

Clinton and Congress Agree on Outlines Of Budget Goals; Workers Return Today

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President Clinton and Republican congressional leaders ended their bitter standoff last night with an agreement on broad principles for a seven-year route to a balanced budget that will allow the federal and District governments to reopen in full today.

After more than a week of sharply partisan exchanges and mostly fruitless negotiations and intense negotiations yesterday, the Senate quickly approved a one-day spending bill that will provide the funds for government operations and also a follow-on bill that will keep the government going until Dec. 15. The House passed the one-day extension late last night and planned to approve the longer one today.

Some 700,000 federal workers still furloughed are to report to work today. The deal also contains funding to pay those workers for the week they sat at home while the political leaders struggled over the budget. A spokesman for D.C. Mayor Marion Barry said last night that all District government offices will be open today and that city employees are expected to show up for work.

In separate announcements, both Clinton and the Republican leadership claimed victory and said the agreement marked the beginning of negotiations over the plan to reach budget balance by 2002.

Clinton, in a brief appearance in the White House briefing room, said the deal protected "priorities that we care about," including a variety of social programs as well as education and the environment. House Democratic Leader Richard A. Gephardt (Mo.) said: "What we've been going through the last week is a kind of like a pickup football game outside the Super Bowl stadium. Now we're going to go in the stadium."

Asked "Who blinked?" at their own news conference, Senate Majority Leader Robert J. Dole (R-Kan.) and House Speaker Newt Gingrich (R-Ga.) said, "It's seven years"—the time frame that was set out in the Republican "Contract With America" and from which they never budged.

Last night's agreement funds until mid-December those government departments and agencies whose individual budgets for the current fiscal year—which began Oct. 1—have not yet been signed into law. According to the agreement, funding is guaranteed to be at least 75 percent of last year's level.

Yesterday, Clinton signed an additional two of the fiscal 1996 spending bills, bringing those enacted to six of a total of 13 bills—some of which still have not been passed by Congress.

The earlier continuing resolution that had kept the government running since Oct. 1 and that led to the shutdown when it expired last Monday was funded at 90 percent.

The new agreements, called "continuing resolutions,"

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BUDGET, From A1

end the longest federal government shutdown in history as it was about to begin its second week.

The stalemate began when Republicans insisted that any short-term bill to keep the government open had to include a separate agreement by Clinton on their prescription for balancing the budget within seven years, including sharp cuts in the growth of social programs and some tax cuts.

Clinton has called the cuts too deep and has vowed to veto the plan, contained in the massive Republican reconciliation bill that will arrive on his desk later this week.

For the past three days, the White House and Republicans exchanged versions of language on the timing and terms for calculating a balanced budget, only to see a half-dozen versions rejected by one side or another.

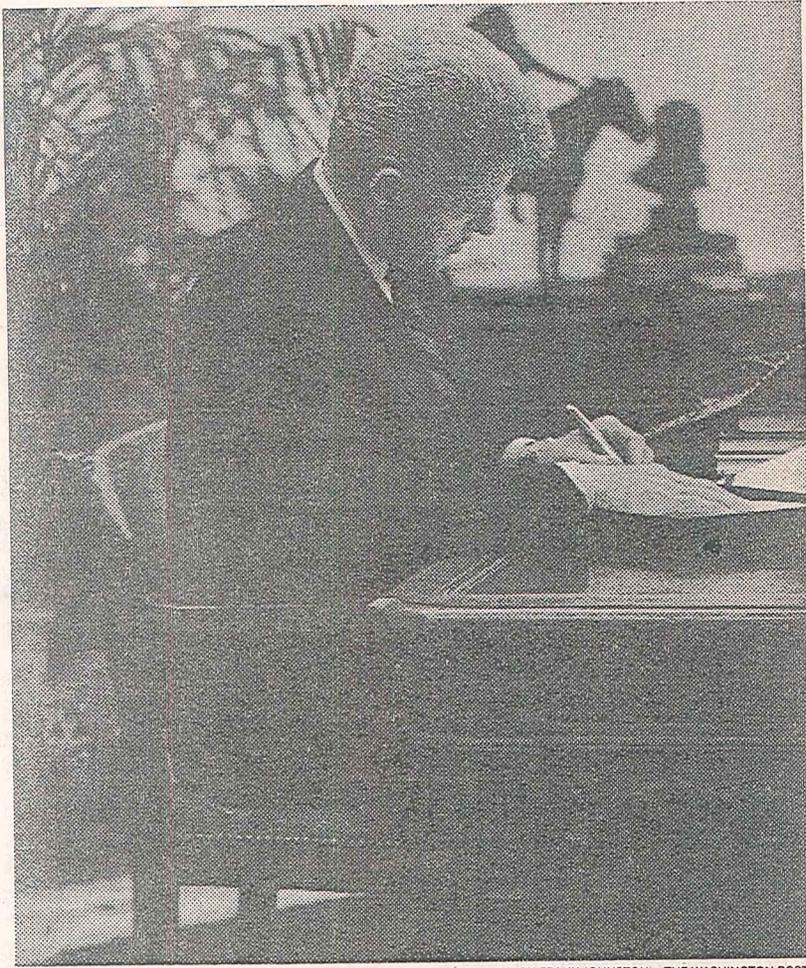
Twice deals collapsed during final talks.

Even last night's version was being rewritten and edited on the run, with Senate aides tearing and pasting rewritten priorities and redone language moments before the votes there.

The route to an agreement began yesterday with White House Chief of Staff Leon E. Panetta submitting to Republicans language that committed the White House and Congress to enacting a balanced budget in seven years if and only if the two sides agreed that it protected Medicare, Medicaid and a host of other spending programs.

That language was rewritten by Republicans into a statement that becomes part of the continuing resolution. It says the president and Congress "shall enact" a budget that reaches balance by the year 2002, as estimated by the Congressional Budget Office, and both agree the full budget they negotiate "must protect future generations, ensure Medicare solvency, reform welfare and provide adequate funding for Medicaid, education, national defense, veterans, agriculture, and the environment."

In addition, the budget must in-



BY FRANK JOHNSTON—THE WASHINGTON POST

President Clinton signs appropriations bills for some agencies as behind-the-scenes negotiations with Congress on the budget took place.

clude "tax policies to help working families" and will be estimated by CBO using its most recent current economic data following CBO consultations with the White House Office of Management and Budget (OMB) and other outside experts. That achieved a compromise on another principal sticking point—the Republicans' insistence on CBO estimates of future economic performance vs. the White House insistence on more optimistic OMB projections of future growth.

In announcing the agreement, each side emphasized its own priorities. Republicans touted their success in getting Clinton to commit to a balanced budget in seven years; Democrats touted their success in

getting an agreement to protect their domestic spending priorities.

Gingrich described as "historic" an agreement committing Clinton to a seven-year route to a balanced budget with "honest" economic vetting. He said he expected the White House to begin full budget negotiations on Nov. 27, the Monday after

Thanksgiving.

Senate Minority Leader Thomas A. Daschle (D-S.D.) said the agreement "reopens the government and gets people back to work. It reaffirms our commitment to balancing the budget, it spells out our commitment to protecting our priorities . . . and it really presents the framework for negotiations."

Clinton, in his statement, said the agreement "for the first time" got Republican leaders to acknowledge his principles of protecting Medicare and a host of other domestic programs.

And the president, in language that infuriated some of the Republicans, treated the seven-year route

Proposals and counterproposals were offered throughout the day.

not as a commitment but as a goal if his other priorities can be met. "Nothing is binding unless everything is binding," he said.

Once Clinton vetoes the massive, seven-year budget bill this week, both sides are expected to resume negotiations over issues that range from Medicare to tax policy to welfare reform.

The growing pressure on both sides as the shutdown went on last week, with both Republicans and Democrats growing increasingly nervous as they watched opinion polls, was lambasted on radio talk shows and fielded constituent complaints, were additional indication of

how tough the upcoming negotiations will be.

Throughout yesterday afternoon, Republicans and Democrats shuffled between leadership offices on the second floor of the Capitol, exchanging proposals and counterproposals until the language was finally worked out.

Even after the agreement was announced, there were last-minute changes edited into the agreement, while Dole and Daschle waited in the near-empty Senate chamber to pass the continuing resolutions by voice vote.

"Is it shall or will?" Dole asked his aides about some critical language. It was "shall."

When Keith Kennedy, a top aide to the Senate Appropriations Committee, rushed into the chamber with some additional language, Sheila P. Burke, Dole's chief of staff, grabbed a scissors and some Scotch tape, cut the resolution in pieces and then stitched it back to together and sent it to the desk.

The first inkling that there might be a way to resolve the dispute over economic forecasts came Saturday, when GOP leaders offered the first language with any sign of acceptance by the White House. It called for a seven-year route to balance with CBO estimates after "a thorough consultation and review" with the White House and other government and private economic experts.

Panetta made two counteroffers, one of them accepting seven years and CBO scoring "if and only if" the president and the Congress agreed in the end that the budget protects

Medicare, Medicaid, education, environmental programs and the Earned Income Tax Credit for the working poor.

Clinton's description of the agreement—that he had agreed to nothing until he agrees to everything in the final budget package—is likely to anger some conservative Republicans who had been pressing Republican leaders to force hard commitments on the President.

Sen. Phil Gramm (R-Tex.) accused Dole of breaking faith with the Republicans' balanced-budget commitment and said he would make it an issue in their battle for the Republican presidential nomination.

Gramm told a meeting of the Republican Governors Association in New Hampshire yesterday that by agreeing to negotiate with the White House on the economic assumptions used to calculate the budget, Dole was opening the door to billions of dollars of additional spending by the Democrats.

"I will have no part in such a deal," Gramm declared. Sen. Robert C. Smith (R-N.H.), chairman of Gramm's New Hampshire campaign, echoed his candidate's condemnation and predicted that the agreement would backfire on Dole with voters in the leadoff primary here in February.

Staff writer David S. Broder contributed to this report.

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