

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the Presidential Materials Division.

Collection:	Cheney Vice Presidential records			
Office of Origin:	Staff Secretary			
Series:	Miscellaneous Outbox			
Subseries:	2002			
OA/ID Number:	00433			
Folder Title:	October 8, 2002			
Stack:	Row:	Section:	Shelf:	Position:
20W4	4	2	3	1

FOIAed Under:

NICHOLS_C

604972

FG038

Barcode Scanning Sheet



Collection Code: **VTRACK**

Staff Name:

Document Date: **10/8/2002**

Correspondent:

Subject/Description: **2002 MISCELLANEOUS OUT BOX MATERIALS (UNCLASSIFIED) -- DEPARTMENT OF EDUCATION REORGANIZATION -- INTRODUCING THE OFFICE OF INNOVATION AND IMPROVEMENT -- E-MAIL FROM CECELIA BOYER - COPY OF MRS. CHENEY'S BOOK -- FACSIMILIE FROM JOSEPH MEYER WITH ATTACHED LETTER FROM ELLEN STUMP - WYOMING S ...**

THE VICE PRESIDENT HAS SEEN

6/27/02

Department of Education Reorganization

Program/ Current Location	Going to Innovation and Improvement	Going to Safe and Drug-Free Schools	Going to OESE
<u>OESE: Academic Improvement Unit</u>			
Arts in Education Research	X		
Dropout Prevention Demonstrations	X		
Javits Gifted and Talented	X		
Smaller Learning Communities	X		
Teaching American History	X		
<u>OESE: School Improvement Unit</u>			
Advanced Placement Initiatives and Fees	X		
Arts in Education	X		
Close Up Fellowships	X		
Historic Whaling Partnerships	X		
Inexpensive Book Distribution	X		
Magnet Schools Assistance	X		
Public Charter Schools Program	X		
School Leadership	X		
Transition to Teaching	X		
Troops-to-Teachers	X		
Voluntary Public School Choice	X		
Women's Educational Equity	X		
<u>OESE: Support and Technology Unit</u>			
Charter School Facilities Financing	X		
Parent Information and Resource Centers	X		
<u>OESE: Safe and Drug Free Schools Unit</u>			
SDFS National Programs		X	
SDFS State Programs		X	
Physical Education		X	
School Counselors		X	
SERV		X	
<u>OERI</u>			
Character Education		X	
Civic Education		X	

OVP
OCT - 8 2002
STAFF SEC

Fund for the Improvement of Education	X		
National Board for Professional Teaching Standards	X		
National Writing Project	X		
Ready to Learn Television	X		
Ready to Teach	X		
Star Schools	X		
Eisenhower National Clearinghouse			X
Eisenhower Regional Consortia			X
National Clearinghouse for Comprehensive School Reform			X
National Clearinghouse for Educational Facilities		X	
Regional Education Technology Consortia			X
<u>OM</u>			
Family Policy Compliance Office	X		
<u>OVAE</u>			
Correctional Education		X	
<u>OIIA</u>			
Office of Non-Public Education	X		

10/19/12

Introducing the Office of Innovation and Improvement

Secretary Rod Paige recently announced the creation of the Office of Innovation and Improvement (OII), to be headed by a new Deputy Under Secretary. This office will be a nimble, entrepreneurial arm of the Department of Education, making strategic investments in promising practices and widely disseminating their results. It will also lead the movement for greater parental options and information in education, and will free other offices to focus on their core missions.

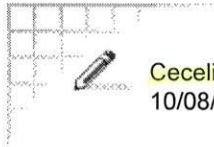
THE VICE PRESIDENT HAS SEEN

- **Making Strategic Investments in Promising Educational Practices.** Like today’s best entrepreneurial foundations, this office will support promising programs and—working with the Office of Educational Research and Improvement—rigorously evaluate their results. It will practice “venture philanthropy” through the strategic management of dozens of competitive grant programs, and also through the Fund for the Improvement of Education. This office will become the Department’s expert in leveraging competitive grant programs for maximum learning and maximum impact, and will aggressively disseminate findings about “what works” to the educational field.
- **Providing Leadership for Parental Options, Information and Rights.** Under the *No Child Left Behind Act*, parents play a crucial role in the improvement of our schools. Greater parental options are enhanced under the law, including expanded public school choice, charter schools, and supplemental educational services. The law also recognizes that greater options must be combined with more information, as informed parents are true allies in the movement for better schools. OII will combine and coordinate programs related to parental options and education, including programs for charter schools, magnet schools, public school choice, non-public education and family educational rights, and will coordinate the public school choice and supplemental services provisions of the new law with OESE.
- **Focusing the Office of Elementary and Secondary Education on Large-Scale Reform.** Another benefit of the creation of OII is that OESE will be free to focus on its major formula programs, the centerpiece of *No Child Left Behind*. A majority of the Department’s K-12 funds flow through these programs, including Title I, Reading First, the Teacher Quality State Grant, and more. By transferring the smaller competitive programs to OII, OESE can focus entirely on school improvement writ large, providing technical assistance to states and districts to ensure accountability for results in return for greater flexibility and local control. At the same time, the competitive programs will receive greater attention.
- **Relieving the Office of Educational Research and Improvement of Programmatic Responsibilities.** Moving grant programs to OII will allow OERI to focus on its core missions of supporting research, evaluating educational interventions, and collecting statistics.

STAFF SEC
 OCT - 8 2002
 CHIEF

THE VICE PRESIDENT HAS SEEN

Mr. VP -
FYI
eb



Cecelia Boyer
10/08/2002 10:18:13 AM

Record Type: Record

To: Debra Heiden/OVP/EOP@EOP, Sarah M. Straka/OVP/EOP@EOP, Brian V. McCormack/OVP/EOP@EOP, Janet L. Berman/OVP/EOP@EOP

cc:
Subject:

The fly rod and reel, along with the signed copy of Mrs. Cheney's book, are being Fed Exed to the Wyoming State Museum today. They should have the items by tomorrow. I will call Ellen Stump today to let her know it's coming.

604972
Dane to Sarah
9/27/02

FAX TRANSMISSION

Wyoming Secretary of State's Office
The Capitol Building
Cheyenne, WY 82002-0020
(307) 777-5333
Fax: (307) 777-6217
E-mail: secofstate@state.wy.us

THE VICE PRESIDENT HAS SEEN

To: The Honorable Dick Cheney
Vice President of the United States

Date: September 24, 2002

Fax #: 202-456-1798

Pages: 2 including this cover sheet

From: Joseph B. Meyer
Wyoming Secretary of State

Subject: The Attached Letter

Comments:

Dear Vice President Cheney:
Good to see you and
Lynn in Casper last
week. a hard copy
of this transmittal
is being mailed out
today.

Best regards
JPM

OK
Fell Lynne
We should
send something
maybe an old
fly rod

OVP
OCT 10 2002
STAFF SEC

MEMO
From the desk of:
JOE MEYER

WYOMING

DEPARTMENT OF STATE PARKS & CULTURAL RESOURCES
WYOMING STATE MUSEUM

Marie Wilson-McKee
Director
Barrert Building
2301 Central Ave.
Cheyenne, WY 82002

(307) 777-7022
FAX (307) 777-5375

September 16, 2002

Dear Vice President Cheney:

My name is Ellen Stump and I am Curator of Interpretation at the Wyoming State Museum in Cheyenne. We are currently putting together a new permanent gallery called *Living in Wyoming* which will open in early February 2003. This large gallery will address the social history of Wyoming and is subdivided into six sections. Each section will contain a mixture of objects, reproduction documents, photographs, handouts, and hands-on experiences wherever appropriate. This gallery is significant because it will provide both Wyomingites and tourists with an understanding of what life was and is like in this unique state. All who view the gallery should better understand Wyoming's social history by learning about our homes, how we educate ourselves, how we recreate, what traditions are important to us, how we celebrate the common experiences of life such as births, funerals, and everything in between, and Wyomingites both famous and infamous. The gallery also will examine different ethnic groups such as the Basques. Wyomingites may consider the gallery a mirror, and tourists may consider it a window.

Vice President Cheney, you are perhaps one of the most famous and well-respected Wyomingites of our era. And, Mrs. Cheney's accomplishments have made her equally famous and well-respected. It would be a tremendous honor to be able to include objects from you and Mrs. Cheney in the important gallery described above. Therefore, I am writing to ask if you and Mrs. Cheney would consider donating personal objects to the Wyoming State Museum. We would need any objects in the next couple of months in order to include them, as we are designing and building the gallery now.

We understand that you and Mrs. Cheney are extremely busy, and we thank you both for your time and your consideration of this request. We look forward to hearing from you.

Sincerely,



Ellen Stump
Curator of Interpretation
Wyoming State Museum

Jim Geringer, *Governor*



John T. Keck, *Director*

604972

Debra Heiden

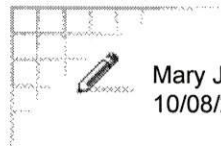
10/08/2002 11:41:53 AM

Record Type: Record

To: Mary J. Matalin/OVP/EOP
cc:
bcc:
Subject: Re: Ask VP

Mary J. Matalin

THE VICE PRESIDENT HAS SEEN



Mary J. Matalin
10/08/2002 08:18:48 AM

Record Type: Record

To: Debra Heiden/OVP/EOP@EOP
cc:
Subject: Ask VP

If he wouldn't mind calling Ailes and thanking him for airing the President's speech. The other nets did not; only FOX broadcasting and they had to delay the the baseball game. It would also provide the VP an opportunity to tell Ailes what great work Barnes, Brit, et al are doing. Not mandatory, just a nice grace note. Thanks.

OVP
OCT 10 2002
STAFF SEC

GEORGE C. MARSHALL FOUNDATION

Post Office Drawer 1600, Lexington, Virginia 24450-1600 540 463 7103 Fax: 540 464 5229



The mission of the George C. Marshall Foundation is to promote the values of selfless service, dedicated effort and strength of character exemplified by Marshall's life and leadership in war and peace and to inspire new generations to follow his example as they face the challenges of the future.

EDWARD C. MEYER
Chairman of the Board of Trustees

ANDREW J. GOODPASTER
Chairman, Emeritus

THE VICE PRESIDENT HAS SEEN

MEMORANDUM

TO: The Marshall Foundation Board of Trustees
FROM: Edward C. Meyer, Chair
DATE: 10/8/02
RE: Presidential Search

I am pleased to advise you that Harry H. Warner has agreed to accept the interim position of president of the Marshall Foundation.

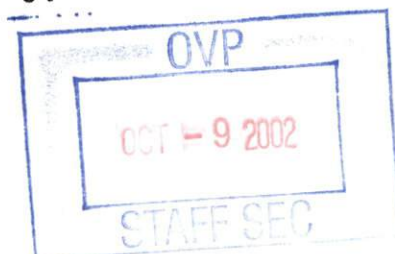
After considerable deliberation regarding our immediate need for fundraising and time constraints surrounding next year's 50th anniversary celebration, we decided it would be wise to appoint an interim president to serve until a permanent president can be identified. Consequently, the committee authorized me to negotiate an interim arrangement with Harry Warner, former head of the VMI Foundation and long-time friend and supporter of the Marshall Foundation. Jay Adams and I met with Harry at his Lexington home on October 3rd to discuss the interim appointment; he accepted our offer the next day.

Harry is a proven fundraiser. As president of the VMI Foundation, Harry built that organization's endowment from \$13 million to \$150 million. Before joining the VMI Foundation, Harry was president and director of a NYSE listed financial services company that grew from \$280 million in assets to \$1.5 billion under his leadership.

With more than 40 years of experience in the business and non-profit sectors, Harry is a proven leader whose unique skills will be invaluable to the Marshall Foundation. As we are all aware, the year 2003 - in which we celebrate the 50th anniversary of Gen. Marshall receiving the Nobel Peace Prize and the 50th anniversary of the founding of the Foundation - is a critical year for the Marshall Foundation. I am confident Harry will lead the Board and staff through a period of thoughtful and creative planning as we kick-off this important year in the life of the Marshall Foundation.

We will provide a full report on the presidential search process at the Board meeting on November 14th. I look forward to seeing you there.

cc: Marshall Foundation Staff



GEORGE C. MARSHALL FOUNDATION

Post Office Drawer 1600, VMI Parade, Lexington, Virginia 24450-1600 540/463-7103 Fax: 540/464-5229



The mission of the George C. Marshall Foundation is to promote the values of selfless service, dedication, effort and strength of character exemplified by Marshall's life and leadership in war and peace and to inspire new generations to follow his example as they face the challenges of the future.

EDWARD C. MEYER
Chairman of the Board of Trustees

ANDREW J. GOODPASTER
Chairman Emeritus

FAX

Transmitted to: *Gen. Richard B. Cheney*

Name of Company:

Fax #: *202-456-2480*

Date *10/8/02* Time

Number of pages including header sheet: *2*

From: *Gen. Edward C. Meyer, USA (Ret.)*

Fax #: 540 464 5229

Phone: 540 463 7103 Ext:

Remarks:

please see attached memo

104972



THE VICE PRESIDENT HAS SEEN

OFFICE OF THE VICE PRESIDENT
WASHINGTON

October 8, 2002

MEMORANDUM FOR THE VICE PRESIDENT

THROUGH: LEWIS LIBBY
CHIEF OF STAFF

by W. ...
NSP

FROM: NEIL PATEL
STAFF SECRETARY

SUBJECT: INFORMATION: Follow-up Regarding Acxiom Homeland Security Applications

You recently inquired whether the Office of Homeland Security (OHS) had done anything with Acxiom Corporation, which briefed you on July 16 in your Senate office about potential homeland security benefits from their data integration applications (see attached). Acxiom's counsel recently advised that:

- OHS has provided them with a great deal of assistance, including contacts with Justice, FBI, the Foreign Terrorism Tracking Task Force (FTTTF), INS, Treasury, Customs, DOD, DARPA, State, CIA and FAA/TSA;
- Acxiom has a contract with the FTTTF;
- Acxiom is in final contract negotiations with DARPA;
- other agencies have expressed interest, but have been reluctant to make contractual commitments to Acxiom due to the uncertainty over the proposed Department of Homeland Security (it is unclear whether this is true or whether it is a polite response from agencies that do not want to obtain services from Acxiom); and
- Governor Ridge has not met with Acxiom representatives.

ATTACHMENT





OFFICE OF THE VICE PRESIDENT
WASHINGTON

MEETING WITH SENATOR TIM HUTCHINSON AND ACXIOM EXECUTIVES

DATE: Tuesday, July 16, 2002
TIME: 11:55 a.m. – 12:15 p.m.
LOCATION: S-214, The Capitol
THROUGH: Lewis Libby, Chief of Staff *by NSP*
FROM: Candi Wolff, Assistant to the Vice President for
Legislative Affairs *CW*

I. PURPOSE

To discuss issues surrounding Homeland Security.

II. BACKGROUND

Senator Hutchinson requested this meeting to discuss Homeland Security issues. Acxiom Corporation, based in Little Rock, is an expert in data integration (DI). Acxiom believes that the implementation of DI systems is instrumental to preventing future attacks like those in New York City and Washington, D.C. on September 11th.

Acxiom currently works with the Federal Bureau of Investigation on issues and is looking to further its involvement with the federal government.

III. PARTICIPANTS

Senator Tim Hutchinson (R-AR)

General Wesley Clark, Acxiom Board of Directors
Jerry C. Jones, Acxiom Legal Leader
Charles D. Morgan, Acxiom Company Leader

Candi Wolff, Assistant to the Vice President for Legislative Affairs
Neil Patel, Assistant to the Vice President and Staff Secretary
Jim Hirni, Legislative Director for Senator Hutchinson

IV. PRESS PLAN

Closed.

V. SEQUENCE OF EVENTS

You will proceed to S-214 at 11:50 a.m. from H-208.
Senator Hutchinson, Gen. Clark, Mr. Jones, and Mr. Morgan will be escorted to S-214 at 11:55 a.m.

VI. REMARKS

None.

VII. ATTACHMENTS

Tab 1 Background information on Acxiom Corporation
Tab 2 Biography of General Clark
Tab 3 Biography of Mr. Morgan
Tab 4 Biography of Mr. Jones

THE VICE PRESIDENT HAS SEEN

Acxiom / Homeland Security

Dean - did Pidge
operation ever do
anything with this -
looks promising -

D.

ACXIOM[®]

E-1

Acxiom Corporation

Information technology will play a critical role in virtually every aspect of the Homeland Defense initiative. Sharing information across agencies – while preserving each agency's autonomous mission of a particular agency and addressing privacy concerns – is a mandatory first step in any comprehensive strategy.

The purpose of this meeting is to (1) discuss how Acxiom Corporation can cost effectively enable real-time data sharing between all accessible databases while preserving agency autonomy (2) allow agencies to view a "complete picture" of the individuals on whom they have information in their data and tracking systems and (3) yet be protective of privacy interests. We will also outline how Acxiom has already been assisting the government investigations resulting from 9/11.

Acxiom for 30 years has integrated consumer data for many of the largest global financial institutions, enabling them to conclusively identify and better understand their customers and prospective customers. Today Acxiom is the trusted data integration partner for 10 of the top 12 credit issuers in the United States.

And the same data integration challenges Acxiom has helped its private-sector clients overcome are the same type challenges the federal government must address in developing and implementing a comprehensive Homeland Defense strategy. These large financial institutions have tens of millions of customers who often have multiple accounts and relationships with the institution; the consumers' information is sensitive and privacy concerns must be addressed; and the institution stores customer data in multiple databases on a variety of computer and software platforms. In order to treat its customers as unique individuals and establish the "complete picture," the institution must bring together the information on their customers efficiently and accurately. Acxiom has a long history of building solutions to enable this comprehensive, complete-picture view – without companies having to scrap their legacy computer systems.

Integrating all the fragmented, disparate, sometimes inaccurate, and often outdated information is an extremely complicated process that is, seemingly impossible for some. Data Integration (DI) expertise is vital to bridging the gaps these problems create. Without the ability to integrate data – quickly, accurately and across numerous computer systems and platforms – it is possible for an individual to misrepresent his or her identity with minor modifications to name, address or other identification data.

Therefore, agencies rarely have an accurate, comprehensive view of any single individual. For example, one agency may have data on Waleed Alshehri while another data source may know him as Shehri W. Al, while still another agency may have data on W. Al Shehri. Most "integrated systems" would consider these representations as three different individuals – particularly so if each name carried a different address – but Acxiom knows this as one person, Waleed Al Shehri, or more commonly known as the pilot on United Airlines Flight 11, which crashed into the World Trade Center on September 11. Being able to pull all three of these representations into one complete,

accurate record is critical to making decisions regarding not only security but daily operations as well.

The most critical component to the success of any database solution is the availability of high quality, well-integrated information combined with proven processes to facilitate that integration. Without this level of information, databases contain multiple entries for the same individual, resulting in skewed analysis and decisions based upon an incomplete or inaccurate profile of the individual.

Acxiom delivers a data integration technology that enables organizations to create a single view of each individual across disparate sources or inconsistent representations of data. Acxiom's unique experience integrating consumer data for the private sector can be leveraged to provide quick implementation, real-time access and the unparalleled accuracy required for timely, decisive action.

It is of critical importance that any system that integrates data within the Federal Government also be designed to be properly respectful of privacy concerns. Acxiom has a methodology for doing so. There are real fears associated with creation of over-inclusive databases that aggregate massive amounts of personally identifiable data. Again, this is not a new problem and has been successfully dealt with in the private sector, where methods have been developed to separate personally identifiable information from the underlying data, perform the necessary analysis and then bring the data back together. Acxiom's integration methodology coupled with agency-specific rules makes possible a system where the agency can maintain control over "its" data while at the same time and with proper authority data can be rapidly integrated on the fly across agencies. And Acxiom methodologies help create clearly defined boundaries for the use of information.

Acxiom Corporation

Acxiom[®] Corporation integrates data, services, and technology to create and deliver customer and information management solutions for many of the largest, most respected companies in the world. The core components of these innovative solutions are our capabilities in Customer Data Integration (CDI) technology, data, database services, IT outsourcing, consulting and analytics, and privacy leadership. Founded in 1969, we have been helping clients manage and effectively utilize one of their most valuable and strategic assets – their customer information – for more than 30 years.

Based in Little Rock, Arkansas, Acxiom has experienced rapid growth in revenue, work force, and global expansion. The company has over 5,000 associates worldwide – primarily through operations in Arkansas, Illinois, Arizona, California, and New York – and is growing globally, as well, with offices or alliances in the United States, the United Kingdom, Germany, France, Australia, and Japan. As a result of these alliances, we now have more than 1,200 servers in six-plus acres of raised-floor space in data centers around the world.

Acxiom's sustained growth and ability to develop lasting great relationships with clients lies in four primary drivers:

- Our associates' expertise in executing solutions, regardless of the scale
- Our consultative approach to helping clients gain a complete and accurate view of their customers
- Our ability to bring together the right technology and resources
- Our client-intimate business culture, with associates worldwide dedicated to achieving results

Experience and Technology: A Powerful Combination

Through Acxiom's wide spectrum of CDI products and services, premier data products, data warehousing, modeling and analysis, information technology outsourcing services, and our associates' breadth and depth of experience with data at all levels, all of our clients share the ability to:

- Make strategic decisions faster and more accurately
- Coordinate customer contacts more effectively and profitably
- Improve customer loyalty, retention, and lifetime value
- Significantly increase marketing productivity

Acxiom's Core Competencies



Acxiom Creates and *Delivers* Customer and Information Management Solutions

Acxiom Corporation has established a clear leadership position in six core competencies. Together, these support our mission of integrating data, services, and technology to create innovative customer and information management solutions that enable our clients to grow their bottom line. We focus our efforts on solving top-of-mind client business problems, one client at a time, to help them with:

- Data quality through Customer Data Integration (CDI) solutions
- Creating a single-customer view through our customer recognition solutions
- Customer acquisition through our prospect marketing solutions
- Customer growth and retention through our customer marketing solutions
- Multi-channel integration through our real-time marketing solutions
- Data center and large-scale data management through strategic IT infrastructure outsourcing

We provide these solutions as a trusted partner to the world's leading companies by helping them build enduring and valuable relationships with their customers. The trust between Acxiom and our clients exists as a result of our track record for delivering on the promise of every client solution we develop, implement, and manage. Our unique service-oriented culture, customer data expertise, information systems management capability, operational excellence, technological innovation, and creative problem solving are the strengths that enable us to deliver on our performance commitments. The result? World-class, high-performance solutions and great relationships with our clients that last.

E-2

General Wesley K. Clark

General Wesley K. Clark (U.S. Army, Retired) is currently associated with Stephens Group, Inc., working high technology venture capital as Managing Director — Merchant Banking. He is also a noted speaker presenting key insights on strategic leadership, foreign and military policy and high technology to corporate leaders and other audiences. General Clark also serves as a military analyst for Cable News Network (CNN). General Clark serves *pro bono* as a distinguished senior advisor for the Center for Strategic & International Studies (CSIS), a Director of the Atlantic Council and a member of the board of the International Crisis Group.

General Clark began his military career by graduating first in his class at the U.S. Military Academy at West Point in 1966. Upon becoming the Supreme Allied Commander, Europe, in 1997, he was in overall command of NATO's military forces in Europe. He also served as the Commander in Chief of the U.S. European Command. In 1999, General Clark commanded the alliance's military response to the Kosovo crisis. He retired in 2000 after a highly distinguished and decorated 34-year military career. In that same year, he was awarded the Presidential Medal of Freedom, the nation's highest civilian honor. In addition to his degree from West Point, General Clark received a master's degree in philosophy, politics and economics from Oxford University, where he studied as a Rhodes Scholar.

E-3

Charles D. Morgan

Charles D. Morgan is the Company Leader of Acxiom[®] Corporation. Under his leadership for almost 30 years, Acxiom has expanded from a small data processing company into a global corporation that provides customer and information management solutions for many of largest, most respected companies in the world.

In 1972, Charles joined Acxiom as vice president and has served as chief executive officer and chairman of the board of directors since 1975. In 1991, he assumed the additional title of president. When Acxiom eliminated executive titles in 1997, Charles became "Company Leader." He retains the same areas of responsibility.

Charles has an intense interest in technology and continues to actively participate in computer programming on various projects for the corporation. By instilling a unique business culture and a vision of success, Charles also is one of the few executives in the country who has seen his company named four times to the coveted list of *FORTUNE's* 100 Best Places to Work (1998, 1999, 2001 and 2002). Acxiom also ranked among the Top 100 Best Places to Work in Information Technology in *Computerworld* magazine's 2000 and 2001 surveys.

Charles was the 2001 chairman of the Direct Marketing Association and until May 2001 served for eight years as chairman of the board of trustees at Hendrix College, a Conway, Arkansas, liberal arts school widely recognized as being among the best private institutions in the nation.

A native of Fort Smith, Arkansas, Charles is a 1966 graduate of the University of Arkansas, where he earned a bachelor's degree in mechanical engineering. Prior to joining Acxiom, Charles worked for six years as an IBM systems engineer.

After a successful auto racing career spanning more than 20 years, Charles semi-retired from driving in 1997 but remains an avid motor sports fan. Among other interests, he is a pilot and has Type Ratings in Citations and Falcon Jets.

E-4

Jerry C. Jones

Jerry C. Jones serves as Acxiom Corporation's Business Development and Legal Leader. He is responsible for the Legal Team, leads the strategy and execution of mergers and alliances, and assists in other strategic initiatives.

Jerry came to Acxiom in March 1999 from the Rose Law Firm in Little Rock, Arkansas, where for 19 years he specialized in problem solving and business litigation.

He is a 1980 graduate of the University of Arkansas School of Law and holds a bachelor's degree in public administration from the University of Arkansas.

604972

Economic News Summary for October 8, 2002

Prepared by OVP Domestic Policy

THE VICE PRESIDENT HAS SEEN

Economic Indicators

- **Borrowing increases by smallest amount in 8 months (AP).** "Americans, anxious about the economy's direction and a possible war with Iraq, increased their borrowing in August by the smallest amount in eight months. Consumer credit rose a seasonally adjusted \$4.2 billion in August from the previous month, or at a 2.9% annual rate, the slowest pace since December, the Federal Reserve reported Monday. The increase — much smaller than the \$12 billion advance many analysts were forecasting — left consumer debt totaling \$1.73 trillion. 'Consumers slowed it down a bit in August, which is understandable because that seemed to be the peak of uncertainties with the stock market, a possible war and corporate impropriety,' said economist Richard Yamarone of Argus Research."

Business News

- **Market carnage hits \$8.4 trillion (USA Today) by Matt Krantz.** "Investors continue to suffer as stocks hit a multiyear low that has cut the total value of the U.S. market to half its March 2000 peak. The Dow Jones industrial average, Standard & Poor's 500 and Nasdaq composite are now at their most depressed levels in half a decade. The slide has brought total bear market losses to \$8.4 trillion, Wilshire Associates says. ... But just as harmful as the bad news barraging stocks is the market's inability to mount a lasting recovery, says Todd Leone, trader at SG Cowen. 'Every time the market rallies, sellers come back in,' he says. Last week, investors could find some solace in the fact that the S&P, considered the broadest market gauge of the three indexes, had not set a bear market low. But Monday, the S&P hit a fresh low in unison with the Dow and Nasdaq, leaving it at a level not seen since April 1997. The bear market is now close to becoming the USA's worst ever."

International News

- **Non-U.S. Steelmakers Say Prices To Rise, in Contrast to U.S. Firms (WSJ) by Robert Guy Matthews.** "Steel executives from outside the U.S., meeting at a global summit [in Rome], say they expect higher prices to continue into next year, just as their U.S. counterparts are seeing prices recede. The reason for the divergence: capacity. In the U.S., new capacity is coming on line, which is damping prices, while capacity abroad remains relatively stable. Hot-rolled steel in the U.S. is down \$40 a ton from a month ago to \$350 a ton. Yet, even with that decline, prices in the U.S. are still higher than abroad. Across Europe, Asia and Latin America, chief executive officers, chairmen and presidents of the biggest steel makers say that a soft world economy hasn't yet stunted demand for their steel in their home countries or abroad, excluding the U.S."

Energy News

- **Heating Bills Expected to Rise Sharply (Wash Post) by Peter Behr.** "Heating bills this winter are likely to be sharply higher than a year ago because of weather trends and war concerns, Energy Department experts said yesterday in their annual heating-season forecast. ... The higher forecast for heating oil reflects a 50 percent increase in crude oil prices this year, part of that due to the Bush administration's growing pressure on Iraq, analysts said. Oil prices are expected to climb above \$30 a barrel in the next few months and then average \$28 for the balance of the year, EIA said. But officials said Persian Gulf tensions are not the biggest factor in their forecast. 'The weather is really the key,' said Guy Caruso, EIA administrator. Last winter was one of the mildest ever, and EIA traditionally bases its forecast on normal weather, which tilts the new forecast toward lower temperatures and higher fuel bills. Consumers may get a break this winter if El Niño weather patterns produce warmer temperatures in the United States -- a possibility, according to the National Weather Service. EIA's forecast also assumes a pickup in the U.S. economy, which would give fuel prices an upward nudge."

STAFF SEC

OCT 9 2002

OVP



Recent Economic Developments

Vol. 1, No. 4

Senator Robert F. Bennett

Oct. 8, 2002

MODERATE ECONOMIC GROWTH, BUT CONCERNS REMAIN

The economy has now been expanding for a full year at a real rate of more than three percent, despite terrorist attacks, corporate malfeasance, international tensions, and stock market declines. This remarkable resilience bodes well for future growth. Economic fundamentals point to an accelerating recovery in 2003, but some reasons for caution persist.

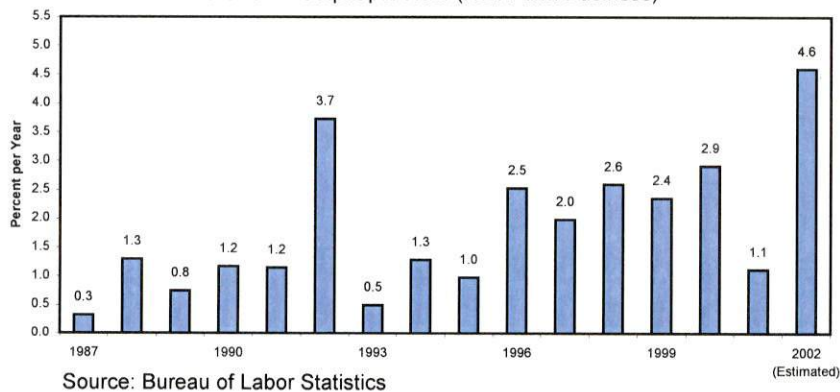
Reasons for Optimism

THE VICE PRESIDENT HAS SEEN

- **Private Forecasters** are increasingly upbeat about GDP growth for the third quarter; many forecasters estimate that growth reached a 3.5 to 4.0 percent annual rate, well above earlier estimates of 2.5 to 3.0 percent. Stronger anticipated growth reflects the boom in auto sales, strength in the housing market, and reductions in the trade deficit. (The first government report on third quarter GDP will be released on October 31.)
- **GDP Growth** for the second quarter was revised up from 1.1 percent to 1.3 percent.
- **Productivity** has grown rapidly this year, confirming a trend that began in the mid-1990s. Strong productivity growth has allowed GDP to increase during the recovery despite slow employment growth.

Strong Productivity Growth Continues

Growth in Output per Hour (Non-Farm Business)



- **Long Term Interest Rates** have declined substantially in recent months. Benchmark rates on mortgages are now at six percent, and ten-year Treasury rates are below four percent, levels last seen in the 1960s. Homeowners have responded by refinancing their mortgages, lowering their monthly payments, and increasing other spending. Corporate interest rates have also fallen, which should encourage new investment.

- **Capital Spending** has been improving. New orders of nondefense capital goods, a barometer of business investment, increased significantly in July and August.
- **Household Incomes** continue to grow, helping to boost **Consumer Spending**. Consumers continue to be the main driver of the economic recovery.
- **Inflation** remains under control, giving the Fed little reason to raise interest rates.

Reasons for Caution

- **Private Forecasters** have been lowering their estimates of fourth quarter growth; many estimates now fall in the 2.0 to 2.5 percent range, down from earlier estimates of 2.5 to 3.5 percent. These reductions reflect concern about consumer spending and, in particular, the eventual cooling off of auto sales. Growth in 2003 is expected to rebound to 3.0 percent or more.
- **Labor Markets** continue to be sluggish. Job growth has been slow, and claims for unemployment have been rising. On the other hand, some data have shown signs of improvement. The unemployment rate declined to 5.6 percent in September, after peaking at 6.0 percent in April, and mass layoffs declined significantly in August.
- **Manufacturing** has also shown some signs of weakness. After seven consecutive increases, industrial production fell slightly in August, with nearly every major component of the index declining. Capacity utilization also fell slightly in August, and an index of manufacturing activity indicated slight contraction in September. These data suggest that manufacturing activity may be stalling.
- Some firms have reported slowdowns in sales of **Consumer Goods**.
- **Household Net Worth** continues to fall; gains in home prices and bond portfolios have been more than offset by stock market declines.
- The **International Economy** is also suffering through a sluggish period. Over the last year the United States has been growing faster than many of its trading partners.
- Concerns about possible war with **Iraq** have increased oil prices and may lead to slower consumer spending and increased uncertainty in financial markets.
- **Consumer Sentiment** and **Confidence** measures have continued to decline, reflecting declines in equity wealth and a weak labor market.
- A labor dispute at **West Coast Ports** has disrupted imports and exports. Prolonged port closures could significantly damage agriculture, autos, and other industries.

Federal Reserve Activities

- The **Federal Reserve** kept interest rates unchanged in late September, citing recent evidence that the economy is expanding at a moderate pace. The Fed sees future risks skewed toward slower economic activity; a particular concern is the potential for war with Iraq or additional terrorist acts. Two members dissented from the Fed decision, preferring an immediate rate cut to boost the economy. Although rare, such dissension is not unheard of in recent years.
- Financial markets project a significant possibility of an interest rate cut later in the year.

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