to the Congressman in his role as a member of the Health Subcommittee of the House Commerce Committee — and budget policy. In addition to assisting the Congressman in his numerous writing and speaking efforts, Mr. Moran also published numerous articles and reviews in health and social policy areas. In addition, Mr. Moran made numerous appearances throughout the country to speak on federal health policy and related issues.

When Congressman Stockman was nominated by President Reagan to serve as Director of the Office of Management & Budget, he asked Mr. Moran to serve as his Associate Director for Human Resources, Veterans and Labor. In that capacity, Mr. Moran, since January, 1981, has overseen OMB budget and policy review for the Departments of Health & Human Services, Labor, Education, and the Veterans Administration.

Mr. Moran is married to the former Catherine Anne Court of Hastings, MI. The Morans reside in Alexandria, Virginia.

— ON ANOTHER SUBJECT
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Will she, once officially installed as secretary of DHHS, move to correct the language of this memorandum which suggests that DHHS has no interest in acting swiftly when complaints regarding possible infanticide are filed with her department?

Finally, on January 24, Mrs. Audie Brown sent the following telegram to U.S. Attorney General William French Smith and present Secretary of DHHS Richard S. Schweiker:

"The Detroit Free Press, Jan. 21, 1983, reports that there has been an attempt to withhold treatment of a handicapped newborn at Lansing General Hospital, Lansing, Michigan.

"Please consider this an official request for an investigation by your Civil Rights Division for violation of this baby's civil rights under Section 504 of the Rehabilitation Act and other applicable statutes."

Action for A.L.L. Readers:

American Life Lobby urges the readers of this item, as well as those with whom this item is

shared, to write at once to the President and to congressmen and senators alike, in order to make certain that any reported case of possible infanticide is acted upon at once by the various departments of the government, and further, that the del Real memorandum as printed above, be studied and corrected so that the public can be totally assured of the DHHS's complete willingness to do everything possible, in conjunction with Justice and OMB, to act on every single complaint of possible infanticide reported to the various departments.

President Ronald Reagan
1600 Pennsylvania Ave.
Washington, DC 20500

Congressman _____
U.S. House Office Bldg.
Washington, DC 20515

Senator _____
U.S. Senate Office Bldg.
Washington, DC 20510

We intend, at American Life Lobby, to track this question of infanticide and pursue every available action known to us in order to assure the total protection of the rights of all children born and preborn.

Support These Regs— They Defund the PP Lobby

Office of Management and Budget (OMB) has proposed in the Jan. 24, 1983, *Federal Register* (pages 3348-3351) changes in the OMB Circular A122 which will limit the direct and indirect support of lobbying and other advocacy activities by federal grantees and contractors such as Planned Parenthood Federation of America and its affiliates.

It is extremely important that all pro-life people support adoption of these proposed regulations. For further detailed information, including the entire proposed changes, printed in the *Federal Register*, send a self-addressed, stamped envelope to: American Life Lobby, PO Box 490, Stafford, VA 22554.

We will in turn send you our complete action alert on this subject. Time is of the essence—act now!

(Advertisement)

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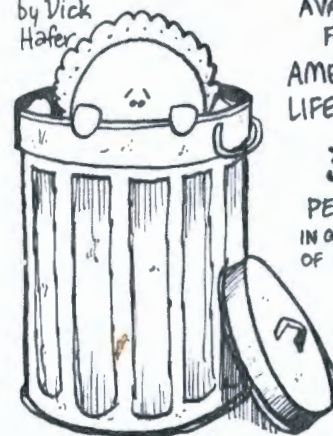


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OMB*

FOR IMMEDIATE RELEASE
April 2, 1982

OMB 82-9
Public Affairs
395-3080

David A. Stockman, Director of the Office of Management and Budget, announced today the appointment of Kenneth W. Clarkson as Associate Director for Human Resources, Veterans and Labor.

Dr. Clarkson, who is 39, is currently Director of the Law and Economics Center at the University of Miami. During the early 1970's he worked on two occasions in OMB as an economist while on leave from his assistant professorship at the University of Virginia. He received his doctorate in economics from UCLA in 1971.

He replaces Donald W. Moran, who became Executive Associate Director for Budget at the beginning of this year.

Along with his teaching Dr. Clarkson has served as an economic consultant to a wide range of private concerns and government agencies over the past ten years. He has also published numerous articles, many relating directly to his new role at OMB.

Harlan wants you to read this. He also wants you to call him back, 212-422-4857

file
O.M.B.

Deficit Numbers: An Open Letter to the President

Dear Mr. President:

As ranking Republican on the Joint Economic Committee, I was an early and strong supporter of the policies that became part of your Economic Recovery Program last year. In 1977 and '78, before your election, the Republicans on the JEC developed these policies and then in 1979 and '80, I helped assemble a bipartisan coalition in the JEC behind those ideas on which your recovery program was built.

It was and is a good program, and I urge you to continue to stick with it. The tax cuts that are the program's centerpiece are essential to the strong economic growth the nation so desperately needs.

I will be willing to support additional spending cuts to help trim projected deficits in the budget. But I am encouraged by indications that the deficit may not be as bad as some people would like us to believe. Growing evidence suggests that the Office of Management and Budget estimates for the fiscal 1982 budget may be overstated by as much as \$30 billion. For instance, the administration had expected receipts to rise this year by 4.6% and outlays by 10.4% over the previous year. Through

February, however, Treasury Department figures show receipts increasing 13% and outlays by less than 10%. I predict that figures available later this month from the Treasury will show this trend continuing into April.

While this is good news, I am extremely concerned because OMB's reaction to this trend has been to increase, not decrease, its deficit projection from \$98.6 billion to \$100.5 billion. This not only flies in the face of logic, but it is extremely damaging to your economic program and to prospects for national economic recovery.

Many economists argue that there is considerable historical evidence that high interest rates do not necessarily flow from large budget deficits. But the mere perception that the relationship exists is enough to keep interest rates high as long as the deficit projections keep rising. And high interest rates clearly are the major deterrent to recovery from the current recession.

For thousands of small businessmen—farmers, homebuilders and retailers—and thousands of workers—in auto manufactur-

ing and other basic industries—this delayed recovery is more than a temporary inconvenience. For many, it will mean bankruptcies and plant closings which will disrupt their ability to make a living for years to come.

When actual spending and revenue figures for the first half of the year show that the deficit for fiscal 1982 will reach only \$70 billion to \$75 billion, why would your OMB director issue a budget update on April 10 that puts his estimated fiscal 1982 deficit over \$100 billion?

Is this another Trojan Horse?

Mr. President, I can't help wondering whether your economic agenda is once again being undermined by doubts about your program within your own administration or by someone else's personal agenda.

While OMB's imaginative deficit estimates may be designed to convince the Congress to make additional spending cuts, they have also become the basis for major efforts to raise taxes and derail your Program for Economic Recovery. Raising taxes to balance the budget was tried by your predecessor, failed miserably and

brought on both the current recession and his departure from office.

If the actual current deficit figures become generally known, the pressure for a tax hike will dissipate, leaving in place the economic incentives we need for a strong, sustained economic recovery. In addition, if Federal Reserve Board money targets can be met with more consistency than has been the case during the past year, the high-deficit, erratic money-supply psychology that has kept interest rates high will quickly evaporate. If that happens, the cost of private borrowing will recede rapidly enough for the real economic recovery to begin in the near future.

Mr. President, we must be able to rely on the OMB for realistic budget estimates and on the Federal Reserve for consistent treatment of the money supply.

In order to get that done, I respectfully suggest that it is time for another trip to the woodshed.

CLARENCE J. BROWN

Representative Brown, Democrat of Ohio, is a member of the Joint Economic Committee.

Shifting Personnel Needs Under Deregulation

It's widely known that deregulation has shaken up the structure of the brokerage, communications, airline, railroad and trucking industries. Some firms have been driven to bankruptcy; others have taken advantage of the more open competition for new markets; some entrants to the business have made spectacular rises.

What's less well known is that deregulation also shakes up the internal structure

softening of some union rules, particularly in trucking where many Teamsters have lost their jobs. Arthur E. Imperatore, president of A-P-A Transport Co., a New Jersey trucking firm, says, "Our working atmosphere is much less adversarial than before."

In some areas, A-P-A has been able to negotiate a three-week training scale at less than the prevailing wage of \$12.50 an hour. In others, the new national Teamsters contract allows, for the first time, a three-year apprenticeship program where the starting wage is 70% of scale for experienced tractor-trailer operators.

The competition is doing. The new statistical and analytical requirements mean that Ryder's traffic staff generally must have college degrees or backgrounds as cost or statistical analysts, or industrial engineers.

Moreover, the explosive growth of some companies under deregulation has required completely new kinds of people. The rapid growth of Federal Express's package service, for example, made the old city-by-city reservation office system inefficient. The change, to offices in New Jersey, Tennessee and California, required complex information management and the creation of a wholly new department to write information systems.

which face extinction unless they change their policies. Says Mr. Derchin: "They need a new breed of manager—someone who's more flexible, who can work with labor and get the lethargy out."

Mr. Bauman is president of Martin H. Bauman Associates, Inc., a recruiting firm with a special emphasis on the transportation industries.

Manager's Journal

by Martin H. Bauman

THE WALL STREET JOURNAL

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51

Why I Am A Republican

by Michael Horowitz

I am Jewish, was student body president at City College of New York, taught civil rights law in Mississippi during the sixties, now grieve at the loss of Al Lowenstein, the remarkable friend who most taught me to care about the political process. The best man at my wedding was a Democratic Congressman with a 100 percent ADA rating. In terms of my experience and personal style I qualify, if not as an intellectual, then at least as a certified camp follower. Wisely or not, I see political issues in terms of their moral content, and significantly judge them by the degree of their compassion. I was formatively influenced by a trade-unionist, immigrant grandfather who regularly admonished me to see America as the blessed land. A lifetime of taking many "good" sides of public matters has qualified me, in my universe of friends, as non-racist, caring, etc. in my politics.

Or at least did. For a period now going on four years, I have also been a Republican.

These and other musings are triggered by Jeane Kirkpatrick's remarkable article, "Why We Don't Become Republicans." As a "We" who did, I think it important to generate the fullest possible debate on the issues which she has raised. Those issues are of enormous consequence to the definition of what stands as moral in American politics, to its balance of political power, to its battles of ideas and ideologies, and to the outcome of many of its critical issues.

The disaffection of Jeane Kirkpatrick and her Coalition for a Democratic Majority colleagues with what she terms the "revisionists" and "new liberals" who have long dominated the Democratic Party is fundamental. It extends across the board, for her as for me, to issues of national security, economic/regulatory policy, and such "social" issues as crime and quotas. Her condemnation of the policies with which Democratic majorities in Congress and the national Democratic Party have been identified is set forth in the **Commonsense** article and in an even

Michael Horowitz is an attorney in Washington, D.C. He is a member of the Republican National Committee's Advisory Council on General Government.

more pained and compelling one in November's *Commentary* and is unforgiving, indeed savage. There is little doubt that she speaks for large numbers of her CDM colleagues as well as others traditionally identified with the Democratic Party.

Why did I stay a Democrat for as long as I did? Why do Jeane Kirkpatrick, her friends (and mine) remain Democrats?

She begins by citing three reasons which, from my own experience, I know to be powerful. They are all the more compelling because they rest in part on emotional, quasi-religious considerations, and not on the more

Why did I stay a Democrat for as long as I did? Why do Jeane Kirkpatrick, her friends (and mine) remain Democrats?

tractable rational criteria on which party affiliation might be expected to be based in an era of seemingly declining party strength.

Why did I stay a Democrat for as long as I did? Why do Jeane Kirkpatrick, her friends (and mine) remain Democrats?

First, Dr. Kirkpatrick rightly notes the link between identity and party choice. In a rootless and alienating age, no aspect of one's identity is easily tampered with. And, party identity is surely an important aspect of personal identity for people who care about the political process. Shifts of party affiliations are all the more difficult for those of us whose place in the American mainstream comes directly from what leaders such as Al Smith and FDR did for and meant to our immigrant and invariably Depression-scarred parents and grandparents. In psychic terms, leaving the Democratic Party is, at least before the deed is done, a felt act of disloyalty and disassociation from family.

Next and relatedly, Jeane Kirkpatrick writes of differences in style which separate Democrats and Republicans. Wrong as she and I often think the "new liberals," "revisionists," and "public interest" ideologues to be, they at least share our friends and our tastes. Republicans seem to reflect a more formal life-style and a preference for the country club rather than the coffeehouse or the corner tavern. In politics as in all things, personal relationships often transcend "rational" considerations, and it is no easier to risk loss of friends and the loss of their esteem than it is to risk the loss of roots.

Inherent in this concern over the image and make-up of the two parties is a historic fact. In contrast to Europe, which has had long experience with self-indulgent and rapacious states, and with the outright tragedies which such states have produced, conservatism in America has often lacked moral and intellectual respectability. All too frequently, it has been associated with racism, with know-nothing politics, and with a seemingly feudal unconcern for the feelings and possibilities of poor Americans. In its more appropriate defense of private property and economic growth, American conservatism has also aligned itself with what has traditionally

been a more powerful private sector and against a state which has only recently gained the means and momentum to assume serious economic and regulatory power. Identification with top-dog claims and unconcern with underdog needs has thus been the image and the lot of American conservatism over much of its history. It is thus small wonder that intellectuals and others who profess to identify moral issues have traditionally been identified with anti-business and often anti-military policies. Moreover, a never-defeated military and the cornucopian quality of the private sector have until late made such a course riskless. Vietnam, the last decade's growth of the state, and the decline of American economic productivity have of course radically altered the assumptions on which all politics have been based, but the gap between reality and traditional perceptions about liberal-conservative politics is far from closed. Jeane Kirkpatrick and others now labelled as "neo-conservatives" have taken the brave step of identifying themselves with what has historically been a morally tainted conservatism. The issues of "style" and "identity," however, whose pull she so eloquently describes, have posed sufficient risks to good name and self-image as to deter the ultimate step of formal identification with the American conservative party.

Dr. Kirkpatrick's third consideration relates to her judgment as a political scientist. In her view, "Democrats remain the majority Party, the Party most likely to win elections and govern the country..." It may be reasonable to remain a Democrat, and not for careerist reasons, if one's sense is that the Democratic Party will organize the Congress and the country. One who cares about political issues is led to want very much to influence their outcome. And while CDM members may be voices in the wilderness or, at best, bargainers with limited leverage in the national Democratic Party, they still have real access to sympathetic committee chairmen. And, as primaries come around, there are always some candidates who may need to trade for the support of all elements of the Party. If seen as a permanent minority party, Republican affiliation may be seen as offering less access to and influence on the ultimate decisionmaking processes.

Jeane Kirkpatrick and others have bravely identified themselves with conservatism. The issues of "style" and "identity," however, have posed sufficient risks to good name and self-image as to deter the ultimate step of formal identification with the American conservative party.

Jeane Kirkpatrick's points are powerful. Why and how have some of us become committed Republicans?

To begin, many of us did not recognize the fundamental differences

which had always existed with the friends who now generate and appear to believe in the policies of the national Democratic Party. Such differences were blurred during the early days of the civil rights struggle against segregation and governmentally sanctioned racism—when all of us were on the same side. And yet, the differences were always there. Ironically, the best index of what always separated me from today's "new liberals" was conveyed in a *New York Times* editorial page article by Senator Moynihan. Dealing with the charge that he and such neo-conservatives as Irving Kristol, Daniel Bell, Norman Podhoretz, Nathan Glazer, and others were elitists, Moynihan pointed out that his critic was a young attorney who, although black, had been educated at a succession of Ivy League schools. Moynihan's point was that he and all but one of his accused friends had been educated in the hardly elitist environment of CCNY. His point was telling. To use Dr. Kirkpatrick's "We"—"They" terms, "We" were closer to the immigrant experience and poverty, both temporally and emotionally. "We" thus saw poverty as a condition in which dignity was possible (we saw it daily in our parents and grandparents) and from which escape was also possible through commitment to education and the work ethic and by reason of America's blessedness. "We" saw the world as a tough place in which unearned success often was soon lost, and our liberalism was based on the need for equal opportunity and was innately hostile to an enforced equality of result. "We" viewed this country in more fragile and patriotic terms. Critically, our liberalism was untainted by guilt or noblesse oblige. Those formative experiences made our assumptions very different from those of our friends who were wholly attenuated from the sources of their wealth and the struggles which had purchased it. Those experiences were equally different from those of Ivy League scholarship recipients who in one "benevolent" fell swoop had found themselves invited into worlds radically different from those of their families. "They" could only see poverty as an oppressive aspect of a system which arbitrarily rained wealth or poverty on individuals, depending on the luck of birth. (A less sympathetic view of many well-born and well-educated friends is that they sought political power through expansion of domestic state power, all the while secure in the knowledge of their financial well-being.)

The process of open separation from the mainstream views of the Democratic Party began for me, as it did for Jeane Kirkpatrick, in the early seventies. First, the civil rights agenda had by then moved to such issues as quotas, transfer payment programs, welfare dependencies, etc. Next, there was Vietnam and the issue, as Dr. Kirkpatrick puts it, of "whether (our) involvement was immoral, imperialistic, and genocidal," as many of our friends thought it to be. Critical for me

was the business of returning from Mississippi into the heady midst of John Lindsay's New York City. At first, my disquiet at the literal madness I saw—all in the name of liberal politics and helping the poor—remained muted. I had few ways of describing my reactions except to think that advancing age had taken with it a corresponding measure of personal idealism. As matters were posed, I had the “choice” of being for or against blacks and the poor—even though I knew that the programs mounted on their ostensible behalf were inefficient, corrupting, often downright corrupt. The specter of declining idealism was difficult to accept and I tried as best I could to keep my “good guy” credentials—except that, try as I might, I just did not *want* George McGovern to be President and just could not ignore the debasement of middle class and private sector values and institutions which then proceeded so merrily apace.

The bankruptcy of New York City was galvanic, for I then saw that my politics were not merely more practical than the politics of my Party and friends—I had always known that. What was far more important, and liberating, was the discovery that my reservations had always been at least as moral as my friends' cheerleading. Having been raised in New York City and being a product of the opportunities it offered and the pride its very air seemed to transmit, I knew that the City's decline into economic beggary was, whatever the slogans which accompanied that decline, hardly a moral fact. There was nothing moral about the increasing bitterness of its citizens nor the closure of its hospitals, colleges, and small businesses which had been for so long and for so many real instruments of escape from poverty.

Yet, the pull described by Jeane Kirkpatrick was sufficiently strong that in the face of a now open break from my Party's ideology, I still retained the hope that such Democratic Governors as Brown, Dukakis, and others could wrest party leadership from its national Party, congressional, and special-interest bases. That notion was quickly put to rest by the Brown and Carter primary campaigns. I saw the vacuum created by Jimmy Carter's indifference to ideology quickly filled by what often appeared to be the entire McGovern campaign staff. And then there was Jerry Brown, whose earlier speeches as Governor had eloquently articulated many of the things which I felt. I knew him well at law school, and whatever my doubts about his fitness for the Presidency, I was sure that he believed what he was saying about the domestic programs for

The bankruptcy of New York City was galvanic, for I then saw that my politics were not merely more practical than the politics of my Party and friends but that my reservations had always been at least as moral as my friends' cheerleading.

which the Democratic Party then stood. Somewhat interested in his campaign, I followed him until it became clear that the process of seeking the support of the Democratic Party's primary election activists made his speeches and his gradually altered positions largely indistinguishable from those of Mo Udall.

Registration as a Republican came as a direct reflection of growing respect for Gerald Ford. Most people I knew patronized him, thought him "dumb," thought he didn't "lead," i.e., generate enough new programs. (This was particularly the case with some friends who had equal contempt for Jimmy Carter but confidently awaited places within his Administration.) I found myself really wanting Gerald Ford to win, never more than in the last two weeks of the campaign when he finally appeared comfortable with the soundness and decency of his conservative instincts, which he finally did not temporize out of any felt need to be "nice." It seemed to me that a Ford Administration would seek appropriate defense and foreign policies, would continue to deal with the inflation it had so successfully abated and, most importantly, would more confidently take on the Democratic congressional majorities with whose policies I was so fundamentally at odds.

I registered as a Republican on election day, before the ballots were counted, when in the face of my feelings for Ford and my sense that

I was able to recover from the act of becoming a Republican. I have found the step then taken to be singularly liberating and—here the term is precisely accurate—radical.

Jimmy Carter was shallow and out of his league, I found myself speculating about the people I knew who were likely to be filling jobs in what I was sure would be the coming Democratic Administration. As I thought about how I could serve as a rightward anchor, could better fight from within, etc., I knew it to be self-serving nonsense. I took the voter registration form I had left blank for months, checked the

Republican line, went to the post-box, and took the irrevocable step of coming out of the closet.

To say it again, the emotional component of party affiliation *is* strong. For months after registering as a Republican, I hardly felt Jewish. I was also very close to being the only Republican I knew. And yet, precisely as Jeane Kirkpatrick found that after voting for Republicans "one is not, in fact, struck dead in the act," I was able to recover from the act of becoming a Republican. Over the course of time, I have found the step then taken to be singularly liberating and—here the term is precisely accurate—radical. I have found the Republican Party an extraordinarily open and inviting place, and with regard to matters of style every bit as much of substance.

In the process of becoming a Republican I have come to see many matters in a new light.

First, the seeming permanency of the Democratic Party's control of Congress, and its consequent status as the country's majority party, may be of shorter duration than is commonly supposed. The Republican Party has made remarkable gains in the state legislative seats which are the starting points for congressional success. Recent gains in Senate seats are striking, and a Republican President, if elected, could help make substantial inroads as early as 1982 in the House Democratic majority. (An unnoted "sleeper" is the possibility of court action dealing with gerrymandering which would generate Republican gains equal to the losses the party sustained following the Supreme Court's invalidation of rural overrepresentation in *Baker v. Carr*.)*

I have also come to see that the majority status of the Democratic Party has less meaning than it once had—or in any event less meaning than it now has any right to have. As a prolific scholar of Democratic Party "reform" rules, Jeane Kirkpatrick perhaps knows better than anyone that Samuel Lubell's old notion of the country's ideological issues being thrashed out within its majority party is no longer properly operative. Lubell wrote of a time when Democratic presidential candidates needed two-thirds of all delegate votes, and when primaries were limited instruments of political determinism. In such a setting, where party consensus was truly necessary, the views of all factions loyal to a party counted. Today, as both history shows and as any first year law student reading the Democratic Party's "reform" rules can surely tell, activist majoritarianism is the order of the day, and special-interest groups able to win primary elections have a lesser need to come to terms with the "minority" views of Dr. Kirkpatrick and her friends. A party leadership able in 1944 and 1948 to block Henry Wallace and to nominate Harry Truman, survival choices made in the national interest, is now the Party which nominated George McGovern and offers the choice between Jimmy Carter and Ted Kennedy. Registration and identification as a Democrat now largely play a role in enhancing the credibility of Democratic candidates, not in influencing national policy issues.

*The 1973 Supreme Court decision in *Gaffney v. Cummings* upheld an admittedly political gerrymander, but only on the ground that it protected the political strength of the minority party and thereby achieved a "rough form of proportional representation." The precedent holds enormous potential for minority Republicans whose political strength is consistently eroded by gerrymandering. Reversal of Republican Party gerrymandering losses—estimated by some at 8-10 percent of all House and state legislative seats—could in and of itself bring the Republican Party within striking range of majority status in the House and in many states.

The above prompts consideration of the 25 consecutive years that the Democratic Party has organized the Congress and dominated the country's politics. Neither party has greater immunity from corruption, arrogance or unresponsiveness, but the debilitating aspects of seniority and long-unchallenged power have taken their inevitable toll on the Democratic Party. Twenty-five years from now, if its control of Congress is as unbroken as the Democrats' has been, the Republican Party might well have its Eilbergs, Floods, Diggsses; be stung by its "Stings." For now, Lord Acton's dictum is basis enough for questioning the propriety of lending one's efforts to maintain the Democratic Party as the country's dominant party. The long reign of some committee and subcommittee chairmen who are essentially unelected to the national power which they hold, and the accompanying reign of their almost-tenured, unelected staffs, have not been in the national interest. It *is* time for a change, both in the directions sought by Jeane Kirkpatrick and in terms of greater responsiveness to public sentiment by elected officials. (The two, I believe, are much the same.) It is difficult to believe that a Republican Congress would not play a more reformist role in this regard than anything which might occur within the Democratic Party.

While double-digit inflation, declining productivity, and events in Afghanistan and Iran will of course create their own realities to which the national Democratic Party will make its inevitable concessions, I believe that the concessions will be grudging and, to the extent feasible, cosmetic. Neither the armies of Democratic congressional staff aides, nor the "public interest" ideologues, nor the social welfare and regulatory bureaucracies, nor the myriad of caucuses which shape the Democratic Party are likely to alter the biases through which they see the world.

A view of Senator Moynihan's role is instructive, for if his role and status as a Democrat have generated more setbacks than gains for the policies which Jeane Kirkpatrick and her friends deem critical, there are few grounds on which their Democratic Party affiliation can be justified. As a Senator, Moynihan represents the use of CDM leverage within the Democratic Party at its very best. His personal integrity is unimpeachable. And yet, his net effect as a Democratic Senator may well be negative. First, no one believes that he feels free to vote his views on many domestic questions, including some which he would deem important. Senator Moynihan the scholar is frequently at odds with Senator Moynihan the vulnerable Democrat. And, even where he saves his IOU's for issues of national security, he has not made a significant difference—as Jeane Kirkpatrick's writings best attest. There is yet another aspect of Moynihan's role as a Democrat—a function of the effective exclusion of Jeane Kirkpatrick and her CDM friends from Democratic presidential

politics, and the increasingly singular role of dissident Democrats in electing Democrats. Moynihan's Senate candidacy lent significant credibility to Jimmy Carter's, masked the McGovern character of its rhetoric and personnel, and saved it from identification with Bella Abzug, whom Moynihan barely defeated in the New York Democratic primary. I wonder whether, in his heart of hearts, even Senator Moynihan believes that his Senate seat, taken from a man with whom his disagreements were manifestly few, was worth the difference it might well have made in electing Jimmy Carter as President.

Then there is the business of the labels which have partially (although less of late) inhibited and immobilized the expressions of Jeane Kirkpatrick and her friends. The "new liberals" described by Dr. Kirkpatrick, out of a critical need to maintain a moral monopoly for their views, have scorned us as racist, militarist, captives of big business, etc. By leaving the Party in which those views hold such credence and by entering one which now openly if inarticulately courts and needs her, Dr. Kirkpatrick is likely to discover an invigorating freedom from the reach of labelling epithets. By remaining in the Democratic Party, "We" have only served to give credibility to the "new liberals" and "revisionists" so scathingly described by Jeane Kirkpatrick.

There are, as she notes, many good Republicans, many of whom and whose careers she is capable of enthusiastically supporting. As she knows, assisting such extraordinary Congressmen as Dave Stockman (R-Mich.), Richard Cheney (R-Wyo.), and other young Republicans soon to be ripe for national leadership, is a role which she and her CDM friends could happily and well perform. They would also find much to offer in arguing many of their essentially conservative positions to the Mathiases, Packwoods, Hatfields, and other moderate Republicans too often lobbied by crude political heat rather than by the more thoughtful discussions on the merits to which those men of integrity would more likely respond. Ironically, were Jeane Kirkpatrick and her friends to shift their party affiliation, their support for the process of vigorous dialogue would assure greater intraparty protection to many moderate Republicans than many now enjoy. Thus, what is here urged is *not* a variant of the wrong-headed notion of an ideologically pure party system. Rather, the shift in party affiliation here proposed is for the purpose of changing the country's majority party and, in the process, of moving the focus of intraparty debate closer to the center and substantially closer to the basic views of

By remaining in the Democratic Party, "We" have only served to give credibility to the "new liberals" and "revisionists" so scathingly described by Jeane Kirkpatrick.

the American electorate. The country's majority party ought to debate those issues raised by the felt needs of the business and military communities; respectful critics of those communities ought to in the process win and lose their fair share of debates. At the same time, it is literally suicidal for the controlling elements of a country's major party to be innately hostile to its producing and defense sectors—a condition which describes today's Democratic Party.

To deal with one additional point: I know Jeane Kirkpatrick to be better than she is made out to be by some of the people who have commented on her article. A recent column by David Broder, which focused on her unease with "boardroom types," argued that her allegiance to the Republican Party could only be made possible by its nomination for the Presidency of a candidate such as John Anderson. Broder was uncustomarily wide of the mark. By defining many Republicans as "boardroom types" whom Jeane Kirkpatrick could never support, Broder was not only wrong but was in essence arguing that she could relate comfortably to persons of inherited wealth, not to those who had earned their own livings. And, whatever John Anderson's many virtues, his voting record on the gamut of such issues as defense spending and social policy is sharply at odds with the views of the CDM mainstream. The real issue raised by Jeane Kirkpatrick's article does not go to whether the Republican Party needs to moderate the distinctive views of its mainstream or to have less support in the business community, but to whether and how American conservatism can present itself and be seen as thoughtful, principled, and moral. And that problem is the high priority issue which both Dr. Kirkpatrick and the Republican Party precisely share.

Jeane Kirkpatrick's ultimate concern about being a Republican is set forth at the end of her article, and reflects both a mistaken preception and a Republican need. She writes:

... while the Republican Party has proposed candidates whom estranged Democrats could support, it has offered no alternative conception of the public good to Democrats who are today offended by their own Party's public philosophy. The Republican record is better than the case Republicans make for themselves. In office Republicans act as though they had broad concerns with human dignity and well-being, with national defense, and so forth. Both these concerns are . . . poorly explained [and] inadequately related to a broad vision. . . . Only when it offers an inclusive vision of the good society will the Republican Party be able to attract converts as well as voters.

The mistaken perception of Dr. Kirkpatrick points to a healthy humility which Democratic "converts" and members of the intellectual community could usefully learn. Inarticulateness of, say, businessmen

seemingly incapable of describing their social worth is at times nothing more than a lack of familiarity with appropriate buzz-words, not the lack of feeling it is often patronizingly made out to be. The businessman confronted with a costly regulation which he knows to be nonsensical may only be capable of venting his anger in terms of lesser corporate profits, misplaced capital, etc. Yet this sense of frustration often has little to do with money taken from his pocket and is, far more often than is supposed, animated by feelings indistinguishable from those of us more likely to see the regulation in terms of factories not built in Gary, Indiana and ghetto residents thereby forever condemned to even meaner lives.

But Jeane Kirkpatrick's conclusion also reflects a critical Republican Party need. She and her distinguished friends do have an extraordinary role to play, if they choose to do so, in helping the Republican Party see its conservative instincts in more broadly social terms, in being sensitive to the Party's use of symbols, in articulating the Party's "alternative conceptions," and in further reminding it of the necessarily moral dimension of public affairs. There is no doubt that an open door exists for them to do so. The role holds enormous promise and is one which Jeane Kirkpatrick could well serve in a party which needs her intellect and her passion.

Given their credibility as intellectuals, their long-term and intimate relationships with such once-mainstream Democrats as Hubert Humphrey, Henry Jackson, Pat Moynihan, and others, and their acceptance as caring (if mistaken) people by the media and important segments of the university community, a shift of party affiliation by Jeane Kirkpatrick and her friends would have dramatic impact on the party system, indeed on American politics. Whatever their differences might be with the positions of some Republicans, Dr. Kirkpatrick and her friends would as Republicans become spokesmen for a national party, not the back-bench dissidents they are long likely to remain as Democrats. By joining the Republican Party, Jeane Kirkpatrick and her friends would also serve to cast it in a different and more positive light. And, a Democratic Party bereft of the cover which CDM people supply to it would expose the groups which control that party to an electorate which could then swiftly and fairly judge the utility of their programs and views.

Further dialogue is of course in order before such a shift can take place, but I am confident that engaging in it would open to many once-mainstream Democrats the possibilities inherent in a now-revitalizing

Jeane Kirkpatrick and her distinguished friends do have an extraordinary role to play, if they choose to do so, in helping the Republican Party. There is no doubt that an open door exists for them to do so.

American conservatism and Republican Party. The very fact of such dialogue would indicate the clearly tenuous relationship to the Democratic Party of so many of its present stalwarts, and would thus in and of itself serve the country exceedingly well.



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

OMB
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MAY 4 1983

Mr. James A. Hamilton
Director
Washington Office
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

Dear Mr. Hamilton:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

We are grateful for your views and will be taking them into account during the current review and evaluation process.

Sincerely,

Michael J. Horowitz
Counsel to the Director



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

MAY 4 1983

Mr. William P. Thompson
Stated Clerk of the General Assembly
United Presbyterian Church in the U.S.A.
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

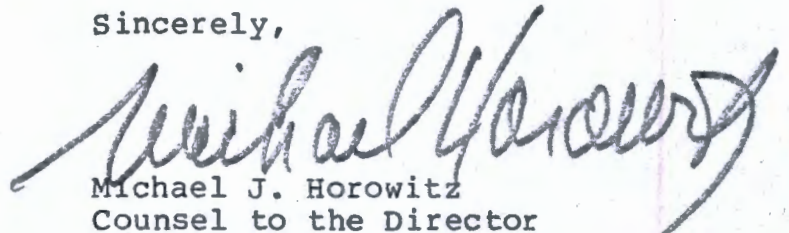
Dear Mr. Thompson:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

We are grateful for your views and will be taking them into account during the current review and evaluation process.

Sincerely,



Michael J. Horowitz
Counsel to the Director



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

MAY 4 1983

Ms. Mary Jane Patterson
Director
Washington Office
United Presbyterian Church in the U.S.A.
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

Dear Ms. Patterson:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

We are grateful for your views and will be taking them into account during the current review and evaluation process.

Sincerely,

A handwritten signature in dark ink, reading "Michael J. Horowitz", is written over the typed name and title. The signature is fluid and cursive, with a large flourish at the end.

Michael J. Horowitz
Counsel to the Director



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

MAY 4 1983

Mr. George Ogle
Program Director
Board of Church and Society
United Methodist Church
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

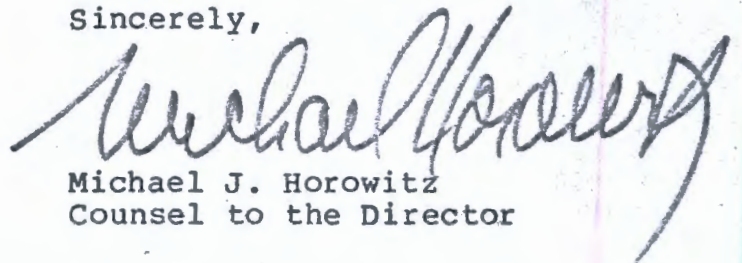
Dear Mr. Ogle:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

We are grateful for your views and will be taking them into account during the current review and evaluation process.

Sincerely,



Michael J. Horowitz
Counsel to the Director



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

MAY 4 1983

Mr. Robert W. Tiller
Director
Office of Governmental Relations
American Baptist Churches, U.S.A.
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

Dear Mr. Tiller:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

We are grateful for your views and will be taking them into account during the current review and evaluation process.

Sincerely,

Michael J. Horowitz
Counsel to the Director



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

MAY 4 1983

Mr. Ted Zuern
Associate Director
National Office
Jesuit Social Ministries
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

Dear Mr. Zuern:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

We are grateful for your views and will be taking them into account during the current review and evaluation process.

Sincerely,

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Michael J. Horowitz
Counsel to the Director



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

MAY 4 1983

Ms. Louise Bowman
Legislative Associate
Washington Office
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

Dear Ms. Bowman

:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

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Michael J. Horowitz
Counsel to the Director



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

MAY 4 1983

Mr. Robert W. Neff
General Secretary
Church of the Brethren
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

Dear Mr. Neff:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

We are grateful for your views and will be taking them into account during the current review and evaluation process.

Sincerely,

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Michael J. Horowitz
Counsel to the Director



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

MAY 4 1983

Mr. Paul Kittlaus
Director
Washington Office
Office for Church and Society
United Church of Christ
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

Dear Mr. Kittlaus:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

We are grateful for your views and will be taking them into account during the current review and evaluation process.

Sincerely,

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Michael J. Horowitz
Counsel to the Director



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

MAY 4 1983

Mr. Warren Hoover
Executive Director
National Interreligious Service Board
for Conscientious Objectors
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

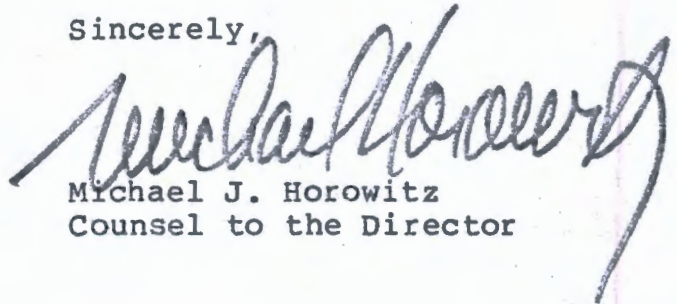
Dear Mr. Hoover:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

We are grateful for your views and will be taking them into account during the current review and evaluation process.

Sincerely,



Michael J. Horowitz
Counsel to the Director



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

MAY 4 1983

Mr. William L. Weiler
Director
Washington Office
Episcopal Church
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

Dear Mr. Weiler:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

We are grateful for your views and will be taking them into account during the current review and evaluation process.

Sincerely,

A handwritten signature in cursive script, reading "Michael J. Horowitz", is written over the typed name and title. The signature is written in dark ink and is quite fluid and stylized.

Michael J. Horowitz
Counsel to the Director



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

MAY 4 1983

Mr. Robert Z. Alpern
Director
Washington Office
Unitarian Universalist Association of Churches
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

Dear Mr. Alpern:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

We are grateful for your views and will be taking them into account during the current review and evaluation process.

Sincerely,

A handwritten signature in dark ink, reading "Michael J. Horowitz", is written over the typed name. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

Michael J. Horowitz
Counsel to the Director



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

MAY 4 1983

Ms. Marjorie Tuite, O.P.
Chairperson
National Assembly of Religious Women
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

Dear Ms. Tuite:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

We are grateful for your views and will be taking them into account during the current review and evaluation process.

Sincerely,

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Michael J. Horowitz
Counsel to the Director



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

MAY 4 1983

Ms. Joyce V. Hamlin
Office of Public Policy
United Methodist Women's Division
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

Dear Ms. Hamlin:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

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Michael J. Horowitz
Counsel to the Director



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

MAY 4 1983

Ms. Nancy Silvester, IHM
Coordinator
NETWORK
National Council of Churches
110 Maryland Avenue, N.E.
Washington, D.C. 20002

Dear Ms. Silvester:

Thank you for your recent comments regarding the proposal to amend Circular A-122 that OMB published in the Federal Register on January 24, 1983.

OMB has decided, based on comments received regarding that proposal, to withdraw the January 24 proposal. At a later date, OMB will offer a new proposal designed to ensure that contractors and grantees do not use federal funds for lobbying or political advocacy. The new proposal will be designed to more fully reflect the comments received from interested parties.

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Michael J. Horowitz
Counsel to the Director