

NLWJC - Kagan

DPC - Box 032 - Folder 015

Immigration - General

Immigration Issues -- as of January 27, 1999

1. Public Charge

Status: *Need to finalize guidance, including the interim final rule on deportation.*

Contacts: Cynthia Rice (DPC)
Dan Marcus (WH Counsel)
James Castello (DOJ) -- 514-3392
Bob Bach (INS) -- 514-3242 or 616-7767
Barbara Strack (INS) -- 514-3242 or 514-8860

2. NACARA regulations

Status: *Comment period on the rule ends January 26, 1999. OLC has been asked to look at whether we could presume hardship for Salvadorans and Guatemalans covered by the legislation.*

Contacts: Scott Busby (NSC)
James Castello (DOJ) -- 514-3392
John Morton (DOJ) -- 514-9343

3. Parity for Salvadorans and Guatemalans

Status: *We are exploring legislation that would provide parity for Salvadorans and Guatemalans (equal to what the Nicaraguans got in NACARA). Leg. Affairs in consulting with the Hill re: what this bill would look like. There appears to be bi-partisan interest in some kind of legislative package, though many members are pushing for us to do the presumption of extreme hardship first.*

Contacts: Scott Busby (NSC)
Caroline Fredrickson (WH Leg.)
James Castello (DOJ) -- 514-3392
John Morton (DOJ) -- 514-9343
Patty First (DOJ -- Leg. Affairs) -- 514-4810

4. H2A

Status: *The Department of Labor has been approached by Senator Coverdell to begin again a bi-partisan process on H2A reform. We have been approached by grower lobbyists re: heading a process to do the same (though not necessarily a bi-partisan process). We have not yet decided whether we want to go down that road.*

Contacts: Debra Bond (OMB)
Bob Schoeni (CEA) -- 495-4597
Elise Golan (CEA) -- 495-5040
John Fraser (Dept. of Labor) -- 693-0051
Earl Gohl (Dept. of Labor) -- 219-6141
Barbara Strack (INS) -- 514-3242 or 514-8860

5. Section 377

Status: *OLC is looking at the question of whether the group that is considered "front-desked" can be expanded beyond the current group defined by the DOJ. We are also pursuing whether we could do a legislative fix to the registry date (to, perhaps, January 1984) that would relieve all bona fide members of the late amnesty class (all of whom had to be in the U.S. prior to January 1, 1982).*

Contacts: Dan Marcus (WH Counsel)
Caroline Fredrickson (WH Leg.)
James Castello (DOJ) -- 514-3392
John Morton (DOJ) -- 514-9343

6. HIV+ Refugees

Status: *We need to determine where the INS is in developing their comprehensive regulation. Scott is leading an inter-agency group on this.*

Contacts: Scott Busby (NSC)
Todd Summers (WH Aids Policy Office)
Bob Bach (INS) -- 514-3242 or 616-7767

7. Visas for exploited workers/victims of trafficking

Status: *DOJ is working on draft legislation that would create a separate temporary visa category for aliens who cooperate in law enforcement actions and are victims of exploitation (including trafficking and smuggling).*

Contacts: **Scott Bubsy (NSC)**
Patty First (DOJ Leg.) -- 514-4810
John Fraser (DOL) -- 693-0051
Bob Bach (INS) -- 514-3242 or 616-7767
Wendy Patton (DOJ -- Office of Policy Development) -- ?

8. ESL/Civics

Status: *Our \$70 million initiative is in the FY 2000 budget. This is part of NEC's Adult Literacy initiative.*

Contacts: **Andrea Kane (DPC)**
Trish McNeil (Dept. of Education)
Ron Pugsley (Dept. of Education)

9. Naturalization

Status: *Steve Mertens at OMB is monitoring INS's progress at meeting their productivity goals (set last August). INS is preparing a briefing for Michael Deich that will explain their progress to date.*

Contacts: David Haun (OMB)
Steve Mertens (OMB) -- 495-4935
James Castello (DOJ) -- 514-3392
Steve Colgate (DOJ)

10. INS Reform

Status: *We introduced reform legislation during the last session of Congress. This is being monitored by Caroline Fredrickson and Steve Mertens.*

Contacts: **Steve Mertens (OMB)**
Caroline Fredrickson (WH Leg.)
Allen Ehrenbaum (INS) -- 514-8102
Patty First (DOJ Leg.) -- 514-4810

**PRESIDENT CLINTON AND CONGRESSIONAL DEMOCRATS
WIN IMPORTANT VICTORIES FOR THE IMMIGRANT COMMUNITY
October 19, 1998**

Reducing the Naturalization Backlog. The President's FY99 budget included \$827 million in funding from the Examination Fee Account and \$486 million from the User Fee Account dedicated to providing immigration benefit and inspection services. A recent estimate of INS fee receipts has resulted in a significant reduction in anticipated fee revenue to support the Examination Fee Account and insufficient resources to address the two-year backlog of pending naturalization applications at the INS. As a result, the Administration sought an infusion of \$171 million in new resources to support naturalization activities. The Administration urged the conferees to ensure that immigration fees are used to reduce the backlog of pending citizenship applications, as well as to approve the reprogramming request. The final Omnibus appropriations package includes approval of the full \$171 million in reprogramming and does not divert any money from the INS's Exams Fee account for unrelated expenses.

Protecting U.S. Farmworkers. The Administration strongly urged the conferees to delete provisions in the Senate-passed CJS bill that would create a new agricultural guestworker program. These provisions would likely increase illegal immigration to the U.S., reduce job opportunities for legal U.S. farmworkers, and depress wages and work standards for U.S. farmworkers. We fought hard, and were successful, at getting these provisions removed from the Omnibus appropriations package.

Defeated Efforts to Dismantle the INS. Some Republicans in Congress made an effort to attach legislation to the Omnibus appropriations bill that would drastically reorganize the INS over the next six months. Though we support efforts to reform the INS and promote greater effectiveness and efficiency, we opposed going forward with such a major reorganization of this important agency without the benefit of hearings by the Judiciary Committee and consideration by the House and Senate. We strongly opposed this legislation, and successfully defeated it.

Deportation Relief for Haitians. Last year we were disappointed that Haitians were excluded from the relief granted Central Americans and Eastern Europeans in the Nicaraguan Adjustment and Central American Relief Act (NACARA). Last December, the President temporarily suspended deportation of certain Haitians for one year and called on Congress to address, through legislation, the circumstances of this group. The Haitian provisions included in the final appropriations bill will allow thousands of Haitians who were paroled into this country after the 1991 overthrow of President Aristide or who applied for asylum prior to 1996, to become legal residents of the U.S.

Visas for High-Tech Workers and Protection for U.S. Workers. The Administration and Congress reached a compromise on legislation that temporarily increases the number of H-1B visas; reforms the H-1B program to ensure that employers do not replace U.S. workers with temporary foreign workers and requires employers to recruit U.S. workers; and provides for a user fee that will generate approximately \$250 million over three years in new investments for

training and educational opportunities to U.S. workers.

Enhancing Enforcement at the Border. The final budget agreement includes the Administration's request to hire 1,000 additional Border Patrol agents, as well as funds to provide improved technology to detect illegal aliens along the Southwest Border.

**PRESIDENT CLINTON AND VICE PRESIDENT GORE
SUPPORTING A STRONG AND FAIR IMMIGRATION SYSTEM
September 4, 1998**

This Administration is proud of the significant progress that we have made toward improving the Nation's immigration system. Over the last five years, the INS has worked hard to curtail illegal immigration through tougher border control, reform of a badly abused asylum system, and the removal of record numbers of criminal and other illegal aliens. The agency has also worked to redesign and strengthen the naturalization process.

The President and Vice President have put forward a budget for FY 1999 that strengthens enforcement efforts both along the Southwest border and in the interior and continues to improve the naturalization system through programmatic reforms and increased investments. The Congress should heed the President's call for new and increased investment in the following:

Improving the Naturalization Process

The President's FY 1999 budget recommends \$827 million in funding from the Examination Fee Account and \$486 million from the User Fee Account dedicated to providing immigration benefit and inspection services. A recent estimate of INS fee receipts has resulted in a significant reduction in anticipated fee revenue to support the Examination Fee Account and insufficient resources to address the citizenship application backlog.

As a result, the Administration is seeking an infusion of \$171 million in new resources into the fee account to support naturalization activities. This additional money is necessary for the INS to begin to reduce the citizenship application backlog and achieve a reduction in the current 18 to 24 month wait-time, to an acceptable wait-time of 6 to 8 months in FY 2000. **The approval of this reprogramming is necessary for the INS to be able to effectively reduce the backlog of naturalization applications and improve customer service.**

The **Senate bill** transfers \$166 million in funding out of the fee accounts to fund Border Patrol and other discretionary account activities. Funding discretionary activities out of the fee account drains already scarce resources, thereby severely hindering the INS's ability to improve the naturalization process and reduce the backlog.

Enhancing Enforcement at the Border

The President's FY 1999 budget request includes \$225 million to enhance border management. The **House bill** provides \$156 million less than the President's request; the **Senate bill** provides \$344 million less than the request, including a \$93 million reduction in base funding. Both the Senate and the House mark are insufficient to support the Administration's bi-partisan comprehensive border enforcement strategy. Enhancements are particularly needed in the following areas:

- **Increasing Detention Space**
Because additional detention resources are critical to backup Border Patrol apprehensions by allowing the INS to properly detain and remove those here illegally, the President's FY 99 budget requests \$143 million for detention. **The House bill provides \$78 million less than the President's request; the Senate provides \$126 million less.**
- **Enhancing Technology on the Border**
Improved technology is key to a more efficient border enforcement system. The President's budget requests a \$15 million enhancement to fund the creation of a camera technology system that is a cost effective method of monitoring vast sections of the border and ensuring the most effective use of limited Border Patrol resources. **Neither the House nor the Senate provides the \$15 million request for border management technology.**
- **Strengthening Interior Enforcement**
The President's interior enforcement strategy complements INS's border control strategy by establishing a focused initiative to apprehend those who remain illegally in the United States. **Both House and Senate CJS Appropriations bills fail to provide more than \$6 million in requested enhancements for interior enforcement.**

Improving and Centralizing INS Records

The President's FY 1999 budget includes \$8.5 million to support continued efforts to centralize and improve the integrity of INS records. Records clean-up and centralization will lead to increased data integrity, which will in turn lead to more rapid and accurate verification and renewed confidence in INS records. **Neither the House nor the Senate provides the INS with this \$8.5 million enhancement.**

Steven M. Mertens

01/19/98 01:48:30 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Michael Deich/OMB/EOP, Julie A. Fernandes/OPD/EOP

cc: See the distribution list at the bottom of this message

Subject: Possible Agenda Topics for a Reconvened DPC Immigration Core Group

Attached are possible agenda or discussion topics dealing with immigration issues that the DPC may wish to consider when reconvening the Immigration Core Group. I talked with other OMB staff members in generating this list. If you have any questions or need additional information, please let me know.

Immigration Benefits

- Coordinate the development of immigrant benefit eligibility definitions. This issue is of particular concern for immigrant support groups who believe that individual agencies are developing definitions without central guidance and are not accurately reflecting the Administration's position regarding eligibility. These groups are primarily concerned with how the Administration will define "federal public benefit" under the welfare bill and "public charge" under the immigration reform bill.
- Monitor the implementation stages of INS Naturalization Reengineering initiative. INS has completed its study phase and plans to begin implementing a redesigned naturalization process. Monthly status reports by INS on the success of the implementation phases of this initiative may ensure it stays on track.
- Legal immigration policy -- both temporary and permanent -- probably in consultation with NSC. Legal immigration issues keep cropping up in different contexts, (i.e., elimination of the 10K unskilled workers visas, expanding the H-1B program, agricultural guestworkers). DPC lead of efforts to coordinate interagency thinking on these policy issues prior to a short turn-around crisis would be beneficial.

Immigration Organization

- DPC leadership of the implementation of the INS restructuring should be exerted once the budget is released. The DPC should track the implementation of the INS restructuring and actively engage INS and the Department during the implementation process to ensure it adheres to the policies laid out in the Budget. INS should report regularly on the status of the reorganization and the DPC should further develop and press the Department on the interagency recommendations dealing with better coordination/delegation of similar INS functions. In particular, DPC should follow-up with Department of Labor and State recommendations dealing with:
 - shared or delegated responsibility for worksite enforcement activities between INS and the Department of Labor. This is something DOL has indicated interest in pursuing and INS has told us that such a delegation can be accomplished without a change in legislation.

-- improving the coordination of visa processes between State and INS. Duplication and lack of coordination between INS and State's Bureau of Consular Affairs formed the foundation of the Commission on Immigration Reform's recommendation to move the benefit/service operations to the Department of State. Clearly this is an area that should get a higher level of attention to ensure improvements/reforms are implemented.

Immigration Enforcement

- The immigration reform bill requires INS to develop a departure management system that tracks inbound and outbound passengers. Such a system has tremendous logistical, staffing, technology implications and policy implications which will affect a number of Federal agencies and neighboring countries. Currently, INS is moving to implement an extensive departure management system at air and land ports of entry. The Administration is seeking legislation to extend the deadline for the implementation of such a system. The immigration working group may be the appropriate forum to debate the proper "system" the Administration will support.
- The issue of health care coverage for aliens apprehended along the border is a concern of the State of California. DOJ, OMB and INS have worked on this issue but a solution has not yet been agreed upon. DPC could bring this issue to resolution.

Message Copied To:

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Steven M. Mertens

02/05/98 03:31:00 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Citizenship USA Audit to be Released Monday

FYI: On Monday, DOJ will release the final Peat Marwick report and brief the Hill on its findings concerning INS management of the problem plagued Citizenship USA initiative (which inadvertently naturalized unqualified aliens). The final results are not particularly good and will likely add ammunition to Hill calls for immigration benefit/services to be stripped from the INS.

In brief, the report repeats the December findings that of the 1.1 million aliens naturalized in 1996, 6,000 criminal aliens were inappropriately granted citizenship benefits. These individuals are currently in revocation proceedings. Few actual revocations have been effected to date. The report will also state that 38 aliens who were under deportation or final orders of exclusion were also naturalized (INS did not check the Executive Office of Immigration Review's data base which documents immigrant court actions prior to granting citizenship).

The most serious problems relate to the results of Peat's sampling of the entire 1996 naturalization universe which the Hill agreed would be acceptable in lieu of investigating all 1.1 million new citizens. The results of this sampling (6,018 applications by population strata and geographic location) identified an error rate of 3.9 percent equating to approximately 38,000 ineligible aliens being granted citizenship. The majority of these (25.5K) were found to have applied for citizenship prior to being eligible and INS should not have accepted the application. INS had permitted immigrants to apply if they were 90 days from the 5-year residency/permanent legal resident requirement. Peat found applications INS had accepted which were 6 months to a year prior to eligibility. Most, however, were eligible (time in residency) by the time they actually reached the citizenship ceremony and became citizens.

The remaining (11.5K) were found not to have meet the "good moral" certitude requirement of the law (DWI, etc).

The review also found that **90 percent** of the cases lack sufficient file documentation to justify granting citizenship and that in **70 percent** of the sample cases audited, the reviewer was unable to determine whether fingerprints had been sent to the FBI. Overall, based on the sample set, Peat Marwick documented a **95 percent** error rate -- a strong indictment of INS' management of the naturalization process.

DOJ is planning to package the results of the Coopers and Lybrand redesign of the naturalization process to temper the negative press associated with the Peat audit findings.

Message Sent To:

Immigrati- structural reform
and
Immigrati- general
and
Immigrati- H1B Visas

Julie A. Fernandes
01/29/98 06:13:39 PM

Record Type: Record

To: Elena Kagan/OPD/EOP
cc: Laura Emmett/WHO/EOP, Leanne A. Shimabukuro/OPD/EOP
Subject: INS reform and H1B visas

Elena,

Any reform that we recommend to the H1B program will likely cause employers to raise other issues related to immigration and the Labor Department. The following are a couple of policy issues that we may have to confront as part of this process.

1. Labor Certification

As the Labor folks indicated yesterday, employers use the H1B program as a way to get foreign workers into the country fast -- short application and no labor certification process (as there generally is with the permanent employment-based visa program). Thus, any changes that limit or more closely subscribe the use of the H1B may cause employers to focus on what they believe is wrong with the labor certification process, as presently performed by the Labor Department.

The CIR recommended that the Labor Department no longer perform labor certification prior to the issuance of a permanent employment-based visa, largely because it takes them too long and because the tools that they use do not fairly reflect the dynamics of the labor market. The CIR did not suggest an alternative method for testing the labor market to determine if workers are needed in a particular job category, but suggested, as part of their overall proposal, that State somehow take care of it. The Carnegie folks suggested, informally, that the function could be contracted out to a private entity who could do the labor market tests more quickly and maybe better.

This is an issue that we likely need to focus on as part of the overall INS reform package and as it relates to the H1B program. As you would imagine, any proposal to change the labor certification process is very controversial -- particularly any proposal to eliminate Labor's role in performing a market-test as a predicate to an employment-based permanent visa.

2. Employer Sanctions

The CIR recommended that Labor should be empowered to sanction employers for failure to verify whether their employees are authorized to work. Under the current system, if a Labor Department inspector discovers that an employer is not verifying authorization to work (as demonstrated by their not filling out the I-9 forms), they refer the case to the INS -- Labor has no authority to sanction the employer for this violation. The CIR and others have suggested that Labor have this sanction authority, in part b/c referrals to the INS for this are almost never followed up on.

In preliminary discussions about this, Labor expressed some concern that their increased role in enforcing the immigration laws might chill the reporting of other labor violations by undocumented workers. However, Labor already has a role (by checking for I-9 violations and reporting them to INS) and this increased authority could be understood as enforcing labor laws

(that relate to the labor market), not immigration laws. The chief opponents to this change would likely be Republicans on the Hill who are concerned with businesses not being penalized for hiring illegals at all. This opposition could be significant, but the concept of sanctioning employers for failing to take steps designed to ensure that they hire legal workers is a strong one. Also, this is a good companion to our successful push last year to launch an employer verification pilot program, to improve the system of verifying whether employees are authorized to work.

Aside from the concerns that relate to the Labor Department, there are two areas of policy decision-making that we may want to resolve in conjunction with the INS reform. These are both less pressing, but are likely important to keep an eye on.

1. State Department and Visa Issuance

For employment-based visas issued overseas, there are three players: INS, State and Labor. Many (including the CIR, State and INS) have commented that this current process is duplicative. One suggested reform would be to remove State from doing a separate analysis of the application, and limiting their role to checking to ensure that there were no international or foreign policy restrictions on the applicant (checks with Interpol, etc.). Under the current system, State often readjudicates the visa petition rather than perform a more limited check. State has also identified a need for greater clarity regarding ultimate responsibility for certain decisions (like this one) where more than one agency plays a role.

We may, as part of our proposed reform, want to better clarify State's role as limited to international/foreign policy concerns only.

2. Immigration appeals

Under the current system, administrative review of immigration decisions is conducted by numerous entities located at the various agencies (State, Labor and Justice). In addition, the Bureau of Immigration Appeals (BIA) -- a 15 member panel appointed by the AG -- has nationwide jurisdiction over a wide range of cases, including decisions of Immigration Judges in exclusion, deportation, and removal decisions. Decisions of the Bureau of Immigration Appeals are reviewed by the Attorney General. The CIR recommended the creation of an independent body within the Executive Branch to hear all appeals of immigration-related administrative decisions, including deportation hearings. Decisions by this entity would be binding on the Executive Branch.

We have not yet fully explored whether the existing immigration appeals system needs dramatic reform or, if so, whether we would recommend a solution along the lines of that proposed by the CIR. It is not clear that this question has to be answered in the short term, but we may want to keep it within our sites.

Immigration - general
and
Immigration - structural
reform

▶ Julie A. Fernandes
02/23/98 12:59:56 PM
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Record Type: Record

To: Elena Kagan/OPD/EOP
cc: Laura Emmett/WHO/EOP
Subject: WH Immigration working group mtg.

Elena,

The meeting last week went very well. We covered lots of subjects, but we need to make decisions in a few areas.

1. Public Charge

We have received draft guidance from INS on how "public charge" should be determined for purposes of deportation and exclusion under the INA. This has been a bit of a sticky issue of late, largely b/c of confusion that was created in the wake of welfare reform. Both INS and State Dept. field officers have questioned whether current or prior use of Medicaid, food stamps, WIC or other welfare-type benefits necessarily results in a finding that the individual is or is likely to become a "public charge." WIC is clearly not a trigger, and INS issued guidance to that effect last December. INS has drafted guidance on Medicaid and Food Stamps that we need to clear. One question for us is how the guidance should be crafted -- i.e., should it say that x, y, and z are triggers or should it say that it is a totality test (as it currently does), but that q, r, and s and not triggers. Rob Weiner raised the question of whether we should issue a regulation, rather than guidance, to more firmly establish the criteria for field officers and EOIR judges.

Jack Smalligan from OMB has called a meeting for Wed. at 3pm so that we can decide whether to authorize INS to approve its draft guidance on Medicaid, food stamps, and other welfare-like benefits.

Also, the State Dept. recently issued a cable to its consular officials that is inconsistent with INS's current "public charge" guidance. Because this was internal State Dept. guidance, it was not sent to OMB or DPC for clearance. Scott Busby is going to contact folks at State to figure out what they are doing. We may need to convene a meeting with State and INS to get State's guidance to conform with what INS is doing.

2. INS Reform

Several people at the meeting (including Maria) urged us to decide to adopt the CIR recommendation that Labor be empowered to sanction employers for failure to verify whether their employees are authorized to work. According to Steve Mertens, the AG has the authority to delegate this authority to Labor. However, we need to decide whether we want to make this happen. Under the current system, the Labor Dept. checks to determine whether an employer is verifying authorization to work (as demonstrated by whether the I-9 forms have been completed for each employee) as part of a regular labor standards inspection. If they find a violation, they refer the case to the INS -- Labor has no independent authority to sanction the employer. The INS almost never follows up on these referrals.

I recommend that we push for this change. We will likely catch heat for it on the Hill, primarily from those in Congress who oppose any change that would get tougher on employers who hire illegal workers. This opposition could be significant, but the concept of sanctioning employers for failing to take steps designed to ensure that they hire legal workers in a strong one.

3. Central Americans

As you know, Justice has committed to issuing guidance to asylum adjudicators that explains the legal standard that the BIA and the AG have established for the handling of suspension claims. This guidance would simply spell out the standard, with no modification. Maria raised the issue of doing the same thing by regulation. This reg would not change the standard for "extreme hardship" or anything else; rather, it would codify existing law. Maria thinks that a reg would send a stronger signal to the groups. The only practical difference between guidance and a regulation would be that the reg would also apply to the EOIR. However, the EOIR is already charged with following the law in this area (as developed by the BIA and AG). A reg that codifies the law might be seen as a statement that we don't believe the immigration judges will follow the law without further guidance. John Morton at DOJ stated that they are opposed to a reg b/c of (1) how it would be seen by EOIR; and (2) that it would create a forum (through notice & comment) for the groups to advocate for a change in the legal standard. According to Morton, it was difficult for EOIR to accept having this process taken from them to begin with. Any reg on how the cases should be handled might be seen as further slap.

I recommend going forward with guidance, and ensuring that the process of developing guidance is inclusive (with the groups) and that it will effectively communicate the legal standard as developed by the BIA and AG.

4. Foreign Health Care Workers

Section 343 of the 1996 Immigration Act provides that all foreign health care workers (except doctors) that want to enter the U.S. to work must be certified by a designated U.S. agent. According to Mike Koplovsky at USTR, this is a likely conflict with Chapter 16 of NAFTA which prohibits such certifications. Koplovsky tells me that the Canadians are very upset about this, and may take the U.S. to the NAFTA dispute resolution entity once we begin to enforce this provision, which will happen as soon as the regs are in place.

INS is getting me an update of the status of the regs, etc. According to Bob Bach, there has been some back-and-forth between the AG and the Canadians on this. He is sending me a summary, so that we can know the status of those conversations. We may need, at some point, to ask INS, State, and/or DOJ if, in their respective legal opinions, it is possible to reconcile Sec. 343 with NAFTA.

If there is a conflict, we may have to decide whether to try to amend Sec. 343 to carve out an exception for Canada and Mexico -- according to those who remember when this provision went through, it was largely directed at the problem of Filipino nurses. However, according to some conference language, the Congress knew that there was a potential conflict with NAFTA and passed the provision anyway.

effective drug treatment programs because federal funding had run out.

- 35 of the 52 state-administered AIDS programs have made emergency moves in the past year such as curbing access to new drugs or limiting enrollment.
- The results: estimated future costs of \$150,000 per terminal AIDS victim for hospital stays, almost 13 times the annual price of drug treatment.

IMMIGRATION

"The Melting-Pot Myth," *The New Yorker*, July 14, pp. 40-43.

- Against older studies that had argued that the effects of immigration on local wages were minimal, several recent studies (from George Borjas, Richard Freeman, and Larry Katz from Harvard) have argued that immigration depresses wages throughout the country because native workers respond to immigration either by moving out of high-immigration areas or by not moving into them.
- Immigration has little effect on the wages of high school graduates, but a significant effect on the wages of those who have not finished high school. Borjas, Freeman, and Katz estimate that between 44% and 60% of the drop in wages among high school dropouts between 1979 and 1995 (from \$12.22 in 1979 to \$8.92 in 1995, in constant 1995 dollars) can be attributed to immigration.
- The wealthy benefit most from immigration, as they employ immigrants as domestic labor (cooks, housekeepers, and gardeners).
- The average native-born California household pays an additional \$1,178 in state and local taxes to finance a net transfer to immigrants of \$3,463 per immigrant household.
- On the national level, each native household pays between \$166 and \$226 in additional taxes because of immigration. Even accounting for economic gains of immigration at \$112.36 per household, there is still a net cost of \$50.
- Possible reasons for the extra cost: 1.) immigrants have more children than native families, 2.) immigrants receive more government benefits than native families, and 3.) immigrants pay less in taxes than native families (because they are generally poorer)
- Berkeley economist Richard Lee has estimated that immigrants and their children are a long-term economic gain for the country, having paid \$80,000 more in taxes than they received in government services by the time the children die. But there are several problems with this analysis: 1.) without including the children,

the average immigrant does not produce a net gain in government revenue, 2.) even including children's payments, immigrants are a fiscal burden for 22 years, 3.) this effect varies with education level and age of arrival (a 40-year-old immigrant who has not finished high school will cost native taxpayers \$150,000), and 4.) the study assumes a sharp tax hike in 2016.

- Possible demographic consequences: either assimilation or "white flight" from high-immigration areas.
- Possible gains: certain industries (avocado farming in California) benefit disproportionately from immigration, revitalization of depressed areas (downtown Los Angeles), yet most of the economic gains might benefit immigrants themselves, not native-born taxpayers.

RACE

"After Preferences," *The Economist*, July 19, pp. 27-28.

- The end of racial preferences in University of California schools has led to a drop in minority enrollment, especially in professional schools: UC/Berkeley law school had only one black applicant (20 last year), similar results at UCLA law school and UCSF medical school.
- University of Texas law reports a similar drop after ending its preference policies: 3 blacks and 20 Latinos in this year's entering class (31 blacks and 42 Latinos last year).
- A recently released regent's report, compiled by a consortium of academics and business leaders, argued for a system of "partnering" to address deficiencies in minority education at the elementary and high school levels. Campuses would work with local schools to improve elementary teaching, create mentoring and tutoring programs, educate parents on the importance of college, and "market" college to the entire community. Estimated cost: \$60 million per year.

"The New Black Power": set of cover stories in *Fortune*, August 4.

"The New Black Power," *Fortune*, August 4, pp. 46-47

- Black-owned businesses growing: Black Enterprise reported that the 100 largest black-owned businesses were worth \$14.1 billion in 1996 (up from \$473,400 in 1973), black-owned businesses increased 46% between 1987 and 1992 (versus a 26% increase overall)
- Yet black-owned businesses are still a relatively small part of the

Native American -
law enforcement

Leanne A. Shimabukuro 07/08/97 12:36:56 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc:

Subject: Indian law enforcement directive

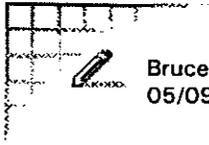
The saga continues...

While OMB is comfortable with the directive, they are now raising concerns about our cover memo on the directive. Specifically, they don't think the committee needs to have 15 members, and they oppose the appointment of tribal leaders (both which are mentioned in the cover memo). The rationale for their opposition is the same as last week: that this will "box in the President" into accepting-- and funding-- whatever the committee recommends. I'm faxing over their changes to you. I don't think we should have to take any of their changes except for changing the words "recommendations" to "options".

I'm pretty annoyed by this latest effort since they didn't raise any of these concerns last week. I particularly think it's worth fighting with them on having tribal leaders sit on the committee. Justice and Interior strongly support putting tribal leaders on the committee-- as opposed to just "consulting with" them, as OMB proposes. The American Indian community needs to be an important part of the process, or else it will be impossible to build a true consensus on how we can improve the law enforcement problem on Indian Country. [Note: according to Justice, the Federal Advisory Committee Act is not relevant here with respect to appointing tribal leaders since they are government leaders as defined by the Act.]

I already let OMB know that the President has seen both the cover memo and the directive. Phil said that he is circulating both for changes as a matter of record. I have already spoken with OMB and Justice about this. It would be helpful if you could give Michael Deich a call to see if we can come to agreement and get this back on track.

immigration - general



Bruce N. Reed
05/09/97 10:12:26 AM

Record Type: Record

To: Leanne A. Shimabukuro/OPD/EOP

cc: Elena Kagan/OPD/EOP

Subject: immigration

With the President making front-page news on immigration, Sylvia is sure to come back from the trip wanting a high-profile process that guides the efforts the papers say we are making with Congress to get the changes the President promised.

What's our plan?

Immigration - general

Leanne A. Shimabukuro 05/09/97 11:35:27 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP

cc: Elena Kagan/OPD/EOP

Subject: Re: immigration 

I suggest that we put together a joint DPC/NSC high-level working group to address the issues raised by the President's trip. The working group should have deputy-level agency people involved. Maybe you should come to the first meeting and Elena can run follow-up meetings with either Eric Schwartz from NSC or other appropriate designee.

I think a short pre-meeting with NSC is necessary to make sure we are in agreement on basic principles and to discuss what we need to get out of the working group. This meeting should be set for early next week.

I have some ideas on who could be invited from agencies; I can work with NSC and touch base with Steve Warnath on additional suggestions.

Let me know how this sounds to you. Thanks.

THE PRESIDENT HAS SEEN

4-17-97

GOP Senators May Delay Vote on Labor Nominee

By a WALL STREET JOURNAL Staff Reporter
WASHINGTON — Senate Republicans, angry at President Clinton's plan to issue a labor-friendly executive order, threatened to delay today's scheduled confirmation vote on Labor Secretary nominee Alexis Herman unless the president backs down.

Senate Majority Leader Trent Lott (R., Miss.) said Mr. Clinton has shown a "pattern of doing things through executive order that should really be done by the legislative process." Republicans also threatened to cut the Labor Department's funding.

Mr. Clinton's proposal would require companies that want to do business with the federal government to have a "satisfactory" record on labor relations.

White House Press Secretary Michael McCurry said, "We will work to understand and satisfy the majority leader's concerns. But we do think the time has come for a vote."

Treasury Plans Sale Of \$12 Billion in Bills

By a WALL STREET JOURNAL Staff Reporter
WASHINGTON — The Treasury plans to pay down \$6.23 billion on the public debt with the sale Monday of about \$12 billion in short-term bills.

Maturing bills outstanding total \$18.22 billion.

The offering will be divided evenly between 13-week and 26-week bills maturing on July 24 and Oct. 23, respectively.

The Cusip number for the three-month bills is 9127942S2. The Cusip number for the six-month bills is 9127945R1.

Noncompetitive tenders for the bills, available in minimum \$10,000 denominations, must be received by noon EDT Monday at the Treasury or at Federal Reserve banks or branches. Competitive tenders for the bills must be received by 1 p.m. EDT.

An Increase in Immigration Of Skilled Workers Is Urged

By a WALL STREET JOURNAL Staff Reporter
INDIANAPOLIS — To compensate for the nation's aging labor pool, a leading think tank is urging U.S. employers to press for "enlightened immigration policies" that give preference to people with marketable skills and education.

In its soon-to-be-released "Workforce 2020" study, the Hudson Institute estimates that the work force growth rate will slow to about 1% a year by 2000 as college-educated baby boomers begin to retire. This will result in growing shortages of highly skilled workers, undermining future economic growth. The U.S. will need to increase its supply of skilled workers — partly by attracting more immigrants, the report proposes.

The report notes that adult immigrants are nearly twice as likely to lack a high-school diploma than are native-born adults. Immigrants' skills levels need to be raised, the study says, by providing training and perhaps by altering immigration policies to make education and skill level more important criteria.

Hudson researchers reject the argument that increased immigration of skilled workers would throw U.S.-born employees out of work. High-technology companies have hired foreign-born workers to fill a dearth of qualified applicants, the report notes. Without them, the report adds, "it might be difficult for America to retain its global lead in information technology."

CORRECTIONS & AMPLIFICATIONS

TOTAL RETURNS in 1996 to common shareholders in some of the largest factory-outlet REITs were incorrect in a table accompanying an April 3 article on the Property Report page. The erroneous information was supplied by NatWest Securities Corp. The correct returns are: Chelsea GCA Realty, up 23.3%; FAC Realty, down 43.8%; Horizon Group, down 3.96%; Prime Retail, up 16.4% and Tanger Factory Outlet, up 16.7%.

* * *
TELCO COMMUNICATIONS GROUP Inc.'s Dial & Save service charges \$2.85 for a 20-minute telephone call from New York to Chicago at 9 p.m. Monday through Friday. A table in yesterday's edition incorrectly gave the long-distance marketer's charge as \$4.50.

* * *
KPMG PEAT MARWICK LLP's director of the compensation practice is Peter Chingos. In yesterday's Work Week column, his name was given incorrectly.

* * *
THE ISLAND Sir Francis Drake visited with Turkish prisoners in the 16th century was Roanoke Island off the coast of North Carolina. An article about an Appalachian mountain clan on Monday incorrectly said the island was off Roanoke, Va. The visit took place in 1586, not 1566 as the article stated.

SBA to Lower Loan Limits Due to Heated Demand

By a WALL STREET JOURNAL Staff Reporter
WASHINGTON — The U.S. Small Business Administration, faced with the possibility of running out of money for its popular government-guaranteed-loan program, announced plans to reduce the maximum loan amount in the so-called 7(a) program.

Aida Alvarez, the agency's administrator, said the SBA plans to cap 7(a) loans at \$500,000. Presently, the agency guarantees loans of as much as \$1 million or more, she said.

The agency, which has a budget that would enable it to guarantee \$7.8 billion in loans for the year ending Sept. 30, 1997,

last month determined that the program didn't have enough money to meet current demand for small-business loans, Ms. Alvarez said. Under the 7(a) program, the SBA guarantees 75% to 85% of the total loan amount, depending on the size of the loan.

Ms. Alvarez said she views the cap, which would take effect May 5, as a temporary action. She said Congress, which has a 15-day comment period, may propose alternate legislative action, including authorizing an additional \$43 million, which the agency said it needs to meet anticipated demand for the current fiscal year.

Reed Sperling
4-17-97

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WEDNESDAY, APRIL 16, 1997