

**NLWJC - KAGAN**

**EMAILS RECEIVED**

**ARMS - BOX 017 - FOLDER -003**

**[09/26/1997 - 09/28/1997]**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-SEP-1997 17:59:10.00

SUBJECT: tobacco weekly

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

READ:UNKNOWN

TEXT:

Tell the President two things: On Wednesday Oct 1, he will host a mtg on tobacco with the bipartisan congressional leadership. We'll challenge them to work together to draft elements of bipartisan legislation by the end of the year, and to make tobacco the first issue they'll take up in 1998. We believe the prospects are good for a bipartisan bill to emerge in the Senate. On Friday Oct 3, the VP is holding a tobacco event in Tampa to highlight Florida's success in taking on the tobacco industry and build public support for tobacco legislation. We are working with the VP's office to plan other regional town halls on tobacco in the months to come.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Mary L. Smith ( CN=Mary L. Smith/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:26-SEP-1997 11:53:29.00

SUBJECT: Food Safety

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

READ:UNKNOWN

TEXT:

Congratulations on the food safety initiative! The article in the Post was really good. Mary



<p>Senator Lugar (R-Indiana)</p>	<p>The Courier-Journal (KY), September 23, 1997</p>	<p>Sen.Lugar is moving ahead with his proposal to phase out the tobacco price support program but concedes he doesn't know how much support it will have in the Senate. "If the farmers object, it won't become law." Aide to Sen. Helms (R-NC) said Helms will oppose Lugar's plan. However, Sen. McConnell (R-KY) said farmers should consider Lugar's plan. Lugar wants to end the price support program, and compensate the farmers out of money paid by the tobacco companies under any national settlement approved by Congress. He hopes to have the bill ready before Congress' year-end adjournment, likely the first or second week of November.</p> <p>Lugar says the American public "will be increasingly uncomfortable with policies that promote tobacco production at the same time that other government policies are discouraging tobacco use. Mixed messages are not good public policy, especially when young people are involved."</p>
<p>Senator Durbin (D-ILL)</p>	<p>The Virginia Pilot, September 21, 1997</p>	<p>"I can say that I would vote for an agreement. My thinking gets down to a basic fact: Today 3,000 kids in America started smoking. The sooner we do something about that, the better." Durbin</p>

	<p>Congress Daily, September 18, 1997</p> <p>Congressional Press Releases, September 17, 1997</p>	<p>thinks a deal may be better than decades of continuing litigation.</p> <p>Durbin predicted tobacco companies would not walk away from Clinton's proposal, saying there was too much money on the table and that there would continue to be too many lawsuits against them.</p> <p>"Tobacco companies have claimed they were turning over a new leaf, but they have continued their old, tired ways of doing business - cutting deals in the dark, undermining efforts to reduce teen smoking and refusing to release documents. This industry continues to have a very serious credibility problem, both in Washington and back home." Durbin said the tobacco industry must face the reality of higher prices and increased penalties. Durbin said the President has moved goal posts back where they belong."</p>
Senator Wyden (D-OR)	<p>Congress Daily, September 18, 1997</p> <p>Congressional Press Releases, September 17, 1997</p>	<p>Wyden commended Clinton for his effective leadership.</p> <p>"We need presidential leadership to have an effective blockade against the tobacco lobbies that try to target our youngsters. I think we got that effective leadership today."</p>
Senator Robb (D-VA)	<p>Congress Daily, September 18, 1997</p>	<p>Sen. Robb praised the president's decision</p>

		to weigh in, though Robb declined to indicate whether he would support Clinton's call for stiffer penalties in the deal.
Senator Conrad (D-ND)	Congress Daily, September 18, 1997	"We will have different views but in the end, I think we can accomplish a legislative product. That, after all, is the work of a legislative body."
Senator Harkin (D-Iowa)	Congressional Press Releases, September 17, 1997	"Let me just say at the outset that the president's announcement today, I think, puts us on a stronger starting point here in Congress. It is not the end, but it does put us at a stronger starting point. I also believe the president's action will help galvanize public opinion behind any possible legislation that truly cuts back on youth smoking."
Senator Wellstone (R-MN)	Congressional Press Releases, September 17, 1997	"And I do think also that the president said their ought to be maximum disclosure of information, I want to make sure that that happens. I think we have to insist that that happens and that the companies not abuse their attorney-client privilege so that they do not disclose the information that all of us need as decision makers."

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-SEP-1997 17:50:17.00

SUBJECT: food safety

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

READ:UNKNOWN

TEXT:

Have you heard the critique that guidance can't be enforced against foreign countries because it is too amorphous? The science question is if voluntary guidance represents a standard of protection that you could require foreign countries to meet?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-SEP-1997 18:24:48.00

SUBJECT: weekly

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

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

READ:UNKNOWN

TEXT:

Sorry this is so late...

#### IMMIGRATION

U.S. Commission on Immigration Reform -- On Tuesday, September 30, the U.S. Commission on Immigration Reform will release its final report to Congress. The report reiterates many of the recommendations made in interim reports during the Commission's six-year tenure. The final report contains two new recommendations: first, a proposal to restructure the Immigration and Naturalization Service (INS); and second, an "Americanization" proposal to help new immigrants integrate and participate in our national community. The DPC has already begun a process to review the Commission's proposal on restructuring the INS. DPC staff will work with the staff of the Race Commission to review the "Americanization" proposal.

#### CRIME

FBI Crime Statistics -- The final 1996 Uniform Crime Report will be released next Saturday by the FBI. The final figures confirm preliminary data released earlier this year-- that serious crime dropped three percent in 1996, the fifth annual decrease in a row. Violent crime declined seven percent, with murder showing the greatest decline at 11 percent.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Barbara D. Woolley ( CN=Barbara D. Woolley/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:26-SEP-1997 10:52:10.00

SUBJECT: Food Safety - Fruits and Vegetables

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:

I am getting phone calls from groups asking about the possible announcement on Food Safety and Fruits and Vegetables. How would you like me to respond?



September 26, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed  
Elena Kagan

RE: DPC Weekly Report

**1. Welfare Reform: Fair Labor Standards Act/Minimum Wage -- House Ways and Means Human Resources Subcommittee Chairman Clay Shaw is continuing his efforts to get support from Governors for a bill to address state concerns about the cost of workfare programs. His first draft bill was quite attractive to Governors Carper and Chiles and other Democratic Governors, but was not conservative enough for House Republicans. His new draft is a move in the wrong direction from our perspective. It reclassifies people in workfare programs as "trainees," thereby depriving them of the protections of the FLSA, including the minimum wage, and other labor laws, including full health and safety protections and protection against discrimination. We are communicating our view that this is unacceptable to Democratic Governors in the hopes that this will deter them from endorsing Shaw's bill.**

Like Shaw's previous draft, the new bill would also significantly weaken the welfare law's work requirements. It also includes a definition of community service that is so broad that it could include nearly all subsidized work, allowing low benefit states to require less than 20 hours of work from nearly all their "working" recipients. Finally, it would also exempt community service positions from FICA and unemployment taxes, which we indicated during the balanced budget negotiations that we were willing to do.

**2. Welfare: Welfare to Work Transportation --** On Thursday, the Senate Banking and Urban Affairs Committee voted 11 to 7 to add the Administration's welfare to work transportation proposal to the federal transit legislation. Senator Moseley-Braun offered the amendment, which was supported by Senators D'Amato, Bennett, and Enzi as well as all the Democratic committee members. The Vice President sent a letter to the committee urging the amendment's adoption. The Senate version authorizes \$100 million annual appropriation to help states and communities finance transportation projects to help welfare recipients get to work. In the House, Transportation and Infrastructure Committee Chairman Schuster had a \$42 million program in his budget-busting transportation proposal, which he has now abandoned in

favor of a six-month extension of current law. Both these provisions would authorize funds that would have to be appropriated each year.

**3. Welfare: Federal Welfare Hiring** -- We expect to the federal agencies to have hired more than 1,400 welfare recipients by October 1st, six months after making the commitment to hire 10,000 in four years. The Vice President is considering highlighting this at a public appearance next week.

**4. Healthcare: FDA Reform** -- The Senate passed the FDA reform bill this week by an overwhelming majority (98-2). As expected, the Senate bill did not sufficiently address our outstanding concerns. The Committee of Jurisdiction in the House (Commerce) is currently debating the legislation. We still are hopeful that we will be able to resolve any outstanding issues before the bill is sent to you to sign, which will likely be in early November.

**5. Healthcare: New York Provider Tax** -- We are having been working closely with HCFA and OMB on how to best proceed with regard to discussing the New York provider tax issue with the state (and the other fifteen states that have provider taxes that may be inconsistent with current law and/or regulation). Within the two weeks, we expect that HHS will be able make an announcement that we will be able to take the following administrative steps to help the state: (1) issue a regulatory notice that would modify the test for regional provider taxes. This was the provision that we originally proposed in the balanced budget negotiation, it was rejected by Senators Moynihan and D'Amato. It would allow NY state to get matching funds for these taxes, which account for almost two-thirds of its 1993 to 1997 claims); (2) make other limited changes in the current HHS tests that would make eligible New York and other state provider taxes; and (3) disapprove waiver requests on other taxes from various states (including some NY taxes). As there is keen interest among all Members of the New York Congressional delegation and state politicians, we are having discussions with OMB and HHS as to how to ensure they all are properly notified about this process.

**6. Healthcare: Genetic Screening/Medical Records Privacy** -- There has been a great deal of interest in response to your call in your SEIU speech for Congress to take immediate action to pass legislation to improve consumers protections and quality health care. Senator Jeffords has asked us for help in drafting legislative language on medical records privacy and the Labor Committee plans to schedule another hearing on this issue in late October. The Labor Committee also asked for a series of briefings on genetic discrimination. The first in a series of these meetings took place with Senator Jeffords this week and was extremely well received. Building on this issue, the Vice President is working with us and the Labor Department to highlight the importance of ending genetic discrimination in the workplace.

**7. Healthcare: Consumer Bill of Rights** -- This week three leading health plans (Kaiser Permanente, Group Health Cooperative of Puget Sound, and HIP Health Insurance Plans) and two national consumer groups (AARP and Families USA) released their principles for consumer protections. Their principles included making health care services more accessible, giving

consumers a choice of plans, ensuring confidentiality, requiring full disclosure of benefits and other relevant processes, and guaranteeing coverage of emergency care. While they stated that these protections should be national, they did not suggest a mechanism for enforcement. These recommendations received a great deal of media attention, thus enhancing Congressional interest in this issue. We believe this announcement helps lay the groundwork for the your Quality Commission's Consumer Bill of Rights that you requested be released this fall.

8.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-SEP-1997 09:43:18.00

SUBJECT: Re: mtg list

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 thought the meeting was fine, too.

Follow up:

Farmers: Lugar is pushing an \$8 a pound buy-out. This would obviously add substantially to the settlement. We should perhaps be sitting down with this group of farm legislators to keep track of where it is going. Lugar is evidently talking to USDA alot.

International: Do we need a working group to put together some further options?

Meeting with POTUS: Do we want someone to call to Lott/ Daschle or Gingrich before the meeting to coordinate its statement afterwards?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-SEP-1997 11:18:24.00

SUBJECT: two things

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

I spoke with Rob Weiner last night who was in touch with Doris Meissner re: the CIR Report. Meissner thinks the stories on this may run over the weekend, so we should have our statement and Q&A ready by COB today.

Two things came up:

1) Statement. They both thought that the WH statement should serve as the statement for the whole Administration-- no other agencies should release separate statements for now. I think this is a good idea; we shouldn't have other agencies putting out statements that might conflict or undercut our statement.

2) Q&A. They think it would be good to designate one press office to handle press questions. Meissner would like for it to be INS' press shop. As long as they use the same Q&A which we will circulate today, I think this could work. If we have main Justice handle, it could send a signal that we are already marginalizing INS.

Rob wanted to double check both of these with us. Let me know if you have other ideas. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-SEP-1997 17:24:00.00

SUBJECT: Feedback from DOL on Democratic Governors

TO: Fred DuVal ( CN=Fred DuVal/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: Sky Gallegos ( CN=Sky Gallegos/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Here's a bit of feedback from DOL on the calls they've made to Democratic Governors staffs. Chiles and O'Bannon agreed that the new draft goes in the wrong direction, and they were more comfortable with the original Shaw draft. They expressed extreme frustration that the Administration was not being more helpful on this in general, and specifically that we were not offering any alternative.



***Side-by-Side Comparison of Key Provisions in Leading Campaign Finance Reform Proposals***

<b>Provision</b>	<i>Old McCain-Feingold (S.25)</i>	<i>New McCain-Feingold (S.25)</i>	<i>Shays-Meehan (H.R. 493)</i>
Voluntary Spending Limits	<ul style="list-style-type: none"> <li>• General election limits range from \$950,000 to \$5.5 million. Exact amount within the range determined by formula based on a state's voting age population.</li> <li>• Primary election limit is the lesser of 67% of general election limit or \$2.75 million.</li> <li>• Runoff limit is 20% of general election limit.</li> <li>• General and primary limits are indexed.</li> <li>• Exceptions allowed for taxes;</li> <li>• Exceptions allowed for independent expenditures and non-complying candidate expenditures (see below).</li> </ul>	No Provision	<ul style="list-style-type: none"> <li>• \$600,000 per House election cycle.</li> <li>• Election limit increased by 30% if the candidate wins primary with less than 10% of the vote.</li> <li>• Runoff limits is 20% of general election limit;</li> <li>• Election limit is indexed.</li> </ul>
Incentives for Candidates who Comply with Voluntary Spending Limits	<ul style="list-style-type: none"> <li>• 30 minutes of free, prime time broadcast time;</li> <li>• all other radio and television broadcast time purchased within 30 days of the primary election and 60 days of the general election provided at 50% of lowest rate charged;</li> <li>• reduced mailing rates (3rd class special</li> </ul>	No Provision	<ul style="list-style-type: none"> <li>• Radio and television broadcast time purchased within 30 days of the primary election and 60 days of the general election provided at 50% of lowest rate charged;</li> <li>• reduced mailing rates (3rd class special non-profit rate) for three mailings to voting age population of the Congressional district.</li> </ul>

	<p>non-profit rate) for two mailings to entire state voting age population.</p>		
<p>Disincentives for Candidates who do not comply with Voluntary Spending Limits</p>	<ul style="list-style-type: none"> <li>• Complying candidates have individual contribution limits raised from \$1,000 per election to \$2,000 per election.</li> <li>• Non-complying candidates receive no reduction in rates for broadcast advertisements.</li> <li>• Complying candidates allowed to raise and spend up to twice the spending limits (ad still retain incentives ) if non-candidates who exceeds spending cap.</li> <li>• Fines and repayment for complying candidates who exceed limits.</li> </ul>		<ul style="list-style-type: none"> <li>• Complying candidates have individual contribution limits raised from \$1,000 per election to \$2,000 per election.</li> <li>• Complying candidates allowed to raise and spend up to twice the spending limits (and still retain incentives) if non-candidate exceeds spending cap.</li> <li>• Fines and repayment for complying candidates who exceed limits.</li> </ul>

Qualification Requirements for Complying Candidates	<ul style="list-style-type: none"> <li>• Statement vowing compliance with all limits.</li> <li>• Raise 10% of general election limit or \$250,000 from individuals without counting personal funds or out-of-state contributions that exceed 40% of general election limit.</li> </ul>	No Provision	<ul style="list-style-type: none"> <li>• Statement vowing compliance with all limits.</li> <li>• Raise 10% of general election limit (\$60,000) from individuals with only the first \$200 of each contribution counting toward the threshold and 60% of threshold amount (\$36,000) raised from in-state contributors.</li> </ul>
Limit on Individual PAC Contributions to Candidates	Bans PACs but if ban is unconstitutional, then current \$5,000 per election limit to a candidate reduced to \$1,000.	No Provision	Current \$5,000 per election PAC limit to a candidate reduced to \$1,000.
Aggregate PAC Contribution Limits	• If PAC ban struck down, complying candidates can raise no more than 20% of spending limit from PACs.	No Provision	• Complying candidates can raise no more than 25% (\$150,000) of spending limits from PACs).
Aggregate Limit on Individual Contributions to	No provision	No Provision	• Complying candidates can raise no more than 25% (\$150,000) of spending limit from contributions greater than \$250.

Candidates			
In-state/Out-of-state Contribution Limits	<ul style="list-style-type: none"> <li>• Complying candidates must raise 60 of spending limits from in-state individual contributors.</li> <li>• Small states exception would allow this requirement to be met if 60 of all contributors reside in-state.</li> </ul>	No Provision	<ul style="list-style-type: none"> <li>• Complying candidates must raise 60 of spending limit from in-state, individual contributors.</li> </ul>
Use of Personal Funds	<ul style="list-style-type: none"> <li>• Complying candidates limited to the lesser of \$250,000 or 10 of general election spending limit.</li> </ul>	If candidates agree to limit personal contributions to their campaigns to \$50,000, they are eligible to receive funds under 441a(d) of Federal Elections Campaign Act (FECA). If candidates chooses not to comply, they are not eligible for any state or national party funds.	<ul style="list-style-type: none"> <li>• Complying candidate limited to 10 of general election limit (\$60,000)</li> </ul>
Independent Expenditures	<ul style="list-style-type: none"> <li>• If more than \$10,000 in independent expenditures is made against a complying candidate, the complying candidate may spend an equal amount without violating spending caps.</li> <li>• Strict reporting and disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Clarifies that independent expenditures must be truly independent (especially with respect to political parties) and broadens the definition of express advocacy to include all campaign-related communications.</li> </ul>	<ul style="list-style-type: none"> <li>• If more than \$25,000 in independent expenditures is made against a complying candidate, the complying candidate may raise and spend an equal amount without violating spending caps.</li> <li>• Strict reporting and disclosure</li> </ul>

	<p>requirements in making independent expenditures.</p> <ul style="list-style-type: none"> <li>• Clarifies that independent expenditures must be truly independent (especially with respect to political parties) and broadens the definition of express advocacy to include all campaign-related communications.</li> </ul>	<ul style="list-style-type: none"> <li>• Strict reporting and disclosure requirements in making independent expenditures. Contributions of \$1,000 made 20 days before an election shall be reported to the FEC within 24 hours. Contributions of \$10,000 or more made 20 days before an election shall be reported to the FEC within 48 hours.</li> <li>• Expand definition of coordination expenditure to bring within the limits currently within the Federal Elections Campaign Act.</li> <li>• Expanded definition of coordination expenditures for actions taken by both parties and individuals. Most activities under this proposal would have to be truly independent.</li> </ul>	<p>requirements in making independent expenditures.</p> <ul style="list-style-type: none"> <li>• Clarifies that independent expenditures must be truly independent (especially with respect to political parties) and broadens the definition of express advocacy to include all campaign-related communications.</li> </ul>
Soft Money	<ul style="list-style-type: none"> <li>• Eliminates the use of soft money in federal elections.</li> <li>• No national or state party committee, may solicit, receive, or spend any funds to impact a federal election which are not</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminates the use of soft money in federal elections.</li> <li>• No national or state party committee, may solicit, receive, or spend any funds to impact a federal election which are not</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminates the use of soft money in federal elections.</li> <li>• No national or state party committee, may solicit, receive, or spend any funds to impact a federal election which are not subject to</li> </ul>

	<p>subject to current federal law limitations.</p> <ul style="list-style-type: none"> <li>• Provides for state party grassroots funds for voter registration, GOTV, sample ballots and voter files.</li> <li>•Increases individual aggregate contribution limit from \$25,000 per year to \$30,000 per year to allow funding for grassroots fund.</li> </ul>	<p>subject to current federal law limitations.</p> <ul style="list-style-type: none"> <li>• Provides for state party grassroots funds for voter registration, GOTV, sample ballots and voter files.</li> <li>•Increases individual aggregate contribution limit from \$25,000 per year to \$30,000 per year to allow funding for grassroots fund.</li> </ul>	<p>current federal law limitations.</p> <ul style="list-style-type: none"> <li>• Increases individual aggregate contribution limit to parties from \$20,000 to \$25,000 per year.</li> </ul>
Foreign Money	<ul style="list-style-type: none"> <li>•Individuals not qualified to vote are prohibited from making contributions to federal candidates.</li> </ul>	<ul style="list-style-type: none"> <li>• No Foreign nationals may directly or indirectly make contributions, in connection with local, state, or federal elections, to any political committee or candidate for Federal office. It is also unlawful for a person to solicit, accept, or receive a contribution from a foreign national.</li> <li>•Any individual who is 17 years old or younger is prohibited from making contributions to a candidate or political party.</li> </ul>	<ul style="list-style-type: none"> <li>•Individuals not qualified to vote are prohibited from making contributions to federal candidates.</li> </ul>
Bundling	Bans bundling during election year.	Bans bundling during election year.	Bans Bundling during election year.
Franked Mail	•Bans franked mass mailings during an election year.	•Bans franked mass mailings during an election year.	•Bans franked mass mailings during an election year.

FEC Enforcement Provisions	<ul style="list-style-type: none"> <li>•FEC random audit authority.</li> <li>•FEC injunctive authority.</li> <li>•Electronic filing.</li> <li>•FEC expedited procedures authority.</li> <li>Increase penalties for willful</li> </ul>	<ul style="list-style-type: none"> <li>FEC random audit authority.</li> <li>•FEC injunctive authority.</li> <li>•Electronic filing.</li> <li>•FEC expedited</li> </ul>	<ul style="list-style-type: none"> <li>•FEC random audit authority.</li> <li>•FEC injunctive authority.</li> <li>•Electronic filing.</li> <li>FEC independent</li> </ul>
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	violations.	procedures authority. Increase penalties for willful violations.	litigation authority •FEC expedited procedures authority •Increase penalties for willful violations.
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## STATEMENT ON THE FINAL REPORT OF THE COMMISSION ON IMMIGRATION REFORM

The Commission on Immigration Reform, chaired by the Honorable Shirley Hufstedler, and the late Barbara Jordan, issued its final report today. This report, which reiterates many of the excellent recommendations contained in the Commission's interim reports, further contributes to our country's understanding of the role of immigration in the United States. I commend the Commission's work and contribution to the national dialogue on immigration policy.

I am proud of the significant progress my Administration has made toward improving America's immigration system. My Administration has curtailed illegal immigration through tougher border control, strengthened worksite enforcement, and record removals. We have also made needed reforms to our asylum system for refugees fleeing persecution.

One of the Commission's recommendations is to restructure the main functions of the Immigration and Naturalization Service. This proposal raises difficult and complex issues; I have asked the Domestic Policy Council to coordinate with the affected federal agencies to carefully evaluate the Commission's proposal and other reform options designed to improve INS' structural ability to accomplish its mission.

With this report, the Commission completes its work. I want to thank each of its members and its staff for their service and contribution on this important issue.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-SEP-1997 15:04:45.00

SUBJECT: Professor Rebecca Blank

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:

Bruce, you asked me what we know about the welfare views of Professor Rebecca Blank, who is expected to join the Counsel of Economic Advisers. My intern wrote up this summary of what she found on Lexis/Nexu:

I. According to an April 1997 Atlantic Monthly review by Theda Skocpol, the following is a brief summary of Professor Rebecca Blank's book entitled *It Takes a Nation: A New Agenda for Fighting Poverty*:

"Listening to the [Republican] public statements about the poor, and about the nature and history of U.S. antipoverty efforts, I became increasingly angry," Blank writes in her preface. Originally, the purpose of her book was to influence the 1996 welfare debate; however, she now assigns the book the purpose of bringing cool social science expertise to a politically overheated debate. She calls for spending on the poor, more intensive social services, and open ended assistance.

Blank's reforms resemble the welfare changes President Clinton sponsored in 1994. She favors three tiers of federal-state programs:

- 1) Short term help (i.e. car repairs or rental assistance) to those who needs a little help in finding and holding jobs.
- 2) Job training and ongoing support for low-wage workers.
- 3) Intensive, behaviorally tailored service programs offering closely supervised assistance to adults who have trouble holding jobs and raising kids on their own.

II. In the same Atlantic Monthly review, Skocpol gives the following commentary of Professor Blank's book:

1) Blank's three-tier welfare scheme is "pure pie in the sky." Her calls for spending on the poor, more intensive social services, and open ended assistance are completely out of sync with fiscal and political realities. The weakness of Blank's book lies in "its failure of political analysis and imagination."

2) Blank dismisses broad social programs as politically unfeasible, although her own ideas are equally so. She has a hard time weaning herself from the old welfare programs; she still wants to go back and play with the Personal Responsibility Act of 1996. Americans, however, are unwilling to accept elaborate benefits or services restricted to some very poor parents when so many working families are struggling with low wages, dwindling health benefits, and inadequate child care.

3) Blank suffers from a crimped sense of political realism. We have seen from past observation the futility of liberals' strategy of appealing to statistical analyses as opposed to political stances.

4) Due to Blank's failure to analyze what went wrong politically for welfare in the past, (that is, a welfare program originally created as mothers' pensions lost its legitimacy in a time of racial conflict, declining wages, and widespread female entry into the wage-labor market), she cannot project feasible strategies for the future.

III. Professor Blank has made the following public statements to various members of the press:

1) In a January 1997 National Journal article by Julie Kosterlitz:

"We have a very, flexible job rich economy. If you ask what's the impact of having these new [welfare recipients] in the labor market, the answer is not much... [Getting a job is only half the battle]; the first and foremost problem is the type of jobs people get, which will not give them the self-sufficiency to support their kids."

2) In a July 1996 Plain Dealer article by Greg Munno, Blank responds to studies citing that the job market will not be able to absorb the influx of welfare recipient workers:

"[The job growth rate problem is overstated because the entry level job market has a high turnover rate.] But the question is, will these jobs support families? And the answer is no. Without health insurance, and other benefits, most entry level jobs today won't keep a family with a working mother above the poverty line."

3) In an August 1997 Omaha World-Herald article by Donnette Dunbar:

"There's an assumption that [part-time work and temporary employment] are identical. Part-time workers have increased only minimally in the past two decades. It's not the growth of part-time work that's the main problem. Wages for less skilled workers for all jobs have been declining in the last 12 years and there has been a big increase in temporary workers."

4) In a November 1995 Austin American-Statesman article by Suzanne Gamboa:

"What I hope will happen is that internally in the Bureau of Census, they will adopt the recommendation of the [Academy of Science that poverty should be defined on the basis of disposable income]. The Census poverty line is not horrible, I'd rather use it than have nothing."

5) In a November 1995 Los Angeles Times article by Lisa Richardson:

"[It] is just so extremely rare for someone to [climb out of poverty and into prosperity.] It's nice to know some people do make it like that, but it's almost unheard of. If you take people of low skills, their options just aren't that big and most people are not going to get into what are typically considered middle income categories."

IV. Professor Blank has co-authored a paper with Patricia Ruggles, now of HHS, entitled "When do Women Use Aid to Families with Dependent Children and Food Stamps? The dynamics of eligibility versus participation," published in the Journal of Human Resources in January 1996.



**Weekly Report: Education** Hex-Dump Conversion

**National Testing:** There have been a number of developments with regard to your testing initiative this week:

Test Development: The group working on test specifications completed its work almost two weeks ago, and included a controversial proposal that would permit students to use calculators while taking the entire math test. Both the content of this recommendation as well as the fact that work on test development was continuing under the Education Department's direct auspices was causing consternation among Congressional Republicans as well as key supports such as Finn, Ravitch and Bennett. This week, Secretary Riley released a statement disagreeing with the calculator recommendation, underscoring the importance of the Senate-approved plan for placing NAGB in charge of the tests, and announcing that the test contractor would not develop any test items until NAGB approves the test specifications. This move has reassured some of our Republican supporters that we are not intending to proceed independently of NAGB. However, Bill Goodling responded with a release of his own, denouncing Riley's statement, alleging that NAGB will become a "national school board", and vowing to continue to oppose the tests.

Senate Filibusters: On Thursday, Sen. Ashcroft released a letter signed by 27 Republicans expressing opposition to the tests, urging the conferees to support the Goodling amendment, and threatening to filibuster the Labor-HHS appropriations bill if the conference report includes support for the testing initiative. Unfortunately, 14 Republicans who initially voted to support the NAGB provision in the Senate have now switched sides, clearly under pressure from the Eagle Forum and related groups. We are trying to work with Checker Finn and, through him Bill Bennett, to provide public support for the Senate provision, in order to shore up the remaining Republicans. In addition, under the leadership of Senator Bingaman, today 43 Democratic Senators signed a letter vowing to filibuster if the conference report does not include the compromise testing plan as passed by the Senate 87-13.

Bill Goodling Letter: Late Friday afternoon you received a letter from Bill Goodling concluding that "...Your stance on testing is making my job of authorizing an "America Reads" program almost impossible." Neither DPC nor NEC believes we should consider the implied trade at all. We are working together to determine the most appropriate response to the letter.

**Single Sex Schools:** New York City opened the Young Women's Leadership School this fall, a girls-only school for grades 7-9. Some civil rights advocates in New York have filed a complaint, charging that the school violates Title IX prohibitions against sex discrimination. Last week the Education Department's Office of Civil Rights responded to the complaint by asking the Board of Education to begin negotiations to resolve the issue, either by admitting boys or by establishing a separate program for boys only. DPC is working with the Counsel's office to determine the underlying legal and policy issues, and will work with the Departments of Justice and Education in order to determine how best to proceed.

**Vouchers** : On Tuesday, Secretary Riley released "What Really Matters in American Education" a brief report making the case for continued improvement in public schools -- including the need to intervene in and turn around failing public schools -- and against vouchers. On Thursday the Senate debated the DC appropriations bill, with Democrats filibustering because of a voucher provision, similar to one you have previously vetoed. A cloture vote is expected Tuesday morning. Education groups count a solid 43 votes to sustain the filibuster. If the cloture motion fails, there is some possibility that Senators Coats and Lieberman could withdraw the voucher provision. In the House, the Appropriations Committee is scheduled to mark-up its DC bill Monday. Rep. Dixon is leading efforts against "scholarship" provisions sponsored by Rep. Arney, but has not confirmed whether he will seek to substitute other programs or simply move to strike.

The House version of the Coverdell K-12 IRA proposal, sponsored by the Speaker, is expected to be marked-up by Ways and Means on October 8. A floor vote will likely occur as part of a Republican "Education Week" October 20 to 24, which would also include action on a reading/literacy bill, charter schools legislation, and FFEL/Direct Lending consolidation. Education is working with Mr. Rangel on a possible alternative related to his tax provisions passed as part of the Balanced Budget Agreement. In the Senate, there is no clear sense either of timing or vehicle for Coverdell to be considered. When it does, however, Democrats are likely to offer the Daschle school construction bill as an alternative.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-SEP-1997 09:28:59.00

SUBJECT: House "Education Week"

TO: John Podesta ( CN=John Podesta/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: Elena Kagan ( CN=Elena Kagan/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: Gene B. Sperling ( CN=Gene B. Sperling/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: Robert M. Shireman ( CN=Robert M. Shireman/OU=OPD/O=EOP [ OPD ] )  
READ:UNKNOWN

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

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

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

TEXT:  
FYI

----- Forwarded by Michael Cohen/OPD/EOP on 09/26/97  
09:21 AM -----

Scott\_Fleming @ ed.gov  
09/25/97 04:17:00 PM

Record Type: Record

To: Ananias Blocker III, Michael Cohen  
cc:  
Subject: House "Education Week"

We understand that the House Republican Leadership has identified the week after their October recess -- those dates will be Oct. 20 to 24 -- as "Education Week" on the House floor.

They intend to bring up: the Coverdell K-12 IRA proposal (it will be marked up in House Ways and Means on Oct. 8 per current schedule)

the America Reads/Literacy proposal  
their Charter schools legislation  
the FFEL/DL consolidation bill

I am pursuing the possibility of an appearance by the Secretary at  
another House Democratic Caucus meeting in advance of the recess so  
we  
can prep members for this.

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

TEXT:

RFC-822-headers:

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id <01IO38NBWZG000EP6D@PMDF.EOP.GOV>; Fri, 26 Sep 1997 07:02:34 -0400 (EDT)  
Received: from storm.eop.gov (storm.eop.gov)  
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IO38N9HN5C00H9LG@PMDF.EOP.GOV>; Fri,

26 Sep 1997 07:02:31 -0400 (EDT)  
Received: from vader.ed.gov ([165.224.216.253])  
by STORM.EOP.GOV (PMDF V5.1-7 #6879)  
with ESMTTP id <01IO38MLVFA6005Z8X@STORM.EOP.GOV>; Fri,  
26 Sep 1997 07:01:59 -0400 (EDT)  
Received: from smtpgwyl.ed.gov (smtpgwyl.ed.gov [165.224.216.37])  
by vader.ed.gov (8.8.5/8.8.4) with SMTP id GAA04810; Fri,  
26 Sep 1997 06:59:27 -0400 (EDT)  
Received: from ccMail by smtpgwyl.ed.gov  
(IMA Internet Exchange 2.11 Enterprise) id 0003C1CC; Fri,  
26 Sep 1997 07:01:39 -0400

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-SEP-1997 13:58:29.00

SUBJECT: Electronic University

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

READ:UNKNOWN

TO: Michael Cohen ( CN=Michael Cohen/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:

As you may recall, Romer and the western governors are into the idea of making all their universities' courses available over the internet (Western Governors University). The NEC (Kalil) has started its own distance learning project and pulled in a bunch of interested agencies.

Mike and I met with Kalil and came up with a tentative game plan: continue vetting out an initiative with the agencies to help promote distance learning generally, bring Romer/Levitt in to help inform the process, shoot for an initiative that could be announced at the SOTU.



*Memorandum*

Automated Records Management System  
Hex-Dump Conversion

From: Kevin Brown  
Date: September 25, 1997  
Subject: Tobacco settlement-Senate hearing

Senate Labor and Human Resources Committee, DSOB 430, 10:00 a.m.

Senators in attendance: Jeffords (chair), DeWine, Hutchinson, Gregg, Harkin, Wellstone,  
Frist, Murray, Reed

Witness: Donna Shalala, Secretary of Health and Human Services

Shalala began by outlining the 5 principle parts of any tobacco legislation announced by the POTUS last week. She stressed that we must get national legislation right the first time, and also that government institutions/agencies may have to be strengthened in order to carry out the settlement. She also reiterated that current FDA guidelines regarding nicotine should be kept the same and included as part of the settlement in order to make them more clear. The Secretary stressed throughout the entire hearing, that the main purpose of this legislation should not be about money, but about reducing teen smoking. She announced that the Vice President would take the lead in encouraging bipartisan support for the legislation.

JEFFORDS: Questioned whether the POTUS's announcement should be viewed as a separate framework from the settlement and also questioned why the administration had not introduced legislation. Shelala reinforced the notion that the POTUS's 5 core principles HAD to be at the center of any legislation that the administration would support and that the administration did want to work with Congress on developing the legislation. Later in the hearing, Jeffords also questioned whether or not the agreement would fall through if changes were made and the companies pulled out. Secretary indicated that the companies are not fragile and she believed there would negotiate with Congress.

WELLSTONE: Asked if the Secretary saw any way that the U.S. could take the lead in reducing youth smoking around the world. She indicated that any program abroad should reflect our domestic program and mentioned working with such groups as WHO and the World Bank. Wellstone also said that he had heard on NPR that rising cigarette prices results in inelastic demand and asked what the effect of a price increase would be. Shalala answered that studies have shown that a 10 rise in price will drop smoking by 7 . She stressed, however, that this (price increase) was only one small part of the solution and is designed to work with all of the other initiatives to reduce teen smoking.

GREGG: Began by saying that he did not understand where the actual legislative language was going to come from, and that it was certainly not going to come from the Hill. Went on to ask whether the FDA currently has the authority to ban tobacco use altogether. Finally, Shalala admitted that the FDA could currently ban tobacco/nicotine under current regulations and said that those regulations must be kept in tact, but that there were no plans for such a ban. Commented that the provision for farmers seemed to smell like politics and went on to ask if convenient store owners should be compensated since they might also lose revenue. Shalala stated that it was very important to consider the situation of the farmer and that their views should be considered. Gregg stated that farmers are subsidized by the government and this was inconsistent if we were also stating that people should quit smoking.

HARKIN: Reminded Gregg that tobacco farmers were not subsidized, and said that it is a no-net cost program. Harkin asked why they could not get a copy of a treasury department audit that showed if and how much tobacco companies profit from price increases. Harkin asked the chair to obtain that document. Stated that we were in fact trying to eliminate tobacco use in this country (in response to Shalala who said FDA was not trying to eliminate tobacco). Harkin went on to say that our end goal was to eliminate its use. Stated that the \$1.50 increase needs to happen more quickly in order to have a greater effect.

REED: Asked if the \$1.50 increase will be a windfall for companies. Shalala stated that this should be looked at, however, the main point is to reduce youth smoking!

ENZI: Indicated that issues should be looked at such as the problem smoking causes Medicare/Medicaid. Secretary Shalala stated that the number one priority was to reduce smoking now, and then in the future associated medical costs will decrease.

MURRAY: Appreciated the POTUS's announcement last week. Asked how the settlement would be carried out? Shalala stressed that FDA should be given the resource to carry out, however, other agencies such as CDC, NIH etc. should also have roles. Also stated that the companies must have powerful economic incentives in order to have good reason to help reduce youth smoking.

DEWINE: Stated that he was disappointed that the administration has not introduced a bill and indicated that it was going to be very tough to create a bill without the administration due to its complexity, etc. Shalala stressed that Congress WILL have the help of the administration in a bipartisan way. DeWine asked about holding individual companies responsible if their brand was being smoked more by youth. Shalala indicated that this could be done by brand and company.

FRIST: Cited a CBS Poll that said the government does not have the ability to reduce teen smoking. Asked what assurance(s) can be given to the public that the government can. The Secretary said that it was not just the government's responsibility, but everyone else as well. It

takes all aspects of the settlement to accomplish the goal. Frist asked how far the FDA should go to regulate nicotine. Shalala said that there were no plans to manipulate nicotine levels, but there must be more research. She stated that as science changes, we must be able to make changes to the current policy. Frist also praised the POTUS's inclusion of farmers in his statement. The Secretary referred questions as to specific help for farmers to Sec. Glickman. Shalala said it was time that everyone come together on this settlement: farmers, Congress etc. Frist ended the hearing by asking if consumption of tobacco products would be referred to the criminal world/black market. Shalala said that the settlement focuses on youth, therefore, it does not have black market implications.

#### SUMMARY:

Three main issues were continually brought up during the hearing. The first was the lack of specific legislation offered by the administration. Several Senators indicated that this was a major stumbling block and made passing the settlement much more difficult. The second issue was in regards to FDA. These questions revolved around how much control FDA would have and what its responsibilities would be. Secretary Shalala stressed that it was very important that the legislation maintain FDA's current status in relation to the control of tobacco. The third issue that got quite a bit of discussion was the proposed inclusion of farmers. Some Senators questioned this and thought it might be sending the wrong message. The Secretary responded that it was very important that the concerns of farmers be heard since they were not at the table when the settlement was drafted. Throughout the entire hearing, Secretary Shalala reinforced the idea that we are going to have legislation because of one reason, and that is to reduce teen smoking.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jessica L. Gibson ( CN=Jessica L. Gibson/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:26-SEP-1997 16:56:00.00

SUBJECT: mtg on Tues w/ Maxine Waters

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

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

READ:UNKNOWN

TEXT:

For some reason I have mixed my mtgs. This mtg is set for 1:00pm on Tues. Sorry.

----- Forwarded by Jessica L. Gibson/WHO/EOP on 09/26/97  
04:50 PM -----

Jessica L. Gibson

09/26/97 04:27:21 PM

Record Type: Record

To: Diana Fortuna/OPD/EOP, Elena Kagan/OPD/EOP

cc: Laura Emmett/WHO/EOP

Subject: mtg on Tues w/ Maxine Waters

I have set up a mtg on Adoption/ Granparenting issue with Rep. Maxine Waters @ 4:30pm in her office. Janet would like it if you could accompany her. Pls let me know if you would be available. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-SEP-1997 18:14:43.00

SUBJECT: New approach to FICA/workfare issue

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

TEXT:

Courtesy of the unions, a little known part of Social Security and tax law has come to light, along with SSA's interpretation of it. Two questions have emerged: First, should we give up on Treasury and ask SSA for its opinion on whether this law exempts workfare participants from FICA coverage? Second, is SSA's existing guidance on this question already so helpful and clear that essentially we already have in our possession a document we could just hand to the Governors and tell them that workfare participants are already exempt from FICA under certain circumstances?

Background: The Social Security and tax law both state that FICA coverage and taxes don't apply to a state employee "who is employed to relieve such individual from unemployment." It dates from 1950, when state government employees first began to join the FICA system. There is some legislative history from that time that suggests it applies to people on "work relief."

Social Security has interpreted this language in its handbook, but it appears that the IRS has never issued an interpretation. According to SSA's handbook, a program's intent determines whether it is designed to relieve someone from unemployment. SSA offers two interesting examples: First, a welfare recipient who performs a service in return for assistance payments is not covered (not earning credit toward Social Security). Second, however, a participant in a state program "designed to provide work experience and training to increase the employability of the individual" is covered by FICA benefits.

The difficulty here is that all of this relates to FICA coverage (i.e., eligibility for benefits), not to FICA taxes. No one at Treasury or SSA can think of a reason that someone would be eligible for one and not the other, but nevertheless everyone says it is the IRS that must make the tax interpretation. Apparently SSA and IRS try to work in tandem on such questions, but legally I can't determine whether one must defer to the other. In any case, if we did hand out the SSA guidance to Governors, they could rightly respond that this doesn't answer the question of whether they must pay FICA taxes.

One plausible possibility is that the unearthing of this language will spur the IRS to make a decision. It might even affect the content of their decision, since apparently they were not aware of SSA's handbook guidance.

Our decision is whether to (1) ask SSA for a more fulsome interpretation and see what they come up with in the next few days/weeks/months; or (2)

circulate the existing SSA guidance to Governors at an appropriate point in the process, arguing that this does the trick. We could do both. (If we choose the first option, SSA would run its interpretation by the IRS.)

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-SEP-1997 11:25:02.00

SUBJECT: Meeting w/Secretary Shalala

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

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

CC: Marjorie A. Black ( CN=Marjorie A. Black/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

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

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

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

TEXT:

There is an education meeting with Secretary Shalala on Monday at 2:00pm in the Secretary's office at HHS. I'll have a car leaving at 1:45 to go over.

Cheryl: Sylvia said you might want to send someone from Counsel's office.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-SEP-1997 09:51:35.00

SUBJECT: Good news on welfare to work transportation

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:

Yesterday, the Senate Banking and Urban Affairs Committee passed by a vote of 11 to 7, a Moseley-Braun amendment creating a Welfare-to-Work program. The Senate's version of program would authorize annual appropriations of \$100 million annually. Senator Mosely-Braun indicated that the program would be a 50-50 match and competitive, and stressed that local communities would make the decisions.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jessica L. Gibson ( CN=Jessica L. Gibson/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:26-SEP-1997 18:19:12.00

SUBJECT: Re: Sen Dems mtg

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

TO: lgriffil ( lgriffil @ os.dhhs.gov @ INET @ LNGTWY [ UNKNOWN ] )  
READ:UNKNOWN

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

TEXT:

The rm number for the Monday Sen Dem's mtg has been set-- it will be in SC-6 @ 2:00pm.

----- Forwarded by Jessica L. Gibson/WHO/EOP on 09/26/97 06:14 PM -----

lgriffil @ os.dhhs.gov  
09/26/97 05:14:00 PM

Record Type: Record

To: Jessica L. Gibson  
cc:  
Subject: Re: Sen Dems mtg

SC-6 of the Capitol. thanks, can you pass this info on to others.

-----  
Original Text

From: Jessica\_L\_Gibson@oa.eop.gov, on 9/26/97 4:36 PM:  
Message Creation Date was at 26-SEP-1997 16:36:00

do we have a room for the Mon Sen Dems mtg yet?

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

TEXT:  
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id <01IO3U2GGDJ400EZTB@PMDF.EOP.GOV> for "Jessica L. Gibson"@oa.eop.gov; Fri,

26 Sep 1997 17:15:40 -0400 (EDT)

Received: from storm.eop.gov (storm.eop.gov)  
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IO3U2C74K000H5C9@PMDF.EOP.GOV> for  
Jessica\_L.\_Gibson@oa.eop.gov; Fri, 26 Sep 1997 17:15:36 -0400 (EDT)

Received: from os.dhhs.gov ([158.70.254.1])  
by STORM.EOP.GOV (PMDF V5.1-7 #6879) with SMTP id  
<01IO3U1U23GA0060NK@STORM.EOP.GOV> for Jessica\_L.\_Gibson@oa.eop.gov; Fri,  
26 Sep 1997 17:15:10 -0400 (EDT)

Received: by os.dhhs.gov; Fri, 26 Sep 1997 17:15:15 -0400 (EDT)

X-Priority: 3 (Normal)

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



DRAFT      DRAFT      DRAFT

## STATEMENT ON THE FINAL REPORT OF THE COMMISSION ON IMMIGRATION REFORM

The Commission on Immigration Reform, chaired by the Honorable Shirley Hufstedler, and the late Barbara Jordan, issued its final report today. This report, which reiterates many of the excellent recommendations contained in the Commission's interim reports, further contributes to our country's understanding of the role of immigration in the United States. I commend the Commission's work and contribution to the national dialogue on immigration policy.

This Administration remains committed to improving America's immigration system. We have made significant progress during the tenure of the Commission. My Administration has:

- done more to curtail illegal immigration-- through tougher border control, strengthened worksite enforcement and record removals-- than any Administration in decades;
- supported legal immigration reform that is pro-family, pro-work and pro-naturalization;
- naturalized record numbers of individuals while working to improve the integrity of the process;
- preserved America's heritage as a safe haven for refugees fleeing persecution; and
- fought to protect the rights of legal immigrants who have a temporary need for benefits and services.

I am pleased that so many of our accomplishments are in accord with many of the Commission recommendations over the years.

More can be done. I have said many times that diversity is one of our greatest strengths. To benefit from our diversity, we must do more to help immigrant families' ability to participate in our national community. [I hope that the Initiative on Race will include this issue as part of the national dialogue during its work this year.]

One of the Commission's recommendations is to parcel out the Immigration and Naturalization Services' duties to other Departments across the Administration. The Commission notes that the Administration has taken significant steps to address weaknesses in INS operations that this Administration inherited. This progress results from the committed work of many dedicated individuals at INS -- the Border Patrol, the people who process applications, the inspectors and many others -- during a period of tremendous growth and challenge for the agency. [I have tasked a working group led by my Domestic Policy Council to look carefully at the Commission's proposal and to evaluate it and other reform options designed to improve INS' structural ability to accomplish its mission.]

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With this report, the Commission completes its work. I want to thank each of its members and its staff for their service and contribution on this important issue.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jessica L. Gibson ( CN=Jessica L. Gibson/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:26-SEP-1997 16:27:30.00

SUBJECT: mtg on Tues w/ Maxine Waters

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

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

READ:UNKNOWN

TEXT:

I have set up a mtg on Adoption/ Granparenting issue with Rep. Maxine Waters @ 4:30pm in her office. Janet would like it if you could accompany her. Pls let me know if you would be available. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:28-SEP-1997 15:26:26.00

SUBJECT: Tobacco smuggling

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: Mary L. Smith ( CN=Mary L. Smith/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

You (Bruce) asked about the status of tobacco smuggling. We haven't done anything other than the immediate steps of asking where the agencies were taken right after the NYT article saying how widespread the problem was. Should we ask the international folks to put together a proposal?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:28-SEP-1997 15:20:06.00

SUBJECT: Tobacco

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:

As I see it, we will need 5 products for the tobacco meeting this week. Here are the categories and the directions I think we should head in.

1. Talking points

The essential points would be:

\* Kids. This is about protecting kids.

\* Bi-partisan. We should all be able to get behind legislation to control smoking in America. This will be a bipartisan process. It is a large bill, it effects many states, and millions of people. I will work with Congress, but I recognize they will hold hearings and follow their process.

\* Promptness. Congress should take this up soon and make it high priority.

2. Q and A's

Q. Why didn't POTUS submit a bill?

A. The President set out his priorities for the bill. Congress legislates. The principles are clear, 1-5, it shouldn't be hard to get a bill to the floor.

Q. When should a bill pass?

A. It should be at the top of the agenda for this year. There is nothing more important than saving thousands of children from taking up smoking. Three thousands are starting everyday.

Q. Is POTUS just playing politics with this? Why didn't he show leadership?

A. He's taken this issue on from the first, and taken the issue this far, and is confident we will get a resolution of the issue. we will get a bill by working together.

Q. Will negotiations include industry?

A. The industry is a piece of this, but there isn't a need to negotiate with them.

Q. What is the role of the VPOTUS?

A. VPOTUS will take a leadership role in the legislation.

### 3. Research questions

I've attached research questions on: who is to blame, what arguments work best, why people think a bill may not happen. We should list some on specific disputes we should test. (We should talk about these).

### 4. Legislative Strategy

Aspects of the legislative strategy.

- 1). Goal. Pass bill that embodies the President's principles by early next year.
- 2). Timeline.
  - a). POTUS announces principles for legislation.
  - b). Outreach to Congressional leaders indicating Administration commitment to passing a bill. (We should discuss this step very soon).
  - c) Public meeting with POTUS/VPOTUS and congressional leaders-- public statement that bill is important to country and should be top priority of next year.
  - d) Congressional Action. Hearings begin, many pieces of legislation are introduced. Some are comprehensive, some more limited.
  - e) Administration Action. Administration consistently urges adherence to principles outlined by POTUS. POTUS/VPOTUS events emphasizing need for action-- involve children, farmers, second-hand smoke science. POTUS urges issue not be fragmented and a comprehensive piece of legislation be passed.
  - f). Congressional Action Continues. Larger coalitions coalesce around Senatorial leaders on issue (Kennedy/Hatch) and House chairman (Bliley).
  - g) Administration Endorsements. Administration uses following options to maintain progress of legislation: private meetings to encourage coalitions of legislators, and encourage useful combinations of bills, public comment on aspects of pending legislation to indicate support; public comment/events to indicate criticism of pace of progress or negative direction of bill.
  - h) Congressional Vote Taking. Bills reach committee and floor.
  - i). Presidential Involvement Options. Options include Presidential statement, SAP, or invitations to leaders to WH to coordinate/ resolve disputes.
  - j). Bill is voted on.

Dangers. Possible Republican approaches include:

\* A public attack on the President for showing no leadership and playing politics with issue;

\* A private strategy of fragmenting the issue and letting only certain parts of the bill advance to interminable hearings.

- \* A laissez-faire strategy of letting chaos reign on the issue for a while.
- \* An attack on the Administration for not protecting farmers, for imposing taxes/government regulation, for helping trial attorneys. Others?

Answers.

- \* Leadership. This President has shown courage in attacking problem. We can do events and maybe take more Administrative action if R's are recalcitrant. Easy to hold their feet to fire to get things done.
- \* Fragmentation. Privately urge prompt timeline for comprehensive bill.
- \* Specific Issues. Keep debate on kids. Defend farmers.

5. WH Structure and Next Steps

Three Working Groups

1. Tobacco Coordination Group. Agency and WH staff meeting every Thursday to coordinate policy and event planning.

2. Tobacco Communications Group. Group meets to plan specific Administration communications events.

3. Tobacco Legislative Group. Group meets to track legislative developments and plan next steps.

- \* Regular meetings with VPOTUS staff for event scheduling and strategy

Weekly conference call with Mike Moore's group

Weekly conference call/Meeting with Public health group (includes VP/HHS)

Next Actions that Need to be Taken

1. Prepare for POTUS/leadership meeting.
2. Hilley/Bowles outreach to Lott/Gingrich.
3. Coordinate Reed/ Shalala visits to key Hill members over next two weeks.
4. Schedule of events for rest of '97.