

NLWJC - KAGAN

EMAILS RECEIVED

ARMS - BOX 014 - FOLDER -007

[07/26/1997 - 07/29/1997]

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Cynthia Rice to Paul Weinstein Jr. et al. re: I'll be in Kentucky (1 page)	07/26/1997	P6/b(6)
002. email	Phone No. (Partial) (1 page)	07/26/1997	P6/b(6)
003. email	Phone No. (Partial) (1 page)	07/26/1997	P6/b(6)
004. email	Phone No. (Partial) (1 page)	07/26/1997	P6/b(6)

COLLECTION:

Clinton Presidential Records
 Automated Records Management System [Email]
 OPD ([Kagan])
 OA/Box Number: 250000

FOLDER TITLE:

[07/26/1997-07/29/1997]

Bevin Maloney
 2009-1006-F
 bm30

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

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Elena -- Hope this is helpful for Erskine memo-- not sure what you needed.

Budget Process

Secure full appropriations for tobacco rule implementation (\$34 M) and President's food safety initiative (\$43 M).

Issues

Tobacco

Goal: Secure FY 98 appropriations. Pass tobacco legislation that significantly advances the public health.

Objectives: Frame the issue in a Presidential announcement in August.
Develop legislative strategy. In particular, work with Members of Congress to develop an agenda for farmers.

Bioethics

Goal: Continue to strengthen the President's record, consistent with the Morgan State speech.

Objectives: Act on National Bioethics Advisory Commission fall report recommending stronger protections for human subjects of unregulated research (possibly propose legislation). Ensure implementation of commitments on Tuskegee, human radiation experiments, and secret human research.

Food Safety

Goal: Secure FY98 appropriations. Follow through on Agency commitments in June report to the President, including publishing regulations for juice and eggs this fall and launching the public-private education campaign in September.

Withdrawal/Redaction Marker

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Cynthia A. Rice (CN=Cynthia A. Rice/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:26-JUL-1997 14:26:00.00

SUBJECT: For Haskin if he's there: we are ok with substate language if our technica

TO: ELENA (Pager) #KAGAN (ELENA (Pager) #KAGAN [UNKNOWN])

READ:UNKNOWN

TEXT:

Medicare. We have almost finished outlining the Medicare compromise. It will not include raising the eligibility age from 65 to 67, the income-related premium, the \$5 Medicare copayment, or malpractice provisions. On Friday, we resolved our last major political obstacle on Medicare by reaching an agreement which ensures new private fee-for-service options have adequate balanced billing protections. The agreement does include a compromise on the Medicare Commission. It would include 17 members (eight Democrats, eight Republicans, and the Chair, which would be jointly selected by you and the Leadership). The Commission will release a report in 1999 and require a two-thirds majority to pass out the recommendations.

With regard to Medical Savings Accounts it appears that the final resolution will have to include a compromise on the size of the Medicare demonstration somewhere between the Senate-passed 100,000 and 500,000. The one other outstanding issue is that the Senate firmly believes that we should not pay for Medicare mammography copayments since they argue that most women would already have these services paid for by Medigap. However, if we have to compromise on an MSA demonstration that is more than 250,000 beneficiaries, winning on this issue could help appease our liberal base. This issue has also always been an important priority for the First Lady.

Children's Health. The children's advocacy community and our traditional Democrats were thrilled with your remarks on children's health at the immunization event on Wednesday. They were extremely pleased that you are supporting an increase in the children's investment from additional revenue from a proposed tobacco tax. They are also thankful for your leadership in insisting on a meaningful benefits package -- including prescription drugs, mental health, vision, and hearing services -- and that you are working to ensure that these dollars will work to supplement rather than supplant existing public and private funding.

As of Friday evening, the budget negotiators still had not resolved the children's health issue. The two major outstanding questions are on the benefits package and the overall level of funding.

The benefits discussion is focused on how much flexibility states will have in designing a benefits package and specifically whether states should be allowed to design a benefits package financially equivalent to the FEHBP benefit package (actuarial equivalence) that does not necessarily include the full range of services that many believe are essential to make up a meaningful benefits package. For example, the conference agreement allowed states to develop a package with no prescription drugs, vision, hearing, or mental health services. It does, however, require some benefits including hospital and physician services.

The FEHBP actuarial equivalence proposal is currently one of four options that states could use for design their benefits package in addition to an FEHBP option, a state employee plan option, and an option to allow states to use the benefits package of a state's most popular HMO. It is important to note that we have already agreed to give much greater flexibility than was in the Senate package. In addition to accepting at least three of their four proposed options, we also have agreed to let states which already have a children's plan with a full range of benefits (Florida, Pennsylvania, and New York) grandfather in their benefits package (provided they include prescription drugs, vision, hearing, and mental health services and subject to Secretarial approval). We have also agreed to a higher Federal matching rate than under Medicaid and have

agreed not to require states to cover EPSDT -- which was the major objection of the states. So far, Republicans have not accepted our counter offer to have certain stipulations associated with the FEHBP actuarial equivalent option, including covering prescription drugs, vision, hearing, and mental health services.

The amount of revenue from a tobacco tax that will be allocated to this investment has yet to be determined and will probably get decided at the very end of the process. We anticipate that we will be able to get some increase over the \$16 billion investment, although we will probably not be able to get the entire \$24 billion.

Medicaid. There are a limited number of outstanding Medicaid issues other than the allocation of disproportionate share hospital (DSH) cuts and the investment in DC and in the territories. The DSH issue is purely a political fight about the geographical formula. The conference has developed a formula that would cause high DSH states extreme pain. Congressman Spratt (South Carolina is a high DSH state) is working with us to develop a formula that would ensure that no state has to accept extreme cuts. We have yet to reach any agreement in this area. Right now it looks as though DC and the territories may be taken care of outside of the context of Medicaid. Finally, we did resolve the issue surrounding low-income protections by agreeing to accept the House-passed formula which covers the full premium for low-income beneficiaries up to 135 percent of poverty. The only difference is that this provision is capped mandatory spending rather than an open-ended entitlement. Although some of our Democrats won't like this, it is far better than the Senate proposal to block grant this proposal. Ironically, Domenici and other Republicans feel as though they completely caved on this issue and gave us a full victory.

Ideas for Upcoming Events.

Race and Health. There are significant disparities in the health status of minorities in a number of areas including, AIDS, infant mortality, diabetes, and heart disease. Some existing programs that help narrow the gap between the health status of minorities and whites include, our immunization programs and other CDC prevention programs such as prenatal care and early childhood initiatives. Next week, HHS will be briefing the DPC on current Administration initiatives as well as possible new initiatives that will help improve the health status of minorities.

Pediatric Labeling. To announce new HHS/FDA regulatory action that we are taking to ensure that drug companies test their products specifically on children who may need different doses and have different reactions and to ensure that parents are aware of this information. Children suffer from most of the same diseases as adults, however, most drugs have not been tested to understand their unique impact on children. The absence of pediatric labeling poses serious a serious risk of inappropriate doses and unexpected adverse effects in children. It also may lead to failure to provide children with optimal treatment in cases where physicians are reluctant to prescribe potentially toxic drugs to children before they have undergone pediatric testing. HHS and OMB are in their final stages of working out the details of this regulation.

Kassebaum-Kennedy Signing Anniversary. August 21st marks the one year anniversary of the signing of the Kassebaum-Kennedy law which helps Americans keep their health care coverage when they change or lose their job. This law could help as many as 25 million Americans. We could do some kind of event or announcement surrounding this anniversary.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Cynthia A. Rice (CN=Cynthia A. Rice/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:26-JUL-1997 14:19:04.00

SUBJECT: BR & I tried to reach podesta; waiting for call back. Cynthia 62846

TO: ELENA (Pager) #KAGAN (ELENA (Pager) #KAGAN [UNKNOWN])

READ:UNKNOWN

TEXT:

Withdrawal/Redaction Marker

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002. email	Phone No. (Partial) (1 page)	07/26/1997	P6/b(6)

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Automated Records Management System [Email]
OPD ([Kagan])
OA/Box Number: 250000

FOLDER TITLE:

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Cynthia A. Rice (CN=Cynthia A. Rice/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:26-JUL-1997 15:26:33.00

SUBJECT: Spoke to Podesta; sounded ok. Wants update when you have one.
Page him P6/(b)(6) he's in California. Cynthia 62846

[002]

TO: ELENA (Pager) #KAGAN (ELENA (Pager) #KAGAN [UNKNOWN])
READ:UNKNOWN

TEXT:

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READ:UNKNOWN

TEXT:

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Cynthia A. Rice (CN=Cynthia A. Rice/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 26-JUL-1997 18:04:21.00

SUBJECT: Bruce suggested I email you these numbers

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])

READ: UNKNOWN

TEXT:

for Gerry Shea if you need them:

work: 637-5237

pager: [redacted] P6/(b)(6)

??? [redacted] P6/(b)(6)

home: [redacted] P6/(b)(6)

[004]

These came from Sperling's office.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael Cohen (CN=Michael Cohen/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:28-JUL-1997 19:14:56.00

SUBJECT: Re: GOODLING AMENDMENTS ON APPROPS/TEST

TO: Ann F. Lewis (CN=Ann F. Lewis/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Ananias Blocker III (CN=Ananias Blocker III/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Bruce N. Reed (CN=Bruce N. Reed/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

CC: William R. Kincaid (CN=William R. Kincaid/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

CC: Tanya E. Martin (CN=Tanya E. Martin/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

CC: Michelle Crisci (CN=Michelle Crisci/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

The attached is the latest update on the Goodling amendment ; we suspect the most likely scenario is that Goodling will offer a sense of the Congress resolution.

Riley has talked to John Porter, Obey and Gephardt from Las Vegas. Porter told him that he is opposed to goodlings amendments and efforts to stop the tests, and will oppose him in Rules. He also said that Livingston will do the same--and Riley has placed a call to Livingston. Obey told riley he will help, and Gephardt told Riley he would work the Dem. Caucus.

The AFT and the Great City schools are targeting the Black and Hispanic Caucus. AFT is also trying to work moderate republicans. We are have also alerted the Business Roundtable, NAB and other business groups for help.

I'll keep you posted.

----- Forwarded by Michael Cohen/OPD/EOP on 07/28/97
07:04 PM -----

Thomas_Kelley @ ed.gov

07/28/97 05:18:00 PM

Record Type: Record

To: Michael Cohen

cc:

Subject: Re: GOODLING AMENDMENTS ON APPROPS/TEST

I just spoke with Tony McCann of House Approps. He said that Goodling has three options for amendments.

- HAS
1. No national test until the Committee acts on legislation. RULES SAID NO TO THIS APPROCH.
 2. A Sense of Congress resolution which would probably pass.
 3. an outright limitation preventing the Administration from any more activity on the test which Goodling may or may not offer.

Reply Separator

Subject: GOODLING AMENDMENTS ON APPROPS/TEST
 Author: Scott Fleming at WDCB03
 Date: 7/28/97 3:29 PM

I just spoke with Vic Klatt. He confirmed that Goodling is testifying before the Rules Committee this evening to request that an amendment be made in order to, in effect, preclude any action on the test pending authorization by the Congress.

Vic indicated that the Chairman would welcome any suggestions for alternative ways to achieve this end, but there certainly aren't any that would meet Goodling's aim and be acceptable to us. Therefore, I don't in all honesty see any value in getting involved in even trying to change what he is doing. Whether it is through a legislative provision that says that any work on the test must await authorization, a ban on use of funds in the bill for the test, or a cut in FIE funding with the intent of stopping the test, none of the options are desirable.

I do think it would be useful to get materials up to the Democrats on the Rules Committee this afternoon that will highlight (1) that we do have the authority to develop the test and (2) that there are communities around the nation who are planning on the test being available.

I would also suggest that you, Mike, may want to call John Porter on this. I have a call in to the Appropriations Subcommittee staff to discuss, but especially with the First in the World Consortium in his district, and because of his desire to avoid controversial amendments to get his bill enacted, he may be persuaded to oppose this amendment.

=====
 ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
 id <01ILS12B85TC000DF9@PMDF.EOP.GOV>; Mon, 28 Jul 1997 17:29:51 -0400 (EDT)
 Received: from storm.eop.gov (storm.eop.gov)

by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01ILS123Y4Y8002VJR@PMDF.EOP.GOV>; Mon,

28 Jul 1997 17:29:47 -0400 (EDT)

Received: from vader.ed.gov ([165.224.217.43])

by STORM.EOP.GOV (PMDF V5.1-7 #6879)

with ESMTP id <01ILS11K1PHK000C7T@STORM.EOP.GOV>; Mon,

28 Jul 1997 17:29:13 -0400 (EDT)

Received: from smtpgwyl.ed.gov (smtpgwyl.ed.gov [165.224.217.37])

by vader.ed.gov (8.8.5/8.8.4) with SMTP id RAA16865; Mon,

28 Jul 1997 17:27:18 -0400 (EDT)

Received: from ccMail by smtpgwyl.ed.gov (IMA Internet Exchange 1.04b)

id 3dd0ea90; Mon, 28 Jul 1997 17:27:05 -0400

Content-description: cc:Mail note part

===== END ATTACHMENT 1 =====

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Alice E. Shuffield (CN=Alice E. Shuffield/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:28-JUL-1997 13:02:10.00

SUBJECT: Treasury / Postal Appropriations -- Draft letter

TO: Russell W. Horwitz (CN=Russell W. Horwitz/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Charles R. Marr (CN=Charles R. Marr/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

I just circulated to you our draft letter to the full Committee regarding the House Appropriations Treasury / Postal bill. The Committee markup was originally scheduled for 5:30pm today, but has been postponed until 8:30am tomorrow morning. We still plan to send our letter this afternoon, but we do have a little more time.

As always -- Thanks!

The Tobacco Settlement and Incentives to Develop Reduced-Risk Tobacco Products
July 28, 1997

I. Background

In the past, the tobacco industry has not developed many innovative, safer products -- in large measure because to develop and promote safer products would have been to acknowledge the harm done by existing products. But some innovations, like filters and reduced-tar cigarettes, do appear to have followed the release of adverse health news about smoking. In the current environment, in which are companies admitting that their products are harmful and consumer awareness of smoking's risks is heightened, individual companies may be more likely to view the development of safer products as a profitable endeavor.

The Settlement includes provisions intended to speed the introduction of safer products. According to the Settlement, the goal of these provisions "is to guarantee that a mechanism exists to ensure that products which appear to hold out the hope of reducing risk are actually tested and made available in the marketplace and not held back." The types of innovations expected to be introduced include the removal of toxic constituents from cigarettes, a reduction in the nicotine content in cigarettes, and alternative delivery devices for nicotine that remain attractive to consumers.

II. Provisions of the Settlement

Provisions relating to reduced risk products are in Title I, Section E, Part 4 of the Settlement. Manufacturers will be required to:

- Notify FDA of any technology that they develop or acquire and that reduces the risk from tobacco products, and
- For a "commercially reasonable" fee, cross license all such technology to those companies also covered by the same obligations. Procedural protections will be built in to resolve license fee disputes.

Other provisions include:

- If the technology is in early development stages, manufacturers will be provided confidentiality during the development process.
- The FDA will have the authority to mandate the introduction of less hazardous products that are technologically feasible by requiring the manufacturer who owns the technology to introduce the product or to license the technology to another producer. If no manufacturer or licensee brings such products to market in a reasonable time frame set by FDA, the U.S. Public Health Service may produce the product, either itself or through a

licensing arrangement.

III. The economic tradeoff between dissemination and incentives for R&D

One concern with these provisions is that they effectively eliminate the patent system for tobacco products. Economists have long struggled with the optimal design of a patent system. If new innovation occurred spontaneously -- without the need to invest in R&D -- society's interest would be best served by requiring immediate, full disclosure and licensing of new products and technologies without fee. But innovation generally does require investment -- and full disclosure coupled with free adoption by other firms provides little or no incentive for such investment to be undertaken. The patent system therefore grants a property right to the inventor "to exclude others from making, using or selling the invention."¹ The fundamental tradeoff in the patent system -- inherent in designing the length and comprehensiveness of the patent protection -- is to balance the need to encourage R&D with the desire to disseminate new discoveries as quickly as possible.

IV. The Settlement and incentives

The Settlement's provisions, especially the cross-licensing requirement, are at one extreme of possible patent systems. They ensure rapid dissemination of new discoveries, but provide little incentive for firms to invest further in the processes that could lead to such discoveries. **A crucial question to answer is how much of the total possible R&D has been undertaken, and how much remains to be done. In the area of removing toxins from cigarettes, much -- though not all -- is apparently already technologically feasible. Some analysts believe that current knowledge would also allow a reduction of the nicotine content in commercially viable cigarettes within a relatively short period (e.g., 6 months); others believe that such products are a decade away. A critical question for FDA and others to answer is how much research remains to be undertaken, and in what specific areas.**

To the extent that most of the relevant R&D has already been undertaken, the incentive problems are not significant. *Enforcing full and even free cross-licensing of extant R&D may not pose the same incentive problems as enforcing cross-licensing of future R&D.* Two potential dangers with cross-licensing existing R&D are (1) it may damage the government's credibility that such a requirement will not be repeated in the future, thus reducing incentives for future R&D; and (2) **it may be difficult to define an "existing" innovation (how would a prototype be classified, where the bulk of the costs are bringing it to market?).** Despite these potential problems, it may be useful to draw a distinction between cross-licensing of existing R&D and future R&D.

Another important incentive question is to what extent the firms will be allowed to

¹ Patents are granted for a term of 17 years (14 years for design patents), which may be extended only by a special act of Congress (except for certain pharmaceutical patents). After expiration of the term, the patentee loses rights to the invention.

market their innovations. The FDA and others raise legitimate concerns about allowing marketing of “safer” tobacco products: by providing a government imprimatur of reduced health risks, allowing such advertising may induce more smoking (either by non-smokers or by those who had intended to reduce their smoking levels). So even if each cigarette is “safer,” the public health risk may be expanded because of the increase in total smoking relative to the baseline. *To the extent that advertising of safer products is not allowed, however, firms will have little interest in developing such products.*

One possibility -- which may not be technically feasible -- would be to allow firms to publish “health hazard ratings.” For example, cigarette packages could carry health hazard ratings of 90, 95, or 100 depending on the risks profile of the product.² It seems unlikely that a product carrying a health hazard rating of “90” would be much more attractive to a non-smoker than one carrying a rating of “100.” Such a system could provide firms with some incentives to develop safer products -- because extant smokers would pay attention to the health hazard rating -- while minimizing the potential for perverse results. The system would also facilitate a CAFE-like regulation that cigarette sales by each individual producer could have a mean health hazard rating of no more than some level.

V. Options

The above discussion suggests several possible options:

1. *Maintain current provisions.* The current provisions provide limited incentives for innovation, but strong incentives for diffusion. This solution is acceptable if we believe that most of the knowledge about developing safer products already exists -- and there is therefore more to be gained from disseminating what is known than from trying to develop new knowledge and new products and technology.
2. *Require full (and perhaps free) cross-licensing of existing knowledge but not future discoveries.* As noted above, this option would efficiently diffuse the existing stock of knowledge without affecting firms’ incentives for future investments in R&D. Future R&D efforts could be governed by the regular patent system, or one of the options below. One important detail in such a system would be the delineation of existing R&D from future R&D.
3. *Grant patents for a limited period.* The Settlement effectively eliminates the patent period. An intermediate position, which would provide more balance between incentives and dissemination, would shorten the patent period from 17 years to perhaps a few years. At the end of the patent period, other firms would have free access to the knowledge.
4. *Grant patents for a limited period and then have the tobacco fund buy out the patent holder (could be combined with #2).* One solution to the tradeoff between dissemination and incentives

² Given the difficulty of distinguishing real health benefits, the scale should only include a few discrete levels -- perhaps 90, 95, and 100 -- instead of being continuous.

is to have the government buy out the patent holder and then license the knowledge to other producers (perhaps for a nominal fee). For example, we could grant a 2-year patent for tobacco products. At the end of the 2-year period, the tobacco fund would compensate the patent holder for some multiple (e.g., 3) of profits from the patent over that period -- a proxy for the present value of the profits from the patent itself. The patent will then expire, and the knowledge could be distributed to other firms for free or for a nominal fee, ensuring relatively rapid dissemination.

This structure would maintain incentives for future R&D, encourage patent holders to market their innovations aggressively during the patent period, and ensure dissemination after the end of the patent period.

5. *Eliminate cross-licensing requirements.* Eliminating the cross-licensing provisions would allow companies to profit from innovation as they would in any other industry, thus encouraging future R&D. Concerns about strategic withholding of innovations and the related lack of diffusion could be alleviated by the settlement's provision allowing the FDA to set performance standards. In that way, a minimum level of safety could be set for the entire industry and adjusted as major innovations occurred.

VI. Summary of key points and questions

- Innovation generally requires investment -- and full disclosure coupled with free adoption by other firms provides little or no incentive for such investment to be undertaken.
- Enforcing full and even free cross-licensing of extant R&D may not pose the same incentive problems as enforcing cross-licensing of future R&D. But the government's credibility may suffer, and it may be difficult to define "existing" R&D.
- To the extent that the FDA does not allow advertising of safer products, firms will have little interest in developing such products. To counter the potential risk to public health from allowing advertising of "safer" cigarettes, one possibility -- which may not be technically feasible -- would be to allow firms to publish "health hazard ratings."
- The cross-licensing requirements embodied in the Settlement are at one extreme of possible patent systems. Modifications could include limiting cross-licensing to existing R&D, allowing a shorter-than-usual but non-zero patent period, or simply eliminating the cross-licensing requirements and relying on FDA regulations to encourage dissemination.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Phillip Caplan (CN=Phillip Caplan/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:28-JUL-1997 16:29:50.00

SUBJECT: TVA and IBEW

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

CC: Sara M. Latham (CN=Sara M. Latham/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

Do you do labor relations issues? More specifically, any clude about the IBEW and their allegations that the Tennessee Valley Authority is not negotiating with them properly. I have a letter from the Tennessee IBEW President (Carl Lansden) and Sara has one from the IAM on the same subject (that maybe you gave her). Any advice on how to handle this. Normally, Jim Dorskind's office would do a reply, but in this case, I'm not sure that is sufficient or appropriate. Thoughts?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Diana Fortuna (CN=Diana Fortuna/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:28-JUL-1997 10:12:58.00

SUBJECT: Talking points on NGA speech

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Bruce N. Reed (CN=Bruce N. Reed/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

I've been asked to do talking points on the NGA speech for 2 purposes: a general release by Communications for their White House at Work series; and a more pointed set for the Democratic Governors. Below is a quick effort: basically the indented bullets would be for the Governors, but would be dropped for a general release. I've checked the education part with Mike. Any comments?

President Clinton's Speech before National Governors' Association
July 28, 1997

Today, President Clinton spoke about two things that the states and the federal government must work on together to keep us on the right track -- continue to move forward on welfare reform, and make sure our children have the world's best education.

Working together, the states and the federal government have accomplished a lot to reform welfare, beginning with President Clinton's granting of waivers to 43 states, through his decision to reform welfare by signing the welfare law. Now there are 3 million fewer people on welfare than when the President took office -- 1.2 million fewer since the President signed the welfare law.

Fortunately, it appears we are also on course to fix the problems with the welfare law that President Clinton said he was going to fix. In the balanced budget agreement, the President got commitments to restore the worst cuts in aid to legal immigrants and to restore \$1.5 billion for food stamps.

While the welfare law gives states the responsibility as well as the flexibility to make welfare reform succeed, today President Clinton said he will remain an active partner in assuring that the law achieves its purpose -- moving people from welfare to work.

We welcome President Clinton's continued leadership on welfare reform. Although states now have primary responsibility to make this work, the federal government has an important continuing role, and the President's leadership is critical.

In his speech today, President Clinton pointed out that state strategies in four key areas make a real difference in whether welfare reform will succeed: jobs, child care, transportation, and child support. The President gave examples of some of the creative strategies that states are using, as well as some areas of concern.

The four areas emphasized by the President are the linchpins of any successful welfare reform effort, and highlighting what the states are doing, as he did today, is helpful to us all.

As the President noted, it is critical that states use the savings that come from declining caseloads to reinvest in their welfare reform efforts, rather than diverting those funds to other uses.

President Clinton issued a challenge today that all must do their part if welfare reform is to succeed -- welfare recipients, businesses, the religious community, civic and non-profit organizations, state legislatures, local officials, and Governors.

On education, the President noted that Governors have been the leaders in educational reform for more than a decade, but he urged more states to join his effort to adopt national standards and by 1999 to test every 4th grader in reading and every 8th grader in math to make sure these standards are met.

The President's national standards are a way to strengthen the efforts in every one of our states by giving us national and international benchmarks for judging our own progress.

Democratic Governors plan to work with the Administration to make our participation in this critical effort possible.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Diana Fortuna (CN=Diana Fortuna/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:28-JUL-1997 08:51:11.00

SUBJECT: I'm at my desk if you want to call.

TO: ELENA (Pager) #KAGAN (ELENA (Pager) #KAGAN [UNKNOWN])

READ:UNKNOWN

TEXT:

Diana 65570

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: June G. Turner (CN=June G. Turner/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:28-JUL-1997 10:57:47.00

SUBJECT: Race Work Plan Meeting

TO: Minyon Moore (CN=Minyon Moore/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Andrew J. Mayock (CN=Andrew J. Mayock/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Maria Echaveste (CN=Maria Echaveste/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Cheryl D. Mills (CN=Cheryl D. Mills/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

CC: Angelique Pirozzi (CN=Angelique Pirozzi/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

CC: Laura Emmett (CN=Laura Emmett/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

CC: Maria Echaveste (CN=Maria Echaveste/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

CC: Edward F. Hughes (CN=Edward F. Hughes/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

Sylvia would like to have a meeting on Wednesday on the above subject. Is everyone schedule at 10:00 free?

thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Todd Stern (CN=Todd Stern/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:28-JUL-1997 09:36:36.00

SUBJECT: Re: some women

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Thanks a lot. All good suggestions. tds

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Andrew J. Mayock (CN=Andrew J. Mayock/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:28-JUL-1997 16:33:49.00

SUBJECT: FYI: USA Today

TO: David S. Beaubaire (CN=David S. Beaubaire/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Emil E. Parker (CN=Emil E. Parker/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Katherine Hubbard (CN=Katherine Hubbard/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: James T. Edmonds (CN=James T. Edmonds/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Robert B. Johnson (CN=Robert B. Johnson/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Mickey Ibarra (CN=Mickey Ibarra/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Richard Socarides (CN=Richard Socarides/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Laura Emmett (CN=Laura Emmett/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Ann F. Walker (CN=Ann F. Walker/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Ellen M. Lovell (CN=Ellen M. Lovell/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Thurgood Marshall Jr. (CN=Thurgood Marshall Jr./O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Robert N. Weiner (CN=Robert N. Weiner/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Richard L. Hayes (CN=Richard L. Hayes/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Bob J. Nash (CN=Bob J. Nash/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Kevin S. Moran (CN=Kevin S. Moran/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Judith_Winston (Judith_Winston @ ed.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: Angus S. King (CN=Angus S. King/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Ananias Blocker III (CN=Ananias Blocker III/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Joseph P. Lockhart (CN=Joseph P. Lockhart/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Carolyn Curiel (CN=Carolyn Curiel/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Beverly J. Barnes (CN=Beverly J. Barnes/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Lynn G. Cutler (CN=Lynn G. Cutler/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Doris O. Matsui (CN=Doris O. Matsui/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Betty W. Currie (CN=Betty W. Currie/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Cheryl D. Mills (CN=Cheryl D. Mills/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Ann F. Lewis (CN=Ann F. Lewis/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Jose Cerda III (CN=Jose Cerda III/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Minyon Moore (CN=Minyon Moore/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Tracey E. Thornton (CN=Tracey E. Thornton/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Janet Murguia (CN=Janet Murguia/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Dawn M. Chirwa (CN=Dawn M. Chirwa/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Susan M. Liss (CN=Susan M. Liss/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Rob_wexler (Rob_wexler @ ed.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: Sylvia M. Mathews (CN=Sylvia M. Mathews/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:

Attached are two very interesting articles about affirmative action that Ann Lewis found in USA Today (last week), but which were not in the clips last week. Jeremy Gold was kind enough to track it down for electronic transmission. Read up.

Race-blind policies signal segregational shift

By Mary Beth Marklein, USA TODAY

Boston University's law school offered Marisa Salazar a \$10,000 scholarship. Notre Dame and Baylor accepted her into their law schools. She is on waiting lists at Columbia and Georgetown.

But the law school Salazar really wanted, at the University of Texas at Austin, didn't want her.

"I am the Hopwood fallout," says Salazar, 22, of San Antonio, referring to Hopwood vs. Texas, the case that prompted the ban this year on racial preferences in admissions to Texas public institutions.

In Los Angeles, however, 18-year-old Danielle Smith has avoided getting caught up in the fallout from the University of California's policy banning affirmative action.

Smith, valedictorian of her Crenshaw High School class, was accepted at highly selective UC Berkeley and UCLA but enrolled at private Pitzer College in Claremont, Calif., which gave her a scholarship. She says the buzz over the affirmative action ban, which goes into effect next year for undergraduates but is already spurring changes in UC admissions, "really didn't have any effect on my final decision."

The experiences of Salazar and Smith illustrate how difficult it is to draw sweeping conclusions about the new rules on affirmative action and how they'll affect minority students. But when enrollment figures are tallied this fall in Texas and the UC system, one thing is certain: There will be more white and more Asian-American students than last year, and there will be fewer - in some cases dramatically so - underrepresented minorities, including blacks, Hispanics and Native Americans.

Opponents continue to fight the bans: The U.S. Education Department recently told civil rights groups in California, for instance, that it would investigate whether the new admission policies at three UC law schools discriminate against blacks and Hispanics.

But should affirmative action rollbacks continue, many fear the gap could widen more, creating "a fairly dramatic segregation," says Thomas Kane, a professor in Harvard's John F. Kennedy School of Government. "Elite colleges would become even more dominated by whites and Asian-Americans, (and) black and Hispanic enrollments at less selective public and private institutions would then increase."

And not just in California and Texas, bellwether states whose affirmative action bans in college admissions have begun to influence other states.

Enrollment numbers could change, but early figures show:

None of the 14 black students admitted to the University of California-Berkeley law school plans to enroll, but one black student who had deferred admission last year has enrolled this year. Neither of the two admitted Native Americans will enroll. At the University of Texas law school, the percentage of underrepresented minorities has dropped from 15% last year to 5% this year among first-year students. 90% of students admitted to UCLA's law school are white or Asian-American, compared with 78% last year. About half of the underrepresented minorities admitted - 10 of 21 blacks, 41 of 73 Hispanics, and none of four American Indians - have said they will enroll. At the flagship Austin campus of the University of Texas, a state where 39% of the population is of Hispanic origin or black, the freshman class, based on 7,074 deposits paid to date, will be 15% black and Hispanic, compared with nearly 19% last year.

The numbers trouble those who believe diversity of cultures enhances higher education. But there are compounding problems, too, says Drew University president Thomas Kean, a member of President Clinton's race commission.

In the not-too-distant future, minorities will make up the majority of the nation's workforce, he says. Yet a new Rand Corp. report says unless institutions control soaring tuitions, millions of students will be shut out of college by 2015. Most denied would be poor and minority students.

That, Kean says, is "not only a threat to the economy, but a threat to democracy itself."

Not everyone believes the situation is so dire. "Everybody's going to find a college. It's just not going to be the one they might have gone to," says Roger Clegg, general counsel of the Center for Equal Opportunity in Washington.

Community colleges, for example, which serve nearly half of all minority students in college, are working harder to reach minorities who might not have gone to college at all, says Norma Kent of the American Association of Community Colleges in Washington.

Also, some high school counselors in California and Texas noted heavier recruiting of their most talented minority students by schools unaffected by racial preference bans.

"The one good thing this whole affirmative action thing has done is made kids look beyond the UC system," says Cassandra Roy, counselor at Crenshaw High School, where 95% of students are

black.

Many colleges, too, have a "heightened sense of awareness" of the effects of affirmative action, says Victoria Valle, admission director at the historically black Spelman College in Atlanta. She says the school's recruiting efforts in California and Texas didn't change a lot but adds, "It would be foolish of us not to talk about what's going on."

Even if recruiters said nothing, some students got the message. The University of Michigan, Ann Arbor, courted Jos'e Pompa Garza of San Antonio with phone calls, videos and a handsome financial aid package. Garza, 18, enrolled at the University of Texas at Austin - his top choice - but the attention from Michigan almost changed his mind. "I thought I might be more appreciated somewhere else," he says.

His mother, Elizabeth Pompa Garza, a doctoral student at the University of Texas, is proud of her son but says he is lucky he had the choice. "When you've been discriminated against historically as a group, your opportunities are not the same," she says.

And, those opportunities narrow over time, says education professor Gary Orfield, co-director of the Harvard Civil Rights Project.

Professional schools, for instance, increasingly choose candidates from the nation's most selective undergraduate schools. And state flagships like those in Austin, Los Angeles and Berkeley tend to produce community leaders, Orfield says. If the schools grow overwhelmingly white and Asian, the future leaders graduating are "going to become very disconnected" from communities they serve, he says. Research shows, for instance, that minority doctors and lawyers are far more likely to serve minority clients and patients.

Moreover, Orfield says, growing resegregation, primarily of blacks and Hispanics in inner-city public schools, already threatens college access.

"When you put kids in schools that are less competitive, have fewer college prep courses and less-well-prepared teachers, those kids will be much less prepared for college. So you're raising the barrier for college and lowering the preparation at the same time," he says.

Terry Pell, an attorney for the nonprofit Center for Individual Rights in Washington, which represented the Hopwood plaintiffs, isn't convinced a ban on racial preferences hurts minorities. But he says college administrators have only themselves to blame for creating an atmosphere that sends "a very strong signal to minority youth that they can't possibly get in"

without a boost.

There's no question the ban on affirmative action has been "a public relations nightmare," acknowledges Bruce Walker, admission director at the University of Texas at Austin. "It sort of ended up with us being the bad guys" even though the school fought the ban, he says.

He's encouraged, though, by this statistic: Although fewer underrepresented minorities applied this year compared with last year, the school admitted nearly the same proportion of black applicants - 54% compared with 55% last year - and a larger proportion of Hispanics, whose admission rate increased 6 percentage points, to 71%.

The same pattern appears to be occurring at UC Berkeley graduate programs (excluding the law school), where the number of underrepresented minorities admitted fell 17% from last year, but the admission rate of those who applied is down only 3%.

Some high school and college admission counselors interpret that as meaning the universities of California and Texas must convince minority students they're still welcome. But Salazar suggests that opportunity is lost.

"They could have been more outspoken about the injustice" of the Hopwood ruling, she says of the University of Texas, adding, "I don't really want to be at a school that isn't fighting for people's rights."

Ultimately, Harvard's Kane says, the solution will require an "unavoidable tradeoff. Everything else equal, I think we would all prefer race blindness. But then we see the results - dramatic segregation - and it concerns us," he says. "Rather than swing from one extreme to another, the trick is finding the level of segregation along with the degree of race consciousness that we're willing to live with."

Many other factors in college choice
By Mary Beth Marklein, USA TODAY

Lots of variables come into play when a student - of any race or background - chooses a college. The influence of anti-affirmative action policies is not always clear-cut:

Norma Cruz, 18, a graduate of Crenshaw High School in Los Angeles, is heading to the

University of La Verne in La Verne, Calif. Having achieved a grade point average of 3.76 and

a class rank in the top 10, she applied to UC-Riverside, UCLA and several other schools.

She got into all but UCLA, but by the time that rejection came, "I already had my mind set on

a small school." La Verne, she says, "is a mixture of everything. All

aces are there. Everyone

gets along with everybody. My friend goes there (and she says) nobody discriminates against you."

Crenshaw classmate Taaqi Abbdur-Raus-Madyun, 18, who dreamed since the ninth grade of going to UC-Berkeley, was admitted there but opted instead for Mills College, a smaller, private women's school in nearby Oakland. "I decided I wanted to go to a school where I was wanted," she says. "I'm going to school to learn, not to fight everyone's battles. I can do that later."

Edwin Garay, 18, a senior at Thomas Jefferson High School in Los Angeles, was interested in UC schools but decided on California State University in San Diego after talking with a UC representative and deciding he was "not ready to go to UC." Garay's 3.4 GPA is adequate, but his SAT score was 680, far below the acceptable minimum. That's pretty typical at

Thomas Jefferson, even among kids with higher grade point averages, says counselor Esther Walling. The highest SAT score this year, 1100, is "barely competitive," she says, noting that the students, 92% of them Hispanic and most of them poor, "are not used to taking an SAT."

She hopes to boost scores by encouraging her students to retake the test and helping them to prepare better. Meanwhile, Garay plans to pursue a degree in electrical engineering; he says he may try to transfer to UCLA later.

Thomas Jefferson High School graduate Maria Parra, 18, wants to "venture out in the world," so she hopes to go to Smith College in Northampton, Mass., where she's on a waiting list.

She was accepted to UCLA, University of Southern California and UC schools in Irvine,

Davis and Santa Barbara. If Smith doesn't pan out, she'll go to Irvine, mostly because it offered the most financial aid but also because she wants to attend a small school. Affirmative action is irrelevant, she says: "If students do their work, they deserve what they get."

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Christopher C. Jennings (CN=Christopher C. Jennings/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:28-JUL-1997 19:49:24.00

SUBJECT: pls call chris j or sarah re ob-gyn asap 6-5560

TO: SARAH (Pager) #BIANCHI (SARAH (Pager) #BIANCHI [UNKNOWN])

READ:UNKNOWN

TO: ELENA (Pager) #KAGAN (ELENA (Pager) #KAGAN [UNKNOWN])

READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Richard Socarides (CN=Richard Socarides/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:28-JUL-1997 09:51:27.00

SUBJECT: NC4346: J.P. Morgan to offer dom-par bennies

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

----- Forwarded by Richard Socarides/WHO/EOP on 07/28/97
09:51 AM -----

rwockner @ netcom.com
07/25/97 05:48:00 PM

Record Type: Record

To: Richard Socarides

cc:

Subject: NC4346: J.P. Morgan to offer dom-par bennies

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Wall Street Journal
200 Liberty Street, New York, NY, 10281
(Fax 212-416-2658, print run 1,852,400)

J.P. Morgan Plans to Offer Domestic-Partner Benefits

NEW YORK -- J.P. Morgan & Co. said it will offer medical and dental benefits to the same-sex domestic partners of its U.S. employees, becoming the first major Wall Street firm to extend such benefits to nontraditional families.

Though a growing number of companies are offering such benefits, few of them are in the financial-services industry, benefits consultants say. In addition to J.P. Morgan, which will begin offering the benefits in December, BankAmerica Corp. and Wells Fargo & Co., two big commercial banks based in San Francisco, have said they will begin extending similar benefits next year.

Among the major Wall Street firms, Merrill Lynch & Co.; Morgan Stanley, Dean Witter, Discover & Co.; and Goldman, Sachs & Co. are all considering introducing benefits for same-sex couples, but haven't done so yet, according to spokesmen for the companies.

In an internal memorandum distributed to J.P. Morgan employees yesterday, Herbert J. Hefke, head of human resources, said the bank expected only a small number of employees to take advantage of the new benefits, with "minimal cost implications."

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01ILNUVYCYV4002BHT@PMDF.EOP.GOV> for Socarides_R@a1.eop.gov; Fri,
25 Jul 1997 17:49:45 -0400 (EDT)

Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01ILNUVXUHCW0019GV@PMDF.EOP.GOV> for
Socarides_R@a1.eop.gov; Fri, 25 Jul 1997 17:49:43 -0400 (EDT)

Received: from netcom10.netcom.com ([192.100.81.120])
by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with SMTP id <01ILNUV3XW1200017H@STORM.EOP.GOV> for Socarides_R@a1.eop.gov;
Fri, 25 Jul 1997 17:49:04 -0400 (EDT)

Received: (from rwockner@localhost) by netcom10.netcom.com (8.6.13/Netcom)
id OAA26789; Fri, 25 Jul 1997 14:48:22 -0700

=====
===== END ATTACHMENT 1 =====

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Mona G. Mohib (CN=Mona G. Mohib/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:29-JUL-1997 12:43:31.00

SUBJECT: Cancellation of today's meeting

TO: Patricia E. Romani (CN=Patricia E. Romani/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

TO: William P. Marshall (CN=William P. Marshall/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Robert N. Weiner (CN=Robert N. Weiner/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Laura Emmett (CN=Laura Emmett/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Michael Deich (CN=Michael Deich/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

TEXT:

Today's meeting that was going to be at 2:30pm in Lynn's office has been cancelled. Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Wm G. White (CN=Wm G. White/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:29-JUL-1997 12:18:05.00

SUBJECT: Text Agreed to for Family Planning in House L/HHS SAP

TO: Jennifer L. Klein (CN=Jennifer L. Klein/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

CC: Barbara E. Washington (CN=Barbara E. Washington/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

CC: Chin-Chin Ip (CN=Chin-Chin Ip/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

CC: Richard J. Turman (CN=Richard J. Turman/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

CC: Mark E. Miller (CN=Mark E. Miller/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

CC: Nicolette Highsmith (CN=Nicolette Highsmith/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

CC: Joshua Gotbaum (CN=Joshua Gotbaum/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TEXT:

Thank you for your quick review of the Family Planning language for the House L/HHS SAP. As agreed to on the phone, here is the language that we will submit for the final floor SAP. As also discussed on the phone, we will make no substantive updates to the Hyde text in the SAP.

We just received word that the L/HHS Bill is scheduled to go to the House Floor at 2:00 pm today. The SAP is going up within minutes.

FAMILY PLANNING TEXT TO BE SUBMITTED FOR FINAL HOUSE FLOOR SAP

"The Administration supports efforts to encourage minors to discuss their health care needs with their families. However, it would oppose a potential amendment on the House floor requiring parental consent for minors to receive contraceptive health services in Title X Family Planning clinics. Mandating parental consent for contraceptive services could discourage sexually active minors from seeking all health care and reproductive counseling services and thus lead to more unwarranted pregnancies, more abortions and more sexually transmitted diseases, including HIV, among our nation's youth. As an alternative, the Administration supports the amendment adopted in Committee that requires clinics to certify that they encourage family participation in the decision of minors to seek family planning services and provide counseling to minors on resisting attempts to coerce minors into engaging in sexual activities."

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Diana Fortuna (CN=Diana Fortuna/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:29-JUL-1997 11:17:45.00

SUBJECT: Question from Ed Lorenzen on Texas privatization

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

CC: Laura Emmett (CN=Laura Emmett/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

Ed Lorenzen, Stenholm's guy, says the state is asking him the following: can they privatize in 50% of the state, and do their integrated thing statewide; or is the deal that their integrated thing could only be state-wide? I assume it's a 50% limit on privatization, and there is no limit on the integrated enrollment system per se. Do you know?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Diana Fortuna (CN=Diana Fortuna/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:29-JUL-1997 14:12:18.00

SUBJECT: NGA speech and EITC

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Bruce N. Reed (CN=Bruce N. Reed/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

CC: Cynthia A. Rice (CN=Cynthia A. Rice/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

CC: Laura Emmett (CN=Laura Emmett/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

You almost certainly already know this, but at the NGA the President said people moving from welfare to work should be eligible for the EITC.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Thomas L. Freedman (CN=Thomas L. Freedman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:29-JUL-1997 10:55:04.00

SUBJECT: Planning stuff

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Bruce N. Reed (CN=Bruce N. Reed/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

1. Gene apparently wants no mention of Penn or Penn's formulation in the planning memo. It doesn't sound like Gene will be ready to sign off on a joint vetting memo soon. ...I think they will bring up their (NEC) specific issues (fast track, climate change, higher ed, product liability) in the Erskine meeting.

2. My candidates for big DPC upcoming initiatives would be:

1. Failing Schools

2. Child Care

3. 21st Century Disease fund

4. A crime issue: Fixing Brady, a drug rehab, or cops in inner city.

5. Obviously

Tobacco

Race proposals-- health issue, fixing bureaucracy of civil rights, more cops in inner city, etc

6. Good government

Support Welfare to Work

a campaign finance or entitlement reform announcement

7. And perhaps something from:

-- Liquor ads

--Domestic violence in workplace (statement with companies)

--Consumer privacy federal statement of rights

--Pell grant, Chakah Fatah

--Adoption

--Something from one of our working groups-- teenage pregnancy, managed care

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Russell W. Horwitz (CN=Russell W. Horwitz/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:29-JUL-1997 14:41:16.00

SUBJECT: balanced budget materials

TO: Christopher R. Ulrich (CN=Christopher R. Ulrich/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Ananias Blocker III (CN=Ananias Blocker III/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Robin J. Bachman (CN=Robin J. Bachman/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Leanne A. Shimabukuro (CN=Leanne A. Shimabukuro/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Elizabeth R. Newman (CN=Elizabeth R. Newman/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Mickey Ibarra (CN=Mickey Ibarra/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Anne H. Lewis (CN=Anne H. Lewis/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Lorraine A. Voles (CN=Lorraine A. Voles/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Jeffrey A. Forbes (CN=Jeffrey A. Forbes/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Craig T. Smith (CN=Craig T. Smith/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Christopher J. Lavery (CN=Christopher J. Lavery/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Nicholas B. Kirkhorn (CN=Nicholas B. Kirkhorn/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Joseph M. Wire (CN=Joseph M. Wire/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: William H. White Jr. (CN=William H. White Jr./OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Cynthia A. Rice (CN=Cynthia A. Rice/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Barbara D. Woolley (CN=Barbara D. Woolley/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Charles R. Marr (CN=Charles R. Marr/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Sara M. Latham (CN=Sara M. Latham/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Kathleen M. Wallman (CN=Kathleen M. Wallman/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Lisa M. Kountoupes (CN=Lisa M. Kountoupes/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Michael Waldman (CN=Michael Waldman/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Daniel K. Tarullo (CN=Daniel K. Tarullo/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Douglas B. Sosnik (CN=Douglas B. Sosnik/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Joshua Silverman (CN=Joshua Silverman/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Alice E. Shuffield (CN=Alice E. Shuffield/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Laura D. Schwartz (CN=Laura D. Schwartz/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Stacey L. Rubin (CN=Stacey L. Rubin/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Dorothy Robyn (CN=Dorothy Robyn/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Bruce N. Reed (CN=Bruce N. Reed/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Victoria Radd (CN=Victoria Radd/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: John Podesta (CN=John Podesta/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Peter R. Orszag (CN=Peter R. Orszag/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Bob J. Nash (CN=Bob J. Nash/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Janet Murguia (CN=Janet Murguia/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Linda L. Moore (CN=Linda L. Moore/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: April K. Mellody (CN=April K. Mellody/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Michael D. McCurry (CN=Michael D. McCurry/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Doris O. Matsui (CN=Doris O. Matsui/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Julie E. Mason (CN=Julie E. Mason/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Jacob J. Lew (CN=Jacob J. Lew/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: G N. Lattimore (CN=G N. Lattimore/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Robert D. Kyle (CN=Robert D. Kyle/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Charles Konigsberg (CN=Charles Konigsberg/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Angus S. King (CN=Angus S. King/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Thomas A. Kalil (CN=Thomas A. Kalil/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Brian J. Johnson (CN=Brian J. Johnson/OU=CEQ/O=EOP @ EOP [CEQ])
READ:UNKNOWN

TO: Peter G. Jacoby (CN=Peter G. Jacoby/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Katherine Hubbard (CN=Katherine Hubbard/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Nancy V. Hernreich (CN=Nancy V. Hernreich/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Lawrence J. Haas (CN=Lawrence J. Haas/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Julia R. Green (CN=Julia R. Green/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Jason S. Goldberg (CN=Jason S. Goldberg/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Diana Fortuna (CN=Diana Fortuna/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Rahm I. Emanuel (CN=Rahm I. Emanuel/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Ann T. Eder (CN=Ann T. Eder/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Marilyn DiGiacobbe (CN=Marilyn DiGiacobbe/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Suzanne Dale (CN=Suzanne Dale/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Michelle Crisci (CN=Michelle Crisci/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Steven A. Cohen (CN=Steven A. Cohen/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Michael Cohen (CN=Michael Cohen/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Ann M. Cattalini (CN=Ann M. Cattalini/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Paul R. Carey (CN=Paul R. Carey/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Phillip Caplan (CN=Phillip Caplan/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Susan A. Brophy (CN=Susan A. Brophy/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Erskine B. Bowles (CN=Erskine B. Bowles/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Sarah A. Bianchi (CN=Sarah A. Bianchi/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: David S. Beaubaire (CN=David S. Beaubaire/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Donald A. Baer (CN=Donald A. Baer/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Kenneth S. Apfel (CN=Kenneth S. Apfel/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Barry B. Anderson (CN=Barry B. Anderson/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Jonathan H. Schnur (CN=Jonathan H. Schnur/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Barbara Chow (CN=Barbara Chow/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Emil E. Parker (CN=Emil E. Parker/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Virginia N. Rustique (CN=Virginia N. Rustique/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Daniel C. Tate (CN=Daniel C. Tate/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Roger V. Salazar (CN=Roger V. Salazar/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Virginia M. Terzano (CN=Virginia M. Terzano/O=OVP @ OVP [UNKNOWN])

READ:UNKNOWN

TO: Karen E. Skelton (CN=Karen E. Skelton/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Minyon Moore (CN=Minyon Moore/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Lynn G. Cutler (CN=Lynn G. Cutler/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Lisa J. Levin (CN=Lisa J. Levin/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Jill M. Pizzuto (CN=Jill M. Pizzuto/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Aviva Steinberg (CN=Aviva Steinberg/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Robert B. Johnson (CN=Robert B. Johnson/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Beverly J. Barnes (CN=Beverly J. Barnes/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Thomas D. Janenda (CN=Thomas D. Janenda/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Ronda H. Jackson (CN=Ronda H. Jackson/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Barry J. Toiv (CN=Barry J. Toiv/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Jordan Tamagni (CN=Jordan Tamagni/OU=WHO/O=EOP @ EOP [UNKNOWN])
READ:UNKNOWN

TO: Stephen B. Silverman (CN=Stephen B. Silverman/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: David Shipley (CN=David Shipley/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Ellen S. Seidman (CN=Ellen S. Seidman/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Steven J. Ronnel (CN=Steven J. Ronnel/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Christa Robinson (CN=Christa Robinson/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Franklin D. Raines (CN=Franklin D. Raines/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

TO: Jonathan Prince (CN=Jonathan Prince/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Kristen E. Panerali (CN=Kristen E. Panerali/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Peter O'Keefe (CN=Peter O'Keefe/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Alison Muscatine (CN=Alison Muscatine/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Kevin S. Moran (CN=Kevin S. Moran/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Joseph J. Minarik (CN=Joseph J. Minarik/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Anne E. McGuire (CN=Anne E. McGuire/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Cathy R. Mays (CN=Cathy R. Mays/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Sylvia M. Mathews (CN=Sylvia M. Mathews/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Bruce R. Lindsey (CN=Bruce R. Lindsey/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Ann F. Lewis (CN=Ann F. Lewis/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Jeanne Lambrew (CN=Jeanne Lambrew/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Karin Kullman (CN=Karin Kullman/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Christopher C. Jennings (CN=Christopher C. Jennings/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Kathryn O. Higgins (CN=Kathryn O. Higgins/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: John L. Hilley (CN=John L. Hilley/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Daniel D. Heath (CN=Daniel D. Heath/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Melissa Green (CN=Melissa Green/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: D. Stephen Goodin (CN=D. Stephen Goodin/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Ben A. Freeland (CN=Ben A. Freeland/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Karen E. Finney (CN=Karen E. Finney/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: James T. Edmonds (CN=James T. Edmonds/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Elizabeth Drye (CN=Elizabeth Drye/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Michael Deich (CN=Michael Deich/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Betty W. Currie (CN=Betty W. Currie/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Brenda B. Costello (CN=Brenda B. Costello/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Cheryl M. Carter (CN=Cheryl M. Carter/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Laura K. Capps (CN=Laura K. Capps/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Rebecca A. Cameron (CN=Rebecca A. Cameron/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Emily Bromberg (CN=Emily Bromberg/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Jill M. Blickstein (CN=Jill M. Blickstein/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Marsha E. Berry (CN=Marsha E. Berry/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Kris M Balderston (CN=Kris M Balderston/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Eli G. Attie (CN=Eli G. Attie/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Brenda M. Anders (CN=Brenda M. Anders/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Lori L. Anderson (CN=Lori L. Anderson/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:

First document is a packet of background information on the balanced budget. Second is an internal 1-page talking points. If you want a packet geared for the press or independent organizations, call Sperling's

PRESIDENT CLINTON DELIVERS THE FIRST BALANCED BUDGET IN A GENERATION AND A MAINSTREAM TAX CUT

- Roughly \$900 Billion in Net 10 Year Deficit Savings.**
- First Balanced Budget since 1969.**
- Largest Investment in Higher Education Since the G.I. Bill in 1945:**
 - \$1,500 HOPE Scholarship to Help Make Two Years of College Universally Available.**
 - 20% Tuition Tax Credit for College Juniors, Seniors, Graduate Students and Working Americans pursuing Lifelong Learning to upgrade their skills.**
- Single Largest Investment in Health Care for Children Since 1965.**
- A \$500 Per Child Tax Credit for Approximately 27 Million Families.**
- Critical Long-Term Entitlement Reforms -- Extends Solvency of Medicare Trust Fund for at Least a Decade.**
- Brownfields and Empowerment Zones Tax Incentives to Revitalize Our Nation's Distressed Areas.**
- A \$ 3 Billion Welfare-to-Work Jobs Initiative Targeted to High Poverty Areas.**
- Treats Legal Immigrants Fairly -- Restores Health and Disability Benefits.**

THE FIRST BALANCED BUDGET IN A GENERATION

FIRST BALANCED BUDGET SINCE 1969

- Net savings of roughly \$900 billion over ten years.**
- 1993 Economic Plan has cut the deficit more than 75% from \$290 billion in 1992 to \$67 billion or lower in 1997. This agreement finishes the job -- balances the budget in 2002 and puts the budget in surplus at least through 2007.**

SINGLE LARGEST INVESTMENT IN HEALTH CARE FOR CHILDREN SINCE THE PASSAGE OF MEDICAID IN 1965

- An unprecedented \$24 billion for children's health care.**
- Guarantee of meaningful health coverage including full range of benefits to as many as 5 million uninsured children.**
- Provisions to ensure that states use this investment to provide health care coverage to children**

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Automated Records Management System
Hex-Dump Conversion

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Automated Records Management System
Hex-Dump Conversion

CRITICAL LONG-TERM ENTITLEMENT REFORMS

- **Between \$400-\$450 billion in ten-year Medicare savings.**
- **Extends the life of the Medicare Trust Fund for at least a decade.**
- **Prepares Medicare for the 21st century -- more choice, competition, improved payment systems.**
- **\$4 billion in preventive benefits to fight diseases like breast cancer, diabetes & colon cancer.**
- **\$1.5 billion to help pay the premiums of low-income Medicare beneficiaries.**

PROTECTS THE PRESIDENT'S CRITICAL DOMESTIC PRIORITIES. The Budget Agreement, which will be enacted in the Appropriations bills in the fall, includes 99% of total amount of President's 5-year Domestic Discretionary Budget.

- **Largest education investment in 30 years.**
- **Pell Grant expansion -- maximum grant increased to \$3,000.**

- **New child literacy initiative** consistent with President's America Reads.
- **Head Start expansion** -- on track to 1 million children in 2002.
- **Full funding for President's training budget**, including Job Corps. Automated Records Management System
- **President's FY 98 budget request for EPA Operating Budget** Hex-Dump Conversion
- **National Park Service full funding** for operations budget, plus land acquisition and state assistance, and Everglades Restoration.
- **Superfund** -- clean-up of 500 toxic sites in next four years (if policies can be worked out).
- **COPS** -- funding on track to put 100,000 more police officers on streets by 2000, plus full funding for overall Violent Crime Reduction Trust Fund.

MOVES PEOPLE FROM WELFARE TO WORK & TREATS LEGAL IMMIGRANTS FAIRLY

- **\$3 billion to help states and local communities move people from welfare to work.**
- **\$12 billion to restore both disability and health benefits for 350,000 legal immigrants in 2002** who are currently receiving assistance or become disabled, ensuring that they will not be turned out of their apartments or nursing homes or otherwise helpless.
- **Preserves the minimum wage and other labor protections for welfare recipients moving from welfare to work.** Does not include the House-passed provision to leave workfare participants unprotected by the
- **Fair Labor Standards Act and other employment laws.** Protects workers from displacement by those leaving the welfare rolls, and establishes a strong process for workers to raise grievances with an independent agency.

A MAINSTREAM TAX CUT

On December 15, 1994, President Clinton proposed the Middle Class Bill of Rights, which included a \$500 Child Tax Credit, an expanded IRA to allow people to withdraw money tax-free and without penalty for education, and a tax deduction for post-high school education expenses. Each of the President's proposals is included in this budget:

A CHILD TAX CREDIT FOR APPROXIMATELY 27 MILLION FAMILIES.

- **\$500 Per-Child Tax Credit for approximately 27 million families with 45 million children under 17.** The credit begins to phase out for couples with incomes above \$110,000.
- **13 million children from families with incomes below \$30,000 will receive the child tax credit -- up to 7.5 million* more than would have under the Congressional plans.** Families earning under \$30,000 such as young teachers, police officers, farmers, and nurses who work hard and play by the rules will now receive the Child Tax Credit. *Comparison to House passed bill; vs. Senate bill: 5.9 million.

A VICTORY FOR MIDDLE CLASS PARENTS TRYING TO PAY FOR THEIR CHILDREN'S COLLEGE AND FOR WORKING PEOPLE TRYING TO UPGRADE THEIR SKILLS.

- **\$1,500 HOPE Scholarship to make the first two years of college universally available.** The final agreement includes the President's initiative to help make the 13th and 14th grades as universal as a high school diploma is today. Students will receive a scholarship of 100% on the first \$1,000 of tuition and fees and 50% on the second \$1,000.
- **20% Tuition Tax Credit for college juniors, seniors, graduate students and for working Americans pursuing lifelong learning to upgrade their skills.** The 20% credit will be applied to the first \$5,000 of qualified education expenses through 2002, and to the first \$10,000 thereafter. The President has long understood that the economy is changing and that people need the opportunity to enhance their skills throughout their working lives. This is why the President insisted on the 20% tuition tax credit that is in the final bill and was a major improvement over the bills passed by Congress.

TAX INCENTIVES TO REVITALIZE OUR NATION'S DISTRESSED URBAN AREAS.

A key component of the President's tax cutting agenda has been to spur economic activity in distressed areas of our nation's cities. This budget reflects the President's agenda:

- **A New Tax Cut Plan Helps to Clean Up and Redevelop Brownfields.** The 3-year Brownfields tax incentive will reduce the cost of cleaning up thousands of contaminated, abandoned sites in economically distressed areas by permitting clean-up costs to be deducted immediately for tax purposes. This will, in turn, encourage redevelopment of these areas. *The Treasury Department estimates that this \$1.5 billion tax incentive would leverage more than \$6 billion for private sector cleanups nationwide, allowing redevelopment of 14,000 brownfields.*
- **New Empowerment Zones (EZs).** The budget includes a second-round of EZs -- 15 urban and 5 rural EZs. The new EZs will benefit from a different blend of tax credits from the first-round communities. For example, the EZs will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds.

HELPING MOVE PEOPLE FROM WELFARE TO WORK

- **A Welfare to Work Tax Credit.** This provision will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35% of the first \$10,000 in wages in the first year of employment, and 50% of the first \$10,000 in the second year, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring but retention.
- **\$3 Billion to Help Move 1 Million People from Welfare to Work.** Includes President's proposal to create \$3 billion Welfare to Work Jobs Challenge to move long-term welfare recipients into lasting, unsubsidized jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers, and other critical post-employment support services. The Labor Department will provide oversight but the dollars will be placed in the hands of the localities who are on the front lines of the welfare reform effort.

Automated Records Management System
Hex-Dump Conversion

PRESIDENT CLINTON DELIVERS THE LARGEST SINGLE INVESTMENT IN CHILDREN'S HEALTH CARE SINCE THE PASSAGE OF MEDICAID IN 1965

The President fought hard to ensure that the Budget Agreement includes \$24 billion to provide meaningful health care coverage to as many as five million of our nation's ten million uninsured children. This investment includes a meaningful benefits package, ensures that states use this money to cover

uninsured children and not replace existing public or private spending, and guarantees adequate cost-sharing protections for families.

— **INVESTS UNPRECEDENTED \$24 BILLION FOR UNINSURED CHILDREN.** The President insisted on increasing the investment for children's health from \$16 billion to \$24 billion by including revenue from a new tobacco tax. Because of the President's leadership, this budget will contain the largest children's health care budget increase since the enactment of Medicaid in 1965. Including these additional revenues in the children's health initiative will not only further reduce the number of uninsured children, but it will also serve as a financial barrier to help prevent our children from starting smoking in the first place.

— **ENSURES MEANINGFUL HEALTH CARE COVERAGE, WHILE ALLOWING STATES TO DESIGN THEIR OWN BENEFITS PACKAGES.** The President fought hard to ensure that this investment guarantees the full range of benefits -- from checkups to surgery -- that children need to grow up strong and healthy. The President also worked to ensure that prescription drugs, vision, hearing, and mental health coverage now offered at the state level are extended to millions of uninsured children.

— **GIVES STATES THE FLEXIBILITY TO DESIGN BENEFITS THAT MEET THEIR NEEDS.** States will be able to choose from any of four benefits packages: (1) the FEHPB model; (2) the benefits package of the most popular state HMO; (3) the state employee plan; and (4) the actuarial equivalent of any of the three stated benefit plans as long as prescription drugs, vision, hearing, and mental health services now offered in these plans are guaranteed to equal at least 75 percent of the value of these services.

— **SUPPLEMENTS, NOT SUPPLANTS, CURRENT HEALTH CARE COVERAGE.** Includes provisions to ensure that states provide health care coverage to children who do not currently have health insurance. It requires that states maintain their current Medicaid eligibility levels of spending to access Federal dollars to ensure that this investment is not used to replace public or private money that already covers children.

— **ENSURES ADEQUATE COST-SHARING PROTECTIONS.** The President fought to ensure that families are not forced to shoulder excessive costs for their children. The Agreement guarantees that families under 150 percent of poverty will be protected against overly burdensome cost sharing.

PRESIDENT CLINTON DELIVERS A \$500 CHILD TAX CREDIT FOR APPROXIMATELY 27 MILLION FAMILIES

MAIN FEATURES OF THE CHILD TAX CREDIT:

- **Age.** Covers children under 17.
- **Amount per child.** \$400 in 1998. \$500 thereafter.
- **Income limits.** Begins to be phased out for couples making over \$110,000 and for one parent families making over \$75,000.
- **“Stacking.”** Child tax credit will be calculated or “stacked” before the EITC, and will therefore be available for the up to 7.5 million children in working families who have incomes below \$30,000 and who were denied the child tax credit under the congressional bills.
- **For families with more than two children – Refundability to cover out-of-pocket income and payroll taxes.** Because many large families have little income tax liability, but pay significant out-of-pocket payroll taxes, the child tax credit for these families is partially refundable. These families will receive a child credit for their income taxes plus the extent to which their out-of-pocket (employee share) payroll taxes exceed their EITC.
- **Savings Incentive.** Taxpayers will be given the opportunity to contribute \$500 each year to an education Individual Retirement Account (IRA). Earnings would accumulate tax-free in the account, and no taxes will be due upon withdrawal for an approved purpose.

A CHILD TAX CREDIT FOR FAMILIES WHO WORK HARD AND PAY TAXES.

13 million children from families with incomes below \$30,000 will receive the child tax credit – up to 7.5 million* more than would have under the Congressional plans. Families making under \$30,000 like young teachers, police officers, farmers, nurses and others who work hard and play by the rules will now receive the Child Tax Credit. *Comparison to House passed bill; vs. Senate bill: 5.9 million.

President Clinton worked to ensure that under any final agreement, these young parents would receive a child tax credit to make it easier for them to raise their children.

Consider a family of four with two small children: the father is a rookie police officer making \$23,000, and the mother has chosen to stay at home. Both congressional bills would have denied this family, and millions of others, the child tax credit. Under the final agreement, this family will receive a child tax credit of \$675.

	President Clinton's Proposal	Agreement	House Bill	Senate Bill
<i>Child Tax Credit for family of rookie police officer making \$23,000</i>	\$767	\$675	\$0	\$0

PRESIDENT CLINTON DELIVERS EDUCATION TAX CUTS TO HELP MIDDLE CLASS FAMILIES PAY FOR COLLEGE

THE PRESIDENT'S HOPE SCHOLARSHIP AND TUITION TAX CREDIT

From the beginning, promoting expanded educational opportunity has been the centerpiece of President Clinton's budget and his middle class tax cut proposal. Promoting education is the centerpiece of this final tax cut bill:

— **\$1,500 HOPE Scholarship to make the first two years of college universally available.** The final agreement includes the President's program to advance the goal of making the 13th and 14th grades as universally available as a high school diploma is today. Students will receive a scholarship of 100% on the first \$1,000 of tuition and fees and 50% on the second \$1,000.

— **20% Tuition Tax Credit for College Juniors, Seniors, Graduate Students and working Americans pursuing lifelong learning to upgrade their skills.** The 20% credit will be applied to the first \$5,000 of tuition and fees through 2002, and to the first \$10,000 thereafter.. The President has long understood that the economy is changing and that people must have the opportunity to enhance their skills throughout their working lives. This is why the President insisted on the 20% tuition tax credit that is in the final bill and is a major improvement over the Congressionally-passed bills.

A SUMMARY OF ADDITIONAL EDUCATION TAX CUTS

- ***Education and Retirement Savings Accounts.*** Allows penalty-free IRA withdrawals for undergraduate, post-secondary vocational, and graduate education expenses. Additionally, taxpayers are given the opportunity to deposit \$500 into an education IRA. Earnings would accumulate tax-free and no taxes will be due upon withdrawal for an approved purpose.
- ***Employer-Provided Education Benefits.*** Extends Section 127 of the tax code for three years, which allows workers to exclude \$5,250 of employer-provided undergraduate education benefits from their taxable income.
- ***Student Loan Interest Deduction.*** Allows a deduction for up to \$2,500 per year of interest on education loans for expenses of students enrolled at an institution of higher education. This deduction will be available even if the taxpayer does not itemize deductions.
- ***Community Service Loan Forgiveness.*** In most circumstances, a loan that is forgiven is considered income and is therefore taxable. To encourage programs that offer loan forgiveness to borrowers who take lower-paying, community-service jobs, the agreement excludes from taxable income both loan amounts forgiven through programs run by nonprofit tax-exempt charitable or educational institutions. Currently, the exclusion generally covers only certain forgiveness arrangements between students and government entities.
- ***Repeal Cap on Tax Exempt Bond Issuance by Colleges and Universities.*** Repeals the \$150 million bond cap that affects private higher education institutions and certain other charitable institutions. The repeal applies to tax-exempt bonds issued by these institutions to finance new capital expenditures.

PRESIDENT CLINTON DELIVERS A BUDGET THAT STRENGTHENS AND PRESERVES MEDICARE

The Budget Agreement preserves and strengthens the Medicare program, saving \$115 billion over five years and extending the life of the Medicare Trust Fund for at least ten years. It modernizes Medicare by including new market-oriented reforms that have proved successful in the private sector plus \$4 billion in new preventive benefits. As this agreement strengthens and preserves the Medicare program, it also creates a Medicare Commission to examine the long-term needs of the program so that Medicare will be prepared for the retirement of the baby boomers.

- **SAVES APPROXIMATELY \$115 BILLION OVER FIVE YEARS.** Includes about \$115 billion in savings over five years and between \$400-\$450 billion over ten years.
- **EXTENDS THE LIFE OF THE MEDICARE TRUST FUND FOR AT LEAST TEN YEARS.** This agreement will keep Medicare solvent until at least 2007.
- **IMPLEMENTS NEW MARKET-ORIENTED REFORMS INCLUDING:**
 - (1) Empowering the Secretary of Health and Human Services to implement competitive market mechanisms;
 - (2) Opening up new options that offer more choice among competing health plans and have proven effective in the private sector, including Preferred Provider Organizations (PPOs) and Provider Sponsored Organizations (PSOs);
 - (3) Providing Americans with meaningful choices by reforming annual Medigap enrollment; and
 - (4) Building on Medicare's success in controlling hospital costs, restructuring the payment systems for home health, agencies, skilled nursing facilities and hospital outpatient departments so that rates are set in advance through a prospective payment system.
- **INCLUDES \$4 BILLION OVER FIVE YEARS FOR NEW PREVENTIVE BENEFITS.** Expanding coverage for mammograms and colorectal screening and improving self-management of diseases like diabetes.
- **ENSURES NEW PREMIUM PROTECTIONS FOR LOW-INCOME MEDICARE BENEFICIARIES.** The budget agreement invests \$1.5 billion over five years to pay the premiums for beneficiaries up to 135 percent of poverty. Beneficiaries over 135 percent of poverty to as high as 175 percent of poverty will get assistance as well.
- **TAKES STEPS TO ENSURE THAT VULNERABLE HOSPITALS ARE PROTECTED.** The Agreement reduces the Medicare Disproportionate Share Hospitals cut from \$2.4 billion in the Senate-passed bill to \$600 million over five years.
- **ESTABLISHES A MEDICARE COMMISSION.** The agreement creates a 17-member Medicare Commission which contains eight Democrats and eight Republicans and a Chair who will be selected jointly by the President and the Congressional leadership. The Commission will release a report in 1999 and require an 11 of 17 majority to ensure that its recommendations are bipartisan.

THE BUDGET AGREEMENT PROTECTED THE PRESIDENT'S PRIORITY PROGRAMS, INCLUDING EDUCATION, ENVIRONMENT AND LAW ENFORCEMENT

The Budget Agreement achieved 99% of the President's budget for non-defense discretionary spending over the next 5 years. While priority items are protected, there are \$61 billion of savings in non-defense discretionary outlays over the next 5 years -- a 10% real cut by 2002. These priorities will be ratified in the appropriations process under the budget agreement.

LARGEST INCREASE IN EDUCATION INVESTMENT IN 30 YEARS

The budget agreement endorsed President Clinton's overall plan for investing in education and training -- \$63 billion more than the Republican plan over five years. With the tax cuts for education, this represents the largest increase in the Federal investment in education in 30 years. The agreement specifically calls for:

- **Increases funding for Head Start to continue on road to achieve enrollment of 1 million kids in 2002.**
- **Largest Pell Grant increase in two decades - boosts the maximum 1998 Pell grant from \$2,700 to \$3,000, and expands the program to more poor independent students.**
- **Adopts the President's budget request to launch a child literacy initiative consistent with his America Reads program.**
- **Increases funding for bilingual (27% increase) and immigrant education (50% increase).**
- **Includes all of the \$579 million increase in funding requested by the President in his FY 1998 budget of \$5.3 billion for Training and Employment Services, including Job Corps.**

BOLSTERS ENVIRONMENTAL ENFORCEMENT AND KEY PROGRAMS

- **Provides a 9% increase for EPA's Operating program which includes research, enforcement, state grants and regulatory programs.**
- **Doubles the pace of Superfund cleanups, if policy details can be worked out.**
- **Provides a 6 percent increase for operation of the National Parks, and a more than doubles funding (\$156 million) for Everglades Restoration.**

PUTS MORE POLICE ON THE STREET

- **Protects funding for the Community Oriented Policing Services (COPS) initiative, which should put 100,000 more police officers on the street by 2000.**

URBAN INITIATIVES

- **Expansion of Community Development Financial Institution Fund.**

PRESIDENT CLINTON DELIVERS TAX CUTS TO CLEAN UP AND REVITALIZE URBAN AREAS...

— **THE BROWNFIELDS TAX INCENTIVE WILL REDUCE THE COST OF CLEANING UP THOUSANDS OF CONTAMINATED, ABANDONED SITES IN ECONOMICALLY DISTRESSED AREAS** by permitting clean-up costs to be deducted immediately for tax purposes. This will, in turn, encourage redevelopment of these areas. The tax incentive will be available for three years. *The Treasury Department estimates that this \$1.5 billion tax incentive would leverage more than \$6 billion for private sector cleanups nationwide, allowing redevelopment of 14,000 brownfields.*

— **THIS PROPOSAL IS A MAJOR PRIORITY FOR MANY OF AMERICA'S MAYORS.**

Chicago Mayor Richard Daley, writing recently on behalf of the U.S. Conference of Mayors, urged Ways and Means Chairman Archer to include the President's Brownfields proposal in the tax bill: "This is a high priority for communities across the nation." [Letter to Chmn. Archer, 6/11/97]

— **CREATES NEW EMPOWERMENT ZONES.** Under the President's 1993 Empowerment Zones and Enterprise Communities initiative, participating communities develop a strategic plan to spur economic development, and they receive Federal tax benefits, social service grants and flexibility in use of Federal funds in order to put these plans into effect. The EZs and ECs are urban or rural areas with high poverty and unemployment rates.

- ***A Strong Start since 1994.*** The 105 communities selected as EZ/ECs in 1994 amassed over \$8 billion in public-private commitments. In the six urban Empowerment Zones, the private sector has made or pledged \$2 billion in new investments.
- ***A Second Round to Build on Successes.*** In response, the President proposed, and the bill includes, a second round of EZs -- 15 urban and 5 rural EZs. The new EZs will benefit from a different blend of tax credits from first-round EZs. They will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds.

...AND TO MOVE PEOPLE FROM WELFARE TO WORK

— **A WELFARE-TO-WORK TAX CREDIT.** This provision will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35% of the first \$10,000 in wages in the first year of employment, and 50% of the first \$10,000 in wages in the second year, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring, but also retention.

— **\$3 BILLION TO HELP MOVE 1 MILLION PEOPLE FROM WELFARE TO WORK.**

Includes President's proposal to create \$3 billion Welfare to Work Jobs Challenge to move long-term welfare recipients into lasting, unsubsidized jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers, transportation and other critical post-employment support services. The Labor Department will provide oversight but the dollars will be placed in the hands of the localities who are on the front lines of the welfare reform effort.

— **PRESERVES THE MINIMUM WAGE AND OTHER LABOR PROTECTIONS FOR WELFARE RECIPIENTS MOVING FROM WELFARE TO WORK.**

Does not include the House-passed provision to leave workfare participants unprotected by the Fair Labor Standards Act and other employment laws.

— **PROTECTS WORKERS FROM DISPLACEMENT BY THOSE LEAVING THE WELFARE ROLLS**, and establishes a strong process for workers to raise grievances with an independent agency.

PRESIDENT CLINTON FOUGHT TO PROTECT OUR MOST VULNERABLE PEOPLE

Several provisions in last year's welfare reform bill had nothing to do with the goals of welfare reform. The President said so at the time and promised to work to correct these provisions. That's why he fought to ensure that any agreement protects the most vulnerable in our society. The President fought to better protect:

CHILDREN

- **KEEPING THE MEDICAID GUARANTEE.** Preserves the Federal guarantee of Medicaid coverage for the vulnerable populations who depend on it, and contains additional investments to extend coverage to uninsured children. Also ensures that 30,000 disabled children losing SSI because of the new tighter eligibility criteria keep their Medicaid coverage.

LEGAL IMMIGRANTS

- **CURRENT RECIPIENTS.** Restores both SSI and Medicaid benefits for immigrants now receiving assistance, ensuring that they will not be turned out of their apartments or nursing homes or otherwise left helpless.
- **CURRENT RESIDENT NONRECIPIENTS.** Does not change the rules retroactively. Immigrants in the country as of August 22, 1996 but not receiving benefits at that time who subsequently become disabled will also be fully eligible for SSI and Medicaid benefits. The budget will restore benefits to over 350,000 legal immigrants in FY 2002.
- **REFUGEES AND ASYLEES.** Extends the SSI and Medicaid eligibility period for refugees and asylees from 5 years after entry (the limit in the welfare bill) to 7 years to give these residents more time to naturalize. Adopts Administration proposal to treat Cuban and Haitian entrants and Amerasian immigrants as refugees to preserve benefits for these groups that have endured extraordinary hardships.

POOR ELDERLY AND DISABLED, INCLUDING CITIZENS

- **RECIPIENTS OF STATE SSI SUPPLEMENTS.** Does not include the House-passed provision that would have repealed the maintenance-of-effort requirement applying to State supplementation of SSI benefits which would have permitted States to reduce or eliminate benefits to almost 3 million poor blind, elderly and disabled individuals.

PEOPLE WHO WANT TO WORK BUT CAN'T FIND A JOB

- **235,000 MORE WORK SLOTS.** Last year's welfare reform bill restricted food stamps for able-bodied childless adults to only 3 out of every 36 months, unless they were working. This move ignored the fact that finding a job often takes time. The budget bill provides nearly \$1 billion for an estimated 235,000 work slots over 5 years and food stamp benefits to those who are willing to work but, through no fault of their own, have not yet found employment.

— **ALLOWS STATES TO EXEMPT UP TO 15 PERCENT OF THE FOOD STAMP RECIPIENTS (70,000 Individuals Monthly) WHO WOULD OTHERWISE BE DENIED BENEFITS AS A RESULT OF THE "3 IN 36" LIMIT.**

AN HISTORIC BALANCED BUDGET: BUILDING ON THE PRESIDENT'S STRONG RECORD OF DEFICIT REDUCTION AND GROWTH

President Clinton has achieved a balanced budget agreement that includes critical investments in education, health care, and the environment while strengthening and modernizing Medicare and Medicaid -- just as he promised last year. This achievement finishes the job of balancing the budget, a key priority for the President since he took office.

ONLY FOUR YEARS AGO. In 1993, the President inherited a budget deficit of \$290 billion that was expected to explode to over one-half trillion dollars in 2002. A decade of large deficits had weakened the foundation of our economy and sapped our power and prestige abroad. Unemployment was 7.5% in 1992, and job growth was sluggish.

THE PRESIDENT PASSES HIS 1993 ECONOMIC PLAN. President Clinton addressed this problem of fiscal instability immediately on a pledge to cut the deficit in half. Working with Democrats in Congress, he implemented an economic program designed to reduce the deficit and to invest in critical priorities, such as education and training. **The 1993 economic plan has exceeded all expectations: the deficit has fallen by more than 75%, dropping for a likely fifth year in a row to \$67 billion or lower in 1997; equipment investment has been the strongest since Kennedy was President; the economy has produced over 12.5 million new jobs; and the unemployment rate this year is the lowest in 24 years.**

THE PRESIDENT ACHIEVES BIPARTISAN AGREEMENT TO FINISH THE JOB. The President began his second term determined to fulfill his goal of balancing the budget. As we head into the next century, this bipartisan agreement protects our priorities, solidifies the nation's economic foundation, restores faith in our ability to govern ourselves, and bolsters America's preeminent position in the world economy. The balanced budget agreement includes roughly \$900 billion in 10 year net deficit savings and delivers the first balanced budget in a generation.

The First Balanced Budget in a Generation*		
		\$1

BUDGET STAYS IN BALANCE. In addition to delivering a balanced budget in 2002, the budget agreement delivers budget surpluses for each of the second five years of the budget window, 2003-2007, putting the nation on a solid fiscal path at a critical time as the baby boom generation edges toward retirement.

* Numbers from the budget agreement. Final Budget numbers from reconciliation still being tallied.

The Balanced Budget Delivers a Mainstream, Middle Class Tax Cut

How Typical American Families Will Benefit

Example #1

Consider a family of four with an income of \$40,000 a year. The father is a carpenter who makes \$25,000, and the mother works at a local department store and makes \$15,000. They have two children, a son who is 14 and a freshman in high school and a daughter enrolled full-time in her first year at a state university. Her tuition is \$5,000 a year.

This family benefits from the tax cut in at least two ways. They will receive a child tax credit of \$500 for their son, plus a HOPE Scholarship of \$1,500 for their daughter. In total, they will receive a \$2,000 tax cut.

Tax Cut

Family of four with two children
aged 14 and 18 and \$40,000 income:

Child Tax Credit for 14 year old	\$500
HOPE Scholarship for 18 year old	<u>\$1,500</u>

Total tax cut: \$2,000

* Tax Year 1999

Example #2

Consider a family of three making \$55,000 a year. The father has a degree in accounting and works for a local business in the accounting department. The mother works part-time at the local library. They have one daughter aged 7. The father would like to return to school to prepare for his CPA examination. He is going to attend the local liberal arts college. He has signed up for two courses with total tuition of \$4,000.

This family will receive a \$500 child tax credit for their daughter and an \$800 tuition tax credit to help pay for the father's course work.

Tax Cut

Family of three with one child
aged 7 and \$55,000 income:

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Child Tax Credit for 7 year old	\$500
Tuition tax credit	<u>\$800</u>
Total tax cut:	\$1,300

* Tax Year 1999

Example #3

Consider a family of three making \$80,000 combined. They have a daughter who is 17 years old and is trying to decide where to go to college. She is leaning towards a private liberal arts school. Her parents are staring at tuition payments in excess of \$10,000 a year for four school years and wondering how they will pay for it.

This tax cut will help. Their daughter will be eligible for a \$1,500 HOPE Scholarship in each of her first two years in college. During her junior and senior years, she will be eligible for a tuition tax credit of \$1,000. (because four school years fall across five tax years she will be eligible for another \$1,000 in the fifth year).

<u>Year</u>	<u>Tuition Tax Credits</u>
1998	\$1,500 Hope Scholarship
1999	\$1,500 Hope Scholarship
2000	\$1,000 Tuition Tax Credit
2001	\$1,000 Tuition Tax Credit
2002	\$1,000 Tuition Tax Credit

Cumulative Tax Cut to Help Pay for Daughter's Education	\$6,000

Example #4

A single mother lives with her six year old daughter in California. She's been working as a bank teller for several years and her pay is now \$20,000 a year. Working towards becoming a loan officer, she is taking one course a semester towards a bachelor's degree. Her tuition is \$1,000. This family will receive a \$500 child tax credit for the daughter and a \$200 tuition tax credit.

Tax Cut

Family of two with one child
aged 6 and \$20,000 income:

Child Tax Credit for 6 year old	\$500
Tuition Tax Credit	<u>\$200</u>

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Total tax cut:

\$700

* Tax Year 1999

PRESIDENT CLINTON DELIVERS THE FIRST BALANCED BUDGET IN A GENERATION AND A MAINSTREAM TAX CUT

President Clinton has achieved a landmark balanced budget that promotes our values, providing critical investments for education, health care, and the environment while strengthening and modernizing Medicare and Medicaid. It also provides middle-class families a tax cut to help raise their children and send them to college.

ONLY FOUR YEARS AGO. In 1993, the President inherited a budget deficit of \$290 billion that was expected to explode to over one-half trillion dollars in 2002. A decade of large deficits had weakened the foundation of our economy and sapped our power and prestige abroad. Unemployment was 7.5% in 1992, and job growth was sluggish.

THE PRESIDENT PASSES HIS 1993 ECONOMIC PLAN. President Clinton implemented an economic program designed to reduce the deficit and to invest in critical priorities, such as education and training. **The 1993 economic plan has exceeded all expectations: the deficit has fallen by more than 75%, dropping for a likely fifth year in a row to \$67 billion or less in 1997; business investment has been the strongest since Kennedy was President; the economy has produced over 12.5 million new jobs; and the unemployment rate this year is the lowest in 24 years.**

THE PRESIDENT ACHIEVES FIRST BALANCED BUDGET IN A GENERATION TO FINISH THE JOB. The President began his second term determined to fulfill his goal of balancing the budget. As we head into the next century, this bipartisan balanced budget protects our priorities, solidifies the nation's economic foundation, restores faith in our ability to govern ourselves, and bolsters America's preeminent position in the world economy.

- **Roughly \$900 Billion in Net Ten-Year Savings** to keep us on the path of fiscal responsibility and help prepare the nation for the retirement of the baby boom generation.
- **Largest Increase in Higher Education Funding Since the G.I. Bill of 1945**, including \$1,500 HOPE Scholarship to make the first two years of college universally available and a 20% Tuition Tax Credit for college juniors, seniors, graduate students and working Americans pursuing lifelong learning to upgrade their skills.
- **Single Largest Investment in Health Care for Children Since the Passage of Medicaid in 1965.** Today, ten million children have no health insurance. The balanced budget takes dramatic and concrete steps to right this wrong. Health care coverage will be extended to up to 5 million children
- **Critical Long-Term Entitlement Reforms** including between \$400-\$450 billion in ten-year Medicare savings to keep the Medicare Trust Fund Solvent for at least a decade. Importantly, these savings are achieved in a way that prepares Medicare for the 21st century -- more choice, competition and revamped payment systems and preventive benefits.
- **\$500 Per Child Tax Credit** to make it easier for approximately 27 million families to raise their children.
- **Helping Move 1 Million People from Welfare to Work.** The budget bill provides an additional \$3 billion, the full amount requested by the President, to help communities move long-term welfare recipients into jobs. The dollars are locally controlled and targeted to high-poverty areas.
- **Protects our Nation's Most Vulnerable People.** The budget includes \$12 billion to restore both disability and health benefits to legal immigrants who are currently receiving benefits or become disabled in the future, ensuring that they will not be turned out of their homes or otherwise left to an uncertain fate. The budget bill will

help 350,000 legal immigrants (in FY 2002) who would otherwise have been denied assistance.