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**[12/03/1997]**

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001b. email attachment	Phone No. (Partial); Address (Partial) (4 pages)	12/04/1997	P6/b(6)

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**COLLECTION:**

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 OPD ([Kagan])  
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[12/03/1997]

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**RESTRICTION CODES**

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

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

RR. Document will be reviewed upon request.

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

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- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman ( CN=Robert M. Shireman/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 3-DEC-1997 17:33:59.00

SUBJECT: Memos - tight timeline

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TO: Jacob J. Lew ( CN=Jacob J. Lew/OU=OMB/O=EOP @ EOP [ OMB ] )  
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TO: Jonathan H. Schnur ( CN=Jonathan H. Schnur/O=OVP @ OVP [ UNKNOWN ] )  
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TO: Barry White ( CN=Barry White/OU=OMB/O=EOP @ EOP [ OMB ] )  
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TO: Anne H. Lewis ( CN=Anne H. Lewis/OU=OPD/O=EOP @ EOP [ OPD ] )  
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TO: John Podesta ( CN=John Podesta/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Marjorie Tarmey ( CN=Marjorie Tarmey/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: William R. Kincaid ( CN=William R. Kincaid/OU=OPD/O=EOP @ EOP [ OPD ] )  
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TO: William H. White Jr. ( CN=William H. White Jr./OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TEXT:

Attached are memos that are being faxed out now on both the Hispanic Action plan, and the College-School Early Intervention partnerships (also known as "mentoring" or "Fattah-plus"). They ask for comment by noon tomorrow because they will be going to the President by COB tomorrow.

===== ATTACHMENT 1 =====

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D51]MAIL40725663X.316 to ASCII,  
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December 3, 1997

**MEMORANDUM TO:**         **SECRETARY RILEY**  
                              **DIRECTOR RAINES**  
                              **BRUCE REED**

**FROM:**                 **GENE SPERLING**  
                              **BOB SHIREMAN**

**RE:**                     **MENTORING INITIATIVE**

The attached draft memorandum follows up on the principals meeting of October 14, and the consultation and analysis that has gone on since that time.

A final memo will go into the President by COB tomorrow, so I need your changes and recommendations, if any, *by noon tomorrow, Thursday, December 4*. Please get your changes to Bob Shireman by fax (456-2223) or e-mail and call him (456-2803) to make sure he has received them.

CC: Mr. Bowles  
      Secretary Rubin  
      Dr. Yellen  
      Ms. Mathews  
      Mr. Podesta  
      Mr. Klain  
      Mr. Hilley  
      Acting Deputy Secretary Smith  
      Mr. Lew  
      Ms. Kagan  
      Ms. Winston  
      Mr. Cohen  
      Mr. Shireman

MEMORANDUM TO THE PRESIDENT

RE: COLLEGE-SCHOOL EARLY INTERVENTION INITIATIVE

In preparation for the budget decisions that will need to be made in the next few weeks, this memorandum is intended to provide you with a status report on the development of a possible college-school early intervention initiative, and an opportunity for you to provide direction to our continuing efforts. In order to move forward on the budget, there are three issues that need to be settled: (1) the basic parameters of the early intervention programs, (2) the issue of early notification (the "guarantee" of aid), and, of course, (3) funding.

With the approach described in this memo, you would be able to announce a new 21st Century Scholars program that would:

- Provide families at high-poverty middle schools (and possibly others as well) with an official notification of the \$20,000 or more that is available for their children to go to college; and,
- Through colleges and other partners, provide intensive, long-term early intervention and support services to 250,000 new children each year (at 2200 high-poverty schools) -- 1.5 million children over six years.

## Background

As you remember, this initiative began with your interest in the "21st Century Scholars Act" by Rep. Chaka Fattah. This legislation, which continues to garner significant support, including some Republicans, would guarantee sixth graders at high-poverty schools a maximum Pell Grant when they got to college; send a notice to them annually from the Secretary of Education reminding them of the availability of aid; and make them automatically eligible for the counseling, academic support, and other services provided by TRIO programs (such as Upward Bound) in high school and college.

Working with OMB and Education, we analyzed the specifics of the Fattah approach and found a number of problems: higher-than-expected costs and inefficiencies; inequities and perverse incentives; and the difficult issue of a new entitlement. Most important, the research on early intervention programs indicated that in order for them to be successful, it is *critical* that mentoring, counseling and tutoring be provided to students. Simply making them eligible for TRIO is not enough. As you know, Rep. Fattah is aware of these concerns and is flexible on the design of a program.

We felt strongly that the Administration needed a strong early intervention initiative that goes well beyond a notification about financial aid. Research demonstrates that programs that start early and are sustained for a number of years are effective. For example, in the rigorously-evaluated Quantum Opportunities Program, 42 percent of the participants attended college, compared to 16 percent in the control group. To have a significant impact on college enrollment of disadvantaged youth, it is clear that we need a full-fledged early intervention program.

Our idea is to center this effort on colleges reaching out to high poverty schools. College involvement is critical for a number of reasons. First, this approach creates an ethic of responsibility: it reminds colleges that they are responsible for helping to build a pool of disadvantaged youth -- disproportionately minorities -- who are well-prepared for college. Second, if college is to be the goal that sixth graders see, they need to have some connection to the institution. Third, colleges are best able to tell students -- and the schools they attend -- what types of courses and skills they need to succeed. Indeed, an ancillary benefit of this approach should be higher standards.<sup>1</sup> And finally, a stable,

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<sup>1</sup>In fact, in response to our consultations on this issue, we already have a proposal from colleges in the California State University system for an early intervention program that would focus on math as the gateway to college.

long-term institution needs to be there to ensure the quality and staying power of a program like this one.

In October, principals discussed options (DPC, Education, PIR, COS, and OLA were represented). At that meeting, there was strong support for the concept of Federal aid to partnerships between colleges and needy schools, to provide sixth graders with mentoring and other support that would be sustained through high school graduation. There was also strong support for getting early information to families about the availability of Federal financial aid for college. But there was concern about any new entitlement to aid: first, it creates budget complications, both politically and practically; second, it creates the impression that the current programs are not secure -- contrary to the "universal access" message that we are sending in the wake of victories on HOPE and Pell.

Since the principals meeting, we have accelerated our consultations and research. I have spoken with more than 200 college presidents, both individually and in groups, and the response has been quite positive. Many of them have provided examples of their own efforts to tap into K-12 schools to recruit and offer help early. Education is reviewing all of the research literature, and with my staff has carried out an effort to identify model programs with the characteristics that we discussed at the principals meeting. Both Mike Smith and I have spoken with Eugene Lang, founder of the "I Have a Dream" program, and he agrees that we are on the right track. Even though he is best known for his promise of aid to Harlem sixth graders, he feels strongly that the early and sustained *support services* are the most important determinant of a successful program (and he agrees with the need for college involvement).

#### Basic Parameters of the College-School Partnerships

Some of the colleges with whom we have consulted want the program to very flexible, to incorporate a wide variety of program models. But we have pressed that while we support flexibility, there needs to be a vision -- some common elements that give the proposal an identity that will propel it to success both legislatively and, ultimately, programmatically. We recommend the following core components:

*Whole Classes/Cohorts at High-Poverty Schools.* Programs must start providing services to *all* of the children in a grade, class, or school. Many programs focus on students who have been pre-judged to have college "potential." But middle school is too early to rule anyone out. In addition, a whole-class approach is

more likely to involve the *school* (rather than just the students) in a way that will bring about improvements in the curriculum.

*College as a Goal.* The programs must hold out college as a primary goal. Special consideration would be given to partnerships that guarantee enrollment in a college for participating students who reach particular milestones, and/or for programs that guarantee additional financial aid to cover the full costs of the college.

*Start Early and Stay with Kids through High School.* Students should begin in the program *not later than* the seventh grade. The program must continue to provide services through high school graduation (or at least for six years). (There will be some attrition due to dropping out of school or of the program, moving out, or participating in another program.)

*An Intensive Element.* Programs must provide intensive assistance to students at least during some part of the program (cost estimates assume that this happens in the first year). For example, this may be a residential summer component at a college.

*Community Involvement.* Community organizations and businesses should be tapped to offer mentors, guarantees of additional financial aid in exchange for student performance, exposure to careers, and other support.

Note on relationship to TRIO programs. Some colleges already have Federal TRIO grants with some of the above characteristics, and/or they have other similar programs. The largest Federal investment, Upward Bound, provides counseling and intensive academic support to *selected* disadvantaged high school students who show aptitude for college. The Talent Search program provides a one-shot program of early information about college to middle school students. Those programs do not come close to addressing all of the need, so there would not normally be a problem with them duplicating some part of this new program. Applicants for the college-school partnership funds would have to describe how their existing early intervention programs would be coordinated with the new program. It is expected that some partnerships would apply for the new grants to extend and expand their programs, so that Upward Bound, for example, could essentially create a grade 4-10 feeder program, and Talent Search could add a more intensive component with follow-up during the high school years. Others might simply focus on high-poverty schools where the students are not

being served by any current program.

### Early Notification/Guarantee

The early intervention effort would be joined with Rep. Chaka Fattah's concept of providing children and their families with *early, official notification* of their eligibility for college financial aid. Because of the combination of student loans, Pell Grants, and HOPE Scholarships, virtually everyone is eligible for at least \$20,000 of aid for four years of college. While a legally enforceable "guarantee" to Pell Grants six years in the future has too many problems, we can still adopt the basic concept by making a firm statement about college aid generally. (As with Federal pensions and some military benefits, the actual amounts would depend on the continuation of the programs.)

This would be part of the larger information campaign on access to higher education. While the focus would be on getting the notifications to families at the highest-poverty schools, we would not need to be that restrictive and could reach a larger number than the Fattah legislation proposes. It would not be unreasonable for us to have a goal of reaching a million students with information and an official notification (double the number that would have been reached by Fattah).

As already noted, we would encourage partnerships to supplement Federal aid with additional financial assistance and/or guaranteed admission to a particular college if the student takes the right classes and works hard.

### Funding

We are discussing two possible approaches. The first would make a simple offer to colleges in a competitive program: tell us how you would use a grant of \$200,000 to \$1 million to create or expand partnerships with the characteristics outlined above. A \$300 million investment would fund 400 colleges, if the average grant size was \$750,000.

They might have partnerships with up to 2000 schools, with 226,000 students (if only one grade level was being served at all of the schools). This would leave it up to the college to determine whether and how to add new cohorts. In providing grants, we would have the flexibility to take into consideration the institution's own resources, so that Ivy League schools would be expected to take most of the costs themselves, while a Tribally Controlled Community College would not.

The other approach would be tied more specifically to the need for an intensive

start, and the cost of adding new cohorts of students each year. It would also require a growing local match.. A \$300 million Federal investment in FY 1999 would allow us to serve 250,000 seventh graders through competitive grants to partnerships with 2200 high-poverty schools, assuming a 20 percent local match and a \$1,500 per participant cost. These funds would provide mentoring to about half of the schools and students that would have been provided the guarantee under Fattah (students at schools with poverty rate of 75 percent or greater). It is five times as many as are now served by Upward Bound.

The average per-student cost would be significantly lower (\$800) in the remaining years, but additional cohorts -- new groups of seventh graders -- would continue to be added each year until there is a full complement. If we assume that the local match can be increased by 10 percent with each new cohort, until the Federal government is covering only 30 percent of the cost, then (assuming some attrition) the funding would reach a steady state at \$619 million in FY 2004. (See line [a] on the table). *Over the six years, 1.5 million kids would be served.*

Federal Cost of Early Intervention Program (in millions of dollars)

	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06
a. Full	300	415	502	565	604	619		
b. Phase-in	150	339	430	534	595	632		
c. Smaller								

If we need to reduce FY 1999 appropriations requests, the best way to do so would be to phase in the number of partnerships over two or three years, rather than assuming that all of them would be established in the first year (line b). If the out-years are a problem, then we would need to reduce the total number of schools/partnerships that we are aiming for (line c).

*Add at least \$30 million.* The TRIO programs have a strong, organized constituency. We are working with the association on this proposal, and so far they are supportive. But they are concerned that our interest in this new proposal may weaken our resolve as far as increases for the TRIO programs. Therefore, it is critical that an increase of at least \$30 million be included in the Budget for TRIO if we move forward with the school-college mentoring partnerships.

*Current program authorities and the question of a State role.* We are currently assuming that this would be a new direct grant program from the Department of Education, probably part of our proposal for reauthorization of the Higher Education Act. Education is exploring a couple of current (unfunded) authorities to determine whether we could use one of them for this program. The benefit of doing so is that it makes it easier to get appropriations, because we don't have to wait for an authorization of a new program in order to get appropriations.

Some of the Committee leadership on the Hill and the student association are expected to pursue a state-based model, making use of a program authorized in 1992 called the National Early Intervention and State Scholarship Program. It is funded at \$3.2 million now and funds some useful models. Education opposes using this authority, however, because it would be more difficult to maintain a high-quality, highly targeted effort.

#### Next Steps

If you are comfortable with the general approach, then we will continue to draft the descriptions that will need to be included in the Budget, if funding is to be included. We will then continue to vet the idea, and will begin to develop a roll-out strategy.

#### Views and Recommendations

December 3, 1997

**MEMORANDUM TO:**            **SECRETARY RILEY**  
                                 **SECRETARY SHALALA**  
                                 **SECRETARY HERMAN**  
                                 **DIRECTOR RAINES**  
                                 **BRUCE REED**

**FROM:**                    **GENE SPERLING**  
                                 **BOB SHIREMAN**

**RE:**                        **HISPANIC EDUCATION INVESTMENTS AND ACTIONS**

As you know, the President asked us to develop strategies for improving education opportunities for Hispanic Americans, particularly to reduce the dropout rate. All of you have contributed to this effort. The attached draft memorandum to the President lays out some of the actions we are prepared to take, as well as a proposal for investments in the FY 1999 Budget.

The possible investments will be compared against other requests, in the context of the budget process over the next two weeks. Please let me know *by noon tomorrow, Thursday, December 4*, if you have any suggested changes to the memo, or recommendations to add. Please focus particularly on the investments in section I. Please contact Bob Shireman at 456-2803.

CC: Mr. Bowles	Mr. Hilley
Dr. Yellen	Acting Deputy Secretary Smith
Ms. Mathews	Deputy Secretary Thurm
Mr. Podesta	Deputy Secretary Higgins
Ms. Murguia	Mr. Lew
Ms. Echaveste	Ms. Kagan
Mr. Ibarra	Ms. Winston
Mr. Klain	Mr. Cohen

Mr. Shireman.  
Dr. Pompa  
Ms. S. Brown

## DRAFT MEMORANDUM TO THE PRESIDENT

This memorandum provides you with background on our efforts to improve educational opportunities for Hispanic Americans, and a possible further investment strategy for the FY 1999 Budget. Once budget decisions are made, we will have a comprehensive package of research-based recommendations, new investments, and administrative actions ready for an announcement. The announcement would include:

- a report on the Hispanic dropout problem by researchers named by Secretary Riley two years ago (in response to a request by Sen. Bingaman). The report includes advice for schools, families, and all levels of government, but does not include any new data;
- investments in programs that address the needs of Hispanic and LEP children;
- a list of administrative and other actions -- including a Conference on Staying in School -- that Education, Labor and HHS are taking to improve Federal programs so that they better serve the Hispanic (and LEP) community; and,
- the Secretary of Education's plan describing how current programs and our agenda of research, standards and testing, teacher training, and outreach address the needs of Hispanic and LEP children.

Section I of this memo describes the consultations that have taken place and the legislative and appropriations actions that we have already taken. Section II is a reminder of some of the planned or possible FY 1999 investments that are generally important for minorities, but are not explicitly part of the Hispanic plan. *Section III lays out a possible investment strategy for Hispanics and LEP children and families for the FY 1999 Budget.* Section IV describes the other actions that agencies would announce as part of the Hispanic Action Plan. Section V presents the views of your advisors.

## I. Background

In response to your request that we look into the what we can do to address the Hispanic dropout rate and to generally improve the educational opportunities of Hispanic Americans, we set out to identify possible actions in three areas:

- Then-pending Administration initiatives and reauthorization proposals that could be improved in ways that benefit Latinos (for example, funding formulas that do not adequately take into consideration growth areas).
- Appropriation items in the FY98 Budget that have a disproportionate impact on the Latino population, so that we would be sure to take that into consideration in the continuing budget process.
- Additional administrative and legislative proposals that could be aimed at increasing Hispanic educational opportunities.

As a foundation for our efforts, we were able to use a report and recommendations released last year by the President's Advisory Commission on Educational Excellence for Hispanic Americans. We met with constituency groups, and held a series of meetings with Hispanic Caucus members and staff, where officials from Education, Labor, HHS, and USDA discussed their programs and some of the concerns and recommendations that have been raised. Most recently, we have been able to review the not-yet-released report of the Hispanic Dropout Project, by a group of researchers named by Secretary Riley at the suggestion of Senator Bingaman. We have also reviewed legislation proposed by Congressman Hinojosa and Senator Bingaman.

These efforts yielded results this year:

- We insisted that our **35% increase for Bilingual and Immigrant Education** be an explicit part of the Bipartisan Balanced Budget Agreement, a very exclusive list (only 13 items government-wide).
- The \$199 million in Bilingual Education **includes \$25 million for training teachers to help limited English proficient (LEP) kids**, a proposal that Republican appropriators fought last year. (Thank Delia for working with the appropriators this year to assure their support).
- We took another look at our **America Reads** legislation and added provisions to make doubly sure that States would have to make a particular effort to serve LEP children.

- Our proposal for **Adult Education** reauthorization -- a program that provides adult ESL -- includes a **new formula** that targets states with large numbers of LEP adults. (Unfortunately, no one in Congress is pushing the formula).
- We proposed and received an **11% increase for Hispanic-Serving Institutions (HSIs)**.
- In a reversal from our position to eliminate the program a few years ago, we proposed and received a **small increase for HEP-CAMP** (migrant college support services and early intervention program).
- Other selected FY 1998 Appropriations that help Hispanics:
  - Job Corps* -- an effective program in which 70% of the participants are minorities -- got \$92 million increase (to \$1.246 billion). 30 Job Corps Centers teach ESL.
  - Youth Opportunity Areas*: \$250 million to the highest poverty areas to help out-of-school youth (age 16-24) become employable. (Currently six cities are funded. In NYC, 67% of those served are Hispanic; in Houston, 65%; in Los Angeles, 50%.)
  - \$1.4 billion increase in **Pell Grants** for low-income college students.
  - Obey's **Comprehensive School Reform** provides funds that will go to schools that need to be transformed -- first in line should be those with high dropout rates.

## II. Generic Issues

It is important that our overall campaign for high standards and accountability remains to be seen as an important part of the answer for all children, *particularly* those who are at risk. For the announcement of the Hispanic Action Plan, Education has developed a document that describes how the key education programs work for Hispanic and LEP children.

There are also other new initiatives that have already been announced or are being considered that are oriented toward needs that have been identified in our work on Hispanic Education, including:

- **Teacher Training and Recruitment.** Your five-year, \$350 million teacher training and recruitment proposal is aimed at improving teacher preparation particularly for

harder-to-serve populations, and recruiting more minority teachers.

- **Education Opportunity Zones.** This new investment is aimed at spurring and rewarding effective reform efforts in school districts that tend to be predominantly minorities.
- **College-School Early Intervention Partnerships.** This is a proven response to the dropout problem: it takes children at high-poverty schools by the seventh grade, delivers a firm message about college opportunity, and then provides them with support through to high school graduation. We consider this a major initiative that should be announced in a broader context.

### III. Decision: Added Investments

For FY 1999, we recommend that you consider increasing funding in some key programs that are important to Latinos.

<i>Investment (in millions):</i>	<i>FY 1998</i>	<i>Increase</i>	<i>FY 1999</i>
Bilingual Education - Teacher Training	\$25	\$25	\$50
TRIO College Preparation Programs	\$530	\$30-70	\$560
Hispanic-Serving Institutions [non-add; already approved]	\$12	[\$16]	\$28
Adult Education - Model ESL Programs	n/a	\$20	\$20
Migrant Education Program	\$305	\$30-80	\$365
Migrant Education: HEP and CAMP	\$9.7	\$5.3	\$15
TOTAL:		\$110.3-\$200.3	

This package addresses five of the six highest-priority items identified by the Hispanic Education Coalition. The only program identified by the coalition but not included above is Title I. (If the budget process yields a substantial increase in Title I, that could be included as well.) The program above that was *not* identified by the coalition is Adult Education/English-language training for adults.

**1. Bilingual Education - Teacher Training.** This program provides current teachers with the skills they need to address the English language deficiencies of their students. (Despite the

name, it does not require a bilingual program). By doubling the FY 1998 investment and sustaining that level over five years, we could *train 20,000 teachers*. The need in this area is huge -- California alone has a reported shortfall of 20,000.

**2. TRIO College Preparation Programs.** A recent evaluation of the Upward Bound program (support for promising disadvantaged kids to go to college) showed dramatically positive results for Hispanics. This is an opportunity to showcase this success. We will also be making changes to the TRIO statute to encourage more funding to areas that are under-served, such as the Hispanic community. Even though we may be proposing an *earlier* mentoring program, it is important that we propose an increase in TRIO so that the very strong TRIO constituency does not see the new program as a threat. \$30 million is the same increase that the programs received in FY 1998; \$60 million would receive a more enthusiastic response.

**3. Hispanic-Serving Institutions.** These funds go to strengthen colleges where at least 25 percent of the student body is Hispanic and a large portion are needy. This substantial increase is already slated, as a result of Higher Education Act reauthorization and other discussions.

**4. Adult Education - Model ESL Programs.** The largest single source of English-as-a-Second-Language funding comes from the Adult Education program (which also promotes adult literacy and GED attainment). There are a plethora of approaches, and huge demand for these programs. But there is little information about what types of programs are most effective for different populations. This five-year \$100 million investment would go toward improving the ESL programs that we now fund through identification and dissemination of proven and promising practices. It could also be used to provide more training for adult ESL instructors, and/or to expand the use of the televised ESL series "Crossroads Cafe," if the evaluations of that program are as positive as expected.

**5. Migrant Education Program.** Because of their mobility, migrant children -- more than 80 percent of whom are Hispanic -- often do not "belong" to any one school system or even one State. That is why the Federal role in this area is critical. Funded at \$305 million in FY 1998, MEP is a State formula program that supports an extremely wide range of interventions specifically tailored to the needs of the local population it serves. Services range from the identification and recruitment of kids into schools, to all kinds of school-based interventions, to after school programs and summer sessions.

The 1994 reauthorization (of the Elementary and Secondary Education Act) focused MEP on the most mobile families, and resulted in more services are now being provided in the summer and between school sessions. Despite a narrowing of eligibility rules, the number of participating children has been increasing since the reauthorization, in part because of

partnerships between MEP and several major agribusiness partners. These partnerships have led to improved service and coordination by local providers (education, health, public safety, library).

Increased funding would help to address the growing population of children who are being referred to the program, and to continue to provide a richer array of supplemental educational services. *A \$60 million investment is included in the proposal to address Child Labor issues.*

#### *IV. Administrative Actions and Program Improvements*

Based on our review of the Advisory Commission recommendations, other reports, and our meetings with the constituency groups and the Caucus, the agencies have signed off on a number of changes to, or enhancements in, current programs to better serve the Hispanic population. They are described below:

##### *Dropout Prevention:*

- *Comprehensive School Reform.* As part of this new \$150 million program aimed toward transforming failing schools, the Education Department will identify model approaches that show promise in reducing high dropout rates, and that address the needs of limited-English proficient children. The Department's guidelines to States will encourage funds to go to schools that need to address a dropout problem.
- *White House Conference on Staying in School.* The President and the Administration will participate in a conference to share solutions -- lessons from successful efforts to reduce dropout rates and to provide youth with alternatives to traditional high schools.
- *Clearinghouse on Successful Models for Dropout Prevention.* The Education Department, through its various research centers (and other clearinghouses), has a great deal of resources relating to dropout prevention. This would provide school and community leaders with "one-stop shopping" for ideas and information on best practices for keeping kids in school.

##### *General:*

- *Public Service Announcements in Spanish.* Univision has agreed to produce a series of public service announcements on education, such as encouraging parents to read to their children at an early age, and telling families about college financial aid.
- *Toll-Free Number and More Information in Spanish.* The Education Department is developing criteria to systematically determine what publications should be translated so that Spanish-speaking parents have better access to the information. In addition, the Department will establish a toll-free number that is answered in Spanish (or change the current number to prompt non-English speaking callers earlier), to ensure that there are no barriers to parents who want to find out how to better help their children succeed in school.

- **Model High Schools:** Working with the National Council of La Raza and ASPIRA, the Education Department's New American High Schools Initiative will focus attention on schools that better prepare all students for college and careers. Four of the ten schools initially selected have a Hispanic population of 20 percent or more. In addition, the Department has awarded a two-year contract to improve student preparation at six urban high schools and to serve as models for other high schools. Three of the six have substantial Hispanic student participation.

### *Early Childhood and Parental Involvement*

- **Early Head Start:** [Checking whether new funding in FY 1998 can be geared toward the needs of Hispanic community]
- **Head Start:** The Bipartisan Balanced Budget includes continued expansion of the program, toward the goal of serving one million children by 2002. The Department of Health and Human Services will implement an outreach plan to ensure that programs are reaching the Hispanic community. As a part of that effort, the Department will identify and disseminate a "best practices" guide for serving limited-English proficient (LEP) children.
- **Title I/parent training:** Parents who do not speak English well need extra care and support to gain their active participation in the schooling of their children. The Department of Education is compiling a set of "best practices" for implementing family literacy and parent involvement programs. This will include guidelines for working with LEP parents.

### *Improving teaching and learning*

- **America Reads:** The Education Department and Scholastic, Inc., have developed and are distributing, posters featuring the message "Reading is Power/Leer es Poder." The back of the poster provides reproducible reading activities for classroom use. Spanish language tutoring kits have been developed and will be distributed to Hispanic communities. LULAC has been an active partner in America Reads effort.
- **Bilingual/Teacher Training:** The Bipartisan Balanced Budget Agreement secures a 27 percent increase for the bilingual education program. As part of that increase, the Education Department will dedicate \$25 million to increase the number of teachers who are qualified to teach LEP children, and to improve teacher preparation programs so that

all teachers can meet the needs of LEP students.

- *Technology:* To ensure that all schools take advantage of the funding available through the \$2 billion Technology Literacy Challenge Fund and the discounts of up to 90 percent (for the poorest schools) that will be available through the FCC's Universal Service Fund, the Education Department will conduct a series of technical assistance workshops, including some that are targeted to communities with large populations of Hispanic students. [Mention VP's leadership of outreach effort?]

### *Migrants*

- ***Technology.*** The Education Department has awarded six grants, at \$15 million over five years, for projects that apply the use of technology to improve teaching and learning for migrant children.
- ***Coordinated eligibility.*** The Education Department is exploring the possibility of waiving eligibility requirements for Migrant Even Start and other education programs so that children of participants in the Job Training Partnership Act's migrant program (section 402), who have already been judged needy, will be automatically eligible.

### *Second chance and job training*

- ***Youth Opportunity Areas.*** \$250 million has been appropriated for FY 1999, targeted to the highest poverty areas in the country to help out-of-school youth (age 16-24) become employable. (Currently six cities are funded. In NYC, 67 of those served are Hispanic; in Houston, 65 ; in Los Angeles, 50 .)
- ***Bilingual Contextual Learning.*** The Labor Department is currently evaluating the results of an innovative approach for training individuals for the burgeoning home health care field. The Department will broadly disseminate the "lessons learned" from this experience.
- ***ESL in Job Training.*** The Labor Department will include guidance for providing services to limited-English-proficient populations in JTPA or successor programs.

### *College opportunity*

- ***TRIO programs.*** The Education Department's reauthorization proposal will include measures designed to make the programs more available in areas that are now under-served by TRIO, including those with substantial Hispanic populations.
- ***Information about college financial aid.*** The largest Spanish language newspaper in the country, *La Opinion*, is publishing and distributing a Spanish-language version of the Education Department's guide, "Getting Ready for College Early." The Department is seeking out other opportunities to better reach Latino families.
- ***Hispanic-Serving Institutions.*** The Education Department's reauthorization of the Higher Education Act will include the creation of a new part under Title III for Hispanic-Serving

Institutions.

*Other efforts:* The Education Department will release a plan that includes a number of other items, and improvements in data collection and research relating to Hispanic and LEP students.

V. Views and Recommendations

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Daniel C. Montoya ( CN=Daniel C. Montoya/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 3-DEC-1997 17:41:55.00

SUBJECT: Presidential Advisory Council on HIV/AIDS

TO: Donald H. Gips ( CN=Donald H. Gips/O=OVP @ OVP [ UNKNOWN ] )  
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TEXT:

The Presidential Advisory Council on HIV/AIDS will be meeting at the Omni Shoreham Hotel, 2500 Calvert, December 4-7. I am attaching an agenda and a council member list. If you should need me, please feel free to page me

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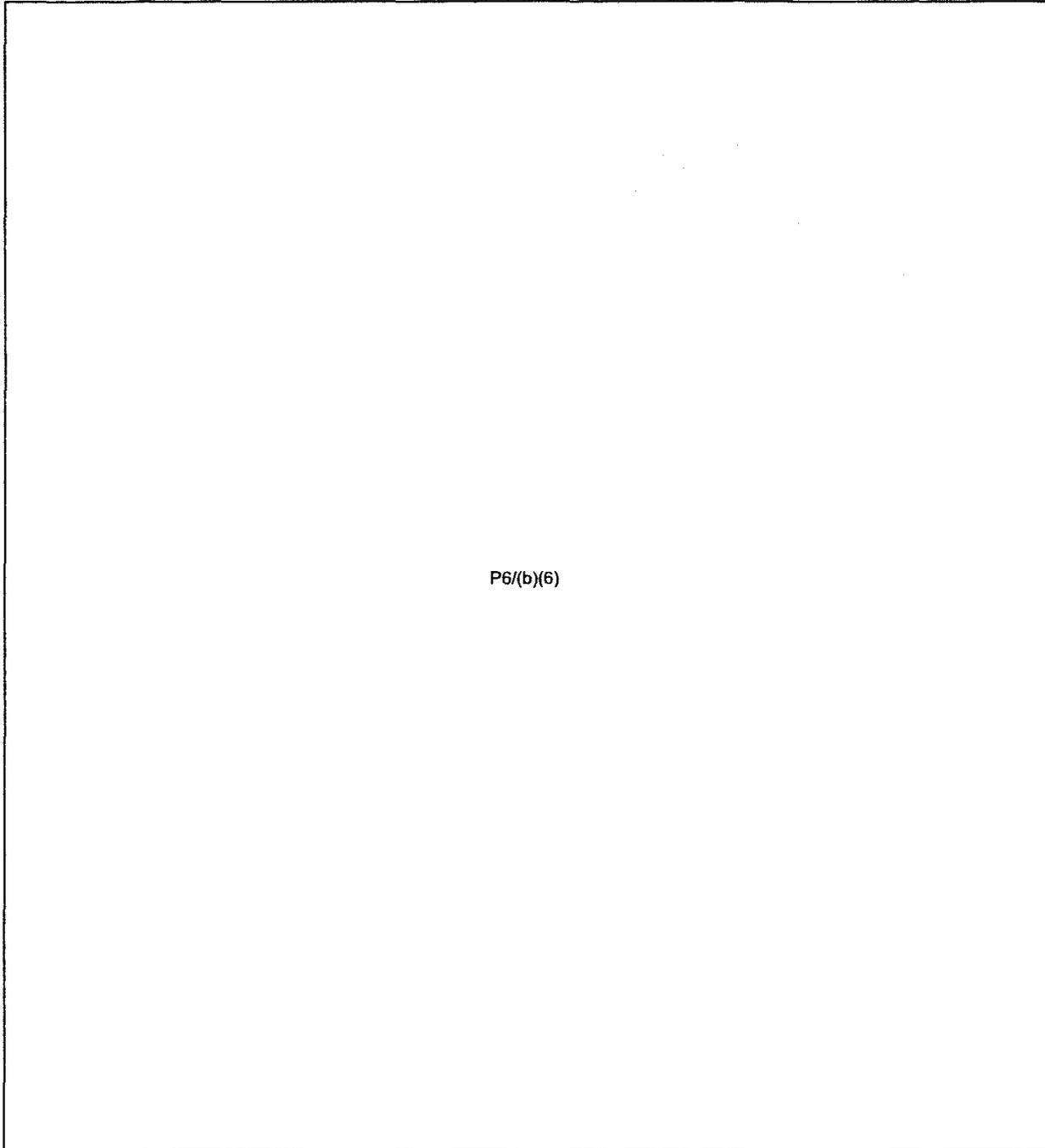
Thanks,

dcm

===== ATTACHMENT 1 =====  
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TEXT:

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# Presidential Advisory Council on HIV/AIDS

December 4 - 7, 1997

Omni Shoreham Hotel  
Washington, D.C.

## DRAFT AGENDA

### *Thursday, December 4*

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- 10:00 a.m.    Welcome *Hampton Room*  
Update of Interim Activities  
R. Scott Hitt, M.D., Chair
- 10:30 a.m.    Office of National AIDS Policy Update  
Sandra L. Thurman, Director
- 12 Noon      1997 Progress Report Update/Discussion I  
R. Scott Hitt, M.D., Chair  
Daniel C. Montoya, Executive Director, Presidential  
Advisory Council on HIV/AIDS
- 12:30 p.m.    **LUNCH** (on your own)
- 1:30 p.m.    Subcommittee Meetings
- Prevention Subcommittee** *Hampton Room*  
  
Executive Summary Draft Discussion  
Recommendation Assessment/Followup Action Draft
- Research Subcommittee** *Embassy Room*
- 1:30 p.m.    Public Comment on Vaccine Report
- 2:30 p.m.    Discussion of Vaccine Report
- 3:30 p.m.    BREAK
- 3:45 p.m.    Discussion of Vaccine Report (continued)
- 4:45 p.m.    Discussion of Progress Report

***Thursday, December 4 (Continued)***

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**Services Subcommittee**

*Calvert Room*

- 1:30 p.m.      **FY 1998 Appropriations Presentation**  
**David Harvey and Miguelina Maldonado, National**  
**Organizations Responding to AIDS (NORA)**
- 2:15 p.m.      **Youth Presentation**  
**David Harvey, AIDS Policy Center for Children,**  
**Youth, and Families**
- 2:45 p.m.      **National Policy Dialogue on Early Medical Intervention**  
**Services**  
**Sophia Chang, M.D.**
- 3:30 p.m.      **Access to Treatment**  
**Medicaid Expansion and Medicaid Waivers**  
**Kathleen King, Health Care Financing**  
**Administration**  
**AIDS Drug Assistance Program**  
**Joseph O'Neill, Health Resources and**  
**Services Administration**  
**Cost of Pharmaceuticals**  
**Joseph Kelly, National Association of State and**  
**Territorial AIDS Directors**
- 5:00 p.m.      **Executive Summary Draft Discussion**  
**Recommendation Assessment/Followup Action Draft**
- 6:00 p.m.      **ADJOURN**

***Friday, December 5***

---

- 9:30 a.m. Full Council Presentation *Hampton Room*  
Substance Abuse Panel
1. Overview of Epidemiology of HIV and IDU in US  
Invited panelist:  
Stephen T. Jones, M.D., Centers for Disease Control  
and Prevention
- 9:45 a.m. 2. Substance Abuse Treatment and Prevention in the U.S.–  
How We Provide It, How We Fund It  
Invited panelists:  
Paul Schwab, Substance Abuse and Mental  
Health Services Administration (SAMHSA)  
Steve Gust, Ph.D., National Institute of Drug  
Abuse (NIDA)  
Jack Farrell, New Jersey Department of Health
- 10:30 a.m. 3. Integrating Harm Reduction and Drug Treatment  
Invited panelists:  
Harry Simpson, Community Health Awareness Group
- 11:15 a.m. **BREAK**
- 11:30 a.m. 4. Federal Policy and Spending as it Affects Substance Abuse/HIV Issues  
Invited panelists:  
Christine Lubinski, AIDS Action Council  
Daniel Schecter, Office of Demand Reductions,  
Office of National Drug Control Policy
- 12 Noon Public Comment
- 12:30 p.m. **LUNCH** (on your own)
- 1:30 p.m. 1997 Progress Report Update/Discussion II
- 2:30 p.m. Presentation on HIV Surveillance  
Terje Anderson  
Mike Isbell  
Alexander Robinson

***Friday, December 5 (Continued)***

---

3:15 p.m. Presentation on HIV/AIDS Meeting in Cuba  
Jeremy Landau

3:30 p.m. Subcommittee Meetings:

**Communities of African and Latino Descent** *Hampton Room*  
• **Executive Summary Draft Discussion**  
• **Recommendation Assessment/  
Followup Action Draft**

**Discrimination** *Calvert Room*  
• **Executive Summary Draft Discussion**  
• **Recommendation Assessment/  
Followup Action Draft**

**International** *Governor's Boardroom*  
• **Executive Summary Draft Discussion**  
• **Recommendation Assessment/  
Followup Action Draft**

**Prisons** *Presidential Room*  
• **Executive Summary Draft Discussion**  
• **Recommendation Assessment/  
Followup Action Draft**

6:00 p.m. **ADJOURN**

***Saturday, December 6***

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8:00 a.m. Subcommittee Meetings

**Communities of African and Latino Descent** *Hampton Room*

**Discrimination** *Calvert Room*

**International** *Governor's Boardroom*

**Prisons** *Embassy Room*

***Saturday, December 6 (Continued)***

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9:00 a.m.	Subcommittee Meetings	
	<b>Prevention</b>	<i>Embassy Room</i>
	<b>Research</b>	<i>Hampton Room</i>
	<b>Services</b>	<i>Calvert Room</i>
11:30 a.m.	1997 Progress Report Update/Discussion III	<i>Hampton Room</i>
1:00 p.m.	Public Comment	
1:30 p.m.	<b>LUNCH</b> (on your own)	
2:30 p.m.	Subcommittee Reports I	
4:00 p.m.	Subcommittee Meetings	<i>Hampton, Calvert, Embassy, Governors Rooms</i>
6:00 p.m.	<b>ADJOURN</b>	

***Sunday, December 7***

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9:00 a.m.	Subcommittee Reports II	<i>Hampton Room</i>
10:00 a.m.	Old Business New Business	
12 Noon	<b>ADJOURN</b>	

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# Presidential Advisory Council on HIV/AIDS

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2009-1006-F

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MEMORANDUM

**TO: BRUCE REED, ELENA KAGAN**

**FROM: TOM FREEDMAN, MARY L. SMITH**

**RE: CIVIL RIGHTS ENFORCEMENT INITIATIVE**

**DATE: DECEMBER 4, 1997**

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**Summary:**

The goal of this initiative is to improve the handling of federal discrimination cases so that citizens' complaints are heard more promptly and with less paperwork, and to reform federal civil rights offices so they are more effective at prevention and are better coordinated. The plan was developed in meetings with leaders of federal civil rights offices and with input from representatives of leading civil rights organizations and offices within the Administration including the White House Counsel, OPL, PIR, NEC, and OMB.

Among the highlights of the initiative is its commitment to modernize and reform the Equal Employment and Opportunity Commission. The initiative outlines investments in EEOC technology and programs so that by the year 2000 the average EEOC case will be heard within 6 months. In addition, the plan puts in place, for the first time, a comprehensive strategy across the six leading civil rights agencies (the Equal Employment Opportunity Commission, the Department of Justice, the Department of Labor's Office of Civil Rights, the Department of Labor's Office of Federal Contract Compliance Programs, Housing and Urban Development, and the Department of Health and Human Services' Office of Civil Rights) to make it easier to comply with federal laws and more difficult to discriminate. Each agency will expand the use of alternative dispute resolution techniques, improve data collection and technical assistance to business, participate in a \$15 million technology upgrade to reduce paperwork, and share expertise as part of a coordinated federal civil rights working group. The package of improvements totals approximately \$78 million, including a 12.5% increase above the enacted FY 1998 budget for EEOC, and a roughly 50% increase for the relevant HUD office. [Note: OMB has so far approved only \$57 million worth of new expenditures. An attached memo lists the \$21 million in new, as yet unapproved, spending.]

**I. Reducing Backlogs**

One of the most commented upon problems in civil rights enforcement is delay in hearing cases at the EEOC. Although substantial progress has been made in reducing EEOC delays, this plan uses improvements in technology and a \$8 million infusion of resources to lower the average time it takes to resolve private-sector complaints to 6 months by the year 2000. The plan also includes two new initiatives at HHS to reduce backlogs by expanding the use of teams

of investigators to provide case management and by contracting with state and local civil rights agencies to give states an active role in enforcement. These initiatives will also help to reduce increased workloads resulting from the Patients' Bill of Rights and Adoption 2002 initiatives.

## **II. Alternate Dispute Resolution**

The plan calls for the introduction and expansion of Alternate Dispute Resolution (ADR) across all relevant agencies. The largest initial investment is a \$4 million expansion of the EEOC's mediation program for FY 1999 so that the EEOC will be able to mediate 10 percent of its 80,000 new charges. In addition, pilot programs will be introduced at several agencies including a program developed by HHS for 10 urban and rural areas, and a program run by Labor to assist states in developing ADR.

## **III. Improving Compliance, Data Collection and Technical Assistance Efforts**

The initiative includes a fund to improve the surveying, technical outreach, and compliance efforts by lead civil rights offices. The largest measure is a **\$10 million program run by HUD to conduct targeted, audit-based enforcement using paired testers, piloted in several metropolitan areas, designed to raise awareness of the extent of discrimination through focused and publicly released audit results and subsequent enforcement action.** The Department of Education will undertake a \$1.7 million survey of the 15,000 school districts across the country to determine the demographics of the elementary and secondary schools in the districts for both teachers and students. This survey will be used by Education and other agencies to target and assist in future technical assistance, compliance, and litigation efforts. **Other** projects include EEOC's efforts to improve compliance through videos for employers and a public service campaign, and a \$1.5 million initiative by the DOL's Office of Federal Contract Compliance for technical assistance that focuses on prevention rather than enforcement. The Department of Labor will begin a comprehensive compliance monitoring program allowing it to triple the number of compliance reviews it conducts a year and reform the system by which it chooses targets for its reviews. HHS will use the funds to investigate medical decision-making to determine how it is influenced by race and ethnicity.

## **IV. Improving Technology**

The plan includes a \$15 million technology initiative for EEOC, HHS, Labor, and Education to provide for communication via electronic mail; eliminate redundant data entry procedures; permit the sharing of information and enhanced research capabilities for investigators and attorneys; allow for the filing of forms and complaints over the Internet, and provide for the sharing of civil rights data bases.

**V. Coordination Among Civil Rights Agencies**

A common complaint by groups who work with federal civil rights offices is the lack of coordination among Administration efforts. This initiative will institute a standing inter-agency group to address cross-cutting issues including broad strategic planning, and development of performance outcome measures, training initiatives and data collections. In addition, the plan recommends that the President call upon each Department to establish an internal high-level civil rights advisory council to agency-wide policies and practices and serve as a forum for external organizations to present civil rights concerns associated with individual agency programs.

**M E M O R A N D U M**

**TO: BRUCE REED, ELENA KAGAN**  
**FROM: TOM FREEDMAN, MARY L. SMITH**  
**RE: CIVIL RIGHTS CROSSCUT**  
**DATE: DECEMBER 2, 1997**

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Below is a list of performance goals that are applicable across agencies and suggestions as to how they might be implemented at the various civil rights enforcement agencies.

**I. ALTERNATE DISPUTE RESOLUTION**

**A. EEOC**

- Mediation Program. EEOC proposes to mediate approximately 8,000, or 10 percent of the 80,000 new charges expected in FY 1999. (\$4,000,000)(OMB approved)

**B. HHS-OCR**

- Mediation Partnerships: HHS would contract with providers of mediation services in five to ten pilot urban and rural areas. OCR would decentralize the use of third party mediation services for a subset of complaints assessed through its case triage process. (\$250,000) (new)

**C. DOL-OCR**

- Mediation. 7 FTE will be required to market ADR and to assist states in developing and designing ADR programs. In addition, 4 FTE will be needed to provide ADR for those complainants who request ADR in the processing of their complaints. (\$990,000) (new)

**D. DOL-OFCCP**

- Alternate Dispute Resolution. OFCCP is initiating an alternate dispute resolution program in order to facilitate the closure of compliance reviews and complaint investigations. ADR will be used as an effort to avoid litigation and to reduce the number of cases referred to the Solicitor of Labor for enforcement. (\$203,000) (new)

**E. EDUCATION**

- Alternate Dispute Resolution. In December 1993, OCR issued a new Case Resolution

Manual (CRM). The CRM streamlined the complaint resolution process so that OCR can provide more efficient and effective service to complainants. One element of the CRM is an alternative dispute resolution procedure (ADR). Any additional funding over OCR's FY 1999 appropriation could be used to provide additional staff training to build skills necessary for effective ADR or to hire contract mediators to actually facilitate resolution between the parties. (\$100,000) (new)

## II. **TARGETING FUTURE COMPLIANCE AND TECHNICAL ASSISTANCE EFFORTS (through data collection and other means)**

### A. **EEOC**

- Benchmark EEO survey data. EEOC would like to perform a one-time data collection from employers to obtain benchmark EEO survey data for the Americans with Disabilities Act (ADA) of 1990. (\$250,000) (new)
- Video Outreach and Technical Assistance. Three video productions on subjects such as "Information for Small Employers," "Mediation to Resolve Charges," and "Best Practices for Employers." (\$225,000) (new)
- PSA Campaign. (\$100,000) (new)
- Stakeholder Meetings. Stakeholder meetings around the country for 25 offices. (\$125,000) (new)
- Translation of materials. Translate pamphlets into several languages, including production costs. (\$280,000) (new)

### B. **EDUCATION**

- Elementary and Secondary School Civil Rights Compliance Report: OCR would conduct a survey of the approximately 15,000 school districts in the country on the following: number and types of schools within a school district; the demographics of the school district for both teachers and students; the number of students by race and gender in gifted and talented programs;; the number of students with disabilities by race and gender; and the number of students in math, science, and computer programs by race and gender. This data is used by other government agencies, including DOJ in its enforcement activities for approximately 400 court-ordered school districts. In addition, information and data obtained by the survey would be used as a baseline for OCR's proposed activities under GPRA. (\$1,700,000) (new)

### C. **HHS-OCR**

- Testing Program - Nursing Home Assistance and Program Abuse. OCR proposes establishing a new program to broaden the use of testing in the nursing home sector to uncover discriminatory practices. Consumer education and outreach will be targeted toward informing racial minorities and disability communities about discriminatory and abusive admissions and marketing practices so that they can report questionable practices to OCR and to the HHS Inspector General, DOJ. (\$2,600,000) (new)
- Analysis of Differential Treatment Modalities. OCR, working with the HHS Data Council, would investigate medical decision-making at the individual facility level to see how it is influenced by race and ethnicity. OCR would contract for the development of methodologies to determine potential areas of discrimination or differential access to services through assessment of Departmental and State level administrative data sets. The purpose of this initiative is to identify potentially non-complying hospitals and to target and implement Title VI compliance reviews and outreach initiatives. As the result of this effort, HHS expects to change the compliance status of from 220 to 280 facilities. If HHS were to undertake all such reviews over a three-year period, it would need approximately \$565,000 per year, beyond an initial \$500,000 for survey design and analysis, to support the staffing needed to carry out such reviews while simultaneously avoiding an accumulation of a backlog. (\$1,065,000) (new)
- Managed Care. OCR's FY 1999 budget request seeks consultant services to develop data collection measuring the effect of managed care arrangements on Hill-Burton facilities and others. The purpose of this initiative is to target compliance reviews and outreach activities in support of both the President's Initiative on Race and to ensure effective oversight of the nondiscrimination provisions of the Patients' Bill of Rights endorsed by the President on November 19. HHS expects that these reviews of managed care plans and other insurance arrangements will require 50 percent more time than individual facility reviews. Accordingly, HHS estimates that it would need approximately \$300,000 per year, beyond an initial \$250,000 for survey design and analysis, to support the staffing needed to carry out 50 such reviews per year. (\$550,000) (new)
- Outcome Measurement. OCR is moving from output and process measures to assessing the extent to which the number and quality of services to protected classes has changed. The purpose of this initiative is: (1) to collect data on program performance that focuses on the public's ability to access and benefit from HHS services and (2) to focus performance goals and reporting on outcome measures identified in the Annual Government Performance and Results Act (GPRA) Plan. By collecting outcome data focusing on service to individuals, OCR will be able to effectively target activities based on which compliance strategies result in the greatest number of additional minority persons served by programs, the greatest number of additional services, or changes in the quality of services provided. (\$250,000)(new)

**D. DOL-OCR**

- Improved Targeting. An enhanced management information system could produce reports that would identify problem areas that should be targeted for review. This system could also identify trends in complaints so that compliance activities could be directed towards those entities most in need of assistance. This would maximize the utilization of staff resources to address the targeted problem areas in a given year and enhance development of work plans and results under GPRA. Approximately \$100,000 is needed to design management information reports to meet this performance goal. (\$100,000) (new)
- Compliance Activities. 18 FTE will be required to provided total compliance monitoring coverage on a three-year cycle. Within existing resources, only 4 compliance reviews can now be conducted, due to the regulatory need to process complaints. This will enable staff to conduct 18 reviews per year. (\$1,620,000) (new)
- Data Collection on JTPA. Currently, applicant data is not captured to identify those seeking entry into programs such as JTPA. To ensure that discriminatory factors are not being used in the intake process, a pilot program could be instituted. This would require revisions to ETA's management information system, agreement by the pilot state to participate, and OMB concurrence to collect this data. (\$360,000) (new)
- Compliance Assistance. 3 FTE will be required to conduct 20 technical assistance visits per year. This represents staff being on travel two weeks out of every month. (\$270,000)(new)

**E. DOL-OFCCP**

- Future Targeting. The OFCCP's three-pronged Fair Enforcement Strategy includes a comprehensive regulatory reform component. One aspect of the regulatory reform effort is the redesign of the compliance review process. This process, as restyled "compliance evaluations," will enable the OFCCP to institute a multi-tiered level of review, varying from limited "compliance checks" to the full-scope compliance review. Additional resources for the three-pronged strategy will allow OFCCP to revise the requirements for the Affirmative Action Plan, fully implement the Affirmative Action Program Summary Report, and enhance the tiered compliance review enforcement strategy. (\$4,800,000) (OMB approved)
- Ombud Activities. OFCCP will increase the use of its Ombud Office to improve customer quality and service. The Ombud Office, established in 1995, provides customer service, technical assistance, and a means for OFCCP's stakeholders to obtain confidential advice regarding the laws, policies, and programs that are administered by the OFCCP. Through this expansion of the Ombud Office, OFCCP will provide technical assistance earlier with the result of reducing the amount of resources needed

during full compliance reviews performed at a later time. (\$1,700,000) (new)

F. **HUD**

- Targeted, audit-based enforcement initiative. HUD will receive \$10 million for a targeted, audit-based enforcement initiative, piloted in several metropolitan areas, that would raise awareness of the extent of discrimination through focused and publicly released audit results and subsequent enforcement action. An audit-based enforcement initiative using paired testers could be piloted in 20 metropolitan areas around the country. \$5 million would provide each of the 20 non-profit organizations with \$250,000 to establish an organizational capacity to administer paired testing in the rental and sales markets, develop comparable indices of discrimination, and provide for analysis and public dissemination of audit results. An additional \$5 million would provide the 20 metropolitan areas with sufficient funds to conduct audits using 500 pairs of testers. (OMB approved)

III. **REDUCING BACKLOG**

A. **EEOC**

- Inventory Reduction. To reduce the private-sector backlog from the current over 9.4 months it takes to resolve private sector complaints to 6 months by the year 2000, EEOC requires 165 new FTEs. (\$8,000,000) (OMB approved)

B. **HHS-OCR**

- Changes in Complaint Processing to Respond to Additional Workload. OCR proposes expanding its pilot program which uses teams of investigators to review incoming cases and to provide ongoing case management. This expansion will require additional team training. OCR also anticipates increased complaint workload resulting from the Patients' Bill of Rights and the Adoption 2002 initiatives. OCR estimates that \$360,000 would be needed both to continue to enhance expedited complaint processing and to prevent development of a backlog. (\$400,000) (new)
- State and Local Program. OCR's Strategic Plan proposes to increase partnerships with state and local agencies to expand the scope of civil rights compliance coverage of HHS grantees. OCR proposes a pilot program to contract with states and local civil rights agencies to conduct investigations, thus expanding its capacity to enforce civil rights while giving states an active role in enforcement. The purpose of these partnerships is to enhance the ability to target OCR staff resources on precedent-setting and high priority complaint investigations while continuing to improve response times to citizen complaints. (\$500,000) (new)

**IV. PAPERLESS OFFICE**

**A. EEOC**

- Information Systems. The EEOC has proposed a three-year \$25 million initiative to upgrade hardware, communications infrastructure, and the deployment of integrated information systems throughout the agency. The FY 1999 request of \$10 million would provide a basic communication infrastructure that would allow the EEOC to complete the development and procurement of new information systems capabilities. These upgrades will allow the field offices and headquarters to communicate via electronic mail, eliminate redundant data entry procedures, and provide for greater operational efficiency through the sharing of information and enhanced research capabilities for investigators and attorneys. (\$10,000,000) (OMB approved)
- Replacing Paper Forms. The EEOC proposes developing an "Interactive Diskette" data collection to replace "Paper Forms" for all EEOC employment survey data collection programs. (\$200,000) (new)

**B. HHS-OCR**

- Civil Rights on the Internet: New technology that would allow the public to file complaints via computer. Also technical assistance to grantees could be accomplished via the Internet. Survey data collections, pre-grant certifications, investigative data requests and responses could also be expedited. (\$250,000) (new)

**C. ALL CIVIL RIGHTS ENFORCEMENT AGENCIES (Justice, Labor, HHS, Education, and EEOC)**

- Linked Civil Rights Data Bases: This linking of all the data bases would permit the agencies to share statistics that each agency collects. Linking technology would also improve coordination among the civil rights agencies. (\$500,000)(new)

**D. DOL-OCR**

- Technology Improvements: There is a need for the establishment of a data base that can provide management information reports that can respond to GPRA and DOJ requirements. A review is required of the current information technology infrastructure that supports the civil rights enforcement of federal financial assistance programs to determine what is needed to achieve the desired outcomes of improved case processing and case management. A working group could be established to conduct the survey and make recommendations in this area. Some economies of scale could be achieved if agencies explored the possibility of selecting a data base system that would meet the needs of agencies with some modifications adaptable to their specific programs.

(\$158,000) (new)

**E. DOL-OFCCP**

- **Information Technology:** These funds will be used to upgrade the agency's infrastructure and replace outmoded systems hardware, enabling OFCCP to meet its current requirements and to develop the systems necessary for federal contractors to submit data electronically to the program. The agency will also provide the technology necessary for compliance officers to record all documents related to reviews electronically.  
(\$4,000,000) (new)

**V. COORDINATION AMONG CIVIL RIGHTS AGENCIES**

**A. Proposed by HHS-OCR**

- **Inter-agency Civil Rights Coordination Group:** A standing inter-agency group composed of principals or their deputies would address cross-cutting issues including broad strategic planning, coordination of litigation strategies, development of performance outcome measures, outreach and partnership strategies, coordinated public service announcement and public relations initiatives, coordinated town meetings on civil rights issues, coordinated training initiatives, data collections, reviews, and investigations.
- **Inter-agency training program.** A coordinated training strategy could entail creation of an inter-agency training program. The training program could be under the auspices of the Department of Justice. It would focus on investigative methodologies, examination of best practices in non-discriminatory service delivery, litigation review and strategy, data collection techniques and other compliance techniques that can be employed by many agencies, including HHS, ED, HUD, DOL, DOT, and EEOC. The center could also provide civil rights investigative and outreach training to state and local partners. A training center with dedicated staff could either be contracted or use federal agency staff. A rough estimate of the cost for rent, staff support, curriculum development, scholarships for non-federal participants, equipment, trainers, etc. is \$1,000,000 government-wide per year. (\$1,000,000) (new)
- **Intra-agency civil rights councils.** These councils would be a means for furthering civil rights compliance throughout individual departments and agencies. Each Department would establish a high-level body that would be advisory to the Secretaries or Agency Heads on civil rights issues. A Civil Rights Council would be a forum for review of agency-wide policies and practices and could serve as a forum for external organizations to present civil rights concerns associated with individual agency programs. Such a council would be headed by the Department or Agency's chief Civil Rights Official and would require minimal staffing (an Executive Secretary to the Council and perhaps one support staff) in addition to staff that could be provided from within the agencies.

(\$200,000) (new)

- Geo-coded/Mapping Data Base on a Civil Rights Intranet. OCR proposes development, in conjunction with the Census Bureau and the Department of Justice, of a government-wide pilot project that would make geo-coded mapping of race, ethnicity, and national origin Census data available to all civil rights agencies on a Civil Rights Intranet. This resource would enable civil rights agencies to have immediate access to tract level data during the course of investigations and reviews. Other uses of this system could include a government-wide index of administrative decisions, letters of findings, and entities under civil rights investigation. (\$350,000) (new)

**B. Proposed by DOL-OCR**

- Coordination between DOJ and OMB. In order to achieve enhanced civil rights enforcement, OMB will be required to review the civil rights enforcement function on a cross-cutting basis to achieve performance goals. DOJ could work with OMB and the respective agencies to promote a comprehensive civil rights agenda. This would provide the framework and overall reporting relationships to integrate civil rights enforcement within the budget process. (\$90,000) (new)

**C. Proposed by DOL-OFCCP**

- The Civil Rights Working Group, made up of all the civil rights agencies in the Federal government and a liaison from the White House, should be formalized and meet on a regular basis to integrate efforts to achieve civil rights in America.
- Coordination with DOJ and Veterans Affairs. Increase compliance on national origin discrimination and to share a database with Veterans Affairs so that veterans have equal employment opportunities. (\$400,000) (new)

**D. Proposed by ED-OCR**

- Intranet technology. Civil rights enforcement agencies need to improve their communication network. Intranet technology could be used to create a network for used by selected civil rights enforcement agencies. The system could be used for various purposes such as sharing data; posting information like current research, historical document, special alerts, best practices, scheduled meetings/conferences, newsworthy events, and training opportunities. The system could also be used to communicate essential information and materials to agencies' staff on Presidential initiatives. (\$100,000 to 500,000) (new)



RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Cathy R. Mays ( CN=Cathy R. Mays/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 3-DEC-1997 10:41:07.00

SUBJECT: 4:00 Education meeting -- Sperling

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

READ:UNKNOWN

TO: Allison Balderston ( CN=Allison Balderston/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

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

TEXT:

This meeting is not going to happen at 4 p.m. I'll keep you updated.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 18:02:19.00

SUBJECT: Materials for Tomorrow's 9:00 am meeting with Governor Thompson

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

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

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

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

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

TO: Emily Bromberg ( CN=Emily Bromberg/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:

Here are three one-pagers for tomorrow's meeting with Governor Thompson.

- 1) Summary of recent Administration responses to W-2 waiver requests
- 2) Summary of Wisconsin's new Children's Health Waiver Proposal
- 3) Summary of Wisconsin Works welfare reform program

Thanks to Andrea, Diana and Jeanne for your help.

Bruce, you already have the additional attachments on Wisconsin Works (I dropped them off last night) -- let me know if you need copies again.=====

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

TEXT:

Unable to convert ARMS\_EXT: [ATTACH.D17]MAIL448866633.316 to ASCII,  
The following is a HEX DUMP:

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```

**Recent Administration Actions  
regarding Wisconsin W-2 Waiver Requests**

<b>DATE</b>	<b>ISSUE</b>	<b>ACTION</b>
Summer/ Fall 1996	Food Stamps	USDA approved most of the Food Stamp waivers the state requested for W-2.
Summer/ Fall 1996	Welfare	HHS approved Wisconsin's W-2 TANF plan; waiver was no longer needed (see attached summary).
Summer/ Fall 1996	Medicaid Block Grant	HHS denied Wisconsin's W-2 Medicaid waiver proposal, because, as the President stated in a 12/13 letter to the state, "it violated my Administration's commitment to maintaining a federal guarantee of health care for low-income individuals."
May 1997	Food Stamp Privatization	USDA responded to the Wisconsin Department of Workforce Development saying the state's Food Stamp privatization waiver request submitted in May 1996 "remains under review....privatization has far-reaching impacts and requires an earnest review and evaluation."
June 1997	Medicaid Privatization	HCFA's regional office wrote to the state saying the state's proposal was likely not approvable "because it seems to allow non-public employees to perform activities in the eligibility determination process that are not authorized by the statute or outstationing regulation" and requesting more information.
September 1997	Children's Health & Medicaid	The state submitted a concept paper to HCFA regarding an integrated 1115 waiver of provisions of both Medicaid the new children's health program (see attached summary).
October-Dece mber 1997	Children's Health & Medicaid	HCFA has had several conference calls with state officials since early November and is planning another conference call with the state during the week of 12/8.

## Wisconsin's Medicaid and Children's Health Waiver

Wisconsin has indicated its strong interest in getting an 1115 waiver to the Children's Health Insurance Program (CHIP). On September 30, they sent a "concept paper" to HCFA on their ideas and have subsequently sent a set of bullets describing more details of their proposal. HCFA staff have had informal contact with the State Medicaid Director, Peggy Bartel. HCFA is planning a conference call with state officials next week.

### Summary of "BadgerCare"

- **Combination of CHIP and Medicaid 1115:** Proposes to have a single program for families up to 185 percent of poverty and people transitioning from welfare to work
- **CHIP funding:** The state would get the enhanced matching rate and draw down from its allotment for all children plus adults up to 133 percent of poverty (if there is enough in the state's allotment). Medicaid would fund adults above 133 percent of poverty.
- **Benefits:** Medicaid
- **Cost sharing:** Families above 143 percent of poverty would pay premiums equal to 3.5 percent of family income.

### Issues

- **Administration's general concern about 1115 waivers for Title XXI:** Nancy Ann Min said back in September that we are reluctant to consider 1115 waivers until we have more experience with the program. We are right now preparing a memo to the President on whether we should formalize this position.
- **Specific issues that require waivers:**
  - Enhanced matching rate / Title XXI funds for parents, not just kids
  - Coverage of children who have partial insurance or access to insurance
  - Use of premium revenues as the state contribution
  - Cost sharing below the income level specified in legislation (143% v 150%)
  - Privatization of eligibility determination: There are no rules against privatization in CHIP but there are in Medicaid. The state wants to allow eligibility determination by non-governmental agencies.

## **Background on Wisconsin Works (W-2)**

The Wisconsin Works welfare reform program, also known as W-2, contains these key elements:

Everyone works: Effective 9/1/97, W-2 replaced welfare in Wisconsin. Everyone must do some kind of work, and cash is based on participation in work. There is no entitlement to assistance, but there is "a place for everyone who is willing to work to their ability." The program is available to all parents with minor parents, low assets and low income.

Self-Sufficiency Ladder: W-2 includes four kinds of work ranging from unsubsidized employment to W-2 Transitions depending on someone's ability (see attachment). It might be interesting to ask about the relative priority and utilization of these four activities.

New role for staff: Wisconsin has replaced eligibility workers and case managers with "financial and employment planners" who focus on self-sufficiency and responsibility. The FEPs are available to help people once they've entered unsubsidized employment.

Investment in support services and retention: Wisconsin has invested heavily in support services to help people transition from welfare to work and to help families maintain employment. Governor Thompson has been very vocal about the importance of investing in child care. All low income families below 165% of poverty are eligible for child care subsidies on a sliding fee basis, regardless of whether they have been on welfare. W-2 agencies may provide post-employment services including job coaches, training, education, and transportation to help someone succeed on the job.

One-Stop Job Centers: These are the single point of entry for employers and job seekers--W-2 participants as well as others. The state has entered into a contract with a W-2 agency for each county, with the exception of Milwaukee which has 5 contractors (see attached). In most places, the county is the W-2 agency; in Milwaukee, the W-2 contractors include private for profit and non-profit entities.

Earned Income Credit: Wisconsin is a strong advocate of the EIC, including the Advance EIC option (where employees get a portion of their EIC in each paycheck). The state is also one of four to have a refundable state EIC.



November 5, 1997

**MEMORANDUM FOR ERSKINE BOWLES**

**FROM: KAREN A. TRAMONTANO**  
**SUBJECT: UNIFORMED DIVISION SECRET SERVICE**  
**CC: JOHN D. PODESTA**  
**SYLVIA MATTHEWS**

**I. ISSUE**

The issue is whether the non-managerial employees of the Uniformed Division of the Secret Service (herein UD) should be afforded the statutory protections of 5 USC 7101 et. seq--specifically, the right to engage in collective bargaining.

**II. BACKGROUND**

This issue is not a new one: Jack Quinn in a December 1996 memo to the President addressed this matter and concluded that there was no national security reason to exclude the UD from participating in collective bargaining. No action had been taken on Quinn's memo until you convened a meeting of all interested parties last month to discuss this matter.

As a result of that meeting, Ed Knight, General Counsel Treasury submitted a memorandum to you outlining the Agency's position which is opposed to allowing the UD officers to engage in collective bargaining. I have discussed this issue with Counsel's office, the DPC, the Treasury Department and the Uniformed Division. A memorandum was due to you by October 23. As a result of the Amtrak negotiations which lasted two weeks, this memorandum is two weeks late. I have spoken with the FOP and taken the weight for the time delay.

The memo outlines my recommendation which is to identify the universe of UD employees who are not engaged in national security work and to modify the Executive Order to address Treasury's concerns regarding management rights and access to information.

**III. ANALYSIS**

Although a decision on this issue will not be made exclusively on statutory interpretation it is important to lay out the framework for analysis.

Section 7103(b)(1) of the Statute permits the President to exclude any agency or subdivision from coverage of the Statute if he determines that the organization's "primary function is intelligence, counterintelligence, investigative, or national security work, **and that the provisions of [the Statute] cannot be applied to that agency or subdivision in a manner consistent with national security requirements and considerations.**"

President Carter, in issuing Executive Order 12171, excluded the Uniformed Division of the Secret Services presumably because the organization's primary function is national security work, and the provisions of the Statute could not be applied consistent with national security requirements.

In reviewing President Carter's determination we must review two points:

1. whether the Uniformed Division of the Secret Service's primary function is "national security work"; and
2. whether the Statute can be applied to afford employees the right to collective bargaining in a manner that is consistent with national security requirements.

In answering the second question, we must resolve whether individual employees are engaged in security work under section 7112(b)(6). By making this assessment, we will also determine whether the Statute can be applied in a manner consistent with national security requirements.

#### **IV. IS THE ORGANIZATION (UNIFORMED DIVISION) PRIMARILY ENGAGED IN NATIONAL SECURITY WORK?**

The controlling legal opinion on this is Department of Energy, Oak Ridge Operations, 4 FLRA 744 (1980). The Authority in that opinion provided the following advice on this matter:

Neither 'security work', 'directly affects,' nor 'national security' is defined in the Statute. One ordinary definition of 'security work' is a task, duty, function, or activity related to securing, guarding, shielding, protection, or preserving something--in this case the President and Vice-President. 'Security work' would also include the design, analysis, or monitoring of security systems and procedures.

Although there is a question as to whether every UD employee is engaged in the type of national security work that would exclude them from coverage under the collective bargaining statute, I believe it is reasonable to conclude that this first test has been made and conclude that the organization's primary function is "security work." Having answered this first question affirmatively, we now must determine whether the statute can be applied in a manner that is consistent with national security.

## II. CAN THE STATUTE BE APPLIED TO THE AGENCY IN A MANNER CONSISTENT WITH NATIONAL SECURITY REQUIREMENTS AND CONSIDERATIONS?

The following principles should be applied when answering this question: First, exclusion from collective bargaining deprives employees of the opportunity under the Statute to determine whether or not they wish to be represented by a labor organization. Second, exclusion also deprives them of the opportunity to engage in collective bargaining with respect to conditions of employment through labor organizations. Third, this Administration leans heavily in favor of collective bargaining.

Labor organizations and collective bargaining have been determined by Congress [and the President] to be “in the public interest.” 5 USC Section 7101(a). Accordingly, the term “national security” must be interpreted to include only those sensitive activities of the government that are directly related to the protection and preservation of the military, economic and productive strength of the United States, including the security of the Government in domestic and foreign affairs, against or from espionage, sabotage, subversion, foreign aggression and any other illegal actions which adversely affect the national defense. Id. @ 755-756

After listing the tasks that members of the Uniformed Division engage in the Treasury Department concluded that “the language of section 7112(b)(6) clearly applies to each member of the Uniformed Division.” See, Knight memo to EBB. Treasury did not define security work “to include only those sensitive activities of the government that are directly related to the protection and preservation of the military, economic and productive strength.” Instead, the list of activities seemed to cut broadly through what appears to be national security work without applying the statutory test to the work performed or without indicating which employees, if any, are performing the work. As a result, Treasury’s memorandum did not address fully whether the Statute could be applied consistent with national security requirements.

To fully address whether the statute can be applied in this context, Treasury should make a direct connection between the work performed by the officer/officers and the national security requirements and/or considerations.

Moreover, Treasury outlines two other concerns it has regarding the statute’s application: management’s right to assign, reassign and schedule and withhold information. Under the current statute, management continues to retain the right to assign, reassign and schedule. It is unclear to me what impact Treasury believes collective bargaining would have on this unfettered management right.

However, to address Treasury’s issues we could also deem assignments, reassignments and scheduling to be non-negotiable under a modified Executive Order. Finally, Treasury’s concern that bargaining would compel the release of significant information that would jeopardize national security can be addressed in a similar manner.

## VI. CONCLUSION

In addition to discussing this with a number of interested parties: Treasury, Domestic Policy Counsel, Counsel's Office and the Office of the Chief of Staff, prior to my work on this issue, other agencies were consulted to determine whether they would be concerned if the Executive Order were modified to afford the UD collective bargaining rights. No other agency, outside of Treasury, expressed any concern about this issue.

It is clear, however, that Treasury has deep reservations and does not want to afford collective bargaining rights to the members of the uniformed division. As a result, although I disagree with the conclusion Treasury reached unless the Treasury is committed to making the policy work, the operations of the Uniformed Division may be disrupted not because the collective bargaining statute has been applied to the Agency but because the Agency has serious concerns about this issue. Assuming this issue is addressed, my recommendation is outlined below:

- 1. Ask Treasury to determine which employees, branches, divisions etc. are not engaged in security work and can be covered by the Statute;*
- 2. Based on Treasury's findings limit the universe of uniformed division employees that will be covered by the Statute; and*
- 3. Modify the Executive Order to limit the scope of bargaining so that the "affects" test is applied to the exercise of management rights rather than the "directly interferes with" test;*
- 4. Modify the Executive Order to ensure that access to information is restricted to that which is directly relevant to collective bargaining.*

If you concur with this recommendation, after the Executive Order is modified, Treasury should petition the FLRA for an election between the two competing unions. Collective bargaining will not occur until an election is held to determine the exclusive collective bargaining representation for the employees.

I am prepared to answer any questions you may have and to meet at an appropriate time to discuss this with you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 18:23:35.00

SUBJECT: Final housing vouchers memo

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

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

TO: Gene B. Sperling ( CN=Gene B. Sperling/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

CC: Andrea Kane ( CN=Andrea Kane/OU=OPD/O=EOP [ OPD ] )  
READ:UNKNOWN

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

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

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

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

CC: Jonathan Orszag ( CN=Jonathan Orszag/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

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

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

TEXT:

We circulated this to HUD. They have made comments on drafts 3 and 4 and have the final draft. I do not believe they have any additional comments. OMB has also seen. I know you want one pagers, but we have already cut this down from six to two pages. I don't believe there is anything else we can knock out.

===== ATTACHMENT 1 =====  
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December 3, 1997

Automated Records Management System  
Hex-Dump Conversion

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED  
GENE SPERLING

SUBJECT: **Including Welfare-to-Work Housing Vouchers in the FY 1999 Budget**

**Overview**

Over the last three months, the Domestic Policy Council (DPC) and the National Economic Council (NEC) have been leading an interagency process on economic development and housing. The purpose of this memorandum is to present to you a proposal for 50,000 new housing vouchers to help welfare recipients who need to move in order to find employment and to help address the shortage of affordable housing.

In addition to the new welfare-to-work housing vouchers, we are also recommending that the FY99 budget include proposals to promote housing portability and choice and to increase home ownership by reducing barriers to buying a new home. We believe these new initiatives, along with a strengthened Fair Lending Law and a possible increase in the Low-Income Housing Tax Credit (LIHTC) would build on your record of providing public housing tenants with the opportunity to move to neighborhoods with more jobs, better schools, and less crime.

**The Need For Affordable Housing**

The need for affordable housing exceeds supply, particularly for poor families with children:

- In 1995, 5.2 million families spent more than half their income on rent and/or were living in severely substandard housing (unreleased data from forthcoming HUD report). More than 2 million of these households were families with children.
- The demand for affordable housing exceeded supply by 1.7 million units in 1993 for the lowest income households. However, the number of vouchers has remained nearly stagnant.

**Promoting Welfare Reform and Housing Mobility**

The lack of affordable housing can impede families' efforts to move from welfare to work. Many welfare recipients, even with a job and the Earned Income Tax Credit, find it difficult to afford housing near their job, child care, or transportation line. Others find it difficult to begin the journey to self-sufficiency if they are homeless, living in crowded conditions, or surrounded by crime and drugs. While your welfare to work transportation proposal, if enacted, will help

welfare recipients travel to their jobs, only housing vouchers provide individuals the freedom to take the immediate step of moving in order to leave welfare for work. This proposal will provide another targeted tool for states and localities to use to help individuals achieve self-sufficiency.

### **Administration Track Record**

Past Administration efforts to increase the number of vouchers have not been successful. Your FY 1998 budget request included 50,000 additional vouchers targeted to individuals making the transition from welfare to work, but the proposal lacked detail and the welfare-to-work aspect was not emphasized by the White House or by agencies and offices other than HUD. Congress provided only \$54 million for 6,500 new targeted vouchers. However, where the Administration has made housing a priority, we have been more successful. For example, in 1993 Congress acceded to your challenge to make the LIHTC and the Mortgage Revenue Bond (MRB) programs permanent. And this year, Congress agreed to provide sufficient funding to renew all of the Section 8 project and tenant-based assistance contracts expiring over the next five years.

### **Recommendation**

With FY 1999 budget guidance levels, OMB has provided HUD with 50,000 new housing vouchers. OMB has suggested targeting 32,000 of these new vouchers to homeless households with a severely disabled member and 18,000 for a variety of special purposes such as the witness protection and family unification programs.

**We recommend that you include in your FY99 budget an additional 50,000 housing vouchers tied to welfare to work.** While this is likely to be an uphill battle, we believe the initiative would strengthen our housing policy and support our welfare reform goals. DPC, NEC, OMB, and HUD believe that a strong, clearly articulated link to welfare reform may increase support for the initiative. We recommend that the welfare-to-work vouchers be on the mandatory side of the budget, similar to the TANF welfare block grant and the \$3 billion Welfare to Work program, but unlike other section 8 vouchers. The cost is expected to be about \$1.3 billion over 5 years. **The most critical step to securing the additional vouchers is a firm Administration commitment, which would entail a concerted effort to recruit Congressional champions.**

DPC and NEC staff recommend making the additional vouchers available on a competitive basis to public housing agencies that submit a plan to use the new vouchers to support families transitioning from welfare to work. This plan would be developed jointly with the local welfare agency and/or the Welfare-to-Work program grantee (generally the local private industry council), allowing state and/or local participation in the effort. The vouchers would be used to further the goals of welfare reform (e.g. to help welfare recipients go to work or retain jobs, or allow them to move to areas where jobs can be found). Local agencies would have great flexibility to design and operate the welfare-to-work voucher program within broad national guidelines. For example, the agencies would propose whether to focus on particular categories of welfare recipients (long-term recipients, victims of domestic violence, those living in public housing, or those who have retained employment for a certain period of time) and whether to provide short-term, transitional housing assistance, or longer-term support. Local plans would be reviewed and ranked by HUD in consultation with HHS and DOL.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman ( CN=Robert M. Shireman/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 3-DEC-1997 22:22:44.00

SUBJECT: School Construction

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

TO: Ron Klain ( CN=Ron Klain/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

TO: Catherine.Livingston ( Catherine.Livingston @ MS01.do.treas.sprint.com @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Thomas\_Corwin ( Thomas\_Corwin @ ed.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

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

TO: KAGAN\_E ( KAGAN\_E @ A1 @ CD @ LNWTWY [ UNKNOWN ] ) (OPD)  
READ:UNKNOWN

TO: Scott R. Palmer ( CN=Scott R. Palmer/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

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

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

TO: KARL.SCHOLZ ( KARL.SCHOLZ @ MS01.DO.treas.sprint.com @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

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

TEXT:

This memo will be distributed by fax Thursday morning. (Early comments are welcome).

December 4, 1997

MEMORANDUM TO: SECRETARY RILEY  
SECRETARY RUBIN  
DIRECTOR RAINES  
BRUCE REED  
FROM: GENE SPERLING  
BOB SHIREMAN  
RE: SCHOOL CONSTRUCTION

The attached draft memorandum lays out options for the President on school construction. It is based on information provided by your staff over the past several weeks. Please provide any comments, edits, and recommendations to Bob Shireman by tomorrow (Friday) at 10 a.m. (fax 456-2223, phone 456-2803).

CC: Mr. Bowles  
Secretary Rubin  
Dr. Yellen  
Ms. Mathews  
Mr. Podesta  
Mr. Klain  
Mr. Hilley  
Deputy Secretary Summers  
Acting Deputy Secretary Smith  
Mr. Lew  
Ms. Kagan  
Ms. Winston  
Mr. Cohen  
Mr. Shireman

DRAFT MEMORANDUM TO THE PRESIDENT

You have publicly made it clear on a number of occasions -- most recently at the signing of the Labor-HHS-Education Appropriations Bill -- that you will continue to fight to get Congress to address the problem of the crumbling school infrastructure. There are two issues on school construction that need to be considered in the context of FY 1999 Budget decisions: size and design (spending versus tax). This memorandum briefly describes some of the policy and political dynamics around the question of size, then lays out the pros and cons on the design issue.

Size

The passback funds the School Construction initiative at \$1.9 billion -- down from the \$5 billion that was proposed last year. That matches a Daschle-Gephardt proposal developed in the late summer as a last-ditch effort to get a down payment on the school construction issue. The amount was based on the size of the offset they were able to agree on (closing a tax loophole). There is no question that an initiative of that size -- to help address a \$112 billion problem (not including the need associated with increasing enrollments) -- would not be met warmly by supporters of a Federal investment in this area.

Pressures for us to re-propose a school construction initiative of at least \$5 billion are coming from a number of quarters:

Defining issue for Democrats. Democrats see this as a popular initiative that sets them clearly apart from Republicans. Some have argued that the funding should be increased above \$5 billion in order to provide more help to suburbs.

Urban needs. In the context of negotiations over the voluntary national tests, School Construction came up a number of times with the Black Caucus as one item that would demonstrate the Administration's commitment to the needs of urban schools.

Class size. Some have suggested that a larger school construction initiative could be tied to the idea of smaller class sizes.

Obviously, the reason to keep our investment in school construction at a lower level has to do with competing demands in the budget process. You should keep in mind that your proposal was a one-time investment that outlayed over four years. If we are constrained by funds available in the five year budget window, one way to expand our proposal would be to propose a second investment (or if on the tax side, a longer investment) for a total of, say, \$8 billion over 10 years.

#### Design

You need to decide whether we should continue to propose our School Construction initiative as a mandatory spending proposal or shift it to a tax credit.

Spending proposal. The bill you proposed, the Partnership to Rebuild America's Schools, provided a one-time appropriation of \$5 billion for grants to States and localities to pay for up to one-half the cost of repayment of school construction bonds (or an equivalent amount in cases where an alternative financing mechanism is used). One-half of the funding was reserved for the 100 largest school districts. We estimated that the \$5 billion would leverage \$20 billion in new construction/renovation over four years.

#### Pros

The Administration bill in the House gained 116 cosponsors, including \_\_\_ Republicans. A letter signed by 112 of them urges you to include the same, \$5 billion proposal in the FY 1999 Budget.

The bill was designed to spur additional State and local effort (through a competitive portion of the funds) and to leverage the Federal funds. It is more difficult to design a tax credit that accomplishes those goals.

This approach is more efficient at addressing our specific goals than a tax credit (tax incentives associated with bonds inevitably have some inefficiencies associated with them).

The bill is flexible, allowing for creative funding mechanisms such as lease-buybacks, helping districts that are not able to float additional bonds.

#### Cons

To propose \$5 billion or more, we probably will need to rely on closing tax loopholes as the offset, creating a "tax-and-spend" scenario.

With a tax-side offset, the spending proposal and the offset would have to move through different committees, making the plan more difficult to achieve legislatively -- unless there is a reconciliation bill.

While the education groups prefer the spending program in the abstract, they would prefer a tax-side approach if it means more money could be dedicated to the purpose.

**Tax proposal.** As part of the Taxpayer Relief Act of 1997, Congress enacted a tax credit proposal by Rep. Rangel that includes school renovation (but not construction). The provision allows State and local governments to issue bonds totaling \$800 million over two years. The Federal government essentially covers the interest on the bonds through a tax credit, providing the schools with an interest-free form of financing. These bonds can be used to cover certain costs of "academies" that link businesses with the schools to develop a curriculum that is employment-oriented (the description is not unlike your School-to-Work program). The bond proceeds can be used for a variety of expenses: rehabilitation, repairs, technology, equipment, curriculum development, and teacher training.

While supporters of school construction were pleased to see Congress ratify a proposal that included school renovation, they do not see the Rangel plan as a sufficient approach for two reasons: (1) its narrow focus on these school-business academies, and (2) the broad use of funds.

This bond/tax credit design could be expanded to focus more squarely on school construction and renovation, and beyond the academies in the Rangel provision. For example, Rep. Loretta Sanchez introduced legislation in October that would use the bond mechanism to support school construction in overcrowded districts. We would not need to provide detailed specifics in the budget. We could simply say that the bond/tax credit would be extended and expanded to assist school districts with their school construction and renovation needs. Then we could work with Mr. Rangel and others on the details.

#### Pros

We can more easily propose a larger initiative on the tax side.

A tax-side initiative will be revenue-neutral, and both the program and the offset would be handled by the same committees in Congress.

The Senate sponsor of our School Construction legislation -- Sen. Moseley-Braun -- is on the Finance Committee and would support the idea of a tax-side approach that she could push there.

We might be able to develop a proposal that would have the strong support of the ranking member in the House (Mr. Rangel).

#### Cons

The bond/tax-credit approach is unusual, so we do not yet know how well it will work.

The bells and whistles that we built into our School Construction proposal -- leveraging, rewarding State investments, etc. -- would not be possible in a tax-side approach.

The House sponsor of our School Construction legislation -- Rep. Lowey -- prefers the spending bill that we proposed this year.

Rep. Rangel is very committed to his design, and may not be willing to make the changes that we would want to steer this toward school construction and renovation and away from his "academies" approach. There is a chance we would have to part ways with him, or accept something that we do not like and does not satisfy the constituency groups.

#### Views and Recommendations

[Treasury strongly supports a spending-side strategy. The tax credit approach is awkward and inefficient. While Treasury is making every effort to implement the Rangel provision effectively, it is an unproven approach -- as would be any tax-side approach to subsidizing school construction.]

[I support a tax-side approach because it would be revenue-neutral and might allow us to have an initiative that is larger than \$5 billion, gaining back some of the good will that was lost when we were forced to drop our proposal as part of the budget agreement.]



## OUTLINE FOR TOBACCO BRIEFING

### I. Should the \$1.50 increase be only from the settlement or other factors?

- President said "up to \$1.50."
- Should be real settlement costs.
- Industry estimates show non-settlement costs could easily eat up all but .62 of the 1.50 increase. Inflation is particularly important.

### II. What are the effects of different levels of price increase on consumption? How does it effect industry profitability?

- Starting at about \$1 where teen smoking has diminished by 30%, rates drop by 5-6% every 25 cents up to \$2.00. At \$3 there is a 66% decrease.
- Legislatively reduced prices lead (minus decrease ads and legal costs) to 10-17% lower profits.
- FTC analysis shows that industry would increase prices above settlement costs. A 200% pass through of settlement costs to prices leads to a present value of after tax profits increases by about 78%.
- Liability protection would lead to rising stock prices alone.
- Tobacco farmers would suffer lower value quotas as cigarette prices rise.
- Wholesalers/retailers suffer from reduced demand, possible penalties, loss of point of sale advertising.
- Local/state excise taxes will diminish depending on the size of the excise tax.

### III. Does the rate that prices increase make a difference?

- This analysis didn't assume a sudden increase would have a different effect from an incremental one.
- Arguably a sudden increase could have a shock effect, alternatively people may be better at adjusting their behavior over time.
- Also sharp increases may lead to smuggling problems.

**IV. Three possible approaches: (a) companies pay per pack into fund; (b) an excise tax, (c) public health user fee per pack, please discuss.**

- A. Antitrust exemption so that the tobacco companies can pay per pack increases into settlement fund is not warranted.

--even without an antitrust exemption, the cigarette manufacturers will raise prices to the amount of the settlement or greater than the settlement.

--FTC report concluded that there was insufficient justification for an antitrust exemption even unrelated to price such as achieving the goal of reducing youth smoking or as an exchange with the tobacco companies for the possibility that the settlements restrictions may be ruled unconstitutional.

- B. A volume-adjusted penalty, excise tax, or per pack charge are effectively identical from a consumer point of view.

- C. The current net stream of government revenue as envisioned by the settlement is substantially smaller than the face value contained in the settlement, and will decline over time.

--If objective is to fund public health programs, the payment should rise over time in line with the needs of the programs. By analogy, other entitlement programs have experienced rates of growth far in excess of inflation rates.

**V. How big a price increase is necessary to achieve the youth smoking targets?**

- Price increases due to inflation alone will not help meet youth targets.

- About \$1.45 in fifth year to achieve 30% reduction; about \$2.40 in seventh year to achieve 50% reduction; and about \$3.00 per pack in tenth year to achieve 60% reduction (These estimates do not include any effect from non-price aspects such as access and advertising restrictions).

- Comprehensive and strongly enforced restrictions on youth access to cigarettes could have significant effects on reducing underage use of cigarettes; might need incentives for communities to make compliance efforts; perhaps 20 to 40% reductions if strong enforcement of access restrictions.

- Advertising restrictions are less clear on reducing youth smoking --the conclusions of several studies on advertising restrictions varies.

**VI. How big a price increase to offset costs of smoking-related illnesses to the Federal government?**

- A. Medicare: costs of smoking-related illnesses are unclear because lower costs of healthier population are offset by increased life expectancies associated with reduced rates of smoking.
- B. Medicaid, Veterans benefits, and FEHBP: costs unclear for the same reasons as for Medicare.
- C. TRICARE for active-duty military (formerly known as CHAMPUS): more direct cost savings because this program serves a population under the age of 65.

**VII. What are implications of \$1.50 price increase for cigarette consumption, smoking rates, industry profitability, farmers, retailers, and wholesalers for different combinations of penalties and price increases?**

- President called for increase of up to \$1.50 per pack.
- Penalties will lead the industry to deter youth smoking (if it is able to do so) through non-price mechanisms if penalties are larger than the profits earned from youth smoking.
- Tension between fighting smoking and having stable funding stream.
- Administrative problems with relying solely on penalties as a means of raising settlement revenues. Issues re: reliability of youth smoking rates contained in surveys.

**VIII. Ways to structure look-back penalties for missing youth smoking targets.**

- A mix of industry-wide and company-specific penalties would provide the best incentives; industry-wide penalties would promote efforts by all companies to reduce underage smoking; company-specific penalties would eliminate incentive for company to keep selling to youth and only pay part of penalty.
- Substantial economic justification for de minimus exception assuming there is a "hard-core" group of youths that companies have no control over, regardless of the companies' actions.
- One-time payment in year after target missed based on number of packs sold in previous year provides a known revenue vs. Per-pack taxes in year after target missed provides unknown revenue because level of sales is unknown when tax rate is instituted.

- Difficulty in assessing different taxes on different brands.
- Non-linear penalties provide the greatest incentives --i.e., penalties should increase as non-compliance rises.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 12:37:28.00

SUBJECT: Tomorrow's Meeting with Governor Thompson

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

READ:UNKNOWN

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

READ:UNKNOWN

CC: Andrea Kane ( CN=Andrea Kane/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

CC: Jeanne Lambrew ( CN=Jeanne Lambrew/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

I expect Gov. Thompson will want to talk about kids health as well as welfare because:

a) he's bringing his health secretary (Joe Leean) as well as his welfare secretary;

b) he's been pushing hard for kids health waivers which he sees as integral to the

implementation of W-2, his Wisconsin Works welfare program.

Thus, I think both Chris and I should attend the meeting.

Jeanne Lambrew is writing up a summary of the kids health situation.

You already have a general background memo Andrea wrote about the Wisconsin Works welfare program (I dropped it off last night).

I am right now putting together for you a history of Wisconsin's waiver requests relating to W-2. As you know, we turned down their Medicaid request and we still have pending their Food Stamp privatization request.

There has also been some tension between the state and locals on the implementation of the \$3 billion welfare to work grants -- I'm getting more information on that.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 10:33:31.00

SUBJECT: International 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

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

READ:UNKNOWN

TEXT:

I talked to Gruber last night about doing something on international tobacco control. My thought was we might want some event and action the President could take to show publicly he is keeping momentum on tobacco while we are waiting for Congress to come back and the bills to move. This wouldn't be more money, but something like plans with other nations to help control smuggling. He thought there was stuff to do. Interested?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 11:56:36.00

SUBJECT: Correction to housing vouchers cost

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: Andrea Kane ( CN=Andrea Kane/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TEXT:

I'm not sure how this misunderstanding happened, but here's the correction to the housing vouchers cost. Sorry to have misled you. The description we sent into the President on State of the Union ideas did not include a dollar amount, so we did not mislead him.

----- Forwarded by Cynthia A. Rice/OPD/EOP on 12/03/97  
11:54 AM -----

Andrea Kane  
12/03/97 11:47:40 AM  
Record Type: Record

To: Emily Bromberg/WHO/EOP, Cynthia A. Rice/OPD/EOP  
cc:  
Subject: One correction to Housing Vouchers piece

OMB has clarified that \$300 million is for one year, not five. Five year cost is \$1.3 billion. I'll double check to make sure Paul corrects this in the memo.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Carole A. Parmelee ( CN=Carole A. Parmelee/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME: 3-DEC-1997 10:13:28.00

SUBJECT: Mtg.

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

READ:UNKNOWN

TEXT:

Elena, EBB is holding a mtg. next Wed., 12/10, at 2:00 PM to discuss Sec. Ser. unionization.

Pls. let me know if you can attend. Thanks. Carole

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 16:52:05.00

SUBJECT: Re: civil rights plan

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

READ:UNKNOWN

TEXT:

We're planning on getting you the memo tomorrow by noon. On the EEOC dispute, I talked to Ellen V. at EEOC about the specific agencies objecting to the proposed new review format. I asked her to get me the background material as soon as she could, and said I thought we would want to go to bat for them with the relevant bodies. She said she'd get me material by Friday.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Virginia N. Rustique ( CN=Virginia N. Rustique/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME: 3-DEC-1997 17:41:36.00

SUBJECT: Gov Chiles mtg Dec 8

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

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

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

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

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

TEXT:  
John will meet w/ Gov. Chiles and staff re: tobacco on Mon., 12/8, from  
2-3pm.  
Please let me know if you can attend. Thanks.  
----- Forwarded by Virginia N. Rustique/WHO/EOP on  
12/03/97 05:39 PM -----

Fred Duval 12/02/97 10:41:22 AM

Record Type: Record

To: John L. Hilley/WHO/EOP  
cc:  
Subject: Gov Chiles mtg Dec 8

Emily Bromberg and I would like to join your meeting with Gov Chiles next  
week if OK with you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jerold R. Mande ( CN=Jerold R. Mande/OU=OSTP/O=EOP [ OSTP ] )

CREATION DATE/TIME: 3-DEC-1997 14:23:15.00

SUBJECT: 4th Circuit Mtg

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

READ:UNKNOWN

TEXT:

DoJ and HHS are ready to meet with us on 4th Circuit strategy. As Tom noted, we could do the meeting as soon as tomorrow at 3:15. I think it is important that one or both of you are there. My questions are: can you be there from 3:15 to 4 (the regularly scheduled strategy meeting will be taking place from 2:45 to 3:15)? Who else from the WH should be at the 4th Circuit strategy meeting (Lindsey and Rahm came to a similar meeting we did before Greensboro)?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 15:25:12.00

SUBJECT: Domestic Family Planning Meeting

TO: FOLEY\_M ( FOLEY\_M @ A1 @ CD @ LNWTWY [ UNKNOWN ] ) (WHO)

READ:UNKNOWN

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

READ:UNKNOWN

TO: Audrey T. Haynes ( CN=Audrey T. Haynes/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

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

READ:UNKNOWN

CC: Ruby Shamir ( CN=Ruby Shamir/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

There will be a meeting on the above subject with outside groups on Friday, December 12 at 3:00 pm in the Roosevelt Room. Please let me know if you can attend.

Attendees:

Sylvia Mathews  
Elena Kagan  
Chris Jennings  
Audrey Haynes  
Melanne Verveer  
Ann Lewis  
Martha Foley

I will forward a list of the Outside Folks as soon as I receive it.

Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Julie A. Fernandes ( CN=Julie A. Fernandes/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 3-DEC-1997 17:28:09.00

SUBJECT: Re: updates

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

READ:UNKNOWN

TEXT:

I just got a call from Maria, asking about the status of the Haitian issue. She wanted me to pass on that if there is a necessity for a meeting between Holder and the WH, she would like to be there.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 14:03:55.00

SUBJECT: 4th Circuit meeting

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

READ:UNKNOWN

TO: Jerold R. Mande ( CN=Jerold R. Mande/OU=OSTP/O=EOP @ EOP [ OSTP ] )

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:

O'hara would like to do the meeting to discuss the 4th circuit right after our 2:45, so we'd invite DOJ etc. to come at 3:15 (and those who don't need to discuss it could leave ).

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael Waldman ( CN=Michael Waldman/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME: 3-DEC-1997 12:35:09.00

SUBJECT: Reminder -- SOTU outreach

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

TO: Kathleen A. McGinty ( CN=Kathleen A. McGinty/OU=CEQ/O=EOP @ EOP [ CEQ ] )  
READ:UNKNOWN

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

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

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

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

TO: Gene B. Sperling ( CN=Gene B. Sperling/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

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

TO: John H. Gibbons ( CN=John H. Gibbons/OU=OSTP/O=EOP @ EOP [ OSTP ] )  
READ:UNKNOWN

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

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

TO: Ron Klain ( CN=Ron Klain/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

TO: Janet L. Yellen ( CN=Janet L. Yellen/OU=CEA/O=EOP @ EOP [ CEA ] )  
READ:UNKNOWN

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

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

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

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

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

READ:UNKNOWN

CC: Michele Jolin ( CN=Michele Jolin/OU=CEA/O=EOP @ EOP [ CEA ] )

READ:UNKNOWN

Jordan Tamagni ( CN=Jordan Tamagni/OU=WHO/O=EOP [ UNKNOWN ] )

READ:UNKNOWN

TEXT:

As I have mentioned to some of you, we will submit to the President for his Christmas reading a book compiling memos and speech draft submissions by outsiders (authors, academics, policy experts, artists, business leaders). We are gathering up the names of people we will contact.

Please let me know if you have any suggestions for people to contact, as soon as you can.

Thanks!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 19:12:47.00

SUBJECT: Budget options on restoring more benefits to legal immigrants

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

READ:UNKNOWN

CC: Andrea Kane ( CN=Andrea Kane/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

CC: Jeanne Lambrew ( CN=Jeanne Lambrew/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:

We're meeting tomorrow morning with Barbara Chow, who will unveil OMB's preferred options to restore additional restorations to legal immigrants. They have been tight-lipped on this, but the staff just walked me through their recommended options orally. I still have no paper. The invite list includes Mickey Ibarra, Maria Echaveste, Doris Matsui, and others who will approach this more from a constituency perspective and less from a policy perspective.

The proposed restorations total \$3 billion over 5 years:

1. Food Stamp State Option \$1.2 billion over 5 years  
They want to give states the option of offering food stamps to legal immigrants, both those who were here before the law was signed and new entrants. We would pay 50% of the cost. They think this is more saleable politically than a simple restoration. A few states are already doing this with 100% state money.
2. Medicaid/Child Health State Option \$0.2 billion over 5 years  
This was our proposal from last year, with CHIP added in. CHIP doesn't cost anything since it's a block grant. It says that states can choose to offer Medicaid or CHIP to children who entered after the law was signed, and we'll pay our regular share of each program.
3. Refugees and food stamps \$0.2 billion over 5 years  
Refugees are eligible for benefits for the first 5 years in this country. We lengthened that to 7 years for SSI in the BBA. This would offer refugees the same 7 year exemption for food stamps.
4. SSI and Medicaid \$1.4 billion over 5 years  
This is what we did NOT get in our package last year: SSI and Medicaid for new entrants who become disabled after entry. This is a slightly tougher policy than last year because it requires deeming of sponsors'

income.

I am assuming your guidance is that you are not particularly anxious to spend \$3 billion dollars this way, particularly given competing needs like child care. I think it would be nice to do something on food stamps, and the state option is clever. On the other hand, as Cynthia notes, it seems unlikely Congress will do these. While the same could have been said of last year's proposals, we had the impetus of the balanced budget and the impending SSI cutoffs to pressure them. Next year we have little or no leverage legislatively, and all the cutoffs have happened. Anyway, if you have any guidance, let me know.