Tax Fight Casualty: Lindsey or O’Neill?

By DAVID MORRIS

President Bush finds himself in the middle of a debate between two senior members of his economic team and he’s headed for a clash with lawmakers from his own party over the scope of a new round of tax cuts and their impact on the deficit.

Bush’s tax decision may lead to the departure of either chief economic adviser Larry Lindsey or Treasury Secretary Paul O’Neill. And tax cutters and deficit watchers alike say the president will jeopardize his 2004 re-election chances if he chooses the wrong path.

"I think there's going to be a shake-up in the administration," Bruce Bartlett of the National Center for Policy Analysis, a conservative think tank told The Federal Paper.

See TAX FIGHT, p. 16

Chief Justice’s Daughter Faces Expanded Probe

By A.B. STODDARD

Federal investigators have expanded their probe into the office of Janet Rehnquist, the Health and Human Services Department’s inspector general, and are now focusing on her decision to delay an audit that could have damaged the re-election campaign of Florida Gov. Jeb Bush. Charges of questionable business travel and improper possession of a gun are also under investigation.

In addition, Rehnquist stands accused of violating standards of conduct for political appointees by asking two attorneys from the Bush administration’s ethics counsel to review potential misconduct by a Justice Department employee.

See REHNQUIST, p. 17

850,000 Federal Jobs May Go To Private-Sector Contractors

By TONI JOHNSON

Thousands of jobs at the Interior, Commerce, Transportation and Energy departments might end up in private hands under President Bush’s plan to open nearly half of the government’s civilian workforce to competition from the private sector, and they won’t all be such low-paying tasks as mowing grass or picking up trash, an analyst said.

Rescuing stranded boaters, directing jets through crowded air space, forecasting the weather, making maps, running power plants and promoting U.S. goods abroad are all jobs that private companies might do if the Office of Management and Budget reaches the privatization goals it announced last week, said Ronald Ut, who studies government workforce issues for the conservative-leaning Heritage Foundation.

"If you have a flat tire, you don’t call the police, you call Triple-A or Eddie’s Garage," said Ut. "If your boat breaks down, you shouldn’t call the Coast Guard."

The Bush administration said its new guidelines were designed to make it easier for private companies to compete for jobs now held by as many as 850,000 federal workers — would save billions of dollars and, in some cases, result in better service. Unions representing federal workers said the plan would cost thousands of jobs and affect the quality of work done by remaining employees.

See BUSH, p. 14

$50 Million and Lots of Fun — Charity Drive Chugs Along

By STEPHEN J. NORTON

Dinner with CIA Director George Tenet, homemade soups from talented chefs, framed original photos of western landscapes — all up for grabs this year in the pursuit of $50 million for charities in the annual Combined Federal Campaign of the Capital Area.

The 42nd annual event that harnesses the generosity and talent of the capital region's hundreds of thousands of federal workers is in full swing.

"You come into my office and you see balloons! I'm going to hit you up!" said Anthony Lowe, director of the Federal Insurance and Mitigation Administration, and leader in the Federal Emergency Management Administration's effort this year.

See CFC, p. 16
Tozzi Data Law Keeps Agencies On Their Toes

TOZZI, from p. 1

The second-generation Italian behind the telescope is the architect of the Data Quality Act — legislation that has forced virtually every federal agency to change the way it issues information. Last month, agencies rolled out new data quality guidelines — a familiar battle cry for regulators. Alarmed environmentalists and public interest lawyers say the law gives industry a new tool to block regulation. For 64-year-old Tozzi, whose weathered face reveals an addiction to Marlboro Reds, is widely considered the granddaddy of regulatory reform — corporate style. Richard Belzer, president of the watchdog group Regulatory Checkbook and a former OMB economist, calls Tozzi a "third rail" of Washington rulemaking.

Behind that reputation is Tozzi's insistence on taking his lobbying prowess beyond Capitol Hill and into the less-traveled halls of Cabinet departments, agencies and that powerhouse of all rulemaking — the White House's Office of Management and Budget.

"Most lobbyists spend too much time focusing on Congress," says Tozzi, an OMB official under both Nixon, Carter and Reagan. "But when you try to change regulations through legislation, change often gets turned into a big package that sinks to the bottom of the regulatory ocean like a giant Titanic." Tozzi's understanding of the nuances of federal rulemaking has attracted a lucrative client base that includes Philip Morris, Goodyear Tire & Rubber Co., the Alliance of Automobile Manufacturers, the pharmaceutical group Aventis, the American Forest and Paper Association and Synagro Technologies Inc., a national wastewater residuals management company.

Tozzi's corporate work may make him a Darth Vader figure in the public interest community, but his amiable, straightforward style has drawn respect and friendship even from opponents in his regulatory battles.

"I probably be beaten out of the public interest community for saying this, but there is part of Jim that is impossible to not respect and like," says David Vladeck, director of Public Citizen Litigation Group.

Playing the Right Notes

A rabid jazz lover, Tozzi has played the conga drums to found a local band for low-income children called the Federal Focus Jazz Band and makes frequent trips to New Orleans to hang out with musicians friends.

Tozzi's love of music is matched by his love of wine and good food. He's part owner of RedGo, an Italian restaurant in Dupont Circle that sells wine from an Italian vineyard once owned by Tozzi's family.

Tozzi stays in the good graces of the bureaucrats he harasses through his ardent support of the Senior Executives Association. In addition to being a lifetime member, Tozzi is a regular corporate sponsor of SEA's professional development league. During the winter holiday season, Tozzi treats the SEA staff to an annual meal at the Dupont restaurant.

"Jim has done everything from contribute to our professional development league to offer wine from his vineyard in Italy to be served at our events," says Carol Bonosaro, president of the SEA. "Frankly, I wish I could clone him so I could have more members like him."

Tozzi's strategy for lobbying an agency is simple: "Know a hell of a lot of details." Before he pounces, Tozzi investigates what stage the agency is in during the rulemaking process. He then figures out the key players involved. With an understanding of each agency's culture, he knows the right time to contact them.

In 1989, Tozzi blocked an Environmental Protection Agency regulation that would have required vapor reclamation containers to be installed in cars. He succeeded by showing federal officials studies and videos making the case that the equipment was unsafe and more costly than what EPA had estimated.

Last year, Tozzi managed to build a proposal by the National Toxicology Program to include in its list of human carcinogens the mineral talc, which is used in anti-body materials, paints, pharmaceuticals and cosmetics.

Through extensive comments he filed on behalf of the talc industry, Tozzi refuted the program's claim that talc is as toxic as asbestos.

Establishing an Act

Tozzi's battle against the regulators began in 1972, when he joined OMB after President Nixon established the EPA in 1970. Tozzi's job was to review the costs and benefits of environmental regulations.

Sen. Tim Hutchinson of Arkansas, Rep. Connie Morella of Maryland, Rep. Greg Ganske of Iowa and former Rep. Steve Largent of Oklahoma are among other high-profile Republicans who lost in this month's elections. Bush campaigned for all of them but was especially effusive in his praise for Largent, a former professional football player who lost a race for governor.

Spokesman D.J. O'Brien said Hutchinson hasn't settled on job plans but "might seek the president's "legislative opportunity." Hutchinson's brother Asia, a former House member, is Bush's director of the Drug Enforcement Administration.

Some analysts have mentioned Largent as a possible Bush appointee, along with Rep. J.C. Watts of Oklahoma and Sen. Phil Gramm of Texas, who are retiring. Watts has said he wants to return home, and Gramm might be kept on the sidelines because of his wife's ties to Earon Corp., the bankrupt energy trading company that has become a symbol of corporate misdeeds.

Thune served on the House Agriculture Committee. He previously worked for Sen. Jim Abdnor and followed him to a job at the Bush administration when Abdnor lost to Tom Daschle. At least one Bush administration job is open in Thune's area of expertise — undersecretary for rural development at the Agriculture Department. Others might open soon, since some administration officials tend to return to private-sector jobs at the two-year mark of the president's term.

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RepublicaJob Hunters Look to White House For High-Level Posts

THUNE, from p. 3

Enterprise Institute analyst Norman Ornstein says, "We don't speculate on personnel," said White House spokesman Scott McClellan. Thune and his spokeswoman did not respond to telephone messages.

The environmentals said that I operated in the back room and listened to lobbyists who told me to water down environmental regulations," Tozzi said. "I saw as much as hell did. This was not politically correct Washington. We made a lot of changes. When a regulation went out of OMB, it was lean and mean."

His authority grew when President Carter created the Office of Information and Regulatory Affairs at OMB and later when President Reagan required all federal regulations to be routed through it. As deputy administrator of the new office, Tozzi was the career official responsible for reviewing every major regulation issued by the government each year.

Tozzi's influence over regulations continued when he joined his private consulting firm. Instead of lobbying Congress, Tozzi has used his connections and knowledge of government to lobby OMB and federal agencies on behalf of high-profile corporate clients opposing new regulations or worried about current ones.

But frustrated by his lack of access to OMB during the Clinton administration, Tozzi turned to Congress in the late 1990s to seek more stringent curbs on the dissemination of regulatory information.

The Data Quality Act was his baby. In 1999, Tozzi drafted it for Rep. Jo Anne Emerson, a Georgia Republican who has been praised for the accuracy of government studies on global warming. The bill quietly passed through Congress in 2000 as a rider to the fiscal year 2001 Treasury and Government Appropriations Act.

But getting legislation was half the battle. Afterwards, Tozzi bombarded OMB and the federal agencies to adopt strict data quality guidelines, using a subsidiary of Multinational Business Services he created called the Center for Regulatory Effectiveness, which serves as a for-profit regulatory watchdog.

The center commented on every single data quality guideline issued — something no other outside party has done — and posted the guidelines, their comments and a large body of other information about the Data Quality Act on the Center for Regulatory Effectiveness Web site, www.thecore.com.

Lobbyists on both sides of the issue say the center is the "gold standard" for a legislative site on the subject, even agency officials turn to it for information.

Tozzi is hoping the Data Quality Act will boost his business. He's now coaching Fortune 500 companies on the best way to use the Data Quality Act to challenge agency information.

Fortunately for him, that task recently took him to a conference in New Orleans, where he was able to hang out with friends at his favorite jazz bar.

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