

NLWJC - KAGAN

EMAILS RECEIVED

ARMS - BOX 015 - FOLDER -007

[08/12/1997]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michele Cavataio (CN=Michele Cavataio/OU=PIR/O=EOP [PIR])

CREATION DATE/TIME:12-AUG-1997 12:21:43.00

SUBJECT: Race initiative work plan

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

Hi all,

Thank you for the useful discussion on Saturday. I am in the throes of writing a draft of the work plan for the Race Initiative and thought I would turn to you for help. Rose Ochi sent over some of her ideas for our work plan, and I found them very helpful. I'd like to invite (ok, beg) you to send your thoughts as well. Don't worry about being structured or taking a lot of time. If I can use an ugly metaphor, feel free to vomit ideas onto a page and send them off. If you prefer a little structure, I am (for the moment) organizing the plan around three themes which capture the President's five goals:

1. Articulate the President's vision of a just, unified America; Educate

all Americans about the facts of race; Promote a national conversation on race (in short, Public Outreach)

2. Engage leadership and sustain change
3. Identify policy recommendationa and disseminate best practices

I would welcome strategies, tasks, outcome measures, names of partner organizations, and absolutely anything else you can think of. Email is fine or you can send a fax to 395-1020. The sooner I could receive your responses, the easier you would make my job,

Thanks very, very much!

Michele Cavataio
President' Initiative on Race

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-AUG-1997 15:04:03.00

SUBJECT: Presid. memorandum on supporting federal employees who volunteer

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:

In response to my note about this possible Presidential memorandum, Elena asked why we don't just have OPM tell all the agencies what they can and should do, instead of asking each agency to examine their practices. The most obvious reason is that we are not asking agencies to break new policy ground here, but simply to examine their practices and measure them against the flexibility that the law and regs permit them. The hope is that we will help some agencies to see that they are not taking full advantage of what they could do. And OPM would issue guidance to agencies a few days after the presidential memorandum goes out, so that agencies would have the benefit of that during their review.

A second issue is that there are a few agencies with a somewhat aggressive interpretation of federal rules and they allow employees to volunteer a fair amount on agency time. OPM says that is OK in limited circumstances (related to agency mission, doesn't take away from duties), but they are reluctant to directly second guess agency decisions in these cases. On the other hand, they are nervous about remaining silent if these agencies have not carefully considered their policies. So they would like to age ncies to either justify their practices, or else reconsider them. But this does raise the question of how close we want to get to this.

If we decide not to do the memorandum, then OPM would still certainly issue its guidance.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-AUG-1997 13:46:21.00

SUBJECT: Means tested benefits and Lamar Smith letter

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

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

TEXT:

You asked where this issue is, and said you weren't aware we had issued it yet. We haven't officially issued it, because DOJ felt very strongly that they first must consult with Rep. Lamar Smith. That happened almost a month ago. He insisted on seeing a copy of the OLC opinion from last January, and then he wrote this nice letter to Reno. The plan is for the agencies to officially issue the definition this week or next, but the cat is kind of out of the bag since Smith already knows. So I don't think it will get any attention. Also fyi, it appears that the new child health program will end up getting classified as means-tested, but it's not 100% sure yet.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michele Cavataio (CN=Michele Cavataio/OU=PIR/O=EOP [PIR])

CREATION DATE/TIME:12-AUG-1997 17:02:19.00

SUBJECT: Mtg tomorrow with Judy Winston on data collection

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:

Elena,

Which DPC staff members are you planning to bring to the meeting with Judy tomorrow? I think she felt that it would be useful to have all of the contacts that you have identified for the different content areas join us. Thanks very much.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-AUG-1997 18:11:27.00

SUBJECT: call from Barry W. on Harkin wtw issue

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

He says DOL is trying to get a quick clearance on a Herman to Harkin letter on Harkin's issue. He is faxing it to us; we can deal with it in the a.m. He said he put in a call to you on it, Elena.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jennifer L. Klein (CN=Jennifer L. Klein/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:12-AUG-1997 14:13:34.00

SUBJECT: Dr. Koop

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

TEXT:

Dr. Koop will not be coming to the event but will send a very strong letter of support and will be available for press calls. He would really, really like to talk to the President about tobacco before the President leaves on vacation. Can I leave that request with all of you?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-AUG-1997 21:14:51.00

SUBJECT: religious freedom event

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

READ:UNKNOWN

TO: Deborah B. Mohile (CN=Deborah B. Mohile/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Christine A. Stanek (CN=Christine A. Stanek/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

The one thing we forgot to discuss today is whether we want the President to sign the cover memorandum announcing the issuance of the Guidelines. I have no preference on this subject, we just need to decide it. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-AUG-1997 15:01:02.00

SUBJECT: PPI Op-Ed on One Year Welfare Anniversary

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

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

TO: Diana Fortuna (CN=Diana Fortuna/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:

Margy Waller from PPI called me to say she and Will Marshall have drafted an op-ed praising the success of welfare reform after one year and praising the President. Their communications staff are trying to place it. It does mention as "undone" restoring food stamps for legal immigrants.

August 12, 1997

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PRESS BRIEFING BY MIKE MCCURRY, BRUCE REED, ASSISTANT TO
THE PRESIDENT FOR DOMESTIC POLICY, AND ELI SEGAL,
PRESIDENT OF THE WELFARE TO WORK PARTNERSHIP

THE WHITE HOUSE

Office of the Press Secretary
(St. Louis, Missouri)

For Immediate Release

August 12, 1997

PRESS BRIEFING BY
MIKE MCCURRY,
BRUCE REED, ASSISTANT TO THE PRESIDENT FOR DOMESTIC POLICY,
AND ELI SEGAL, PRESIDENT OF THE WELFARE TO WORK PARTNERSHIP

Windows On Washington
St. Louis, Missouri

12:35 P.M. CDT

MR. MCCURRY: Good afternoon, ladies and gentlemen, and welcome to St. Louis, Missouri. This is our window to do a little brief, and so I wanted briefly to have Bruce Reed, Assistant to the President for Domestic Policy, and Eli Segal, who President of the Welfare To Work Partnership, talk to you a little bit about the both the President's announcement today with respect to the welfare caseload numbers, and then some of the impressive work that the Partnership has been doing to build private sector support.

Mr. Reed.

MR. REED: Thank you, Mike. Let me just say a word about why

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we're here in St. Louis. The new welfare law has shattered every record on the books in its rookie year. You should have the welfare caseload numbers let me go through them for you to put them in some perspective.

In the first three and a half years of the Clinton presidency, we were able to reduce the welfare rolls by about 1.9 million recipients. The welfare caseload was 14.1 million when we took over in January of 1993; it had dropped by 1.9 million when the President signed the bill in August. The new figures that we're releasing today cover the nine months from August of '96 when he signed the bill to May of '97, which is the latest figures available. And they show that in the first nine months of the new welfare law, the welfare caseloads have dropped another 1.45 million, and at its current rate, the caseload is on course to drop nearly 2 million in the first full year of the welfare law, which is as much as it dropped in the first three and a half years of the Clinton presidency.

These numbers are a stunning success, totally unprecedented in the history of welfare. Welfare caseloads have risen almost uninterrupted in the first 60 years of the program. Before President Clinton took office there had only been two years where the caseload had dropped by more than 250,000. And we are about to have our third straight year in which the caseload has dropped by more than a million. The total is 3.4 million for the first four years and four months of the Clinton presidency. That's a 24-percent drop, which again is a record.

And Eli and I can talk a little bit about why that is happening. Certainly some of the success is due to a booming economy and very low unemployment. But there's also something

else going on, which is for the first time most states are taking welfare reform seriously and putting in place impressive programs to move people from welfare to work.

It's no accident that some of the states that have shown the most dramatic drops -- including Wisconsin, where the

drop has been 54 percent; Indiana where the drop has been 45 percent; Tennessee, 47 percent; Massachusetts, 40 percent -- those are all states that received major waivers from the Clinton administration and that are real leaders in welfare-to-work efforts.

The two biggest states that are lagging behind the rest of the country -- New York, which is 45th in caseload drop, and California, which is 48th -- have only recently put in place

statewide programs. In fact, Governor Wilson just signed California's program yesterday. And Governor Pataki is scheduled to sign his new law later this week. So if New York and California, which together represent about a third of welfare caseload, have been dropping at the same rate as the rest of the country, we would have seen an additional 750,000 people moved off of welfare in the last four years.

I think one other point worth making is that a year ago when the President signed the bill he promised to fix it in some important ways, and the new budget law that he just signed last week does that. He made good on his promise to undo the harsh cuts in immigrant benefits. The new budget restores \$11.5 billion in health and disability benefits to legal immigrants who are in the country at the time the welfare law was signed. And it also expands work opportunities for people who are on food stamps, childless adults who won't get cut off because they'll now have an opportunity to go to work.

We were also able to enact a \$3 billion welfare-to-work program that will give money to the hardest-hit communities, the inner city communities where the hardest-to-place welfare recipients tend to be concentrated. And we expect that that \$3 billion, along with a welfare-to-work tax credit that was included in the new budget, will go a long way towards meeting the President's goal of moving another million people from welfare to work.

Eli.

MR. SEGAL: Part of the reason that we've seen so much progress in the last year is because the private sector has stepped up to the plate since the legislation was signed. The private sector means a lot of things, but among other things it means the Welfare To Work Partnership, launched at the request of the President of the United States at his State of the Union address this last year. Actually, we began business in May, on May 20th, at the White House, with 100 partners in the Welfare To Work Partnership. Today we're over 800, and we expect to reach our first objective, 1,000, well before the President hoped we would, which was six months from the event in May.

The numbers are impressive, but I think as we go forward, we're going to even be able to produce more information, which is that not only are companies signing up, not only are

they making the commitment to hire and retain, but they're actually achieving that objective and, in the process, changing their hiring practices.

Here in St. Louis today was our first regional challenge, the first time since we launched in May that we've actually kind of built around a city the idea of moving a city around the welfare to work initiative. There are 42,000 people on the welfare rolls -- 42,000 adults on the welfare rolls here in the greater St. Louis 12-county area right now. We hope and expect that our 300-plus companies who have signed up today will be actively engaged in hiring people over the course of the next year. We expect to come back and work closely with the people who, in fact, signed up today and make sure that as we go from the poetry to the prose of welfare to work we, in fact, get a lot done.

We're optimistic. We know there are those who continue to be skeptical about this, but we already can begin to report on success stories around the country, companies of different sizes and shapes who are, in fact, doing this not out of a sense of corporate citizenship, although we see some of that, as well, but because of its effect on the bottom line of companies. At the time of this extraordinarily robust economy. Companies really do see this as a new source of labor.

Our essential core message is that welfare to work is good for business, and we think we're going to be able to demonstrate that over and over again as we go forward. St. Louis was first. There will be many other cities in which we operate going forward. In the course of the next 10 days, as we lead up to the 22nd and the anniversary of the welfare reform legislation there will be many other things that the Welfare To Work Partnership is going to speak to. We're going to show small business support. We're going to show industry support. We're going to show support in other states.

So we're highly optimistic about -- there was some skittishness a year ago about some anxiety about this great gamble that the President was taking signing the legislation. I think we're going to be able to show that the business community is going to step up to the plate and really make a difference.

Q Do you have any actual breakdown of the number

of people who really left welfare and are at work as opposed to other reasons why they're off the rolls?

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MR. SEGAL: We know the following. The welfare system was designed as an income maintenance system, so there are no definitive statements of statistics kept at any level of government -- federal, state or city -- which tracks those moving from welfare to the private sector. On the other hand, we know that our own companies will be tracking -- we can't say anything to it right now; we're just getting off the ground. We wanted to establish our bona fides as a place to turn for information. I think over time, we as a bare minimum will certainly be doing it, and we see some states are beginning to look into tracking welfare to work. We know it's important to do it, and we're going to figure out a way to do it. But at this time we cannot give you specific information.

We know what commitments of industries are, commitments of specific companies are. I'm quite comfortable that when these companies and industries give commitments, they will live up to them. But I can't tell you right this minute on our companies, or I can't even tell you how many specifically, but we will soon.

Q You guys don't know -- you know how many people are dropping from the welfare rolls -- you don't have stats for how many have dropped or kept dropping?

MR. REED: No. That's one of the things that we'll be looking at. The welfare law calls for a work performance bonus which will reward states that are specially affected in moving people from welfare to work and keeping them in jobs. And we'll be tracking that.

I should say that for the national numbers, the vast majority of people who have moved from welfare to work over the last four years have likely done so on their own. The time limits have not taken effect in the overwhelming majority of the country. I think a few counties in Florida, and they may be coming into effect in a few counties in Wisconsin.

A number of states, both through their waivers and since the passage of the new law have put into place tougher work requirements and greater expectations that eventually recipients

will need to move into work. And, in fact, many states are reporting that the very expectation of work has had a significant impact in reducing their caseloads.

Q So are you saying that the law -- the time limits in the law hasn't had an effect yet?

MR. REED: The time limits -- no one has reached the time limits in the new welfare law. There's a five-year lifetime limit in the welfare law, so nobody's going to reach that until at least 2001. Other states have put in place shorter periods by which recipients are required to work. And some people have been sanctioned for refusing to work. But that isn't the case with most of the people who are --

Q How has the law convinced people or pushed people off welfare?

MR. REED: I think that a number of states have found that expectations for everyone involved in the system have changed. Welfare case workers are telling recipients or prospective applicants when they walk in the door that welfare is no longer an income maintenance system, it's a work system and that they're going to be required to go to work. Some people decide not to apply as a result.

Many states have set up so-called grant diversion programs where they give people a lump sum for a short period of time to help them through a tough period, rather than putting them on the welfare caseload and writing them monthly checks. And I think there's been -- again, this will be the most studied social experiment in recent history, so we will know over time exactly where people are going and why. But I think we're also going to see a certain amount of smoke-out effect, some people who were working off the books who have now decided it's not worth the trouble.

MR. SEGAL: I have one little comment to that, anecdotal though it is at this point. In at least one city, Kansas City, we actually tracked the number of people who were learning about LINK, which is one of the finest job training and readiness systems in the United States. Before and after the signing of the welfare legislation there's a tremendous bump in the number of people calling for information, coming down and getting a training program. And we're trying to track some of

that information as well. There are a couple of other examples like that, as well, that the law has stimulated at least interest, if not, yes, a change in behavior.

Q The information that you're hearing back from states, are you getting the idea that the flow of people from welfare into actual jobs is a trickle -- is it a few, is it thousands? Are they coming off welfare into training, or off welfare directly into jobs, or off welfare into nothing at all?

MR. REED: Well, the numbers that we've given you today are people who have left the welfare caseload altogether. Most of those people have probably gone to work or gotten married, so that their income no longer makes them eligible.

In a number of states, people are still on the caseload, but also working. Some states allow recipients to stay on the caseload longer and keep a greater portion of their check. As I said, we won't know all the facts on this for some time to come.

Q -- how much of the people have dropped off the rolls because they've gotten married?

MR. REED: We don't know. Historically, that's been -- work has been the number one reason and getting married has been the second.

But to Eli's point, the pace of people leaving -- the pace of caseload reduction doubled around the time of the signing of the welfare law and has continued. But it even was doubling in the months around the signing when nothing else had really changed -- the states hadn't implemented new programs. So there probably is a noticeable impact merely from having a national welfare debate followed by a series of 50 state welfare debates.

MR. SEGAL: It's the accumulation of data that we don't have at this point. At the Welfare To Work Partnership, when we launched in May, one company, United Airlines, committed that in the course of the next three years it was going to hire 2,000 people formerly on public assistance -- 400 the first year, 800 in each of the next two. They're already hired 247 people at this point, against their first year's objective of 400.

One of the problems that we're dealing with where with data, is that not only has the law never historically asked companies, states, counties to hold the data, but there have been a whole host of privacy reasons and stigmatization reasons why companies have been reluctant and individuals have been reluctant to share information about where they were before they began working here -- working at their current position.

We believe we're going to be able to figure out some model to start sharing some information with you that will be helpful. It's just going to take a little while.

Q -- also I think a couple of weeks ago the President urged states to kind of save that savings to create jobs during economic downturn. Do you know if they're doing that and what the status of that is?

MR. REED: Well, the welfare law gives states a block grant that is based on peak caseloads back in 1994. So almost every state that's seen significant caseload reduction is receiving more money than it would have under the old law. On average, it's probably about 25 percent more money. In some states it's going to be a good bit more than that.

Most states seem to be reinvesting their savings for a couple of reasons. One is the that law actually requires them to maintain their prior efforts. And since their prior efforts were also based on a much higher caseload, they're required to spend more than they would otherwise be spending now. A number of states have also decided to plow a lot of money into child care. California's new law calls for \$1.3 billion in child care a year. Illinois doubled the amount of money that it's spending on child care. So I think most of the states seem to be doing the right thing on this.

Q Could you talk a little bit more about California and why it's so far behind?

MR. REED: I got in trouble the last time I gave an explanation to this. I think there are a couple of possible reasons. One is that the economic recovery started later in California; there's been population growth. And it's quite possible that the fact that it has taken the state -- that the state has had a long, protracted debate on the subject of welfare

reform has kept it from putting into place statewide efforts which will now happen as a result of the new law.

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Q Can you tell us why Governor Childs and some of the other governors were wrong, that the portion of the budget did not -- dealing with federal job protections were former welfare recipients? They suggest that this would deal a severe blow to welfare. Why is that wrong?

MR. REED: Well, I think most governors have one legitimate concern, which is that they are worried that down the road the Internal Revenue Service will come to the conclusion that work-fare jobs are taxable income and that recipients would then be eligible for the earned income tax credit and employers -- in this case, the state -- would be required to pay FICA taxes and unemployment insurance. And for a number of states that would be a significant burden.

We've made clear to governors in both parties that we're prepared to make sure that that doesn't happen. In the budget law that just passed, Congress exempted work-fare participants from the earned income tax credit and we will deal with the FICA and unemployment insurance problem as well. I think there's less of a real concern -- I think the governors are wrong to be concerned about the application of basic employment protections which, after all, are standard in the private sector and involve basic civil rights protections -- the minimum wage, which has always been the tradition in work-fare programs.

So on the money issue I think they have a legitimate concern that we can deal with. On the employer protections, I don't think they're right.

Q -- requirements -- see a situation where a certain welfare programs are really -- by the fact that the locals say you have to pay a prevailing wage on this project --

MR. REED: I think it is highly unlikely that you would see a welfare recipient in a work-fare program where Davis-Bacon would apply.

MR. MCCURRY: Other subjects? Any other subjects?
Yes.

Q This is sort of the same thing. Missouri and Illinois, how do they fit into some of this? And why was St. Louis picked for this stop?

MR. SEGAL: Came to Missouri for several reasons. First, we believe its strong economy would be a good place to make the argument for welfare to work that the companies were going to have a real need for entry-level work. We can make the case there. Second, it is a city with one of our five founders, a corporate champion; Monsanto has been extremely supportive of all the efforts we've undertaken. And third, it's a city in a state where the elected and the appointed officials have been very much engaged in welfare reform from even prior to the passage of legislation.

With all of that, we just kind of thought this would be a city we could wrap our hands around and tell the story and actually start going from the poetry to the prose, I think is the essential reason why we did it here.

Q -- five-year time limits, how many people are expected to be pushed off, how many jobs --

MR. REED: Well, there are -- of the 10.7 million still on welfare, I think that translates into about 3.9 million adults -- how many people need jobs by the year 2001 depends on what happens between now and then with continued caseload reduction. And I think that -- the welfare law calls for state to meet work participation requirements of 25 percent this year and it goes up 5 percent a year and reaching 50 percent by 2002. A number of states can get close to this year's rate just by their success in caseload reduction alone.

But there's no question that over the long haul this is going to continue to be a challenge. As more and more people move off welfare, the remaining cases get tougher. And that's why we think that it's especially important to engage the private sector, which is the long-term route out of this system.

Q This fundraiser right now, how much is it raising?

MR. MCCURRY: It's raising -- I believe the DNC said \$250,000. I think it's predominantly soft money, but I don't

have the split. A quarter million being raised at the fundraiser, and I believe it's predominantly soft.

Automated Records Management System
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Q How many people --

MR. MCCURRY: I don't know. We can try and get a count for you. There was a receiving line of 70 people that he was seeing. But I'll get the size.

Q Can we make sure that we're able to get a pool report from our pool before we get back to Andrews? The schedule doesn't make it clear that --

MR. MCCURRY: There should have been a pool report already that reported on Secretary Herman's briefing on the plane.

Q From the fundraiser.

MR. MCCURRY: Oh, from the fundraiser. Oh, okay. We're feeding the remarks as soon as they come. We're feeding the remarks the President makes here, but we'll remind the pool that you have a quick depart out of here.

Q -- per person amount?

MR. MCCURRY: I don't have the per person amount. See if anyone from the DNC can give us more data -- ticket price, number, and the total I had which was \$250,000.

Q This is primarily for the '98 congressional race or to pay off old DNC debt?

MR. MCCURRY: Well, the DNC has indicated that in their fundraising program they will devote most of their proceeds to the 1998 campaign, and that is indeed what the President wants to see happen. The President had a good conversation with Congressman Gephardt on the way over here about some things they're going to do together with respect to House races in 1998. But this is a DNC event. We've also done, as you know, events for the House Campaign Committee as well.

Q These fundraisers they'll do together -- what will they do together for the House races?

MR. MCCURRY: They just talked about some things that they will try to do together over the course of the coming months and also some things they'll do with respect to candidate recruitment, some things the Minority Leader thought the President might be helpful on. That's one thing they talked about on the way over. We've been doing a series of things, working with the House caucus to find ways that we can find some common thematic and common approaches to the challenge we face in 1998.

Q Mike, is Gephardt speaking at the fundraiser or just the President?

MR. MCCURRY: I believe -- yes, I believe he is. The Governor and the Congressman are both speaking.

Q Mike, how much is tonight? How much is he raising at tonight's function?

MR. MCCURRY: I don't know. We can give that to you on the way home. The DNC reports that they've got about 60 to 70 guests here. They were asked to contribute \$10,000 per couple and the DNC expects to raise \$250,000.

Q The DNC expects what?

Q Have they put all that behind them, or what?

MR. MCCURRY: No, I think they -- they acknowledged they have some differences on some issues, but they also understand that they've got a big agenda that together they can pursue in which agreements are far more numerous than disagreements.

Q Mike, after the President was briefed by Alexis Herman on the flight, number one, what was his reaction to what she had to say? And number two, did he give her any guidance as to how to proceed?

MR. MCCURRY: The President thought Secretary Herman is exactly right, that they need to continue to press these parties to resolve their differences at the table. They talked a little bit about some of the things the Secretary had suggested to the parties yesterday, that she expects to hear back from the

parties about later today.

The President thought that was the right mix of efforts to bring them together and try to close some differences that do exist. And the President instructed her to continue her efforts to encourage the parties to resolve their differences at the negotiating table.

Q -- the President was saying it was not his job to tell Americans around the country what party to vote for in their local congressional races. Next year is he going to be more forthright in calling for a Democratic Congress?

MR. MCCURRY: I think he's going to do exactly as he did in the '95-'96 cycle which is to work for candidates who embrace the kind of agenda that the President puts forward. And we find that, thankfully, a vast number of Democrats and Democratic candidates really believe that the President's agenda is a good one. It's one that they, in most cases, in their districts run on as well. And, so we will continue to make the case on behalf of candidates who can help continue the progress we've seen.

Q Mike, UPS announced this morning that every week the strike goes on that thousands of jobs will be permanently lost because of lost business. Have they made that point in discussions with the administration?

MR. MCCURRY: Both sides make points that try to underscore their perspective. We hear from the union, similarly, that their workers are feeling the cost of the strike as well and the reasons why they are out or for all the reasons that they've articulated at the table. In any negotiation, in any labor-management dispute both sides go out and state their claim to the best case they can make in public. And part of the effort that the administration is making is to see if we can't get them to minimize their differences publicly when they're speaking on behalf of those that they serve and try to privately resolve the differences that exist so that the company can go back into its line of business and the workers can go back to work.

Q Mike, if I can just follow up on that. Speaker Gingrich sent a letter to the President asking him to urge the Teamsters to put the last proposal out for a vote. Has the

President had a reaction to that?

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MR. MCCURRY: Well, that is essentially the company's position. In any labor dispute like this it's not wise for the administration to side with one party or another as we try to encourage them to adjudicate their differences. That would simply be intervening on behalf of the company and the administration has not chosen that path.

Q Mike, on this 15,000 job issue, though, number one, do you take that as a threat from the company to say at least 15,000 jobs are gone?

MR. MCCURRY: It's just not useful for the administration to characterize what the parties are saying publicly. They've been saying plenty; we've been trying to get them to minimize their rhetoric and maximize their negotiating. And that's the -- it would be more useful for them to talk about these issues face to face at the negotiating table. And that's, of course, what we're trying to get them to do.

Q The second part of that -- if, indeed, they're serious that 15,000 jobs will disappear, does that put more pressure on the administration to take some decisive action?

MR. MCCURRY: The pressure on the administration is to continue to try to get both of these parties to resolve a labor-management dispute that's having some measurable impact on the lives of the American people. That's why the President has been involved and getting briefed by the Secretary of Labor. That's why the Secretary of Labor has been encouraging the parties to consider ideas that she has put before them.

But at the end of the day, what they need to do is settle their differences and go back to work. That's in the interests both of the company and of the workers.

Q There were some picketers at the airport this morning that were forced to go away before the President came so he wouldn't see them. Yet there were also picketers at the UPS facility where we exited the highway. Did the President see the second group?

MR. MCCURRY: We see picketers everywhere we go and we know there are a lot of members of the Teamsters Union that

are out on the line now and that it would be hard for the President or anyone to miss. We wouldn't want to see anyone inconvenienced by the President's travels, but I'm not familiar with the individual situation you just mentioned.

Q If I could just go back to the welfare reform issue for a moment. In the speech this morning the President was dismissive of those who had said a year ago that the welfare reform program wouldn't work. Was he referring to Minority Leader Gephardt when he said that? Isn't it an awkward situation for him to be dismissing those critics on the platform?

MR. MCCURRY: No. He acknowledges that there were people within our party that had principled reasons to be against that bill and had a great deal of skepticism. But the President made his decision for the reasons he made it, and he's got his shoulder to the wheel now trying to make the law work. And he's very encouraged by those who even though they may have taken a different point of view are now part of the effort to build bipartisan support for a successful implementation of what is now the law. And clearly, Congressman Gephardt spoke today in that vein, and the President appreciated it very much.

All right. Thank you.

The Democratic Business Council event tonight that's being held on behalf of the Democratic National Committee, they're expecting -- tonight is DNC. Today is DBC. Okay.

Tonight's Democratic National Committee fundraising event will have approximately 175 people expected to raise close to \$300,000. They were asking \$1,000 per person.

Q Mike -- I think it was \$1,000 per person --

MR. MCCURRY: And some, obviously, are going to give more. The soft money contributors will give more, obviously.

That's all I got. Thanks. See you back in Washington.

END

1:09 P.M. CDT

THE WHITE HOUSE
Office of the Press Secretary
(St. Louis, Missouri)

For Immediate Release
12, 1997

August

REMARKS BY THE PRESIDENT
TO TRAINEES AND LEADERS OF THE BUSINESS COMMUNITY

Future Training Facility of
MID.TEC
St. Louis, Missouri

11:25 A.M. CDT

THE PRESIDENT: Thank you very much. Ladies and gentlemen, I'm glad to see you all here. I'm sorry it's so hot. I want to say to my longtime friend and former colleague as a governor, Senator Kitt Bond, that I was very glad to cross party lines and follow your lead to take my coat off. (Laughter and applause.) And now you owe me one and I will call you next time there's a vote that's real important to me in Congress. (Laughter.)

Actually, you don't have to be suffering like this. The truth is this building is very well air-conditioned, but Barry Corona is such an entrepreneur, he thought there might be a market in St. Louis for a large sauna, and that's what we're testing out today. (Laughter.)

I'm delighted to be here. I want to, first of all, say my thanks to my good friend, Governor Carnahan; to my friend, our Minority Leader, Dick Gephardt; to Kitt Bond and to Mayor

Harman, who have spoken here today. I thank the other state officials who are here -- the Speaker of the House Steve Gaugh (phonetic) is here; Senator Elman (phonetic), the Senate Minority Leader, is here. Congressman Clay could not be here today, but we're glad Senator Clay is here with his most important possession. Thank you for coming. (Applause.) I thank State Treasurer Holden and Secretary of State Cooke for being here.

I want to say a special word of thanks -- and I'll say more about them later -- to the CEO of Monsanto, Bob Shapiro, and to my good friend Eli Segal, the president of the Welfare to Work Partnership, and to all the others who are here. And thanks again to Mid.TEC for hosting us.

It's great to be back in St. Louis, even on a hot August day. This city is very much alive. You can see it in the revived area and your record job growth, your commitment to education reform, and now to welfare reform. And I want to talk about finishing the job of welfare reform, moving people from welfare to work.

If we expect to be the country we want to be in the next century, we have to provide opportunity for everyone who's willing to work for it, we have to require responsibility from everyone who's capable of providing it, and we have to find a way to come together across all the lines that divide us to make one America.

Fixing our broken welfare system is an important part of that because it means more opportunity, more responsibility and a stronger, more united community. It's been a priority of my presidency. You've heard others mention -- I think the Governor talked about it -- that shortly after I took office we began giving people waivers from federal rules that undermined their reform experiments so they could try new and innovative ways that would work perhaps in one community but not another, perhaps in one state but not another, to facilitate the movement of people from welfare to work.

Then a year ago next week, I signed the welfare reform legislation which really did end welfare as we know it. It was designed to make welfare a second chance, not a way of life. It gave the states far more responsibilities and

opportunities to create new programs to move people from welfare to work. It guaranteed children their nutritional and health care benefits and provided several billion dollars more money to pay for child care for parents who otherwise could not afford to take jobs at entry levels if those were the only jobs they could get.

Now, a lot of people said that welfare reform would never work because the private economy wouldn't do its part or the government wouldn't do its part or we couldn't figure out how to get people from welfare to work or -- you know, I heard all the reasons that people said it wouldn't work. But a year later, I think it's fair to say the debate is over. We know now that welfare reform works.

Today I am proud to announce that just since I signed the law a year ago, there are now 1.4 million fewer people on welfare in the last year alone. (Applause.) In the four years and seven months or so, almost eight now, since I took office, the welfare rolls have declined by 3.4 million, 24 percent, the biggest decline in history. We now have the smallest percentage of Americans living on public assistance we have had since 1970. We can make this work if we all work together. (Applause.)

I come here to St. Louis and to this fine place and to these programs -- and let me again thank all of you who are part of all these programs -- to say that the job is not over. And the law requires us to do more, because the law says that able-bodied people, people who are able physically and mentally to do work, should be on welfare continuously no more than two years, and no more than five years in a lifetime. Now, if you say that to someone and you don't want to be cruel to them or their children, then you must acknowledge that we, the rest of us, have a moral obligation to make sure there is a job there, and that if they need training that they have the training they need for the job. (Applause.)

The national government is determined to do its part. Last week when I signed the first balanced budget law in a generation into law, we -- (applause) -- thank you. We had two provisions that I want to especially emphasize: one, \$3 billion in a welfare-to-work challenge fund to help communities with higher unemployment rates move long-term welfare recipients into the work force; and two, an expanded and carefully targeted work

opportunity tax credit which gives a significant incentive to private employers, including small business people who need to be brought into this equation, to move people from welfare to work.

And in that connection, let me say that we are committed to doing everything we can. As evidence of that, I would like to acknowledge the presence here today of the Secretary of Health and Human Services, Donna Shalala; the Secretary of Labor, Alexis Herman; the Administrator of the Small Business Administration, Aida Alvarez. They're here working with St. Louis, working with Missouri. We're going to do this with every major community in every state in our community. We want to do our part to help you meet the goals of the welfare reform law. And I thank you all for being here. (Applause.)

I have also asked the Vice President to head two other initiatives for me -- one, to bring civic and business groups together to mentor new employees. I had a friend from the Midwest call me the other day, and he said, you know, I just want

you to know I really am trying to do what you asked me to do -- I run a small business -- and we've been friends for many years. And he said, I'm trying to hire people from welfare to work, but because the economy is going so well, most of the people who can easily move into the work force already have, and the people I'm trying to hire, they're really having a hard time because they've actually never had to do this before. They've never even had to show up before at the same time. They don't understand how to find -- how to handle conflict in the work force. If they run up against something they can't do, they're uncomfortable asking how to do it.

We forget that if we're going to go all the way we have a lot of work to do to make some of these folks believe in their own capacities and understand them and understand that, hey, we all mess up at work. You know that, read my polls, right? (Laughter.) I mean, sometimes we all mess up at work. And we've got a lot of work to do to get people in the right frame of mind to understand that having a job and keeping a job is a continuous learning and growth experience. So we know we need to do that. We're trying to do our part with that.

And, finally, the Vice President is leading our effort to have the federal government, even in a time when we've downsized the overall government, fill as many new openings as

possible with welfare recipients until we hire 10,000 welfare recipients on our part over the next couple of years.

Now, we know that the states, the communities, the private sector also have to do an awful lot. Believe it or not, 48 of the 50 states have seen their caseloads decline dramatically. Missouri has done better than the national average, at 27 percent decline in the last four years. Thirty-five states have now followed Missouri's lead. Missouri asked for one of these welfare waivers, so that in certain parts of the state you could authorize employers to receive the welfare check as a hiring and training supplement for a period of time -- which I thought was a great idea, a legitimate idea, particularly with people who are harder to place -- to give employers a premium to really work with those employees and train them and help them become full-time volunteers.

Since I came here, first in 1994 to Missouri to announce welfare reform efforts, then in 1996 to talk about getting the private sector involved, you might be interested to know that now 35 other states have allowed Missouri to show them that this is a good reform, and they are also doing it. I help all the rest of them will, too. (Applause.)

The most important thing we can do is get the private sector to hire people. That's why Barry and Chairman Shapiro are so important to us, because we've got to have the private sector hiring people. That's why the AmeriCorps project that I just visited downstairs, training young people for private sector jobs, is so important.

And last year when I came to Missouri, we announced that there would be a national effort involving in the beginning a number of Missouri corporations, and five corporations nationally to organize businesses of all sizes to commit to hire people from welfare to work. Since Monsanto and Sprint and Burger King and UPS and United Airlines agreed to start that effort, the Welfare to Work Partnership, which was founded by my good friend Eli Segal -- who also, by the way, was the first head of our national service program, AmeriCorps, which has done a fabulous job, I believe, for young people in our country -- (applause) -- but since we started, we now have over 800 companies of all sized signed up to promise to hire people from welfare to work. What you should be proud of is that 300 of them have locations here in St. Louis. And you should be very proud

of that. (Applause.)

Now, I want to challenge every employer in America to join this crusade. And we have a toll-free number, it's 1-888-USA-JOB1 -- 1-888-USA-JOB1. I want the employers in this country who get this number to call it and help a welfare recipient find a job. And, again, I'd like to thank Sprint for donating this number. This is quite a considerable financial investment to help people move from welfare to work, and I appreciate they're doing it. Remember that. I feel like I'm hawking something on one of those channels on television -- (laughter) -- 1-888-USA-JOB1 -- I can do this.

Let me close by putting a personal face on this. There's a woman on stage with us today who is an example of what someone who once was on welfare with serious obstacles to overcome can do to become a valuable and successful employee. Felicia Booker's success took courage, responsibility and a dream that she could make a better life for her young children, ages two and six. It also took an employer, A.G. Edwards, willing to take a chance on her, and people along the way who wanted to help her realize that dream. Felicia Booker has been working at A.G. Edwards for nearly a year and a half now. She's a computer programmer and she's already been promoted once. I'd like for her to stand and be recognized. Felicia? (Applause.)

Again, let me say, if this is really going to be a country where everyone has an opportunity, then we have to prove that the young women I just met in that job-training program downstairs are going to be given the opportunity to make the most of their own lives. Ultimately, that's what welfare reform is about. It's not primarily about saving the government money -- we're going to balance the budget regardless. It's about empowering every single person in this country to be a part of this country in a new century, in a new era.

Thank you. And God bless you all. (Applause.)

END

11:36 A.M. CDT

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jeffrey A. Farkas (CN=Jeffrey A. Farkas/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:12-AUG-1997 15:46:00.00

SUBJECT: New Mexico TANF Reg. Counts HUD Assistance as Cash Income

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

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

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

CC: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

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

TEXT:

Barry suggested that I forward the following to you.

----- Forwarded by Jeffrey A. Farkas/OMB/EOP on 08/12/97

03:44 PM -----

Jeffrey A. Farkas
08/12/97 03:32:32 PM

Record Type: Record

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

cc:

Subject: New Mexico TANF Reg. Counts HUD Assistance as Cash Income

This issue came up earlier in the year when HUD wanted to include a statement in a letter to Congress saying that the Administration would seek a fix preventing States from lowering TANF benefits to individuals who also receive housing assistance (the lower TANF benefit means that TANF recipients pay a smaller amount of rent to the housing authority, lowering the housing authority's revenue). The DPC objected to the HUD language and it was dropped. As described below, New Mexico seems to be going further than other States have proposed. HUD may come back with options for a Secretarial statement and/or a statutory change, probably in pending housing legislation. We'll keep an eye out for it.

----- Forwarded by Jeffrey A. Farkas/OMB/EOP on 08/12/97

03:19 PM -----

FRANCIS S.
REDBURN
08/12/97 03:15:38 PM

Record Type: Record

To: Michael Deich/OMB/EOP
cc: See the distribution list at the bottom of this message
Subject: New Mexico TANF Reg. Counts HUD Assistance as Cash Income

Sen. Bingaman is asking Sec. Cuomo and Sec. Shalala to investigate a New Mexico state TANF regulation, effective last week, that is causing HUD-assisted households to be dropped from the TANF rolls. HUD led a conference call this afternoon, in which we participated, including its field staff and the Senator's staff in New Mexico, to discuss options for responding.

The regulation counts HUD housing assistance as cash income. For a family of three in Albuquerque, the average housing subsidy is \$467, which exceeds the \$389 income cutoff for TANF eligibility; therefore, a family receiving both forms of assistance must choose either to drop the housing subsidy or become ineligible for TANF. A quick survey in the county that includes Albuquerque by NAHRO found that 60 HUD-assisted families already had dropped TANF upon income recertification by the PHA. Altogether, HUD estimates 8,000 households in New Mexico have until now received both welfare and housing subsidies; a high proportion are Hispanic.

To date, HUD knows of a few other States that have included a limited offset of housing assistance in their payment calculations for TANF; but none has taken such an extreme action as New Mexico. From a State's perspective, the large size of the housing payment and the horizontal inequity between those who receive such payments and TANF recipients who receive no housing assistance is one motive for the offset. It also frees TANF resources for other eligible uses.

New Mexico participants suggested that there is still a possibility that the State will modify its regulation in the face of editorial criticism and objections from both Senators.

Sec. Cuomo may be briefed later today on the issue. HUD staff will present at least two options: (1) having him make a public statement saying that the New Mexico decision, even if not in violation with the TANF statute, is in conflict with the intent of welfare reform and harmful (with the intent of getting New Mexico to back off); and/or (2) seeking a statutory change, probably via the pending public housing legislation. Senator Bingaman's staff have asked HUD whether the Administration would support a possible amendment to the public housing bill (which may be taken up in the Senate after recess) that would address the problem.

When HUD raised the issue of a possible legislative change to limit or prohibit the practice of offsetting during clearance of the public housing reform legislation a few months back, DPC staff objected and HUD dropped the proposal. I have advised Hal DeCell that, for either option, OMB, HHS, DPC, and others will need an opportunity to review in advance.

HUD field staff are meeting with Senator Bingaman this afternoon.

Message Copied

To: _____

Alan B. Rhinesmith/OMB/EOP
James F. Jordan/OMB/EOP
Katherine L. Meredith/OMB/EOP
Hang T. Tran/OMB/EOP
Theodore Wartell/OMB/EOP

Patricia E. Romani/OMB/EOP
Jeffrey A. Farkas/OMB/EOP

Message Sent

To:

Kenneth S. Apfel/OMB/EOP
Barry White/OMB/EOP
Jill M. Pizzuto/OMB/EOP
Joseph M. Wire/OMB/EOP
Keith J. Fontenot/OMB/EOP
Jack A. Smalligan/OMB/EOP
Anil Kakani/OMB/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:11-AUG-1997 18:07:33.00

SUBJECT: Re: line item veto fact sheet

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

READ:UNKNOWN

TEXT:

I know. Fortunately, I gave up on a political career in Idaho a long time ago.

Elena Kagan
08/11/97 01:11:44 PM
Record Type: Record

To: Bruce N. Reed/OPD/EOP
cc:
Subject: line item veto fact sheet

he did do the farm cooperatives!

----- Forwarded by Elena Kagan/OPD/EOP on 08/11/97 01:11 PM -----

Russell W. Horwitz
08/11/97 01:08:59 PM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: line item veto fact sheet

Message Sent

- To:
-
- Lori L. Anderson/WHO/EOP
 - Barry B. Anderson/OMB/EOP
 - Brenda M. Anders/WHO/EOP
 - Kenneth S. Apfel/OMB/EOP
 - Eli G. Attie/WHO/EOP
 - Donald A. Baer/WHO/EOP
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 - Marsha E. Berry/WHO/EOP
 - Sarah A. Bianchi/OMB/EOP
 - Jill M. Blickstein/OMB/EOP
 - Erskine B. Bowles/WHO/EOP

Emily Bromberg/WHO/EOP
Susan A. Brophy/WHO/EOP
Rebecca A. Cameron/WHO/EOP
Phillip Caplan/WHO/EOP
Laura K. Capps/WHO/EOP
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Barbara Chow/WHO/EOP
Michael Cohen/OPD/EOP
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Michelle Crisci/WHO/EOP
Betty W. Currie/WHO/EOP
Suzanne Dale/WHO/EOP
Michael Deich/OMB/EOP
Marilyn DiGiacobbe/WHO/EOP
Elizabeth Drye/OPD/EOP
Ann T. Eder/WHO/EOP
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Rahm I. Emanuel/WHO/EOP
Karen E. Finney/WHO/EOP
Diana Fortuna/OPD/EOP
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Thomas A. Kalil/OPD/EOP
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Angus S. King/WHO/EOP
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Ann F. Lewis/WHO/EOP
Jacob J. Lew/OMB/EOP
Bruce R. Lindsey/WHO/EOP
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Doris O. Matsui/WHO/EOP
Cathy R. Mays/OPD/EOP
Michael D. McCurry/WHO/EOP
Anne E. McGuire/WHO/EOP
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Bob J. Nash/WHO/EOP
Peter O'Keefe/WHO/EOP
Peter R. Orszag/OPD/EOP
Kristen E. Panerali/OPD/EOP
John Podesta/WHO/EOP
Jonathan Prince/WHO/EOP
Victoria Radd/WHO/EOP
Franklin D. Raines/OMB/EOP
Bruce N. Reed/OPD/EOP
Christa Robinson/OPD/EOP
Dorothy Robyn/OPD/EOP
Steven J. Ronnel/WHO/EOP
Stacey L. Rubin/WHO/EOP
Ellen S. Seidman/OPD/EOP
Laura D. Schwartz/WHO/EOP
David Shipley/WHO/EOP
Alice E. Shuffield/OMB/EOP
Jake Siewert/OPD/EOP
Joshua Silverman/WHO/EOP
Stephen B. Silverman/WHO/EOP
Douglas B. Sosnik/WHO/EOP
Jordan Tamagni/WHO/EOP
Daniel K. Tarullo/OPD/EOP
Barry J. Toiv/WHO/EOP
Michael Waldman/WHO/EOP
Paul J. Weinstein Jr./OPD/EOP
Lisa M. Kountoupes/OMB/EOP
Ronda H. Jackson/WHO/EOP
Kathleen M. Wallman/WHO/EOP
Craig T. Smith/WHO/EOP
Sara M. Latham/WHO/EOP
Thomas D. Janenda/WHO/EOP
Charles R. Marr/OPD/EOP
Beverly J. Barnes/WHO/EOP
Barbara D. Woolley/WHO/EOP
Robert B. Johnson/WHO/EOP
Cynthia A. Rice/OPD/EOP
Aviva Steinberg/WHO/EOP
William H. White Jr./WHO/EOP
Jill M. Pizzuto/OMB/EOP
Joseph M. Wire/OMB/EOP
Lisa J. Levin/WHO/EOP
Nicholas B. Kirkhorn/WHO/EOP
Lynn G. Cutler/WHO/EOP
Christopher J. Lavery/WHO/EOP
Minyon Moore/WHO/EOP
Craig T. Smith/WHO/EOP
Karen E. Skelton/WHO/EOP
Jeffrey A. Forbes/WHO/EOP
Virginia M. Terzano/OVP @ OVP
Lorraine A. Voles/OVP @ OVP
Roger V. Salazar/OVP @ OVP
Anne H. Lewis/OPD/EOP
Daniel C. Tate/WHO/EOP
Mickey Ibarra/WHO/EOP
Virginia N. Rustique/WHO/EOP
Elizabeth R. Newman/WHO/EOP
Emil E. Parker/OPD/EOP
Leanne A. Shimabukuro/OPD/EOP
Robert M. Shireman/OPD/EOP

PRESIDENT CLINTON ANNOUNCES LINE ITEM VETO OF SPENDING AND TAX PROVISIONS

August 11, 1997

BACKGROUND ON THE LINE ITEM VETO ACT

Today, President Clinton announced that he will line item veto two tax provisions and a spending provision under the authority of the Line Item Veto Act which was signed into law April 9, 1996. Under the Line Item Veto Act, the President is authorized to cancel tax and spending items if he determines that cancellation will:

- (i) reduce the Federal budget deficit;
- (ii) not impair any essential government functions; and
- (iii) not harm the national interest.

In addition to the above, the Act requires the President to transmit to Congress a "special message" explaining his decision to cancel any tax or spending item pursuant to the Act.

The items chosen for cancellation were carefully reviewed by experts at the Department of Treasury and other relevant agencies. The President believes canceling these items will not only achieve savings, but, even more importantly, serve as a deterrent to future attempts to include special interest or poorly drafted provisions that lead to abuse or serve to benefit only a select number of taxpayers or states as opposed to serving the broader public interest.

SPECIFIC ITEMS CANCELED BY THE LINE ITEM VETO

Tax

- **Active Financing Income of Foreign Corporations:** U.S. corporations generally are required to pay current U.S. tax on easily movable income earned by their foreign subsidiaries. U.S. taxation of other income of a foreign subsidiary, such as income earned in a foreign manufacturing or service business, generally, may be deferred until the earnings are paid back to the U.S. Prior to 1987, income earned from an active foreign financial services business, including interest, dividends and certain gains, generally was eligible for deferral. However, in 1986 Congress curtailed deferral opportunities for this income based on concerns about financial services entities' ability to shift income to tax-haven jurisdictions. *The canceled item would have allowed a small number of major U.S. banks, financing companies, insurance companies and securities firms to avoid current tax on their income from overseas operations. While the primary purpose of the provision was proper, it was drafted in a manner that would have permitted substantial abuse and created major tax loopholes for these companies.*

Estimated Fiscal Effect of Cancellation: \$317 million over five years. (Treasury Estimate)

- **Deferral of Gain on Certain Sales of Farm Product Refiners and Processors:** Under current law, an individual may defer recognition of gain on the sale of certain stock in a corporation to an employee stock ownership plan (ESOP) or an eligible worker-owned cooperative, provided the individual reinvests the proceeds in certain other property. Gain is recognized later, when the individual taxpayer disposes of the replacement property. To qualify for this treatment, a number of requirements must be met to safeguard against abuse. *While the President wants to encourage value-added farming through the purchase by cooperatives of refiners or processors of agricultural goods, he feels compelled to veto this provision based on two narrow, but important grounds:*
 - (1) *The canceled item would have extended the existing deferral for ESOPs to the sale of stock in a qualified refiner or processor of agricultural goods to a farmers' cooperative, but without the safeguards applicable to ESOPs to ensure that the deferred tax is eventually paid.*
 - (2) *This provision failed to target its benefits to small- and medium-size coops.*

The President will continue to support more targeted and efficient means of promoting value-added farming that are not susceptible to abuse.

Estimated Fiscal Effect of Cancellation: \$98 million over five years. (Treasury Estimate)

Spending

- **New York Medicaid Provider Tax Exemption:** In the past, Federal Medicaid spending increased dramatically because some states used disproportionate share hospital payments and related special financing mechanisms such as levying taxes on health care providers to effectively lower their share of Medicaid spending. Some states have used the dollars intended for Medicaid for state projects such as buildings, roads and bridges. In 1991, Congress limited the growth in Medicaid spending by enacting legislation to restrict the ability of states to use certain types of provider taxes as their share of Medicaid spending. Congress required that provider taxes be uniform and broad-based in order to qualify as a state's "matching" funds. *The canceled item would have given preferential treatment to only New York, by allowing that State to continue relying upon impermissible provider taxes to finance their Medicaid program. This preferential treatment would have increased Medicaid costs, would have treated New York differently from all other states, and would have established a costly precedent which would -- if extended to all other states -- cost taxpayers \$3.5 billion.*

Estimated Fiscal Effect of Cancellation: \$200 million over 5 years. (CBO Estimate)

BACKGROUND ON 79 TAX AND SPENDING PROVISIONS SUBJECT TO LINE ITEM VETO

Under the Line Item Veto Act, the Joint Committee on Taxation (JCT) is responsible for identifying "limited tax benefits". In general, the list of 79 items has been identified by JCT as "limited tax benefits" because JCT has determined either that (1) they are revenue-losing provisions that will have 100 or fewer beneficiaries in any fiscal year, or (2) they are transition rules that will benefit 10 or fewer taxpayers in any fiscal year.

Of the 79 provisions identified as limited tax benefits,

- approximately one-third represent Administration initiatives;
- approximately 40 percent represent provisions that have a basis in sound tax or social policy, or were important to certain members of Congress and were agreed to in the spirit of bipartisan cooperation; and

- approximately 25 percent represent reasonable transition relief-- ensuring that new changes in law don't unfairly harm taxpayers who relied on prior law.

Automated Records Management System
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jose Cerda III (CN=Jose Cerda III/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:12-AUG-1997 08:25:52.00

SUBJECT: Race Editorial

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

DPC Colleagues:

Make sure you read E.J.'s piece on race and Walzer's new book on tolerance in the Post today. Why didn't we make him head of the Commission? -- oops, I mean Advisory Board.

jc3

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elisabeth Steele (CN=Elisabeth Steele/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:12-AUG-1997 18:23:39.00

SUBJECT: CHANGED: Tomorrow's Best Practices Meeting Rescheduled

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

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

TO: Judith A. Winston (CN=Judith A. Winston/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

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

CC: Thurgood Marshall Jr (CN=Thurgood Marshall Jr/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

TEXT:

Several of you have let me know that 3:30 PM will not work for you tomorrow.

We've pushed back tomorrow's meeting to 4:00 PM in OEOb 160. We look forward to seeing you then.

----- Forwarded by Elisabeth Steele/WHO/EOP on 08/12/97
06:19 PM -----

Elisabeth Steele
08/12/97 12:55:10 PM
Record Type: Record

To: Andrew J. Mayock/WHO/EOP, Elena Kagan/OPD/EOP, Judith A. Winston/PIR/EOP, Dawn M. Chirwa/WHO/EOP
cc: Katherine Hubbard/WHO/EOP, Thurgood Marshall Jr/WHO/EOP, Stephen B. Silverman/WHO/EOP
Subject: Tomorrow's Best Practices Meeting Rescheduled

Tomorrow's Best Practices meeting (originally scheduled for 2:30 PM in OEOb 160) has been rescheduled for 3:30 PM in OEOb 160.

Please let me know if this poses a problem for you. Thank you!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-AUG-1997 15:19:33.00

SUBJECT: Do you think we can re-name our pillar?

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

READ:UNKNOWN

TEXT:

Jose likes it. What do you think?

----- Forwarded by Cynthia A. Rice/OPD/EOP on 08/12/97
03:20 PM -----

Cynthia A. Rice

08/12/97 03:17:43 PM

Record Type: Record

To: Jose Cerda III/OPD/EOP, Leanne A. Shimabukuro/OPD/EOP, Paul J. Weinstein Jr./OPD/EOP, Diana Fortuna/OPD/EOP

cc:

Subject: Do you think we can re-name our pillar?

"underclass/cities/welfare reform" just doesn't work, and it leaves out rural!

How about ECONOMIC OPPORTUNITY AND INDIVIDUAL RESPONSIBILITY

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Charles F. Ruff (CN=Charles F. Ruff/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:12-AUG-1997 11:35:38.00

SUBJECT: Crack

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

READ:UNKNOWN

TEXT:

Sorry to bug you on this, but it would be great if we could have our crack/cocaine discussion -- maybe next week.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jennifer L. Klein (CN=Jennifer L. Klein/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:12-AUG-1997 16:01:35.00

SUBJECT: Re: Dr. Kōop.

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

TEXT:
Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Leanne A. Shimabukuro (CN=Leanne A. Shimabukuro/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:12-AUG-1997 11:56:39.00

SUBJECT: Gambling Commission

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

READ:UNKNOWN

TEXT:

A little follow up on today's meeting:

1. President's 3 appointees:

Bill Bible-- Chairman of the Nevada Gaming Control Board

Robert Loescher -- Member of Tlingit Tribe of Alaska which runs bingo games

Richard Leone -- President of Twentieth Century Fund (public policy research); opposed casino gambling in Atlantic City 20 years ago; close to Torricelli who is very pro-gambling.

2. I am trying to track down the President's letter on the Commission you referred to in the meeting. Once I get a copy, I will fax to you, Counsel, and Justice for your files.

3. I am going to send you the Post article that ran over the weekend on the governors and gambling. It highlights the internal struggle within Republican party politics on the gambling issue and provides some foreshadowing on what the Commission is likely to find during their their "study" of the issue.

Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Clifford J. Gabriel (CN=Clifford J. Gabriel/OU=OSTP/O=EOP [OSTP])

CREATION DATE/TIME:12-AUG-1997 10:40:12.00

SUBJECT: Pillars

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

READ:UNKNOWN

CC: Holly L. Gwin (CN=Holly L. Gwin/OU=OSTP/O=EOP @ EOP [OSTP])

READ:UNKNOWN

TEXT:

Elena: We are putting together actions (building blocks) for the S&T pillar on science and math education, research on racism (understanding it and dealing with it), and children's issues. Since your office might be working on similar actions, thought you might want to coordinate OSTP/DPC offerings. Please let me know how you want to proceed. Cliff

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elisabeth Steele (CN=Elisabeth Steele/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:12-AUG-1997 12:55:28.00

SUBJECT: Tomorrow's Best Practices Meeting Rescheduled

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

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

TO: Judith A. Winston (CN=Judith A. Winston/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

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

CC: Thurgood Marshall Jr (CN=Thurgood Marshall Jr/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

TEXT:

Tomorrow's Best Practices meeting (originally scheduled for 2:30 PM in OEOB 160) has been rescheduled for 3:30 PM in OEOB 160.

Please let me know if this poses a problem for you. Thank you!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Christa Robinson (CN=Christa Robinson/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:12-AUG-1997 10:58:47.00

SUBJECT: Template

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

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

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

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

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

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

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

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

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

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

TO: Eric P. Goosby (CN=Eric P. Goosby/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

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

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

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

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

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

EDUCATION PILLAR					
BUILDING BLOCKS OF PILLAR	DESCRIPTION	TIMELINE	BENEFITS	COSTS/FEASIBILITY	POLITICAL RAMIFICATIONS

Automated Records Management System
Hex-Dump Conversion

AGENDA

**MINORITY ENROLLMENT
IN HIGHER EDUCATION MEETING**

AUGUST 13, 1997

SUMMARY

The Administration is investigating options to ensure diversity in higher education in light of some of the effects of the Hopwood decision and the University of California Board of Regents' decision to exclude race as a factor in admissions. Two approaches to the problem are being pursued simultaneously: (1) litigation to reverse the decision and/or law and (2) policy initiatives to improve diversity in higher education. This meeting is not concerned with the litigation strategy, but rather with some possible policy initiatives that could be implemented both long-term and short-term.

I. ACTIONS BEING TAKEN IN CALIFORNIA AND TEXAS

A. CALIFORNIA

- Forming "school-centered partnerships" among each UC campus and public schools chosen for their poor academic performance, to establish standards and to improve student achievement.
- Expanding academic outreach programs for K-12 students.
- Creating an "information outreach" program to help students and their families prepare for college.
- **Alternative admissions strategies.** A June 24, 1997 article in the Sacramento Bee set out how each of UC's nine campuses will "experiment" with different admissions policies in an effort to achieve diversity. **UC-Davis:** in filling 40% of the places in its 1998 freshman class, UC-Davis will give weight to factors other than grades and test scores such as extracurricular leadership experience; attendance at a high school that is economically disadvantaged and has a historically low level of UC attendance; residence in the three counties closest to the university; military service; and marked academic improvement in the 11th grade. The new policy is only triggered, however, by students who meet UC minimum eligibility requirements of a combined 1000 on the SAT and a high school grade-point average of 2.82 in designated college preparatory courses.

UCLA: will give an advantage to applicants from disadvantaged urban and rural neighborhoods. **UC Irvine:** will look at an applicant's entire profile, not just grades and scores, including personal essays and extracurricular activities. **UC San Diego:** will look at "special circumstances and personal challenges" which could include whether an applicant is trying to become the first in his or her family to attend college.

- A July 9, 1997 Education Daily article says that the UC Task Force's \$60 million dollar plan to increase minority enrollment at UC would make training and retaining teachers in disadvantaged schools a priority. The Task Force estimates the total cost of professional development at \$18.5 million annually or about \$370,00 at each of 450 schools --the disadvantaged high schools, plus 400 "feeder" elementary and middle schools. On July 17, 1997, a Board of Regents committee approved the plan to double UC's annual spending on outreach efforts--which seek to increase minority enrollment without using affirmative action--from \$60 million to \$120 million. The \$60-million additional cost projection for the program includes \$27.2 million for school outreach efforts, \$17.9 million for expanding academic programs that target black and Latino students but are open to all, and \$7.9 million for contacting students, families and schools about UC admissions requirements.

B. TEXAS

- The Texas legislature passed a bill that automatically admits the top 10% of all Texas high schools students to the state's university system.
 - Ethnic Recruitment Program in which Texas residents may apply for grants up to \$1,000. Applicants must have a 2.75 GPA and 900 SATs. The awards may be used at any school in which their minority group constitutes less than 40% of total enrollment. [The Big Book of Minority Opportunities]

II. POSSIBLE FUTURE ACTIONS THAT CAN BE TAKEN ACROSS THE COUNTRY

A. PRE-KINDERGARTEN

- Revamp HeadStart to become more focused on school readiness and reading skills.

B. KINDERGARTEN THROUGH GRADE 8

- Teacher Recruitment and Preparation initiative proposed under Title V of HEA.

C. HIGH SCHOOL

D. ACCESS OPPORTUNITIES

POSSIBLE TIME TABLE

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-AUG-1997 21:45:48.00

SUBJECT: Towering Pillar of Education

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

READ:UNKNOWN

TEXT:

Attached is a partial draft for the education pillar. Tanya and I met with Jon Kaplan this afternoon, and, as you will see, towards the bottom there are holes for several items that NEC plans to submit as "building blocks." We should have them in the morning and will pass them along as soon as we do (Bob Shireman was going to do several and fax them in). Some things I want to highlight:

1. Mike was out all day and at a ballgame tonight, so this represents zero input from him. We did get him the documents you handed out this morning.
2. Kaplan mentioned that one of the building blocks that Gene wanted was "2 years of preschool universal." I want to make sure that this meshes with whatever you and the others working on early childhood/childcare for DPC have in mind.
3. There are two items here that haven't been much vetted, or vetted at all, internally --a) the Urban/Fixing Failing Schools entry (talked a lot about conceptually, but not sure how much you have seen on this and struggled with how to deal with both Obey funds and FY 99 initiative that ED is developing), and b) the Safe and Drug Free schools one. ED is considering proposing to put a big chunk of the money for the program into state-level competitions (now its basically formula), and perhaps directing more of the money to safety. I'll show to Leeanne/Jose in the a.m., and see what they think.
4. So far there is nothing on school construction, and don't know if we will get from NEC.

Thanks.

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D72]MAIL493552423.216 to ASCII,
The following is a HEX DUMP:

FF575043F3110000010A02010000000205000000F13F000000020000D435519E65EBADE562DF23
9164D1E023EB00396B0E16A0A2845EBB76D418453F076849A80A9D86D5EA6D324A9272F99C3FFE
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487728961D9F3879AEB9AA65FAF9EC9F9B6156319271283C6CC7D1505E63D16E40D7E7FB176
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EDUCATION PILLAR					
BUILDING BLOCKS OF PILLAR	DESCRIPTION	TIMELINE	BENEFITS	COSTS/FEASIBILITY	POLITICAL RAMIFICATIONS
Education Standards	<p>30-40+ states signed up for national tests in 4th grade reading and 8th grade math by 1999</p> <p>Tests piloted in 1998 and ready for nationwide use in Spring 1999</p> <p>National Partnerships for improving reading and math achievement launched by early 1998</p> <p>49 States (all but Iowa) developing common academic standards for their students</p>	<p>18 months</p> <p>18 months</p> <p>6 months</p>	<p>Raises expectations and achievement for all students in U.S. elementary and secondary schools, especially low income students</p> <p>Helps states and school districts hold schools accountable for performance</p>	<p>National tests will cost \$16 million per year to develop and \$100 million per year to administer</p> <p>\$620 million requested for Goals 2000 in FY 98 budget</p> <p>In addition to the America Reads initiative (below), additional investments in reading and math materials, professional development and public information will be needed.</p> <p>State level reforms driven and supported by Goals 2000 and the Improving America's Schools Act, enacted in 1994</p>	<p>Has strong bipartisan element.</p> <p>Will require hard work to maintain support within the minority community.</p>
Talented and Dedicated	Recruit and prepare 10% of	5 years	Bring outstanding new teachers (including minorities) into schools	\$350 million over five years to support proposed Title V of Higher	Has bipartisan elements; recruitment initiative has strong appeal to urban

EDUCATION PILLAR					
Teachers	<p>the new teachers needed in high poverty urban and rural schools</p> <p>Enable 100,000 teachers to seek national certification as master teachers</p> <p>Increase the number of states/districts with programs to address persistently failing teachers</p>	<p>2006</p> <p>Host roundtable discussion on effective local efforts in Fall 1997</p>	<p>with the greatest need; provide mentorship to new teachers</p> <p>Provide models and support for improvements in higher education to strengthen teacher preparation</p> <p>Enable every school to have at least one master teacher who can help lead improvements in the school and support teacher development</p> <p>Facilitates the removal of incompetent teachers from the classroom and increases public confidence in public schools</p>	<p>Education Act for teacher recruitment and strengthening teacher preparation.</p> <p>\$105 million over five years in the balanced budget to develop content area assessments and provide access to certification process for 100,000 teachers.</p>	<p>constituency.</p> <p>Strong public support for getting tough on failing teachers.</p> <p>Teacher organizations in favor of peer review, but may feel alienated by strong emphasis on failing teachers.</p>
Public School Choice	<p>Create 3,000 high-quality, accountable charter schools (up from 1 in 1992)</p> <p>Increase the number of states with charter legislation to 35</p>	<p>2001</p> <p>1998</p>	<p>Provides parents with options; increases accountability</p> <p>Stimulates and informs improvement of all schools</p> <p>Intervention strategy for low performing schools</p> <p>Increases public awareness of choices available within the public</p>	<p>\$100 million appropriation for charter schools program in FY 1998 would support up to 1,100 schools.</p> <p>Requires state legislative strategy.</p> <p>Requires sustained attention to ensure that schools are truly public and accountable for results.</p>	<p>Has strong bi-partisan support.</p> <p>Some in education organizations and minority community are wary or opposed.</p>

EDUCATION PILLAR					
			school system; decreases calls for vouchers		
Fixing Failing Schools / Urban Education Reform Initiative	Ensure urban districts develop and implement effective strategies for identifying and fixing failing schools, plus improving management systems, developing school leadership, and widening school choice	5 years	<p>Low performing schools reconstituted using proven school improvement models</p> <p>Better use of resources by urban school systems and more choice for parents</p> <p>Restore public confidence in urban public school systems</p>	<p>\$320 million competitive grant program for 10-15 districts to fix failing schools, improve management and strengthen school leadership.</p> <p>Potential for using Obey whole school reform funds in FY 98 Appropriations bill to partially accomplish</p> <p>Must require real change in school climate/district management or risk being viewed as subsidy for mismanaged districts</p>	Potential for bipartisan support if it has a strong emphasis on accountability; urban constituencies especially supportive.
After School Learning Centers / Community Schools	Expand schools' capacity to address education needs by creating 500-1000 new after-school programs	1-2 years	<p>Increases safety and reduces risk -- youth are most at risk of committing violence or being victims between 3 and 6 pm</p> <p>Provides students with safe neighborhood learning centers to do homework and obtain tutoring and mentoring</p> <p>Provides parents with safe, educational programs for children during working hours</p>	\$50 million requested in FY 1998 budget; House committee appropriated \$50 million but only \$1 million in the Senate.	<p>Some bipartisan support.</p> <p>Public identifies this as key unaddressed education need.</p>
School-to-Work	All 50 states creating		Provides more than half a million high school students with	State systems encouraged and supported by School-to-Work	Bipartisan support, including business community; currently

EDUCATION PILLAR					
k	comprehensive school-to-career systems		opportunities for work-based learning connected to high standards, preparing them for careers and further learning	Opportunities Act of 1994; \$400 million requested for FY 98	under attack by far-right groups.
Safe and Drug-Free Schools	Ensure that federal funds support state and school district investments in effective safety and substance abuse prevention efforts	18 months	Reduces funds going to popular but ineffective interventions, increasing the number of kids free from violence and drugs Will provide more models of programs that work for kids	Department of Education reviewing options for overhauling existing program	Likely strong public support for serious efforts to address problems. Local districts likely to resist changes requiring more competition for funds or greater emphasis on results Conservatives could treat as excuse to attack administration programs and efforts
Reading	[NEC to provide]				
Early Learning Opportunities	[NEC to provide]				
Higher Education	[NEC to provide]				
Education Teachnology	[NEC to provide]				
Training	[NEC to provide]				

Expanded Welfare Q&A
August 12, 1997

Automated Records Management System
Hex-Dump Conversion

[This Q&A provides additional information about the historical comparison, as requested by McCurry.]

Question: How many people are now on the welfare rolls nationwide?

Answer: 10.7 million people were on the rolls in May 1997, down from 14.1 million in January 1993, a drop of 3.4 million or 24 percent. This is the largest caseload decline in history: in no other comparable time period have as many people come off the rolls. The 10.7 million people on the rolls represent 4 percent of the population -- the smallest percentage of welfare recipients in the population since 1970.

Year	Welfare Caseload (millions)	Population (millions)	Percent
1969	6.706	202.677	3.3%
1970	8.466	205.052	4.1%
1971-1992	between 8-13	between 207-255	between 4.1-5.3%
1993	14.142	258.137	5.5%
1994	14.225	260.660	5.5%
1995	13.652	263.034	5.2%
1996	12.648	265.284	4.7%
May 1997*	10.748	266.789	4.0%

* Data being released 8/12/97.

Attached is a chart which shows this visually.