

NLWJC - KAGAN

EMAILS RECEIVED

ARMS - BOX 020 - FOLDER -007

[12/05/1997]

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. email	Michael Sorrell to Ananias Blocker, et al. Subject: [blank] [partial] (1 page)	12/05/1997	P6/b(6)
001b. email attachment	Memo re: President's Initiative on Race [partial] (1 page)	12/05/1997	P6/b(6)
002. email	Elisa Millsap to Elena Kagan. Subject: Congressional Ball (1 page)	12/05/1997	Personal Misfile
003. email	Elisa Millsap to Elena Kagan and Bruce Reed. Subject: Congressional Ball. (1 page)	12/05/1997	Personal Misfile

COLLECTION:

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

FOLDER TITLE:

[12/05/1997]

2009-1006-F
ke761

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)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- 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]

December 5, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

RE: DPC Weekly Report

Race – Advisory Board Meetings: DPC staff is working with staff from NEC and the Race Initiative to develop the agenda for the December 17th Advisory Board in Fairfax, Virginia. The topic for this meeting is K-12 education, and the discussion will likely focus on issues of racial isolation, equity and school reform. Planning has also begun for the January 13th Board meeting in Phoenix, Arizona, where the topic will be employment.

Immigration -- INS Reorganization: We have completed the meetings with agencies and advocates that are part of our review of the Commission on Immigration Reform's recommendations to improve the nation's immigration system. We have met with representatives from the Department of Justice (including the INS), the Department of State, the Department of Labor, representatives from the Commission, and immigrant advocacy groups to discuss their views. We are hoping to make a preliminary recommendation by the end of this month.

Race -- Race and Service Link: The attached column by Steve Waldman of U.S. News argues that service by people of diverse backgrounds, such as AmeriCorps' CityYear program, does more to foster diversity and racial understanding than dialogue or more traditional efforts to promote racial harmony. Harris Wofford has also forwarded that column to you with a suggestion that the race initiative focus more on common action by Americans of different backgrounds.

You indicated earlier that you are interested in performing service yourself on Martin Luther King Day, in recognition both of Dr. King and the movement to make the holiday "a day on, not a day off." One option we are exploring is that you could spend time on January 19th at a literacy project connected to D.C. Reads, with AmeriCorps members, local work-study students, and senior volunteers participating. We would invite children in kindergarten to third grade, along with their parents and/or tutors. The Corporation suggests that, in addition to having

reading stations, the kids would assemble and decorate a small bookshelf, which they could then take home along with five or ten books to start their collection.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-DEC-1997 12:35:35.00

SUBJECT: Draft 2 of class size memo

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Attached is the next version of the class size memo. It makes most of Elena's edits, and it includes a new section at the end showing options for reducing the cost. I fear/suspect that the way it is laid out will invite the selection of the lowest cost option. Let me know if you think I either need to change how these are presented, or include some kind of pro and con discussion of the options.

I indicated in the memo that I'm still uncomfortable with--actually, I'm opposed to--the idea of requiring districts to have a procedure for getting rid of failing teachers. Let me lay out why, and what I propose we do instead:

Why a provision on getting rid of bad teachers is a bad idea.

1. We are really stepping over a federal intrusion/micromanagement line here, especially if we try to do this well: Unless we are going to simply allow districts to check a box and promise that they have an evaluation system in place (which they already to, though most of them are terrible) that enables them to fire incompetent teachers, we are going to wind up having to approve the design of key parts of local personnel systems. This is the wrong role for the federal government, and we don't have the capacity for doing this even if we want to.

Further, coupling class size reductions with firing bad teachers puts in one proposal two components that are in fact intrusive on what are local responsibilities--the shape of the local school budget, and the nature of their personnel policies. In the main, we have spent the last 5 years making sure that federal education programs given out on a formula basis to all school districts have fewer strings and greater accountability for results. This moves in the other direction.

2. On political grounds, we complicate our lives in three ways: First, while the public at large may well like a tough stance on incompetent teachers, this is one initiative that is going to be so popular that we don't need to add anything just for the purposes of making it more attractive. The public will resonate with the idea of smaller classes whether we get tough on teachers or not.

Second, it will indeed cause problems with AFT and NEA--partly because of the tough rhetoric, and partly because of design issues. Sandy and Bob are indeed ok (though not always thrilled) with tough talk on firing bad teachers. They use that rhetoric with their members to promote union/school board partnerships to get rid of failing teachers, along the lines of ones in place in Toledo, NYC, Cincinnati and other places. But union involvement is key to them, and key to their ability to sell it to their members. I can't imagine us proposing a failing teachers req

DRAFT2

MEMORANDUM FOR THE PRESIDENT

FROM:

SUBJECT: Proposed Class Size Reduction Initiative

We are proposing for consideration in the FY 1999 Budget a \$9.2 billion, 5-year initiative to improve early reading by reducing class size in grades 1 and 2 from a national average of 22.5, to a maximum of 18, and by taking the steps necessary to ensure that all teachers in those grades have the knowledge and skills necessary to teach reading effectively in small classes.

Reducing class size has long been an important goal for parents and teachers throughout the country. While there are conflicting findings in the research on the impact of lower class size, two major, well controlled experiments undertaken in the 1980's in Tennessee and Indiana showed that reducing class size in the early grades to between 15-18 students has a significant effect on student achievement. While all students benefit from smaller classes, the effects are largest for the most disadvantaged -- low-income and minority students in inner cities.

A number of other states are now launching their own class-size reduction initiatives. A national effort to reduce class size, led by you and structured as a partnership between the federal government and state and local governments, would help spread this effort nationally. It also would provide a concrete way to demonstrate your commitment to help all students meet challenging national standards.

Large scale reductions in class size raise significant issues, especially involving teacher quality. For example, California's new initiative to reduce class size to 20 in the primary grades has exacerbated the shortage of fully qualified teachers and, particularly in urban districts, has resulted in increased hiring of noncertified teachers. It has also increased the need for professional development for the existing teaching force, in order to help teachers take full advantage of smaller classes. And many schools have been limited in their ability to reduce class size because of space limitations in already overcrowded facilities.

Notwithstanding these challenges, the benefits of significant reductions in class size are clear. In the first year of implementation, many teachers report that smaller classes enable them to pay greater attention to individual students, to assign and help them with more challenging work, to communicate more often with parents, and to have less disruptive classes. Many parents echo these reports, and support for public schools appears to be on the rise throughout the state. And many schools and districts are finding ways of meeting the challenges of teacher quality and facilities. They have found effective ways of training new and experienced teachers. Schools have been willing to purchase portable classrooms or make other changes in how they use facilities in order to make room for smaller classes.

The proposal described below is designed to help states and districts take advantage of the opportunities afforded by reductions in class size and to respond effectively to the challenges.

Design of the Class Size Reduction Initiative

This initiative aims to reduce class size in the early grades to 18, in order to help all children learn to read well. To accomplish this objective, this initiative creates a partnership among federal, state and local governments, with the federal government providing the bulk of the funding, and states and local school districts retaining the responsibility for designing the program and achieving the results. It provides funds to improve the quality of teaching as well as to reduce class size, and it offers substantial flexibility to school districts, including allowing districts that cannot possibly reach the class size objective due to insufficient space or qualified teachers, to use other methods to improve reading achievement through other methods. And it holds school districts accountable for results by tying continued funding to demonstrated learning gains, thereby providing a strong incentive for schools throughout the country to use practices that work.

Purpose: The purpose of this initiative is to reduce class size and provide quality teachers in the early grades, so that all students learn to read independently and well by the end of the 3rd grade. Specifically, this initiative will help states and local communities hire an additional 89,000 teachers in order to reduce class size in grades 1 & 2 from a nationwide average of 22.5, to a maximum of 18. At the same time, it will help states and school districts recruit and prepare new teachers and upgrade the skills of existing teachers in the early grades so they have the skills necessary to teach reading effectively in small classes.

Funding Stream: The initiative would provide states and local communities with \$9.2 billion over 5 years. Funding in the first year would cover the costs of hiring an additional 17,800 teachers, and a similar number would be hired in each succeeding year. Funds would be distributed to states on a formula basis, taking into account the number of additional teachers each state would need to reach the class size target, as well as salary differences among the states, and poverty levels. Within this framework, we are also exploring ways to provide funds directly to the largest urban areas, as we did in last year's school construction initiative. Funds would pay for hiring additional teachers, as well as for steps to improve teacher quality, such as improved preservice training to enhance the supply of qualified new teachers, professional development, or incentives for qualified teachers to teach in underserved areas. The federal government would cover 80% of the costs, with state and local communities providing matching funds for the rest.

State and Local Plans: States would be required to work with local school districts to develop a statewide plan for class size reduction. The plan would include a timetable for phasing in class size reduction, strategies for ensuring that every classroom had a qualified teacher and for addressing school facility needs, and a plan for financing the state and local share of the costs. In developing their plans, states and school districts would be encouraged to look first at how they could reduce class size by making better use of existing staff and resources, including by reassigning certified staff who are not in classroom teaching positions to the classroom, and by

using Title 1 and other federal funds to reduce class size rather than continue programs that pull students out of the regular classroom in order to receive extra help.

States and districts would be given considerable flexibility in designing these plans. They would be permitted to carry over federal funds from one year to the next, enabling jurisdictions with the need to invest in preparing and training teachers at the front end of the process, and scale up class size reductions in later years. In cases where the lack of facilities or qualified teachers made it virtually impossible to meet the class-size reduction target, jurisdictions would be able to propose alternative approaches--such as Reading Recovery or Success for All--to provide intensive, high quality reading instruction in the early grades.

Quality Teachers: State and local plans would be required to address teacher quality in a number of ways. First, the plans would show how states and local districts will work with institutions of higher education and others to recruit and adequately prepare the increased numbers of teachers they will need. Second, the plans will show how new and experienced teachers would be given high quality, sustained professional development focused on effective teaching in small groups, on language acquisition, and on effective reading instruction. Third, states would be required to show how they will recruit and hire new teachers without increasing the percentage of uncertified teachers already in the classroom--thereby placing a floor on the quality of teachers to be hired. Fourth, states would be required to commit to establishing performance-based teacher certification requirements, at least for teaching in the primary grades, so that new teachers would be required to demonstrate the knowledge and skills necessary to teach reading effectively in small classroom settings. *Finally, we are considering a requirement that states and districts demonstrate that they have effective ways of identifying low-performing teachers, giving them help and, if necessary, quickly and fairly removing them from the classroom. (I continue to think this is a mistake)*

While states and districts will be given great flexibility in how to address these issues, the Education Department will launch a major effort to disseminate information about best practices and proven approaches to improving teacher quality and reading achievement. States and school districts would use funds from this initiative, as well as state and local funds and funds from other federal programs, including Title 1, America Reads, the Eisenhower Professional Development program, and Chapter 2, to fund the teacher quality component of the initiative.

Facilities: This initiative will place added burdens on existing facilities, and many school districts will have difficulty finding adequate space for smaller classes. While states and local communities continue to have the primary responsibility for addressing this issue, it will be especially important for the Administration to propose a school construction initiative along with this proposal, and continue to press the Congress to enact it. In addition, as indicated above, this initiative will provide schools with the flexibility to adopt other proven approaches for providing intensive instruction in small groups in order to teach young children to read.

Accountability for Results: Local school districts will be required to evaluate the impact of their class size reduction initiative on reading achievement, and make midcourse corrections as needed. If, after 3-4 years a district cannot show significant gains in reading achievement, it

would not receive continued funding under this initiative. This provision will provide a strong incentive for all school districts to make the most effective use of the all of their resources, and in particular, to use proven practices to improve the quality of teaching through this initiative. In addition, the Education Department will conduct a national evaluation of this initiative, to identify implementation problems that need to be addressed and to learn about the most effective practices.

Budget Options: If the cost of this proposal needs to be scaled back, we can reduce the overall cost by setting an objective of reducing the *average* class size to 18 (rather than a *maximum* of 18) while setting a class size ceiling of 20, or by reducing the federal share of the initiative to 70% rather than 80%. The chart below shows the total 5-year cost of these options.

	80% Federal Share	70% Federal Share
Class size ceiling of 18	\$9.2 Billion	\$8.0 Billion
Class size average of 18, ceiling of 20	\$7.7 Billion	\$6.7 Billion

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
MIKE COHEN

SUBJECT: Proposed Class Size Reduction Initiative

We are proposing for consideration in the FY 1999 Budget a \$9.2 billion, 5-year initiative to improve early reading by reducing class size in grades 1 and 2 from a national average of 22.5, to a maximum of 18, and by taking the steps necessary to ensure that all teachers in those grades have the knowledge and skills necessary to teach reading effectively in small classes.

Reducing class size has long been an important goal for parents and teachers throughout the country. While there are conflicting findings in the research on the impact of lower class size, two major, well controlled experiments undertaken in the 1980's in Tennessee and Indiana showed that reducing class size in the early grades to between 15-18 students has a significant effect on student achievement. While all students benefit from smaller classes, the effects are largest for the most disadvantaged -- low-income and minority students in inner cities.

A number of other states are now launching their own class-size reduction initiatives. (Class size was also a linchpin of Tony Blair's agenda for New Labour in his recent campaign.) A national effort to reduce class size, led by you and structured as a partnership between the federal government and state and local governments, would help spread this effort nationally. It also would provide a concrete way to demonstrate your commitment to help all students meet challenging national standards.

Large-scale reductions in class size raise significant issues, especially involving teacher quality. For example, California's new initiative to reduce class size to 20 in the primary grades has exacerbated the shortage of fully qualified teachers and, particularly in urban districts, has resulted in increased hiring of noncertified teachers. It has also increased the need for professional development for the existing teaching force, in order to help teachers take full advantage of smaller classes. And many schools have been limited in their ability to reduce class size because of space limitations in already overcrowded facilities.

Notwithstanding these challenges, the benefits of significant reductions in class size are clear. In the first year of implementation, many teachers report that smaller classes enable them to pay greater attention to individual students, to assign and help them with more challenging work, to communicate more often with parents, and to have less disruptive classes. Many parents echo these reports, and support for public schools appears to be on the rise throughout the state. And many schools and districts are finding ways of meeting the challenges of teacher quality and facilities. They have found effective ways of training new and experienced teachers. Schools have been willing to purchase portable classrooms or make other changes in how they use facilities in order to make room for smaller classes.

The proposal described below is designed to help states and districts take advantage of the opportunities afforded by reductions in class size and to respond effectively to the challenges. We assume it will be coupled with a robust school construction proposal, which the NEC and Treasury are designing.

Purpose

The purpose of this initiative is to reduce class size and provide quality teachers in the early grades, so that all students learn to read independently and well by the end of the 3rd grade.

Specifically, this initiative will help states and local communities hire an additional 89,000 teachers over 5 years in order to reduce class size in grades 1 & 2 from a nationwide average of 22.5, to a maximum of 18. At the same time, it will help states and school districts recruit and prepare new teachers and upgrade the skills of existing teachers in the early grades so they have the skills necessary to teach reading effectively in small classes.

Funding Stream

The initiative would provide states and local communities with \$9.2 billion over 5 years. Funding in the first year (\$615 million in FY99) would cover the costs of hiring an additional 17,800 teachers, and a similar number would be hired in each succeeding year. Funds would be distributed to states on a formula basis, taking into account the number of additional teachers each state would need to reach the class size target, as well as salary differences among the states, and poverty levels. Within this framework, we are also exploring ways to provide funds directly to the largest urban areas, as we did in last year's school construction initiative. Funds would pay for hiring additional teachers, as well as for steps to improve teacher quality, such as improved pre-service training to enhance the supply of qualified new teachers, professional development, or incentives for qualified teachers to teach in underserved areas. The federal government would cover 80% of the costs, with state and local communities providing matching funds for the rest.

State and Local Plans

States would be required to work with local school districts to develop a statewide plan for class size reduction. The plan would include a timetable for phasing in class size reduction, strategies for ensuring that every classroom had a qualified teacher and for addressing school facility needs, and a plan for financing the state and local share of the costs. In developing their plans, states and school districts would be encouraged to look first at how they could reduce class size by making better use of existing staff and resources, including by reassigning certified staff who are not in classroom teaching positions to the classroom, and by using Title 1 and other federal funds to reduce class size rather than continue programs that pull students out of the regular classroom in order to receive extra help.

States and districts would be given considerable flexibility in designing these plans. They would be permitted to carry over federal funds from one year to the next, enabling jurisdictions with the need to invest in preparing and training teachers at the front end of the process, and scale up class size reductions in later years. In cases where the lack of facilities or qualified teachers made it virtually impossible to meet the class-size reduction target, jurisdictions would be able to propose alternative approaches--such as Reading Recovery or Success for All--to provide intensive, high quality reading instruction in the early grades.

Quality Teachers

State and local plans would be required to address teacher quality in a number of ways. States and local districts would have to show:

- 1) how they will work with institutions of higher education and others to recruit and adequately prepare the increased numbers of teachers;
- 2) how they will ensure the new teachers get high quality, sustained professional development focused on effective teaching in small groups, on language acquisition, and on effective reading instruction;
- 3) how they will recruit and hire new teachers without increasing the percentage of uncertified teachers already in the classroom--thereby placing a floor on the quality of teachers to be hired; and,
- 4) how they would put in place performance-based teacher certification requirements -- teacher testing for new teachers in the primary grades -- so that new teachers would be required to demonstrate the knowledge and skills necessary to teach reading effectively in small classroom settings.

We are also considering a requirement that states and districts demonstrate that they have effective ways of identifying low-performing teachers, giving them help and, if necessary, quickly and fairly removing them from the classroom.

While states and districts will be given great flexibility in how to address these issues, the Education Department will launch a major effort to disseminate information about best practices and proven approaches to improving teacher quality and reading achievement. States and school districts would use funds from this initiative, as well as state and local funds and funds from other federal programs, including Title 1, America Reads, the Eisenhower Professional Development program, and Chapter 2, to fund the teacher quality component of the initiative.

Facilities

This initiative will place added burdens on existing facilities, and many school districts will have difficulty finding adequate space for smaller classes. While states and local communities continue to have the primary responsibility for addressing this issue, it will be

especially important for the Administration to propose a school construction initiative along with this proposal, and continue to press the Congress to enact it. In addition, as indicated above, this initiative will provide schools with the flexibility to adopt other proven approaches for providing intensive instruction in small groups in order to teach young children to read.

Accountability for Results

Local school districts will be required to evaluate the impact of their class size reduction initiative on reading achievement, and make midcourse corrections as needed. If, after 3-4 years a district cannot show significant gains in reading achievement, it would not receive continued funding under this initiative. This provision will provide a strong incentive for all school districts to make the most effective use of the all of their resources, and in particular, to use proven practices to improve the quality of teaching through this initiative. In addition, the Education Department will conduct a national evaluation of this initiative, to identify implementation problems that need to be addressed and to learn about the most effective practices.

Budget Options

If the cost of this proposal needs to be scaled back, we can reduce the overall cost by setting an objective of reducing the *average* class size to 18 (rather than a *maximum* of 18) while setting a class size ceiling of 20, or by reducing the federal share of the initiative to 70% rather than 80%. Alternatively, it could be phased in over a longer period, such as 7 years. The chart below shows the total 5-year cost of these options.

	80% Federal Share	70% Federal Share
Class size ceiling of 18	\$9.2 Billion	\$8.0 Billion
Class size average of 18, ceiling of 20	\$7.7 Billion	\$6.7 Billion
Class size average of 18, ceiling of 20; 7 year scale up	\$5.5 Billion (for 5 years)	\$4.75 Billion (for 5 years)

December 5, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
GENE SPERLING

SUBJECT: **Expanding the Low-Income Housing Tax Credit (LIHTC)**

Overview

This memorandum details several options to increase the cap on the LIHTC and to potentially index it to the rate of inflation in future years. This initiative, along with proposals to raise the number of incremental vouchers, expand homeownership, and strengthen the Fair Lending Law would build on the housing successes of your first four years.

Affordable Housing and the Low-Income Housing Tax Credit

Enacted as part of the Tax Reform Act of 1986, and made permanent by you in 1993, the LIHTC offers corporate and individual investors a credit against their federal income taxes based on the cost of acquiring, rehabilitating, or constructing low-income housing. The tax credit is a major federal resource for affordable housing, producing 90,000-100,000 low-income rental units per year.

However, because the amount of the LIHTC that can be allocated each year is capped relative to the population, its ability to serve its public policy mission is being eroded by inflation. The amount of the LIHTC that states may allocate each year is \$1.25 times the state's population. Since 1986, the purchasing power of the LIHTC has eroded by about 45%; if the cap had been indexed in 1986, the current credit would be more than \$1.75 per capita.

After several years of attacks from conservative Republicans to repeal the credit on the grounds that it is a form of "corporate welfare" and your repeated vetos of efforts to sunset the LIHTC, the credit currently enjoys bipartisan support in Congress and across the nation among state and local officials. Senators D'Amato and Graham have introduced legislation (S. 1252) that would provide for a significant increase in the annual volume cap. Groups such as the Local Initiatives Support Corporation (LISC) are strong supporters of this legislation.

Options

1. Index LIHTC for Inflation -- Cost: \$175 Million Over Five Years -- An inexpensive option would be to change the LIHTC statute and index the LIHTC to the Consumer Price Index. This would insure that the credit does not experience any additional future decline in value from inflation. However, this proposal would not make up any of the lost value of the credit since 1986. This would cost roughly \$175 million over five years.

2. Raise the LIHTC Cap -- Cost: \$359 Million to \$600 Million Over Five Years -- This is a moderate-cost approach that would partially offset the real loss of the credit value since 1986. For \$359 million over five years, we could increase the credit from its current value of \$1.25 to \$1.37 per capita. A more expensive, but still moderate approach, would be to increase the credit to \$1.50 per capita, which would cost approximately \$600 million over five years according to preliminary Treasury estimates. We could also add indexation to one of these increases, but this would increase the costs. Tax Policy at Treasury notes that indexation would raise the cap substantially in the outyears which would recreate the inefficiency problems the program suffered through several years ago.

3. Support S. 1252 (D'Amato-Graham) -- Cost: \$1.6 Billion Over Five Years -- This proposal would increase the annual volume cap of the LIHTC to \$1.75 per capita and index it for future years. This proposal would cost \$1.6 billion over five years.

Recommendation

Tax Policy at Treasury raises several concerns with any raise in the cap on the LIHTC (e.g., there are more efficient ways to increase low-income housing than using the tax code and having tight caps increases the efficiency of the program since projects must compete vigorously for the credit). While their argument has some merit, the LIHTC has proven to be an increasingly efficient tool and remains the only politically feasible option available to help build more affordable housing for people with low incomes. Moreover, LISC, Enterprise Foundation, and the other community development groups view the LIHTC as yours, since you were the one who permanently extended it. If Congress acts this year to increase the cap -- which is likely -- and we do not have a proposal on the table, you may lose the LIHTC as one of your lasting legacies.

The DPC and NEC recommend that you chose option 2. Option 2 would provide a modest increase in the LIHTC, while ensuring that the efficiency effects from relatively tight caps remain. The DPC and NEC believe that option 1 -- while ensuring that the credit is no longer eroded by inflation -- is too small and Tax Policy believes that as the caps are increased over time, the efficiency of the program would decrease. Option 3 -- at a cost of \$1.6 billion -- may not be feasible in the current constraints of the budget.

MEMORANDUM

FROM:

SUBJECT: SSA Report on Implementation of Children's SSI Cutoffs

DATE: December 5, 1997

As you know, the welfare law tightened the definition of childhood disability for SSI, and required the Social Security Administration to redetermine the eligibility of approximately 288,000 children (out of one million children now on the rolls). Advocates charge that SSA has done a poor job on these reevaluations, causing eligible children to be dropped from the rolls. At his confirmation hearing, Commissioner Ken Apfel promised a "top to bottom" review of SSA's process. This memo summarizes that report, which is nearing completion and will be released in about a week.

Overall, the report concludes that SSA did a relatively good job of redetermining eligibility for these children. However, the report identified three areas of concern (described further in an attachment), along with actions to address them.

While SSA has not made all of its final decisions, the agency expects that as a result of this report it will review the cases of approximately 50,000 children terminated from the program, out of a total of 136,000 terminations to date. All children terminated who were coded as having mental retardation will have their cases reviewed. SSA is also planning to review all terminations in the ten states with the lowest accuracy rates (D.C., Mississippi, Oregon, Pennsylvania, Idaho, Maryland, North Carolina, Washington, Tennessee, and California). Finally, SSA will offer all 75,000 families who did not appeal SSA's termination decision a new opportunity to do so.

The report will include a lower projection of the number of children who will ultimately lose SSI after all appeals are completed -- about 100,000 children, compared to SSA's original projection of 135,000. This drop of 35,000 is caused by a reestimate of the baseline and SSA's actions to date (25,000 cases) and the new actions announced in this report (10,000 cases). At the time the welfare law was enacted, the estimate was that 180,000 children would lose SSI.

With the report, SSA also plans to release case studies of a random sample of 150 children who have lost benefits. This document is intended to explain to the public what types of children are no longer eligible. Most of the children have mental disabilities other than mental retardation, including learning disabilities and ADHD. Over a third have improved since they were first found eligible. The majority are teenagers; only a handful are age six or younger.

Advocates will probably have a mixed reaction -- generally pleased about the implementation actions, but still arguing that SSA's regulation interpreting the statute is needlessly strict. The report does not address the latter issue. The Republican leadership in Congress has been

extremely supportive of SSA's actions to date, but it is likely they will criticize this report and see it as bending over backwards to restore benefits.

SSA Report on Childhood Disability Process

SSA's report examined three areas of concern raised by advocacy groups:

I. Mental Retardation

Advocates' Charge: Too many children with mental retardation were cut from the rolls.

SSA Finding: Of the 136,000 children terminated to date, 42,000 were "coded" as mentally retarded (MR). However, most of these children do not actually have MR, because until recently SSA's systems did not have all the necessary codes. Instead, most of these children have other mental disorders, such as learning disabilities and or "borderline intellectual functioning" (which falls short of full-fledged MR). However, some unknown subset of the 42,000 do have MR, but either their impairments are not severe enough to qualify them for SSI, or they were denied incorrectly.

Even with these terminations, approximately 350,000 children with MR will remain on the rolls, out of the total of one million children on SSI.

SSA Action: SSA will review all cases terminated that were coded as MR, to ensure that all those decisions were made properly.

II. State Variations in Cutoffs

Advocates' Charge: Errors in cutoffs appear likely, since termination rates varied widely by state, from 32% in Nevada to 82% in Mississippi. Also, SSA may not have acquired all documentation, such as school records, needed to judge a child's disability. Finally, some states were disqualifying too many families for failure to cooperate without making adequate efforts to reach them.

SSA Findings: SSA data show that on average 93% of termination decisions were both accurate and complete in terms of including all required documentation. This exceeds SSA's required level of state performance for SSI. However, 10 states had accuracy/completion rates below 90%. Another 9 states had accuracy/completion rates below the national average. (SSA's experience is that about one-third of the errors identified in these measures will ultimately prove to be accurate decisions that simply lacked documentation.) SSA found that many inaccurate decisions stem from an overly strict interpretation of the new rules for children who exhibit maladaptive behavior.

Claims that SSA did not acquire all needed documentation were determined to be mostly unfounded. However, SSA found wide state variations in the percentage of children cut off because their families did not cooperate with the redetermination. In the four states with the highest rates of cutoffs due to failure to cooperate, 68% of the cases did not include documentation that all required efforts to contact the family had been made.

SSA then performed a regression analysis to determine whether wide state to state variations in overall termination rates should be expected because of legitimate factors, such as the child's age and impairment and whether the child was initially added to the rolls based on the less strict criteria eliminated by the welfare law. SSA found that these factors would lead you to expect the cutoff rate to vary from 40% in Idaho to 78% in Mississippi. While this regression analysis does not fully explain the actual state-by-state variance, it does convince SSA that most of the variance among states is due not to errors, but to characteristics of the children.

SSA Action: In the ten states with the lowest accuracy rates, SSA will review all cases terminated. In states with below average accuracy rates, SSA will review a sample of cases to see if additional reviews are needed. SSA will also provide more training on maladaptive behavior. In states with above average rates of cutoffs due to failure to cooperate, SSA will review all cases terminated.

III. Appeal Rights

Advocates' Charge: Too few families are appealing because SSA's notice to families was confusing, and workers discouraged appeals. Also, SSA discouraged families from requesting that benefits be continued during the appeal, and didn't do enough to publicize free legal services.

SSA Finding: SSA found that its workers did not discourage appeals, although this may have occurred in isolated instances. At the same time, a poll conducted by SSA confirms that many families did not understand their appeal rights.

SSA Action: All 75,000 families of children who were terminated and did not appeal will be given a new opportunity to do so. All 30,000 families of children who appealed but did not request continuation of benefits during the appeal will also be given a new opportunity to make that request. SSA will also publicize the availability of free legal services for families.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael J. Sorrell (CN=Michael J. Sorrell/OU=PIR/O=EOP [PIR])

CREATION DATE/TIME: 5-DEC-1997 18:49:22.00

SUBJECT:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TO: Marjorie Tarmey (CN=Marjorie Tarmey/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TO: Trooper Sanders (CN=Trooper Sanders/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

TO: edley (edley @ law.harvard.edu @ INET @ LNGTWY [UNKNOWN])
READ:UNKNOWN

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

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

Withdrawal/Redaction Marker Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. email	Michael Sorrell to Ananias Blocker, et al. Subject: [blank] [partial] (1 page)	12/05/1997	P6/b(6)

COLLECTION:

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

FOLDER TITLE:

[12/05/1997]

2009-1006-F
ke761

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)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- 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]

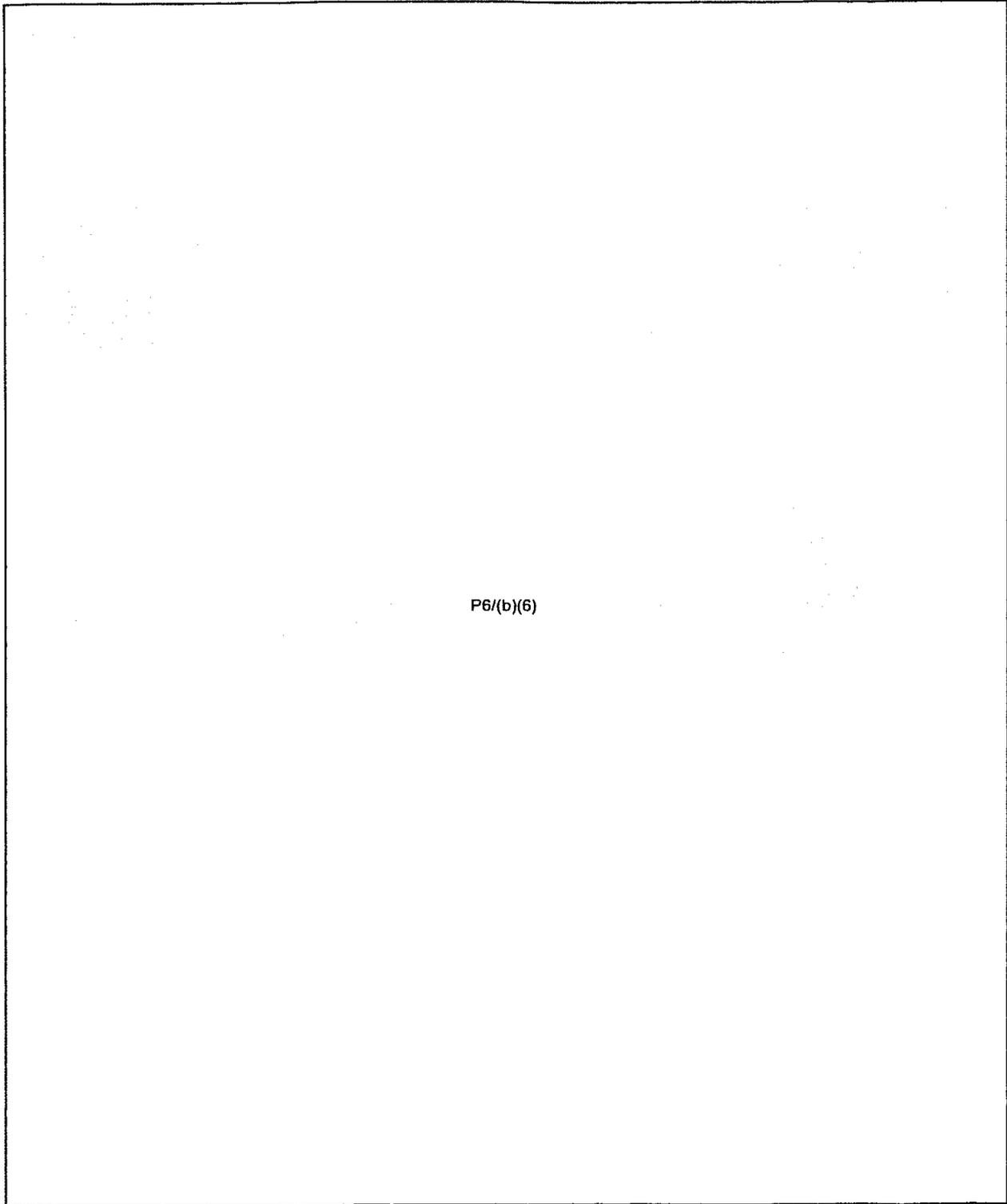
READ:UNKNOWN

TEXT:

Please ignore the first memo. This is the correct version.===== ATTA
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D52]MAIL47678683A.316 to ASCII,
The following is a HEX DUMP:



P6(b)(6)

[001a]

MEMORANDUM FOR THE PRESIDENT

FROM: JUDITH A. WINSTON

**THRU: ERSKINE BOWLES
SYLVIA MATHEWS**

**SUBJECT: PRESIDENT'S INITIATIVE ON RACE WEEKLY REPORT --
NOVEMBER 24- DECEMBER 5**

AKRON TOWN HALL MEETING

Town Hall Meeting. On December 3, you hosted your first Town Hall Meeting in Akron. Over 5,000 people attended and it aired live on C-Span. In attendance from your Advisory Board were Chairman Dr. John Hope Franklin, Angela Oh, Rev. Suzan Johnson Cook, Governor William Winter and Linda Chavez Thompson.

Watch Parties. Approximately 100 Town Hall Watch Parties were held across the country. Over 20,000 Americans viewed the town hall meeting through these watch parties.

Promising Practices. Ten organizations which have been highlighted as promising practices from across the country also participated in your Akron Town Hall meeting.

ADVISORY BOARD ACTIVITIES

Brown University. On November 24, Angela Oh was the closing speaker for the Asian Pacific American Heritage celebration at Brown University. She spoke to 50 students, faculty, and administrators about the Initiative and urged the students to become actively engaged in the Initiative.

Status Report. Attached to this report, you will find Angela Oh's status report on the Initiative. We are hoping to have all of the Advisory Board members complete

these in the upcoming weeks.

K-12 School Visits. Each Advisory Board Member plans to visit elementary or secondary schools in their respective cities during the next three weeks. The purpose of these visits is to provide each Advisory Board member with a real experience of race in schools today and tied in with the focus of the December Advisory Board Meeting.

Advisory Board Meetings. The December 17 Advisory Board meeting will focus on issues of race in public primary and secondary education. It will include dialogue about the challenges facing primary and secondary education in America as they intersect with race (e.g., urban segregation, insufficient resources in terms of teaching and facilities) and about promising practices in dealing with those challenges with people familiar with those issues. Attached is a proposed agenda for this meeting.

We are working closely with the Department of Labor staff and the DPC in preparing for the January Advisory Board meeting on employment issues.

OFFICE OF THE EXECUTIVE DIRECTOR

NAACP Roundtable. I briefed a group of NAACP leaders from across the country and discussed the importance, purpose, and critical success of, Presidential Town Hall meeting. I also participated in dialogue aimed at making the NAACP a more racially inclusive organization.

OUTREACH

CEO Roundtable. On December 1, Secretary Slater moderated a meeting of more than 80 corporate CEOs in Miami, included Advisory Board Member Bob Thomas, who has relocated to Republic Industries in Miami and its CEO Wayne Huizenga. It was very successful, as evidenced from the attached news article. We plan at least four more of these meetings. The next Roundtable will be held in January.

RESEARCH AND POLICY PLANNING

Promising Practices. There are now 40 promising practices posted on the Initiative web page.

Fairfax County Schools. The Fairfax case study is scheduled to be unveiled December 15 by Advisory Board member Linda Chavez-Thompson.

COMMUNICATION

PSA. On Tuesday, December 2, 1997, we unveiled a public service announcement

(PSA) that was developed by the Ad Council in consultation with the Leadership Conference on Civil Rights and the White House staff. The PSA targets Young America and features young people who talk about the values they have in common while asking viewers what they would do to help build One America. The PSA also has a web-site listing and a 1-800 number.

YOUTH

Call to Action Letter. On November 28, 1997, your letter to youth was mailed to 25,000 young leaders asking them to join you in your efforts to examine the current state of race relations in America. This letter provides a call to action to Young America and was targeted to high school senior class presidents, University and College class presidents, and leaders of national and local community organizations. **We have already begun to receive responses to these letters.**

Youth Briefing. On Monday, December 1, 1997, Vice President Gore hosted a briefing with youth and youth-oriented media (i.e. MTV, Rolling Stone, Vibe, Essence) where he discussed the importance of having young America involved in this initiative. The event featured a local high school football captain who has organized other high school captains to become involved in the Initiative.

FEDERAL AGENCY ACTIVITIES

DEPARTMENT OF TREASURY

Conversations That Bring Us Together. On November 28, the Treasury Department issued a press release on a *One America* roundtable conversation on race.

The roundtable was hosted by Alex Rodriguez, Deputy Assistant Secretary for Administration, in Boston. The release went out to both the national and regional media markets.

Department of Interior

Tuskegee Airmen Historic Site. The National Park Service Southeast Region is conducting a study of Moton Field, the small Tuskegee, AL airport that served as a training base for the black Tuskegee Airmen of World War II fame, to determine whether the site should become part of the national park system. The study is being funded by a \$75,000 grant from AL Department of Economic and Community Affairs. Moton Field could potentially come under NPS management as a separate park unit or as part of Tuskegee Institute National Historic Site.

UNITED STATES DEPARTMENT OF AGRICULTURE

Outreach. Under Secretary for Food, Nutrition, and Consumer Services Shirley Watkins began her Food and Nutrition Service-District of Columbia initiative to reach out to the African-American Community. As part of this project,

Withdrawal/Redaction Marker Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001b. email attachment	Memo re: President's Initiative on Race [partial] (1 page)	12/05/1997	P6/b(6)

COLLECTION:

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

FOLDER TITLE:

[12/05/1997]

2009-1006-F
ke761

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)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- 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]

Consumer Advisor Joyce Willis met with Washington ministers on November 24 on the plan, "Do It Here First: How Churches Can Make Food and Consumer Service Programs Available To The Community." Future plans include meeting with the Under Secretary, and an all-day educational seminar for ministers interested in participating in the plan.

Department of Housing and Urban Development

Housing Discrimination: On November 25, Secretary Cuomo continued HUD's fight against housing discrimination by announcing charges against the owners and managers of an apartment complex in Richmond, VA, who are refusing to rent to African-Americans. A HUD investigation found several white tenants who said that the on-site apartment manager, [P6/(b)(6)] boasted to white tenants that she would not rent to African-Americans. The manager no longer works at the 160-unit Wedgewood Village Apartments. HUD filed civil charges against [P6/(b)(6)] the apartment management company, and the owners of the apartments, alleging violations of the Fair Housing Act for discriminating against prospective black tenants. In addition, HUD issued an order barring [P6/(b)(6)] from employment by any company that receives HUD housing assistance for one year.

[001b]

DEPARTMENT OF TRANSPORTATION

Conversations That Bring Us Together: DOT has eight commitments from senior staff to lead small round table discussions on race over the next few weeks. Several staff members attended training at the New Executive Office Building on November 24.

FRA Update: FRA has incorporated an internal reporting system, in order to insure that all efforts toward the One America concept are recognized and fully implemented. In this internal reporting system, all Associate Administrators and the Chief Counsel, have been asked to submit the name of an employee in each functional area who will serve as the contact person for weekly reporting of race relations items. In addition, the Office of Civil Rights will initiate programs designed to promote constructive dialogue within the FRA and to unite individuals along a path to improve internal race relations.

Coast Guard Update: On November 19, the first of two award ceremonies was held recognizing selected Coast Guard units for their participation in the Coast Guard Partnership in Education 2000 Program. Outstanding unit achievement in this program is recognized each year. The program, started in 1991, is one of the Coast Guard's formal steps to achieving a more diverse workforce by reaching out to women and to minority communities. It is designed to enhance educational opportunities and career awareness for the Nation's youth regardless of their ethnic and racial backgrounds and genders, as well as giving them exposure to positive

Coast Guard role models both on the job and in the classroom.

Outreach. On November 24, Secretary Slater participated in a press conference by the Leadership Conference on Civil Rights. He joined government, civic and corporate leaders to launch its new website to help combat hate crimes.

Minority Educational Institutions (MEIs): On December 1, OSDBU signed Cooperative Agreements with five Hispanic Serving Institutions to provide training to small, women-owned and Disadvantaged Business Enterprises (S/DBEs) in the use of and access to Electronic Commerce and Internet business use. Under the Agreement, each MEI will also receive funding for transportation-related student internships and to provide information dissemination and outreach activities regarding the Presidential initiative to hire individuals off the welfare rolls and the DOT Garrett A. Morgan Technology and Transportation Futures Program. As of December 1, OSDBU has Cooperative Agreements with 14 MEIs, including 8 HBCUs, totaling \$880,000.

DEPARTMENT OF ENERGY

“One America” Event in San Diego: Secretary Peña held a race relations discussion with students at San Diego State University’s Aztec Center on December 5. Secretary Peña hosted a dialogue with 20-25 students as part of the “One America: Conversations that Bring Us Together” national effort of encouraging dialogue on race and diversity. The roundtable was observed by an audience of approximately 100 college and high school students.

DEPARTMENT OF EDUCATION

Outreach. The Secretary was interviewed by *USA Today* at the White House’s request for a story that ran Monday announcing the beginning of the “Conversations That Bring Us Together” initiative. Secretary Riley held the first of several Administration official-led sessions. Leslie Thornton held a race round table in Philadelphia as well.

Race Town Hall: Secretary Riley traveled to Akron, OH to participate in the Race Town Hall with the President.

DEPARTMENT OF VETERANS AFFAIR

Conversations That Bring Us Together: On December 3, the Assistant Secretary for Human Resources and Administration hosted VA’s first dialogue on race. The Assistant Secretary invited 11 members of the public, representing a cross-section of our racially and ethnically diverse society.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael J. Sorrell (CN=Michael J. Sorrell/OU=PIR/O=EOP [PIR])

CREATION DATE/TIME: 5-DEC-1997 18:43:33.00

SUBJECT:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TO: Marjorie Tarmey (CN=Marjorie Tarmey/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TO: Trooper Sanders (CN=Trooper Sanders/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

TO: edley (edley @ law.harvard.edu @ INET @ LNGTWY [UNKNOWN])
READ:UNKNOWN

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

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

MEMORANDUM FOR THE PRESIDENT

FROM: JUDITH A. WINSTON

**THRU: ERSKINE BOWLES
SYLVIA MATHEWS**

**SUBJECT: PRESIDENT'S INITIATIVE ON RACE WEEKLY REPORT --
NOVEMBER 24- DECEMBER 5**

ADVISORY BOARD ACTIVITIES

Brown University. On November 24, Angela Oh was the closing speaker for the Asian Pacific American Heritage celebration at Brown University. She spoke to 50 students, faculty, and administrators about the Initiative and the role of Asian Pacific Americans in the Initiative. She urged the students to become actively engaged in the Initiative.

Town Hall Meeting. On December 3, you hosted your first Town Hall Meeting in Akron. Over 5,000 people attended and it aired live on C-Span. In attendance from your Advisory board were Chairman Dr. John Hope Franklin, Angela Oh, Rev. Suzan Johnson Cook, Governor William Winter and Linda Chavez Thompson.

K-12 School Visits. Visits by each Advisory Board Member to schools in their respective cities are being arranged for the next three weeks. The purpose of these visits is to provide each Advisory Board member with a real experience of race in schools today.

OFFICE OF THE EXECUTIVE DIRECTOR

Asian American Academics. On November 22, I met with the Director of the UCLA Asian American Studies Center to discuss the Initiative and how best to create partnerships to access the expertise of Asian American academics.

NAACP Roundtable. I briefed a group of 25 NAACP leaders from across the country who were convened for the purpose of discussing the future of the organization. I recounted the Presidential Town Hall meeting and participated in dialogue aimed at making the NAACP a more racially inclusive organization.

OUTREACH

CEO Roundtable. Secretary Slater moderated a meeting of more than 80 corporate CEOs in Miami. Advisory Board Member Bob Thomas and Deputy Director Mike Wenger organized this event. Republic Industries and its CEO Wayne Huizenga hosted the Roundtable. The next Roundtable will be held in January.

RESEARCH AND POLICY PLANNING

Policy. We are continuing to plan and organize the December 17 Advisory Board meeting which will focus on issues of race in public primary/secondary education. We are in the process of drafting a proposed agenda, which will include dialogue with the Board about both the challenges facing primary/secondary education in America as they intersect with race (e.g., urban segregation, insufficient resources in terms of teaching and facilities) and about promising practices in dealing with those challenges. Attached is a proposed agenda for this meeting.

In preparation for the January Advisory Board meeting on employment issues, we met DOL and DPC representatives to identify topics for discussion. We will follow up the planning task with a larger group meeting with senior DOL and EEOC officials next week.

Research. The Policy staff reviewed the Council of Economic Advisors (CEA) chapter on Race as part of the President's Economic Report.

Promising Practices. On December 3, the working group highlighted another 26 examples of promising practices on the PIR web page, which bring the current total to 40. Ten organizations which have been highlighted as promising practice from across the country also participated during the Dec. 3 town hall meeting. The group plans to highlight another ten examples of promising practices by Christmas.

Data. Staff met with the PIR data working group members and briefed them on CEA's new role in data analysis and coordination of the fact book.

Fairfax. Staff reviewed and provided commentary on a draft of the Fairfax case study authored by Policy Studies Associates (a contractor). It is scheduled to be unveiled right before the Dec. 17 Advisory Board meeting as a related event.

COMMUNICATION

PSA. On Tuesday, December 2, 1997, we unveiled a public service announcement (PSA) that was developed by the Ad Council in consultation with the Leadership Conference on Civil Rights and the White House staff. The PSA targets Young America. The PSA features young people who talk about the values they have in

common while asking viewers what they would do to help build One America. The PSA also has a web-site listing.

Watch Parties. Approximately 100 Town Hall Watch Parties were held across the country. Over 20,000 Americans viewed the town hall meeting through these watch parties. There will be a minimum of 54 town meeting sites in sixteen states. We've asked people to hold their own discussions after listening to the Town Hall Meeting and then fill out a report to the President letting him know their thoughts about the issue of race.

Bi-Weekly Report. On November 25, The One America on the Move bi-weekly report went out.

One America Conversations. On November 24, Maria Soto and Tamara Monosoff conducted a One America Conversations at Mount Saint Mary's College in Emmitsburg, MD.

Blastfax. On November 22, the second America On the Move document, which updates our Initiative accomplishments was faxed to community leaders across the nation.

WORK TEAMS

YOUTH

On Friday, November 28, 1997, a letter from the President was mailed to 25,000 young leaders asking them to join the President in his efforts to examine the current state of race relations in America. This letter provides a call to action to young America and was targeted to high school senior class presidents, University and College class presidents, and leaders of national and local community organizations.

On Monday, December 1, 1997, Vice President Gore will host a briefing with youth and youth-oriented media (i.e. MTV, Rolling Stone, Vibe, Essence) where he discussed the importance of having young America involved in this initiative. In addition, we featured a local high school football captain who has organized other high school captains to become involved in the Initiative.

FEDERAL AGENCY ACTIVITIES

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Nicole R. Rabner (CN=Nicole R. Rabner/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 5-DEC-1997 19:52:12.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

Call me at home or page me if you need help on the memo this weekend.

Nicole

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-DEC-1997 20:22:28.00

SUBJECT: Treasury decision on FICA/FUTA?

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

CC: Andrea Kane (CN=Andrea Kane/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:

Cynthia heard a rumor from Levin's staff that Treasury is getting close to a decision on workfare and FICA/FUTA, so I checked with Karl Scholz. He said it is probably true. IRS is now reviewing an interpretation would treat FICA/FUTA in the same way as the EITC -- i.e., workfare would be exempt from these taxes.

If the IRS clears it (not a given), it would be ready sometime after December 15, but perhaps before the New Year. It will go through a normal OMB clearance process here.

It will include a limited definition of work experience/community service that is similar to what Wendell was pushing a while back, and that we were comfortable with. The goal of the definition is to prevent states from shoe-horning all kinds of work into those 2 categories in order to avoid FICA taxes. He couldn't recall all of this, and we have to double-check that it's OK, but it includes things like stipulating that the check has to come from the welfare office. Karl said that DOL may not think this is strong enough and may raise concerns about the whole thing (!).

In the meantime, we have to decide how to respond to Levin's rumor. I think we can say that they may be getting close but it's not over till it's over. But it may be hard to control how this becomes public, given all the agencies that will know, and the Treasury-Wendell-Levin link.

But it could be good news!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-DEC-1997 16:00:39.00

SUBJECT: Monday's team leader meeting

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

On Monday, (from 8:30 to 1:00) I am attending a conference at the Brookings Institute on Immigration, and will therefore be absent from the Monday a.m. meeting. Commissioner Meissner, Lamar Smith and Mel Watt are panelists, to discuss the CIR report, Americanization, future of INS etc. It should be a hoot.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sandra Thurman (CN=Sandra Thurman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-DEC-1997 11:33:43.00

SUBJECT: Talking Points for AIDS Medicaid Expansion

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

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

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

TO: Bruce N. Reed (CN=Bruce N. Reed/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: Sylvia M. Mathews (CN=Sylvia M. Mathews/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: Michael D. McCurry (CN=Michael D. McCurry/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:

I am providing you with talking points in response to the Washington Post article of this morning. Talking points received from HHS were not inaccurate. Please call me if you have any questions.

TALKING POINTS ON
MEDICAID EXPANSION TO PEOPLE WITH HIV

Background

In April, the Vice President directed the Health Care Financing Administration (HCFA) of HHS to determine the feasibility of establishing a demonstration program to expand Medicaid coverage to people who were HIV -- and do not currently qualify for Medicaid benefits. This was in response to a release by HHS of a standard of care for HIV and AIDS that recommended early treatment. The Vice President asked HHS to report back within 30 days.

Under current regulations, Medicaid coverage is not available to many individuals with HIV until they progress to AIDS; the new treatments offer the promise of forestalling the progression to AIDS, creating a "catch 22" whereby individuals can't get the drugs that would keep them from progressing to AIDS until they get AIDS.

Talking Points

The Clinton Administration remains strongly committed to insuring that people living with HIV and AIDS have access to the medical treatments they need.

The experts at HCFA are finding it difficult to make this expansion cost neutral, which is the test that we must meet to change benefits without Congressional action

The Administration is still in active dialogue with community members, Congress, and public policy experts to refine the financial analysis -- we have not shut the door on making this work

The analysis turned out to be far more complicated than many believed it to be, so it is taking much more time than we thought it would. However, the Administration is still actively working on a solution to this problem.

Administration has a strong track record of addressing the needs of people living with HIV and AIDS
the President recently signed a fiscal year 1998 appropriation bill that provides \$286 million for the State AIDS Drug Assistance Program, a 71% increase from fiscal year 1997.

the President worked vigorously to save the Medicaid program, which is the largest single payor for AIDS services and treatment in the country -- in 1997, federal Medicaid expenditures for people living with HIV/AIDS totaled \$1.8 billion, including nearly \$500 million for AIDS drugs.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-DEC-1997 22:26:49.00

SUBJECT: various loose ends

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

READ:UNKNOWN

TEXT:

You left me a note the other day about a memo from Hilley to POTUS, regarding the prospect that the ED dep't is holding back parts of the higher ed reauthorization proposal for SOTU. Here is the scoop:

1. They aren't holding back anything; the process has been extraordinarily slow overall, between ED and OMB
2. The only part of HEA that could conceivably be held back is the School/College mentoring proposal. Of course, it would be more accurate to say that its still being decided, rather than being held back.
3. Kennedy met with Riley and Smith last week, and indicated his concern that it was taking the Administration so long to get HEA up to the hill. Mike apparantly mumbled something about holding back for SOTU as the best excuse he could come up with. I suspect that must have gotten back to Hilley somehow.

You also asked me to talk with Rob Weiner about the single sex school in NY. I did. He has been talking to the OCR folks in ED, asking for the Riley talking points. He's gotten nowhere so far. Surprise. I suggested he try Leslie Thornton instead, and offered to call her myself if that would help. He wanted one more shot on his own, and promised to get back to me. I haven't followed up with him since, but will now.

I'm sure there are about 3 or 4 other things you've asked me about. I'll get back to you as soon as I can remember what they are.

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
MIKE COHEN

SUBJECT: Education Opportunity Zones

This initiative, which you discussed in your Town Hall meeting earlier this week, would designate from 20 to 40 urban and rural school districts as Education Opportunity Zones. Education Opportunity Zones would have a strong focus on standards, accountability, and performance. High-poverty urban and rural school districts would be eligible for additional Federal funding, under this proposal, *if* (1) they adopt tough reform measures -- like those in Chicago -- that make administrators, principals, teachers, and students accountable for success or failure, and (2) in time, show real improvements in student achievement. As proposed, the initiative would cost \$250 million in FY 99 (\$1.1 billion over five years).

The purpose of this initiative is to demonstrate that a serious approach to high standards can work. Therefore, funds would be targeted to school systems that have already begun to make progress in raising student achievement, at least in some low-income portions of the district, or that can show that they have begun to put into place effective reform policies, so that local efforts can be expanded or accelerated.

Conditions and Purposes of Funding

To receive funds, local school districts would have to demonstrate how they will:

- provide students and parents with expanded choice within public education;
- hold schools accountable for helping students reach high academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
- hold teachers and principals accountable for quality, including rewarding outstanding teachers, and fairly and quickly removing ineffective teachers;
- require students to meet academic standards at key transition points in their academic careers -- i.e., ending social promotions.

School districts could use Education Opportunity Zone funds to:

- provide extra help to students who need it to meet challenging standards, through after-school or Saturday tutoring programs and/or summer school;

- provide bonuses to schools that make significant gains in student achievement;
- turn around failing schools by implementing proven reform models, providing intensive teacher training, building stronger partnerships between schools and parents, businesses, and community-based organizations, or closing down failing schools and reopening them as charter schools.
- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for Professional Teaching standards and providing them with financial bonuses when they do; and implement programs to identify low performing teachers, assist them to improve, and remove them if they fail to do so.

Funding Levels

As proposed, the Department of Education would award 3-year competitive grants to 10-20 urban school districts and 10-20 rural school districts or consortia (including districts serving Native American students) selected as Education Opportunity Zones. Each urban Education Opportunity Zone would receive approximately \$10-25 million in its first year, and each rural zone would receive from \$500,000 to \$5 million (for consortia).

The stream of federal support under these grants would be structured so as to ensure that reforms can be sustained over the long term. Continued support in years 4 and 5 would be contingent upon demonstrated success in raising student achievement and willingness to work with similar districts to help them replicate successful reforms. A total of \$16 million would be available each year for national activities, such as providing technical assistance, documenting successes, and disseminating lessons learned to urban and rural communities across the U.S.

Outstanding Issues

We are still working with other offices and the Department of Education on some remaining issues with this initiative. First, we are developing a component that would give Education Opportunity Zones greater flexibility in the use of other federal education funds as long as they continue to meet agreed-upon performance goals. Local districts would also be required to give their own schools expanded flexibility, in return for accountability for results. In addition, we are exploring whether we could fund this initiative under existing authority, rather than seek new legislative authorization.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sandra Thurman (CN=Sandra Thurman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-DEC-1997 11:49:20.00

SUBJECT: Medicaid Talking Points

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

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

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

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

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

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

TO: Toby Donenfeld (CN=Toby Donenfeld/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

TEXT:

In a moment of senility, I made an error in my line of explanation. I meant to say that the talking points from HHS were inaccurate. Sorry.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-DEC-1997 12:13:46.00

SUBJECT: Legal immigrant food stamps

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: Cynthia A. Rice (CN=Cynthia A. Rice/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

TEXT:

OMB floated to Greenstein that nice option OMB developed on giving states the option to offer legal immigrants food stamps, with a 50% federal match. Greenstein dislikes it. He argues it's a bad precedent to make it optional and have the federal share be less than 100%. They say hunger groups will boo it down. So Chow is talking to Lew about whether they should return to earlier options of covering just families with children and maybe refugees. It's too bad because it was a neat option with possible political appeal, and it would cover 2/3 of the population by leveraging state money (\$1.2b federal, \$1.2b state). Maybe groups could be persuaded.... but if not I don't think we want to offer something they will denounce.

Fallback options are: Covering all families with children at \$1.9 billion; covering all families with children under 7 costs \$0.7 billion; covering only the kids but not parents in all families at \$0.6 billion.

Weekly Report

12/5/97

Diana Fortuna

Race and Service Link -- The attached column by Steve Waldman of U.S. News argues that service by people of diverse backgrounds, such as AmeriCorps' CityYear program, does more to foster diversity and racial understanding than dialogue or more traditional efforts to promote racial harmony. Harris Wofford has also forwarded that column to you with a suggestion that the race initiative focus more on common action by Americans of different backgrounds.

You indicated earlier that you are interested in performing service yourself on Martin Luther King Day, in recognition both of Dr. King and the movement to make the holiday "a day on, not a day off." One option we are exploring is that you could spend time on January 19th at a literacy project connected to D.C. Reads, with AmeriCorps members, local work-study students, and senior volunteers participating. We would invite children in kindergarten to third grade, along with their parents and/or tutors. The Corporation suggests that, in addition to having reading stations, the kids would assemble and decorate a small bookshelf, which they could then take home along with five or ten books to start their collection.

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: EDUCATION OPPORTUNITY ZONES

This initiative, which you discussed in your Town Hall meeting earlier this week, would designate from 20 to 40 urban and rural school districts as Education Opportunity Zones. Education Opportunity Zones would have a strong focus on standards, accountability, and performance. High-poverty urban and rural school districts would be eligible for additional Federal funding, under this proposal, *if* (1) they adopt tough reform measures -- like those in Chicago -- that make administrators, principals, teachers, and students accountable for success or failure, and (2) in time, show real improvements in student achievement. As proposed, the initiative would cost between \$221 million and \$320 million in FY 99 (\$1.1 billion to \$1.3 billion over five years).

Conditions and Purposes of Funding

To receive funds, local school districts would have to demonstrate how they will:

- provide students and parents with expanded choice within public education;
- hold schools accountable for helping students reach high academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
- hold teachers and principals accountable for quality, including rewarding outstanding teachers, and fairly and quickly removing ineffective teachers;
- require students to meet academic standards at key transition points in their academic careers.

School districts could use Education Opportunity Zone funds to:

- provide extra help to students who need it to meet challenging standards, through after-school or Saturday tutoring programs and/or summer school;
- provide bonuses to schools that make significant gains in student achievement;
- turn around failing schools by implementing proven reform models, providing intensive teacher training, building stronger partnerships between schools and parents, businesses, and community-based organizations, or closing down failing schools and reopening them as charter schools.
- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for

Professional Teaching standards and providing them with financial bonuses when they do; and implement programs to identify low performing teachers, assist them to improve, and remove them if they fail to do so.

Funding Levels

As proposed, the Department of Education would award 3-year competitive grants to 10-20 urban school districts and 10-20 rural school districts or consortia (including districts serving Native American students) selected as Education Opportunity Zones. Each urban Education Opportunity Zone would receive approximately \$10-25 million in its first year, and each rural zone would receive from \$500,000 to \$5 million (for consortia).

Each participating district would receive a declining share of federal support in years 2 and 3 to ensure that reforms can be sustained over the long term. Continued support in years 4 and 5 would be contingent upon demonstrated success in raising student achievement and willingness to work with similar districts to help them replicate successful reforms. A total of \$16 million would be available each year for national activities, such as providing technical assistance, documenting successes, and disseminating lessons learned to urban and rural communities across the U.S.

We are currently considering two options for funding the initiative -- one with a greater FY 99 cost, the other with a greater 5-year cost.

- **Option 1:** The Department of Education would select only one group of zones -- approximately 15 urban and 15 rural. FY 99 request: \$320 million, with a five year cost (including national activities) of \$1.07 billion.
- **Option 2:** The Department of Education would select two groups of zones -- approximately 10 urban and 10 rural zones beginning in year 1 (FY 99) and an additional 10 urban and 10 rural zones beginning in year 2 (FY 00). FY 99 request: \$205 million, with a five year cost (including national activities) of \$1.31 billion.

Outstanding Issues

We are still working with other offices and the Department of Education on some remaining issues with this initiative. First, we are developing a component that would give Education Opportunity Zones greater flexibility in the use of other federal education funds as long as they continue to meet agreed-upon performance goals. In addition, we are exploring whether we could fund this initiative under existing authority, rather than seek new legislative authorization.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sandra Thurman (CN=Sandra Thurman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-DEC-1997 11:46:35.00

SUBJECT: AMENDED Talking Points for AIDS Medicaid Expansion

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

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

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

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

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

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

TO: Toby Donenfeld (CN=Toby Donenfeld/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

TEXT:

I have added one additional talking point at the end which I think is particularly helpful. Please use this revised set of talking points instead of the version just sent. Thanks!

I am providing you with talking points in response to the Washington Post article of this morning. Talking points received from HHS were not inaccurate. Please call me if you have any questions.

TALKING POINTS ON
MEDICAID EXPANSION TO PEOPLE WITH HIV

Background

In April, the Vice President directed the Health Care Financing Administration (HCFA) of HHS to determine the feasibility of establishing a demonstration program to expand Medicaid coverage to people who were HIV -- and do not currently qualify for Medicaid benefits. This was in response to a release by HHS of a standard of care for HIV and AIDS that recommended early treatment. The Vice President asked HHS to report back within 30 days.

Under current regulations, Medicaid coverage is not available to many individuals with HIV until they progress to AIDS; the new treatments offer the promise of forestalling the progression to AIDS, creating a "catch 22" whereby individuals can't get the drugs that would keep them from progressing to AIDS until they get AIDS.

Talking Points

The Clinton Administration remains strongly committed to insuring that people living with HIV and AIDS have access to the medical treatments they need.

The experts at HCFA are finding it difficult to make this expansion cost neutral, which is the test that we must meet to change benefits without Congressional action

The Administration is still in active dialogue with community members, Congress, and public policy experts to refine the financial analysis -- we have not shut the door on making this work

The analysis turned out to be far more complicated than many believed it to be, so it is taking much more time than we thought it would. However, the Administration is still actively working on a solution to this problem.

Administration has a strong track record of addressing the needs of people living with HIV and AIDS

the President recently signed a fiscal year 1998 appropriation bill that provides \$286 million for the State AIDS Drug Assistance Program, a 71% increase from fiscal year 1997.

the President worked vigorously to save the Medicaid program, which is the largest single payor for AIDS services and treatment in the country -- in 1997, federal Medicaid expenditures for people living with HIV/AIDS totaled \$1.8 billion, including nearly \$500 million for AIDS drugs.

the President has long been committed to health care for all Americans, and is pleased with the incremental progress that has been made on a bipartisan basis in recent years. Insurance reform and increased access to health insurance for children are important first steps. But the ultimate goal of high quality health insurance for all Americans remains.

MEMORANDUM TO:

FROM:

SUBJECT: SSA Report on Implementation of Children's SSI Cutoffs

DATE: December 5, 1997

As you know, the welfare law tightened the definition of childhood disability for SSI, and required the Social Security Administration to redetermine the eligibility of approximately 288,000 children (out of one million children now on the rolls). Advocates charge that SSA has done a poor job on these reevaluations, causing eligible children to be dropped from the rolls. At his confirmation hearing, Commissioner Ken Apfel promised a "top to bottom" review of SSA's process. This memo summarizes that report, which is nearing completion and will be released in about a week.

Overall, SSA concludes that the organization did a good job in redetermining eligibility for these children. However, the report identified three areas of concern (described further in an attachment), along with actions to address them.

As a result of this review, SSA will review the cases of approximately 70,000 children terminated from the program, out of a total of 136,000 terminations to date. All children terminated who were coded as having mental retardation will have their cases reviewed. SSA will also review all terminations in the ten states with the lowest accuracy rates (D.C., Mississippi, Oregon, Pennsylvania, Idaho, Maryland, North Carolina, Washington, Tennessee, and California). Finally, SSA will offer all 75,000 families who did not appeal SSA's termination decision a new opportunity to do so.

The report will include a lower projection of the number of children who will ultimately lose SSI after all appeals are completed -- 102,000 children, compared to SSA's original projection of 135,000. This drop of 33,000 is caused by a reestimate of the baseline (23,000 cases) and the actions announced in this report (10,000 cases). At the time the welfare law was enacted, the estimate was that 180,000 children would lose SSI.

With the report, SSA also plans to release case studies of a random sample of 150 children who have lost benefits. This document is intended to explain to the public what types of children are no longer eligible. Most of the children have mental disabilities other than mental retardation, including learning disabilities and ADHD. Over a third have improved since they were first found eligible. The majority are teenagers; only a handful are age six or younger.

Advocates will probably view the report's actions positively, but they are more concerned that about SSA's regulation interpreting the statute, which they view as needlessly strict. The report does not address this issue. The Republican leadership in Congress has been extremely supportive of SSA's actions to date, but it is possible they will criticize this report, perhaps

seeing it as bending over backwards to restore benefits.

Automated Records Management System
Hex-Dump Conversion

SSA Report on Childhood Disability Process Hex-Dump Conversion

SSA's report examined three areas of concern raised by advocacy groups:

I. Mental Retardation

Advocates' Charge: Too many children with mental retardation were cut from the rolls.

SSA Finding: Of the 136,000 children terminated to date, 42,000 were "coded" as mentally retarded (MR). However, most of these children do not actually have MR, because until recently SSA's systems did not have all the necessary codes. Instead, most of these children have other mental disorders, such as learning disabilities and or "borderline intellectual functioning" (which falls short of full-fledged MR). However, some unknown subset of the 42,000 do have MR, but either their impairments are not severe enough to qualify them for SSI, or they were denied incorrectly.

Even with these terminations, about 360,000 children with MR will remain on the rolls, out of the total of one million children on SSI.

SSA Action: SSA will review all cases terminated that were coded as MR, to ensure that all those decisions were made properly.

II. State Variations in Cutoffs

Advocates' Charge: Errors in cutoffs appear likely, since termination rates varied widely by state, from 32% in Nevada to 82% in Mississippi. Also, SSA may not have acquired all documentation, such as school records, needed to judge a child's disability. Finally, some states were disqualifying too many families for failure to cooperate without making adequate efforts to reach them.

SSA Findings: SSA data show that on average 93% of termination decisions were both accurate and complete in terms of including all required documentation. This exceeds SSA's required level of state performance for SSI. However, 10 states had accuracy/completion rates below 90%. Another 9 states had accuracy/completion rates below the national average. (SSA's experience is that about one-third of the errors identified in these measures will ultimately prove to be accurate decisions that simply lacked documentation.) SSA found that many inaccurate decisions stem from an overly strict interpretation of the new rules for children who exhibit maladaptive behavior.

Claims that SSA did not acquire all needed documentation were determined to be unfounded. However, SSA found wide state variations in the percentage of children cut off because their families did not cooperate. In the four states with the highest rates, 68% of the cases did not include documentation that all required efforts to contact the family had been made.

SSA then performed a regression analysis intended to determine whether wide state to state variations in overall termination rates should be expected because of legitimate factors, such as the child's age and impairment and whether the child was initially added to the rolls based on the less strict criteria eliminated by the welfare law. SSA found that these factors would lead you to expect the cutoff rate to vary from 40% in Idaho to 78% in Mississippi. While this regression analysis does not fully explain the actual state-by-state variance, it does convince SSA that the vast majority of the variance among states is not due to errors, but to characteristics of the children.

SSA Action: In states with accuracy/completion rates below 90%, SSA will review all cases. In states with accuracy/completion rates between 90% and 93%, SSA will review a sample of cases to see if additional reviews are needed. SSA will also provide more training on maladaptive behavior. In states where the rate of children dropped due to failure to cooperate is above the national average, SSA will review all cases.

III. Appeal Rights

Advocates' Charge: Too few families are appealing because SSA's notice to families was confusing, and workers discouraged appeals. Also, SSA discouraged families from requesting that benefits be continued during the appeal.

SSA Finding: SSA found that its workers did not discourage appeals. At the same time, a poll conducted by SSA confirms that many families did not understand their appeal rights.

SSA Action: All 75,000 families of children who were terminated and did not appeal will be given a new opportunity to do so. All 30,000 families of children who appealed but did not request continuation of benefits during the appeal will also be given a new opportunity to make that request. SSA will also publicize the availability of free legal services for families.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. email	Elisa Millsap to Elena Kagan. Subject: Congressional Ball (1 page)	12/05/1997	Personal Misfile

COLLECTION:

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

FOLDER TITLE:

[12/05/1997]

2009-1006-F
ke761

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)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- 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]

**School Violence Radio Address
Questions and Answers
December 6, 1997**

Q: Why did the President direct the Attorney General and the Secretary of Education to develop a new study on school crime and violence? Doesn't the federal government already issue several studies on this topic?

A: Yes, the federal government does sponsor several studies that provide important information on crime, violence and drug use in schools or among youth. Key studies include: the National Institute on Drug Abuse's annual Monitoring the Future survey, which predominantly measures drug use; the Center for Disease Control's 1993 and 1995 Youth Risk Behavior Survey; the Bureau of Justice Statistics' National Crime Victimization Survey; and several surveys by the National Center for Education Statistics.

While all of these studies provide useful information, they do not provide parents, schools and lawmakers with an annual baseline from which to measure the level of violence in our schools. For instance, there is no study that specifically tracks homicides in or near schools on an annual basis. Also, these studies and others are published on different timetables, and they do not all measure the same activities or reach the same students. So filling-in the information gaps and establishing an annual baseline is a big improvement.

Q: Can you clarify what new tools the President recently signed into law to help fight juvenile crime?

Over the past month or so the President has signed appropriations bills that contained key components of the anti-gang, youth violence and drug strategy he released last February. These include:

(1) In the Commerce-Justice-State appropriations bill, a new \$250 million juvenile crime block grant that specifically sets aside more than \$110 million for new prosecutors to curb gang violence and for juvenile courts to help fund probation officers. These funds will help other cities replicate crucial aspects of Boston's successful youth violence strategy.

(2) In the Labor-HHS appropriations, \$40 million for the Department of Education's 21st Century Learning Centers. This initiative will help more schools to stay open later and on weekends, so that kids can be supervised during the crucial hours of 3pm to 8pm when most juvenile violent crime occurs.

(3) In the Treasury-Postal appropriations, \$195 million for an unprecedented paid media campaign that will us to use the full power of the media --

including prime time TV spots and the Internet -- to teach kids about the dangers of drugs.

These aren't the only initiatives in this years appropriations. There are other important tools -- such as new funds for gun tracing, the Office of Juvenile Justice and Delinquency Prevention, Boys and Girls Clubs -- but these are certainly some of the most important.

Q: If key components of the Administration's juvenile crime proposals were recently signed into law, why is the Administration still pushing for juvenile crime legislation.

Certainly, the recently signed appropriations bills included key Administration proposals to fight juvenile crime and drugs, but these measures are simply a first step. We still need a long-term strategy to attack youth violence and gangs -- similar to the successful Boston model.

Also, there are still important measures on which Congress has not acted. Congress has not passed the President's proposal to ban violent juveniles from buying guns on their 21st birthday. And Congress has not passed some of the new prosecutorial tools and tough penalties that President has called for --such as expanding the use of racketeering statutes (i.e., RICO) for gang-related offenses, and increasing penalties for using kids to sell drugs, selling drugs to kids, or selling drugs in or near a school.

There's still a lot more we can -- and should -- do on juvenile crime.

Q: The President pushed hard for passage of the Gun-Free Schools Act, which called for the mandatory expulsion of any student caught bringing a gun to school. Shouldn't this law have prevented an incident like the one in Kentucky? And does this incident prove that the Gun-Free Schools Act is a failure?

I don't think so. As the President said, we may never learn why the teenager in Kentucky did what he did -- and we will always speculate what we might have done to prevent this terrible tragedy. Would tough enforcement, metal detectors or simply paying closer attention to troubled students have prevented this or other shootings?

What we do know, however, is that the Gun-Free Schools Act is making a difference. Although we're still measuring its long-term impact and effectiveness, preliminary statistics show that nearly 6,000 students have been expelled for bringing a weapon to school. So while the Gun-Free Schools Act can't provide a guarantee against tragic shootings, it has helped make thousands of schools and students safer.

December 4, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
GENE SPERLING

SUBJECT: **Race and Health Initiative**

Overview

As a major component of your race initiative, we have developed a proposal that would commit the nation to an ambitious goal of seeking to eliminate racial disparities in health care by the year 2010. There are severe disparities in a number of critical health areas for African-Americans, Hispanics, Native Americans, and Asian Americans. In some cases these minority groups suffer from diseases as much as five times as often as whites. To effectively reduce these disparities will require a Department-wide effort to find innovative approaches and apply them nationally across all health programs. The FY 1999 budget could take a two-pronged approach to this issue: (1) expanding our most effective public health programs and directing them to focus specifically on the problem of eliminating these disparities; and (2) funding competitive grants to thirty communities and monitoring them closely to improve our knowledge on how to close these gaps. New strategies learned through these grants would then be applied at a national level.

Racial Disparities in Health Care

The initiative would focus on the most severe racial disparities in the following health areas: infant mortality, cancer, heart disease and stroke, AIDS, immunizations, and diabetes. Some of these disparities are quite startling. For example, infant mortality rates are 2 ½ higher for African-Americans and 1½ times higher for American Indians and many Hispanic groups. For cancer, Vietnamese women suffer from cervical cancer at nearly five times the rate of whites, while Latinos have two to three times the rate of stomach cancer. African-Americans have a 35 percent higher cancer death rate. For example, African-American men under the age of 65 get diseases such as prostate cancer and heart disease at nearly twice the rate of whites, while Native Americans suffer from diabetes at nearly three times the average rate, while African-Americans suffer 70 percent higher rates. Racial and ethnic minorities account for 25 percent of the population yet make up 54 percent of all AIDS cases. The demographic changes that are anticipated over the next decade magnify the importance of addressing some of these disparities. As these minority populations with poorer health status are expected to grow, we have an opportunity to dramatically improve the future of the nation's health if we can find effective ways to close these gaps.

Validation

Proposing the ambitious goal of reducing these dramatic health disparities would receive overwhelming support from the public health community, by groups such as the American Public Health Association, the American Heart Association and the American Cancer Society as well as from minority groups such as the Intercultural Cancer Council, the American Indian Healthcare Association, the National Hispanic Council on Aging, the National Council of Black Churches.

Proposal

HHS is proposing to spend \$200 million in FY 1999 for this initiative, while OMB is currently recommending \$30 million. We believe that we can develop a strong initiative with \$100 million in your FY 1999 budget. This funding would be supplemented by a few other initiatives, such as the proposed increases in AIDS funding, some of which will be targeted specifically to minorities.

- **Improving Effective Public Health Approaches to These Problems.** We recommend that you propose \$70 million to apply some of our most effective public health approaches directly to reducing these disparities. These public health programs have strategies that have proven effective as well as longstanding relationships with the minority health community and other community organizations committed to addressing these problems. Partnering with these organizations, these programs would build on their existing new knowledge and proven public health strategies to focus on how to eliminate these disparities.
- **Thirty Community Grants to Develop New Strategies to Eliminate Disparities.** To eliminate racial disparities in health care will require developing new approaches to reducing these disparities, as we currently do not have the answers as to how to solve many of these problems. We recommend you propose \$30 million to target thirty communities that develop innovative and effective ways to address these disparities. Each community, chosen through a competitive grant process, would develop intensely-focused efforts to address one of the six health areas. HHS would develop a working group that includes outside minority health experts to assist and monitor these communities and apply approaches across all health programs. They would also hold periodic meetings and conferences to educate the public health and minority community about new effective strategies to reduce these disparities.
- **Begining Today to Reduce Disparities.** To ensure that we begin this initiative immediately, we are identifying ways in which the FY 1998 increases in these areas can be used to begin to address racial disparities. For example, AIDS education and training centers are beginning a new partnership with the Indian Health Service to develop new approaches to educate health providers about training and prevention. Also, the National Cancer Institute will expand efforts to help recruit more Hispanics into clinical trials.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-DEC-1997 17:18:39.00

SUBJECT: Community Prosecutors Memo

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

EK-BR:

Attached please find the community prosecutors memo. It includes EK's most recent edit and acknowledges, to the dismay of some in NYC, that Brooklyn and NYC are in fact the same city.

I haven't included comment from the folks I touched based with, so here they are in brief. Some of them are worth trying to incorporate.

Jeremy Travis -- Very excited about the initiatives, but points out two things: (1) community prosecution can also be very effective against violent offenders, especially when civil remedies (code enforcement) are used to shut down crack houses, drug markets or when -- as in LA -- civil injunctions are used to break-up gang presence; and (2) we should, within the 20% for non-hiring purposes, specifically include programs to hire/assign lawyers to focus on working w/the community and police to develop and use civil remedies/enforcement for this purpose.

Eric Holder -- Loves the proposal. Will he get to sit next to FLOTUS when it is announced at the State of the Union? Also, we may want to specifically mention "supervising agencies" in our innovative courts/corrections program bullet. This would ensure that pretrial and probation is included in states where they're not part of the court system.

Kent passed a message along that he had comments, but I haven't heard from him. I told him he should page EK or me with any reaction. Michael Deich has not gotten back to me. I had put his staff on notice that we were considering a \$100 million community prosecutors initiative; he may be surprised by the 5-year/\$500 million jump.

Jose'

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D17]MAIL45073683M.316 to ASCII,
The following is a HEX DUMP:

```
FF57504372030000010A020100000002050000005F1F000000020000926CE67EBFE60669310DAA
E7D192D205D1D7D10674ADF676A4E6B30D7D2ED86DDF434E4878A9AD7681D0F63CE2FCC6B4C46D
A37037336A4C222EA6715154A1E609FDB00DF915D704A0C2999C9C188E38304FCFC0AC5F36AA4E
```

December 4, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: New Community Prosecutors Initiative

Over the past month, we have spoken with the National Institute of Justice (NIJ), the National District Attorneys Association (NDAA), and the American Prosecutors Research Institute (APRI) about a new initiative to promote community prosecution as a local crime-fighting strategy. For several years these organizations have been working with the handful of "pioneers" in this area, and they are eager to work with the Administration to launch a new initiative to promote community prosecution throughout the country. This memorandum outlines such an initiative and proposes that you include it as part of the FY 1999 Budget and State of the Union.

Background on Community Prosecution

Community prosecution is the natural next step to community policing. Over the past few years, as thousands of police departments have made the transition from reactive policing to working proactively with community residents, new demands have been placed on local prosecutors -- as well as on the criminal justice system in general. Local police and community residents have called on prosecutors to take their concerns into account in deciding what kinds of offenders to prosecute. Even more, increasingly they have asked prosecuting offices to dedicate attorneys to work in the neighborhoods, to play a role in solving local crime problems, and to reorient their emphasis from simply processing cases to taking on quality of life issues and preventing crimes from happening in the first place.

Perhaps the best example of the evolution of community prosecution can be found in Multnomah County (Portland), Oregon. As part of an overall strategy to revitalize the Lloyd District of Portland, local business leaders called for a number of private and public actions, including improved lighting, better and more coordinated private security, more police officers and -- surprisingly -- a special prosecutor assigned to the Lloyd District. When government funding could not be obtained for a dedicated prosecutor, the local business community raised the money to pay for a prosecutor themselves. Although this course of action raised legitimate ethical issues and concerned some in the community, District Attorney Michael Schrunk decided that establishing a one-year, neighborhood-based pilot prosecution project was in the public interest; he accepted the funds on the condition that if the project proved successful, the County would provide funding to extend it. Today, Portland has 7 Neighborhood District Attorneys (NDAs), with all attorneys' salaries paid for out of public funds.

The community's original request for a dedicated prosecutor was fueled by the desire to punish more severely recidivist offenders, and the NDA initially saw his role as making judges aware,

during trial and sentencing, of the impact recidivists had on the community. Within a few months, however, the community also asked the prosecutor to do something about prostitution, public drinking, drug use vandalism, street fights, and car thefts. The NDA focused his attention on these issues, many of which were related to an illegal campsite in the area. He implemented a long-term plan, including police sweeps and community action, to address the problem. As a result, the incidence of these crimes in the area has decreased dramatically.

Others prosecuting officers that have embraced community prosecution in some form include: Boston, MA; Chicago, IL; Denver, CO; Indianapolis, IN; Kansas City, MO; New York City, NY; Milwaukee, WI; Austin, TX; and Washington, DC (initiated this past year by former U.S. Attorney Eric Holder). A new federal grant program will enable the Administration to help prosecutors' offices join with their police departments in making use of community-based crime strategies. This investment in community prosecutors also will help build support among police and prosecutors for future initiatives to promote community-based approaches in the courts and corrections system.

Outline of Proposed Initiative

Similar to the COPS program, this proposal calls for \$100 million for FY 1999 (and \$500 million for the next 5 years) for the Attorney General to make direct grants, on a competitive basis, to state and local prosecutors for the following purposes:

- (1) Community Engagement. To increase substantially the number of local prosecutors interacting directly with members of the community ("community prosecutors" or "neighborhood DAs"); and
- (2) Problem Solving. To encourage local prosecutors to reorient their emphasis from the "assembly line" processing of cases to solving specific crime and disorder (quality of life) problems in their communities.

A minimum of 80% of the grant funds (\$80 million) would be used to pay for the salaries and training costs associated with hiring or reassigning prosecutors to work directly with police and community residents. Grants would last for 3 years and pay for a maximum of 75% of the costs -- with the federal share declining over the life of the grant. A maximum of 20% of the grants (\$20 million) could be used for other non-salary costs, such as:

- developing and implementing innovative programs that permit members of the community to assist prosecutors in crime control and prevention;
- increasing prosecutors involvement in community activities that are focused on crime control and prevention;
- developing and establishing new administrative and management systems to facilitate the adoption of community-oriented prosecution; and
- developing and implementing innovative, community-based programs that include the courts

and corrections systems.

This initiative proposes allocating half of the grant funds (\$50 million) to prosecutors' offices serving populations of 500,000 or more persons and the remaining half (\$50 million) to smaller jurisdictions. This distribution means that sizable grants of \$1 million or more could be made to a majority of the 130 jurisdictions serving the largest metropolitan areas, and that smaller grants (about \$50,000 to \$75,000) could be made to nearly half the remaining, full-time prosecutors' offices (of which there are about 1,600 total).

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-DEC-1997 14:19:35.00

SUBJECT: Lautenberg's tobacco numbers

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: 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:

jeanne asked me to ask Lautenberg's tobacco guy to find where his numbers come from. Unfortunately, Katz is in Rome on honeymoon. Lautenberg's LD said Katz didn't just come up with the numbers, he said they're conservative, but couldn't vouch that someone at CBO/JTC put them all together. I'm happy to call JTC if you want, Jeanne thinks that will tick OMB off. (I also called the House sponsor who said he thought Lautenberg had submitted the bill for analysis but didn't know for sure).

MEMORANDUM

TO: Elena Kagan

FROM: Julie A. Fernandes
Leanne A. Shimabukuro

DATE: December 5, 1997

RE: INS Reform Meetings

The following is a summary of the meetings that we have held with various groups and agencies concerning our review of the final recommendations of the Commission on Immigration Reform ("CIR") and other reform proposals.

1. The Immigration and Naturalization Service (INS)
November 13, 1997

INS generally supports reform that would split enforcement functions from service functions at the field level, though they are in favor of keeping the functions integrated at the regional office level. Their proposal is heavily focused on improving the customer services orientation of non-enforcement employees. They also favor putting the Border Patrol in the chain of command, to address the issue of the increasing alienation of the Border Patrol from the rest of INS. The INS is also looking into ways to create pay parity between INS inspectors and inspectors with Customs as the disparity creates negative tension between officers that need to work together on the Border.

At that same meeting, OMB outlined their proposal of a higher level division between enforcement and services. OMB's view is that there is insufficient attention given to either of the two parts, so a more significant split would be a good remedy. OMB also advocates for the establishment of one enforcement officer for the border instead of the current organization of Border Patrol agents, inspectors and investigators.

2. The Department of State
November 19, 1997

The CIR recommended the creation of an Undersecretary for Migration at the State Department who would head an office in charge of virtually all immigration services -- visas, adjustment of status, naturalization, labor certification, etc. The CIR has also recommended that the State Department perform all of the refugee applications overseas. Under the current system, State's immigration role is limited to: (1) issuance of passports; (2) staffing consular

offices abroad; (3) the processing of approximately 6.5 million visas overseas (including six million non-immigrant and ½ million immigrant visas) in conjunction with the INS; (4) an advisory role re: asylum cases adjudicated in the U.S.; and (5) advising the President about world conditions to assist him in determining the annual number of refugees the United States will accept from various regions of the world.

The State Department representatives expressed some interest in exploring the possibility of assuming full responsibility for refugee processing. They seemed to view this as a way to control a fee-based process, and thus boost their consular offices (which are now, according to them, understaffed -- particularly in high growth countries). They also acknowledged the value of "one-stop shopping" for benefits and the consolidation of enforcement. This, in their view, would assist quality control -- primarily reducing fraud. State also agreed that the visa process needs to be more streamlined to reduce some of the duplication between agencies and greater clarification is needed regarding ultimate responsibility for certain decisions where more than one agency plays a role. To this end, State and INS have been involved in an effort called Data-Share, that would create a shared database between agencies. This effort started aggressively, but has stalled.

On the other hand, the State representatives voiced significant skepticism of their ability to assume the responsibilities of a large part of the INS -- particularly since they are in the process of absorbing both the USIA and ACTA. They were also very opposed to the CIR recommendation to make consular decisions reviewable (as part of their assuming greater, system-wide responsibility for the visa process). Finally, though they were in favor of the Administration having an immigration policy that recognized both the domestic and foreign policy aspects of this issue, they expressed a general philosophical view that immigration was more of a domestic issue, and thus was mis-matched with State.

3. Advocacy Groups (e.g., MALDEF, ABA, AILA, etc.)
November 21, 1997 (enforcement) and December 4, 1997 (services)

In general, the advocates believe that the most important reforms we could make would be in the areas of standards and accountability. Specifically, they are concerned that no direct line of authority exists between Headquarters and the District offices, leaving the District Directors as final decision makers on significant matters -- including interpretation of regulations. Further, many of those present advocated for a high level DOJ official to handle immigration (e.g., an Assistant Attorney General for Immigration). Their view is that without such a person, the DOJ is less institutionally responsive to immigration issues. In addition, there was support for the creation of a permanent office at the White House to handle the various migration issues on a more global policy level.

None of the advocates endorsed the CIR recommendations; in fact, they primarily criticized them. However, they did acknowledge some need to separate enforcement functions from services functions. According to the representative from AILA, this needs to be done, at a

minimum, at the district level, but the problem of mixing enforcement and services (to the detriment of services) exists throughout the agency. However, they expressed concern that complete separation between enforcement and services (as in the Reyes bill) may result in even less accountability by enforcement agents who are perceived as fairly independent. There is some belief that the fact that INS workers train in both enforcement and services mitigates the harshness of enforcement. However, there is also concern that promotions are generally only made from the enforcement side (most District Directors are former investigators), and thus that final services-related decisions are being made by enforcement officers.

On the general issue of State's role, the advocates were more comfortable with allowing the Department of Justice to retain control of the service process because of Justice's greater familiarity with and dedication to due process rights -- in contrast to State which frequently opposes administrative review of field decisions. Finally, all were opposed to giving State any enhanced authority in the area of refugees. Apparently, it has been a long fight to get State out of this process, because of years of politicization (see, e.g., Central Americans).

On the issue of streamlining, the advocates suggested scaling back the Department's role in the processing of petitions for non-immigrant visas. Under the current system, State often re-adjudicates the application instead of just checking Interpol and possible foreign policy concerns, which is simply duplicating processes. It was proposed that INS control the process, but consult with State for the limited purpose of international checks.

On the labor issues, the advocates seemed to generally favor permitting the DOL to sanction employers who fail to check whether their employees are authorized to work. However, they voiced concern about protections for undocumented workers who report labor violations. Also, the advocates expressed the view that the labor certification process for immigrant visas does not work well because it takes way too long, and is not responsive to rapid changes in the labor market. Though they expressed a preference for moving the process out of the Labor Department, they did not present a substantive reform proposal. However, according to Maria and others, there have been a couple of studies on this issue over the past couple of years.

Finally, on the issue of administrative review, the advocates favor a consolidation that would place all review at the INS, but ultimately favor a return to greater federal court review of BIA (or Attorney General) decisions.

4. Department of Labor
November 24, 1997

Currently, Labor performs three basic immigration-related functions: (1) adjudication of applications by employers for employment-based visa categories (both temporary and permanent); (2) enforcement of labor standards which are part of the criteria for some employment-based visa categories (temporary and permanent); and (3) referral of findings of I-9

non-compliance (verification of employee work eligibility) to the INS. The CIR recommends empowering Labor to sanction employers for I-9 violations (rather than just referring them to INS, where there is often no follow-up). The CIR also recommended eliminating Labor's role in the labor certification part of the visa process.

Labor has strong reservations about moving the labor certification process out of their agency (either to State or to INS). Though many criticize Labor for taking too long to process a labor certification (and thus forcing employers to hire workers with temporary visas until the paperwork is completed), they believe that the link between employment-based immigration and the labor market supports the continued use of a some sort of labor market test in deciding whether an employer is permitted to import a foreign worker. Labor believes that if this test is to have any meaning, it must be conducted by the Dept. of Labor.

Labor also believes that adjudication and compliance should be in the same agency. Thus, that Labor should have the authority to impose sanctions on employers for the wide range of violations related to labor standards -- including whether the employer adequately tested the labor market before hiring a foreign worker. Labor also favors consolidating all non-immigrant programs and giving them all a set of labor standards that the Department could enforce. In addition, Labor is in favor of their being permitted to sanction employers for failure to verify whether their employees are authorized to work in the U.S., though they do not want to be responsible for turning over employees who are possibly working illegally to the INS. They are concerned that a fear of deportation could chill the reporting of poor labor standards, which adversely affects all workers. Finally, in the area of employment-based immigration, Labor is in favor of moving from a three-step to a two-step process, which would include removing INS from the process entirely.

5. Michael Meyers
Chief Democratic Counsel, Senate Judiciary Committee
November 25, 1997

According to Meyers, there is little known support on the Hill for the CIR recommendations. Chairman Abraham has stated that he favors a split between enforcement and services, without expanding on what this means. Also, Meyers has received indications from Lamar Smith's staff that though they may be interested in changes to the INS, they are not likely to be interested in dispersing INS functions into different agencies. Meyers also believes that INS is not "mature enough" to be a separate agency, and it is unlikely that there would be much potential support for this type of option. He believes that the functions would best be kept within INS, but acknowledges that any "reform" proposal would need to be sold as dramatic change.

Meyers suggested that a possible option would be a split between enforcement and services within INS that goes all the way up -- would create two Deputy Commissioners, with two separate chains of command: one with responsibility for enforcement and the other for

services. He also favors moving INS law enforcement up to the level (training; pay; etc.) of other law enforcement agencies within the DOJ. Meyers suggested that the enforcement side could be organized like a police department: start as a border patrol agent (beat cop), move up to an investigator (detective) and further potential to move up to Deputy Commissioner. Under the current INS structure, the Border Patrol is almost completely set apart from the rest of the enforcement staff. Thus, the career ladder ends at a fairly early point, which causes the Border Patrol to lose a lot of good people. Also, they are generally isolated from the rest of enforcement, creating a perception of lack of accountability.

Meyers is very much in favor of the change that would allow the Department of Labor to sanction employers for failing to verify the work eligibility of employees. Though this would likely be disfavored by some Republicans (who tend to prefer the current, impotent system) it might be a good principled stand for us to take, even if the Republicans knock it down. Finally, Meyers also expressed support for the CIR's proposed consolidation of administrative review.

6. Commission on Immigration Reform
November 25, 1997

Several members of the CIR met with us to clarify some of the positions taken in their final report, and to answer our questions. In general, the CIR wanted to propose reforms that eliminated both perceived conflicting responsibilities within the existing structure, that made a greater distinction between legal and illegal immigration, and that made the system more efficient and easier to run and access.

On the enforcement side, the CIR recommended folding INS enforcement functions into Main Justice and upgrading it to a Division, which would require costly changes in salary structure. The CIR also recommended that the inspection function be re-cast as an enforcement function. On the services side, the CIR recommended that State assume responsibility for most of the service functions, with Labor left to enforce labor standards, including non-compliance with I-9 process.

The CIR believes that State has the capacity to handle all of the service functions now performed by the INS. In addition, the CIR views immigration policy ("international migration") increasingly becoming more of a foreign policy issue, thus more compatible with State's mission. They found attractive the idea of State building on its domestic capacity (passport offices). The CIR concluded that moving immigration services to State (a global fee-generating service) would allow them to save their consular offices abroad, which are at risk of being further devalued and de-funded.

The CIR looked at Canada and Australia to determine how this issue is handled in other countries. Both Canada and Australia have a Cabinet-level office that is in charge of migration generally. Their focus, however, is less on enforcement and more on facilitation of the process.

The CIR also recommended an independent appeals process, not located within DOJ or State. In the context of fewer issues being appealable to federal court, this would provide the needed integrity for the administrative procedure. However, under their proposed system, this would also likely require review of consular decisions, to which State is very opposed.

When asked to recommend changes within the existing system, the CIR suggested that an interim step could be to upgrade of the Commissioner's position within the DOJ, and to create two deputies (one for services, one for enforcement), each with a separate line of authority. This would go a long way toward solving "mission overload," but would not address the problem of duplication of effort and dispersion of responsibility between agencies. Next, they suggested that Labor should be removed of their responsibility for labor certification. Though it is an open question how some other agency or entity would handle this, it is clear that the present system does not work well. Finally, they reiterated their support for allowing Labor to sanction employers for failure to comply with I-9 requirements, and possibly making the hiring of authorized workers a labor standard, enforced by the DOL.

7. Carnegie Endowment
December 1, 1997

The Carnegie Endowment is currently in the process of drafting a report on INS reform that will likely be ready in February 1998. Carnegie was not in favor of the CIR recommendations. However, they do think that more reform is needed, and attention on the CIR report may fuel the ability to make such reforms. In general, they favor reducing the redundancies in the processes, making it smarter, more transparent and more logical. They recognize that a more dramatic proposal that they might favor (possibly creating an independent agency) is not likely to get support on the Hill, and is thus no more realistic than the CIR recommendation.

There are, however, a set of reforms that Carnegie supports. On the labor front, Carnegie would like to see the DOL with the authority to sanction employers for failing to verify whether their employees are authorized to work (I-9 failures), but would like Justice to continue to prosecute employers for knowingly hiring unauthorized workers. They are also in favor of taking the labor certification process from DOL -- possibly to privatize it, which they believe would be more efficient and cheaper. Finally, they expressed interest in making legal hiring a labor standard, enforced by DOL as part of their general review of employers for compliance with other labor standards (minimum wage laws; equal pay for equal work; etc.)

On creating a more streamlined process, Carnegie is interested in looking at how to eliminate unnecessary steps in the visa process. They have called for more cooperation between agencies, that could possibly include data sharing -- with the appropriate privacy protections. Also, they are concerned that there continues to be a lack of high level policy coordination on the larger immigration questions. This could be rectified through elevating the Commissioner (to an

AAG), or through the creation of a more permanent immigration or international migration office somewhere else in the Executive branch, including possibly the White House.

8. Department of Justice -- John Morton
December 2, 1997

The Attorney General is concerned with accountability within the existing system. Justice has thought about proposing a programmatic and policy split between services and enforcement within the INS that might create better lines of authority, and thus greater accountability. An open question remains as to how the split between enforcement and services would be structured. They seem at this stage to be inclined to consider a split that is more aggressive than the INS proposal to split at the district office level. Justice is also interested in proposals that better integrate the Border Patrol within the rest of the INS enforcement structure, in a way that upgrades the other components (though they have not thought about the police department model). In conjunction with a service/enforcement split, Justice is looking at breaking out of the district model, to (1) a more regional model for enforcement (including detention); and (2) a more community-based model for services (along the lines of the service centers now being piloted by INS).

Though Justice has not seriously considered moving enforcement out of INS and into Main, they are reluctant to create another law enforcement sub-agency within the Department. Also, DOJ is opposed to the creation of an independent agency for administrative review. They do not want to diminish the Executive's adjudicative and policy-making role.

Justice is interested in coordinating, to the extent possible, the DPC review with the Booze-Allen study that has been authorized. If we decide that internal restructuring is where we want to go, we should let INS and DOJ know our suggestions as soon as possible, so that they can use this study to look at areas of reform that we identify, rather than wasting time on those that we clearly oppose.

Finally, the Commissioner is set to propose several changes to the 1996 Immigration Act within the next couple of weeks to the DOJ. There is a question about whether this should proceed on a different track from the INS review process. We believe that a separate track would be advisable at this time.

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: EDUCATION OPPORTUNITY ZONES

This initiative, which you discussed in your Town Hall meeting earlier this week, would designate from 20 to 40 urban and rural school districts as Education Opportunity Zones. Education Opportunity Zones would have a strong focus on standards, accountability, and performance. High-poverty urban and rural school districts would be eligible for additional Federal funding, under this proposal, *if* (1) they adopt tough reform measures -- like those in Chicago -- that make administrators, principals, teachers, and students accountable for success or failure, and (2) in time, show real improvements in student achievement. As proposed, the initiative would cost between \$221 million and \$250 million in FY 99 (\$1.1 billion to \$1.3 billion over five years).

The purpose of this initiative is to demonstrate that a serious approach to high standards can work. Therefore, funds would be targeted to school systems that have already begun to make progress in raising student achievement, at least in some low-income portions of the district, or that can show that they have begun to put into place effective reform policies, so that local efforts can be expanded or accelerated.

Conditions and Purposes of Funding

To receive funds, local school districts would have to demonstrate how they will:

- provide students and parents with expanded choice within public education;
- hold schools accountable for helping students reach high academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
- hold teachers and principals accountable for quality, including rewarding outstanding teachers, and fairly and quickly removing ineffective teachers;
- require students to meet academic standards at key transition points in their academic careers.

School districts could use Education Opportunity Zone funds to:

- provide extra help to students who need it to meet challenging standards, through after-school or Saturday tutoring programs and/or summer school;
- provide bonuses to schools that make significant gains in student achievement;
- turn around failing schools by implementing proven reform models, providing intensive

teacher training, building stronger partnerships between schools and parents, businesses, and community-based organizations, or closing down failing schools and reopening them as charter schools.

- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for Professional Teaching standards and providing them with financial bonuses when they do; and implement programs to identify low performing teachers, assist them to improve, and remove them if they fail to do so.

Funding Levels

As proposed, the Department of Education would award 3-year competitive grants to 10-20 urban school districts and 10-20 rural school districts or consortia (including districts serving Native American students) selected as Education Opportunity Zones. Each urban Education Opportunity Zone would receive approximately \$10-25 million in its first year, and each rural zone would receive from \$500,000 to \$5 million (for consortia).

The stream of federal support under these grants would be structured so as to ensure that reforms can be sustained over the long term. Continued support in years 4 and 5 would be contingent upon demonstrated success in raising student achievement and willingness to work with similar districts to help them replicate successful reforms. A total of \$16 million would be available each year for national activities, such as providing technical assistance, documenting successes, and disseminating lessons learned to urban and rural communities across the U.S.

We are currently considering two options for funding the initiative -- one with a greater FY 99 cost, the other with a greater 5-year cost.

- **Option 1:** The Department of Education would select only one group of zones -- approximately 15 urban and 15 rural. FY 99 request: \$250 million, with a five year cost (including national activities) of \$1.07 billion.
- **Option 2:** The Department of Education would select two groups of zones -- approximately 10 urban and 10 rural zones beginning in year 1 (FY 99) and an additional 10 urban and 10 rural zones beginning in year 3 (FY 2000). FY 99 request: \$221 million, with a five year cost (including national activities) of \$1.31 billion.

Outstanding Issues

We are still working with other offices and the Department of Education on some remaining issues with this initiative. First, we are developing a component that would give Education Opportunity Zones greater flexibility in the use of other federal education funds as long as they continue to meet agreed-upon performance goals. In addition, we are exploring whether we could fund this initiative under existing authority, rather than seek new legislative authorization.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-DEC-1997 19:30:21.00

SUBJECT: I emailed you new version of SSA memo for your review.

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

READ:UNKNOWN

TEXT:

Sylvia wants it done by Saturday at 2. Diana 65570

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. email	Elisa Millsap to Elena Kagan and Bruce Reed. Subject: Congressional Ball. (1 page)	12/05/1997	Personal Misfile

COLLECTION:

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

FOLDER TITLE:

[12/05/1997]

2009-1006-F
ke761

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)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- 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: Jerold R. Mande (CN=Jerold R. Mande/OU=OSTP/O=EOP [OSTP])

CREATION DATE/TIME: 5-DEC-1997 13:09:45.00

SUBJECT: Tobacco documents are given to Bliley

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

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

TO: Toby Donenfeld (CN=Toby Donenfeld/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

TEXT:

The industry responded to the subpoena and turned over the documents to Bliley. I recommend that we applaud Bliley's effort, but say nothing or remain critical about the industry's record on disclosure.

Wire story:

Tobacco Companies Turn Over Files to Congress

In a major victory for anti-smoking forces, major U.S. tobacco companies Friday turned over to Congress hundreds of potentially damaging documents they had long fought to keep hidden, a congressional aide said.

The documents were handed over after House Commerce Committee Chairman Thomas Bliley, a Virginia Republican, subpoenaed them, a Bliley aide told Reuters. The companies had not complied with an earlier request to hand them over voluntarily.

Bliley has said Congress needs to examine the documents to verify whether they contained evidence of crime or fraud before considering legislation to settle tobacco litigation. Bliley was not expected to make the documents public immediately, pending his own staff review. Details on how he planned to proceed were not immediately available.

If the papers do turn out to contain damaging revelations or evidence of criminal activity, they could reverberate through congressional deliberations as well as through the dozens of lawsuits pending against the industry. The proposed settlement reached by the tobacco companies and state attorneys general suing them includes immunity from from certain future lawsuits. But critics of the industry

have demanded that the companies release a trove of confidential documents before Congress grants any kind of immunity.

PRESIDENT CLINTON: Protecting Our Children from Violence and Drugs
December 6, 1997

In today's radio address, the President: 1) highlighted new tools recently signed into law to combat youth violence and drug use; 2) renewed his challenge to Congress to pass comprehensive juvenile crime legislation; and 3) called on the Attorney General and Secretary of Education to issue an annual report on violence in our schools.

New Tools to Protect Our Youth from Violence and Drugs. The President recently signed into law many of his key initiatives to give communities, schools, and families new tools to help keep kids safe from violence and away from drugs.

- **More Prosecutors and Probation Officers.** Over \$110 million is available in targeted funding for prosecutors to curb gang violence, and for juvenile courts to help fund probation officers-- key elements of the President's Anti-Gang Youth Violence Strategy.
- **Unprecedented Anti-Drug Media Campaign.** The Administration secured \$195 million to launch a national campaign to focus the full power of the media to get the right message to kids on illegal drug use: drugs are wrong, and they can kill you.
- **New After School Programs.** The new spending bill provides \$40 million to fund after schools initiatives proposed by the President to keep schools open in the after school hours when most violent juvenile crimes are committed.

Pushing Congress to Enact Comprehensive Juvenile Crime Legislation. While recently signed appropriations measures are a critical first step, a long-term strategy to attack youth violence and gangs-- similar to the successful Boston model-- is still needed. The President challenged Congress to pass such a youth violence bill that includes measures to: bar violent juveniles from buying a gun on their 21st birthday; expand use of racketeering statutes (i.e., RICO) for gang-related offenses; and increase penalties for using kids to sell drugs, selling drugs to kids, or selling drugs in or near a school.

Taking on Violence and Drugs in Schools. The President is committed to building safer communities and above all, making sure that drugs and violence are kept out of our schools.

- **Establishing an annual report card on crime in schools.** While a patchwork of useful studies and surveys exists, there is no annual baseline of violence in schools available for parents, schools, and lawmakers. Moreover, there is no regular measure of homicides in schools. President Clinton called on the Attorney General and Secretary of Education to report to him within 60 days with a plan for developing an annual, comprehensive study on crime and violence in our nation's schools.
- **A record of creating safe, disciplined and drug-free schools.** The Clinton administration has worked hard to make our schools safer through the Gun-Free Schools Act, teaching kids that drugs are wrong through the Safe and Drug-Free Schools Program, and restoring discipline and order through promoting school uniforms and curfews.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-DEC-1997 10:19:46.00

SUBJECT: Draft letter

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

I am faxing you a draft of a letter written by the NSC (Scott Busby) from Hilley to Lamar Smith re: Haitians. I think that it speaks a little too generally about "Haitians" rather than more specifically about Guantanamo Haitians, and then makes a sort of overbroad foreign policy statement (i suppose to support our possible use of DED later on). I left a message for Scott so that I could discuss this with him, but I wanted to get your reaction to this. Thanks.

December 5, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
GENE SPERLING

SUBJECT: **Expanding the Low-Income Housing Tax Credit (LIHTC)**

Overview

This memorandum details several options to increase the cap on the LIHTC and to potentially index to the rate of inflation in future years. This initiative, along with proposals to raise the number of incremental vouchers, expand homeownership, and strengthen the Fair Lending Law would build on the housing successes of your first four years.

Affordable Housing and the Low-Income Housing Tax Credit

Enacted as part of the Tax Reform Act of 1986, and made permanent by you in 1993, the LIHTC offers corporate and individual investors a credit against their federal income taxes based on the cost of acquiring, rehabilitating, or constructing low-income housing. The tax credit is a major federal resource for affordable housing, producing about 110,000 low-income rental units per year. In 10 years, the LIHTC has helped create more than 900,000 units of rental housing nationwide.

However, because the amount of the LIHTC that can be allocated each year is capped relative to the population, its ability to serve its public policy mission is being eroded by inflation. The amount of the LIHTC that states may allocate each year is \$1.25 times the state's population. Since 1986, the purchasing power of the LIHTC has eroded by about 45%; if the cap had been indexed in 1986, the current credit would be more than \$1.75 per capita.

After several years of attacks from conservative Republicans to repeal the credit on the grounds that it is a form of "corporate welfare" and your repeated vetos of efforts to sunset the LIHTC, the credit currently enjoys bipartisan support in Congress and across the nation among state and local officials. Senators D'Amato and Graham have introduced legislation (S. 1252) that would provide for a significant increase in the annual volume cap. Groups such as the Local Initiatives Support Corporation (LISC) are strong supporters of this legislation.

Options

1. Index LIHTC for Inflation -- An inexpensive option would be to change the LIHTC statute and index the LIHTC to the Consumer Price Index. This would insure that the credit does not experience any additional future decline in value from inflation. However, this proposal would not make up any of the lost value of the credit since 1986.

2. Raise the LIHTC Cap -- Cost: \$350 million to \$600 million -- This is a moderate-cost approach that would partially offset the real loss of the credit value since 1986. For roughly \$350 million over five years, we could increase the credit from its current value of \$1.25 to \$1.38 per capita. A more expensive, but still moderate approach, would be to increase the credit to \$1.50 per capita, which would cost approximately \$600 million over five years. We could also add indexation to one of these increases, but this (a) would increase the costs and (b) Tax Policy at Treasury believes that this would recreate the inefficiency problems the program suffered through several years ago.

3. Support S. 1252 (D'Amato-Graham) -- This proposal would increase the annual volume cap of the LIHTC to \$1.75 per capita and index it for future years. This proposal would cost \$1.5 to \$2 billion over five years.

Recommendation

Tax Policy at Treasury raises several concerns with any raise in the cap on the LIHTC (e.g., there are more efficient ways to increase low-income housing than using the tax code and having tight caps increases the efficiency of the program since projects must compete vigorously for the credit). While their argument has some merit, the LIHTC has proven to be an increasingly efficient tool and remains the only politically feasible option available to help build more affordable housing for people with low incomes. Moreover, LISC, Enterprise Foundation, and the other community development groups view the LIHTC as yours, since you were the one who permanently extended it. If Congress acts this year to increase the cap -- which is likely -- and we do not have a proposal on the table, you may lose the LIHTC as one of your lasting legacies.

The DPC and NEC recommend that you chose option 2. Option 2 would provide a modest increase in the LIHTC, while ensuring that the efficiency effects from relatively tight caps remain. The DPC and NEC believe that option 1 -- while ensuring that the credit is no longer eroded by inflation -- is too small and Tax Policy believes that as the caps are increased over time, the efficiency of the program would decrease. Option 3 -- at a cost of \$1.5-\$2.0 billion -- may not be feasible in the current constraints of the budget.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-DEC-1997 19:27:23.00

SUBJECT: I need your input on child support enforcement

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

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

TEXT:

I need your input on several areas of child support enforcement:

1. Raines Child Support Idea

I've spoken with OMB at greater length about this issue. Attached is an analysis of the options and what I see as their advantages and disadvantages. My questions are:

- a.) Do you agree that we should oppose including these options in the budget?
I do oppose converting to a block grant -- but I do think a version Keith and I devised ("revised match") may be worth pursuing -- see attached.
- b.) Should we should have a broader process to consider them i.e., a DPC-OMB-IGA-NEC mtg? I do, because I fear that unless people understand what these policies do, they will be tempted simply by the prospect of a \$1.8 to \$3.0 billion saver.

2. Child Support Computer Systems Penalty Legislation

As you know, I have brought NEC, HHS, and OMB together several times since September to discuss the child support computer systems situation and possible solutions. Many of the issues are analogous to the penalty issues we discussed in the TANF regulations. With some pushing from me and from OMB, HHS now agrees that a new penalty structure should include:

- 1) Penalties that are simple to administer and automatic, with little HHS discretion.
- 2) An up-front penalty imposed immediately upon failure, which should be large enough to motivate states to improve their systems development, but not so large as to severely disrupt states' child support efforts or to lead states to believe the penalty would never be imposed.
- 3) The penalties should include an incentive for early completion, either by providing an earn-back of the initial penalty or by imposing subsequent incremental penalties, or both.

- 4) A "system completion plan" should be signed by the governor.
- 5) HHS should retain the ability to disapprove the state child support plan and withhold all federal child support funds.

HHS has prepared several, more detailed options based on these principles. We have not authorized HHS to share any of these options with the Hill because 1) we hadn't run them up the flagpole; 2) Haskins offered to take a first cut at drafting and to send it to us for our reaction. Monahan and others from HHS have met with Haskins and company to provide background information on the problem and to share our general principles (mainly to tell Ron -- much to his surprise -- that we think giving HHS a lot of discretion is a bad idea).

Do you think we should be taking a more pro-active approach? Any comments/ suggestions?

You should know that we will have a delicate line to walk in our budget, even without including the new Raines idea. Here's why. If the budget assumes we will withhold all federal child support funds from states without computer systems, it will show child support savings, giving any legislative fix a cost -- not what we want. If the budget assumes no savings from denying funds to states without computer systems, then we have to explain why this doesn't fit with our "get tough" rhetoric. The answer will have to hinge on the length of the administrative and judicial appeal process (up to three years) with an assumption that by the end of those three years all states will have in place the required state wide computer systems.

3. Response to Senator Feinstein

As you may recall, Senator Feinstein raised the idea of a six month moratorium on child support penalties when she met with the President on crime issues in September, and then she subsequently sent him a letter. I wanted to wait until the end of the session to reply to her... and finally I've drafted the attached. I think similar language can be used in replies to Rep. Clay Shaw (who sent a letter to the President arguing against Feinstein) and to the LA County Board of Supervisors (who sent a letter making the same arguments as Feinstein). Please comment on this version, and then I will send a revised copy with the incoming letters to you via Cathy.

4. California Letter

On November 20th, California and Lockheed Martin mutually decided to cancel their child support computer systems contract due to operational problems and cost overruns. This puts the state out of compliance with what is called the Advance Planning Document -- the plan that the state submits to HHS for approval in order to get federal funds to help pay for the computer systems costs. HHS has drafted a letter from one of their OCSE staff to the state saying that the feds will not pay for any more computer systems development until the state submits, and has approved, a new Advanced Planning Document. (The rest of federal financial support for child support enforcement will continue to be provided.) Although this letter is from a mid-level staffer, I reviewed it for content and tone and plan to show it to Emily, before telling HHS they can send it. It is in unquotable bureaucratize. Should I do anything else? I need to respond to HHS Monday.

Keep in mind that this letter is particular to California, because of its

December 4, 1997

Senator Dianne Feinstein
United States Senate
Washington, DC 20510

Dear Senator Feinstein,

Thank you for sharing your proposal for a six month moratorium on the penalties for states that failed to have effective child support enforcement automated systems in place by October 1st.

States have had nine years to develop these computer systems, and although some states have not met the current deadline, we do not plan to extend it further. Having statewide child support computer systems in every state is essential for the implementation of the tough, new child support enforcement rules enacted last year as part of welfare reform.

We do, however, believe that the current law, which requires us to withhold all federal child support funds when a state misses the deadline, will undermine efforts to collect child support for needy families. Thus, we plan to accept Congressman Clay Shaw's invitation to work to devise new legislation which will create an additional set of penalties for states that have not put in place these critical statewide computer systems. This will ensure that states have strong financial incentives to get their computer systems in place while not hurting overall child support collection efforts by denying all federal funds unless absolutely necessary. We expect new legislation to be enacted before any state completes the appeals process.

We look forward to working with you to improve our child support enforcement program.

Sincerely,

Bruce Reed
Assistant to the President for Domestic Policy

cc: Representative E. Clay Shaw, Jr.

Child Support Enforcement Restructuring

There are two separable questions involved here:

- Should we cut federal spending on child support enforcement?
- Should we restructure the current system, in which the federal government shares in state costs of collecting child support by paying about two-thirds of costs, to one in which the states receive a federal block grant?

Should we cut federal spending for child support enforcement in the FY '99 budget?

<i>ARGUMENTS</i>	<i>COUNTER-ARGUMENTS</i>
Could provide \$1.8-\$3.0 billion in savings for other Presidential initiatives	Taking funds used to obtain child support for kids in order to provide more money for kids in other ways would be robbing Peter to pay Paul.
The federal government pays more for child support than it receives in collections from states.	The federal government funds child support collection efforts to provide more support for <u>children</u> , not the federal coffers -- thus it is losing money because it is paying for a service to American families.
States are profiting from the child support enforcement system, collecting almost \$500 million more a year than their costs -- funds they do not have to spend on further child support collection activities.	The new incentive legislation which we support and is now on the Hill would require states receiving incentive funds to reinvest those funds in child support enforcement.

Should we restructure the financial contribution to child support enforcement?

Current Structure: Currently, the federal government pays 66 percent of general child support costs incurred by the states. States must provide the federal government with a share of child support collections from non-custodial parents of welfare families (to recoup the costs of welfare payments made to those families). The federal government also pays states incentive payments based on performance. Overall, the federal government loses money on child support enforcement and the state governments gain money.

Block Grant Proposal: Raines' proposal would provide states with a block grant for operating expenses and require them to maintain their current spending in exchange for being able to keep all the collections from welfare families. In addition, the feds would distribute incentive funds based on performance. The block grant amount could be set so that overall, the federal government saves money compared to current spending (OMB has drafted two versions, one which saves \$1.8 billion, and the other which saves almost \$3.0 billion, although a revenue neutral proposal could be structured). OMB envisions that while this option would provide states with less money to collect child support, they could easily make up the difference by add a fee to the child support collected from non-custodial parents of non-welfare families.

Revised Match Proposal: Another alternative would allow states to keep all the collections from welfare families, but reduce the federal match rate to a percentage lower than 66 percent to make up the difference. In addition, the feds would distribute incentive funds based on performance.

	<i>Current Structure</i>	<i>Block Grant Proposal</i>	<i>Revised Match Proposal</i>
Pays states incentive payments based on performance?	Yes*	Yes*	Yes*
The federal government pays a percentage of state child support collection costs.	Yes	No	Yes
The state must give the federal government a share of child support collections for welfare families.	Yes	No	No

* Bipartisan, Administration-sponsored legislation to change definition of performance on which payments are made is now on Hill and expected to pass next session. This legislation would require states to invest the child support incentive payments in child support enforcement activities, which is not now required.

	<i>ADVANTAGES</i>	<i>DISADVANTAGES</i>
<i>Current Structure</i>	Encourages state investment in child support enforcement, because it matches 66 of each additional dollar.	The system is a complicated combination of federal payments and collections.
	It treats fairly states in different situations -- i.e., those who already made substantial investments, and those that will make investments in the future.	There is a potential for future federal costs if states move child support paying families out of TANF into state-only programs.
<i>Block Grant Proposal</i>	It simplifies the federal/state payment structure.	It would be unfair to states that have not, but will, make substantial investments in child support enforcement.
	It greatly reduces the potential for future federal costs if states move child support paying families out of TANF into state-only programs.	It puts states at risk of financial costs, and may make them less eager to invest in child support enforcement and collect support for families.
		The proposal will divert the energy of the state leadership from improving child support systems to opposing this proposal.
<i>Revised Match Proposal</i>	Encourages state investment in child support enforcement, because it matches each additional dollar (although at a lower rate than the current 66).	The system would be a complicated combination of federal payments and collections.
	It treats relatively fairly states in different situations -- i.e., those who already made substantial investments, and those that will make investments in the future.	The proposal will divert the energy of the state leadership from improving child support systems to opposing this proposal -- although not as much as the block grant proposal.
	It greatly reduces the potential for future federal costs if states move child support paying families out of TANF into state-only programs.	

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Mark D. Neschis@EOP@LNGTWY@LNGTWY (Mark D. Neschis@EOP@LNGTWY@LNGTWY [WHO

CREATION DATE/TIME: 5-DEC-1997 18:41:14.00

SUBJECT: weekend television revised

TO: Amy W. Tobe@eop (Amy W. Tobe@eop [WHO])
READ:UNKNOWN

TO: Eleanor S. Parker@eop (Eleanor S. Parker@eop [WHO])
READ:UNKNOWN

TO: Maria Echaveste@eop (Maria Echaveste@eop [WHO])
READ:UNKNOWN

TO: Deborah Falk@eop (Deborah Falk@eop [WHO])
READ:UNKNOWN

TO: Cathy R. Mays@EOP (Cathy R. Mays@EOP [OPD])
READ:UNKNOWN

TO: Michele Jolin@EOP (Michele Jolin@EOP [CEA])
READ:UNKNOWN

TO: david t. johnson@eop (david t. johnson@eop [NSC])
READ:UNKNOWN

TO: Nanda Chitre@eop (Nanda Chitre@eop [WHO])
READ:UNKNOWN

TO: Nathan B. Naylor@ovp@eop (Nathan B. Naylor@ovp@eop [UNKNOWN])
READ:UNKNOWN

TO: Marjorie Tarmey@eop (Marjorie Tarmey@eop [WHO])
READ:UNKNOWN

TO: Brian D. Smith@eop (Brian D. Smith@eop [WHO])
READ:UNKNOWN

TO: Bruce N. Reed@EOP (Bruce N. Reed@EOP [OPD])
READ:UNKNOWN

TO: Elena Kagan@eop (Elena Kagan@eop [OPD])
READ:UNKNOWN

TO: Christopher C. Jennings@eop (Christopher C. Jennings@eop [OPD])
READ:UNKNOWN

TO: Jason S. Goldberg@EOP (Jason S. Goldberg@EOP [WHO])
READ:UNKNOWN

TEXT:

Message Creation Date was at 5-DEC-1997 18:22:00

DECEMBER 5th, 1997

MEMORANDUM TO MIKE MCCURRY, ANN LEWIS AND RAHM EMANUEL
FROM MARK NESCHIS

SUBJECT WEEKEND TELEVISION

FRIDAY DECEMBER 5TH 1997

WASHINGTON WEEK IN REVIEW

Topic: Race Initiative, Bill Lann Lee

Guest: Mara Liasson, NPR

Topic: Global Warming

Guest: Gwen Ifill, NBC News

Topic: Reno Decision

Guest: Jane Mayer, New Yorker, David Shribman, Boston Globe

SATURDAY DECEMBER 6TH

EVANS & NOVAK (CNN)

Topic: Turning 80, The Senate, Current Events

Guest: Sen. Byrd

INSIDE POLITICS WEEKEND (CNN)

Topic: Reno's Decision

Guest: Rep. Lantos, Rep. Shays

SUNDAY DECEMBER 7TH

FOX NEWS SUNDAY (FOX)

Topic: Reno Decision

Guest: Rep. Burton & Rep. Waxman

Topic: Reno Decision

Guest: Rep. Hyde

Topic: Race Initiative

Guest: Abigail Thernstrom, Author, Rep. Barney Frank

Roundtable: Mara Liasson, NPR, Juan Williams, Wash. Post, Brit Hume, Fox News

FACE THE NATION(CBS)

Topic: Reno Decision

Guest: Attorney General Janet Reno

Topic: Reno Decision

Guest: Sen. Hatch, Sen. Glenn,

no roundtable

THIS WEEK (ABC)

Topic: Crime, Politics

Guest: New York City Mayor Rudolph Giuliani

Topic: Latrell Sprewell/ NBA Controversy
Guest: Billy Hunter, NBA Players Association, other guests tba

Roundtable: George Stephanopoulos, Bill Kristol

MEET THE PRESS (NBC)

Topic: Reno Decision
Guest: Sen. Thompson

Topic: tba
Guest: tba

Roundtable: Lisa Myers NBC News, Paul Gigot Wall Street Journal, Jack Germond, Baltimore Sun, Author Elizabeth Drew

LATE EDITION (CNN)

Topic: Reno Decision
Guest: Sen. Nickles,^o Sen. Levin

Topic: Reno Decision
Guest: Rep. Burton

Topic: Global Warming
Guest: Energy Secretary Federico Pena

Roundtable: Steven Roberts NY Daily News, Susan Page USA Today, Tony Blankley
George Magazine

MCGLAUGHLIN GROUP

Topic: Reno Decision, Gephardt vs. White House
Guest: James Carney, Eleanor Clift, Pat Buchanan, Fred Barnes

MCGLAUGHLIN ONE ON ONE

Topic: Reno Decision
Guest: Political Strategists Dick Morris and Charles Cook

BOTH SIDES WITH JESSE JACKSON (CNN , Sunday 5:30pm)

Topic: President's Race Agenda
Guest: Maria Echaveste, Director of White House Public Liaison, Prof. Glen Lowry, Boston University, Abigail Thernstrom Author

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Nicole R. Rabner (CN=Nicole R. Rabner/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 5-DEC-1997 19:41:06.00

SUBJECT: potus child care memo

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

READ:UNKNOWN

CC: Neera Tanden (CN=Neera Tanden/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

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

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

TEXT:

Unable to convert ARMS_EXT: [ATTACH.D69]MAIL46841783L.316 to ASCII,
The following is a HEX DUMP:

FF57504330050000010A020100000002050000005722000000020000E44630F906D0B3242C25C7
82EB032C8656960D4C9756B22D88926246BA00779F4C8B8FFA28494CEFF034E2F7F0A15F43B4E4
09B2E4F8112592100D74A80AA868AC70ADD210A4124765E5B406D9114EE094346EB1C31CC4D9D9
9121CA9A2F73B4EFD7B79F70293151311F6006BDDC4909876938F489CFC18255F2D2C5E2F08A26
506A678D6C184ECC09279B038186A6452D1D2735E86D8D69D5CF158487521D366CC5F75B4E40A5
0E2B68C7314592C78C646E26922A8C16251DC90F57654DD78CEB80D59DF226D2EA307034A7D6C2
6BC7B49FA9DF340DC8D7DFD066D94558D36D4A6F74867E82CF35A9E4DBBC16EEDBD3A78554DFE4
EF139737F242CBFD4B2C3288E053BF0C82ED5D526FD673B53BA4E7B8EC072E4CDACE2862AE540F
F520F9DD40B6A7D2F5A68F54151C26A5B77A48E3770C8440CBD128504B21F898F1822C41B2196E
F441F423AEA35A4597CC522285B778E535198BFFFB318B5E8E5AA204833BE412FECA5CEE27D2D
7ADE1559053AD16A33502474178A4627CC5D1C349D169867B3E57CC23FE4441E54443C6122DCBA
E764A49F4CE8CFF628E6A15B0E38EBCAE0C5DBFB9F5BF0C7962F20C5F38AB909598B580032D557
90363A07496C461B81B06EEAE1124303C3DF98D3F1DEC0819F6A9C8C30E7DC2E114182356D1EE8
77C983A48302000B000000000000000000000082301000000B0100009A020000005501000000
4E000000A503000009250100000006000000F30300000B300200000028000000F9030000081601
000000320000002104000008770100000040000000530400000834010000001400000093040000
0802010000000F000000A704000008050100000008000000B60400000B7B0100000072000000BE
04000000985C005C004F0041005F0037005C005C005C0045004100530054005F00570049004E00
47005C00570057005F0046004C003100
0057494E53504F4F4C00
00
00
00
00
1EC30F3908000011090000005A000B01008B143600540069006D006500730020004E0065007700
200052006F006D0061006E00200052006500670075006C00610072000000000000000000000000
0058020100000004002800
A100000043003A005C00500052004F00470053005C00570050005C005300540041004E00440041
00520044002E0057005000540000000A000000DC0701000200DD0701000200DE0701004400DF07
02001700E00701000200E10701004400E20702004400E30702005B00E4070500D380E507010045
006399FC2200
0002000000010000000400280000004A00
0000A1000000D2000E000002004504B0040E00D2D2010E000002004504B0040E00D2D1000E0000
020045043B040E00D1D1010E0000020045043B040E00D1D30112000004009BFD00000000010012
00D3DD0A10008301040003000200211000DDDD0B0B00030000040B00DDF100E407F19BD1000E00

December 5, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

RE: CHILD CARE INITIATIVE

As you know, the White House staff has been working closely with various agencies to develop options for your consideration for your child care initiative. Today, I chaired a meeting with the First Lady and appropriate members of your Cabinet to discuss the initiative. While we will forward shortly a detailed decision memorandum, I wanted to give you a sense of the range of proposals under consideration. Attached is the detailed discussion memorandum prepared for today's meeting. In brief, the proposals under consideration are:

Proposals under Consideration

Tax Relief for American Families. Modify the Child and Dependent Care Tax Credit (CDCTC) to better assist low- and middle- income Americans with child care costs (the CDCTC has not been adjusted for inflation since 1982).

Tax Credits for Businesses. Provide a tax credit to businesses that incur costs related to building or operating child care facilities, training child care workers, or providing resource and referral services to employees (some version of Senator Kohl's proposal).

Subsidies. Increase federal investment in the Child Care and Development Block Grant (CCDBG) to enable states to provide child care subsidies to additional low-income working families with children under 13. Currently, we assist only about 13% of the families eligible.

Standards Enforcement. Invest in a fund (possibly structured as a set-aside from additional investment in the CCDBG) for states to improve licensing and enforce state child care health and safety standards -- specifically, to increase the number of unannounced inspections of child care facilities (which the military credits for its improvements).

Scholarships and Training for Child Care Providers. Establish a Child Care Provider Scholarship Fund (which you announced at the White House Conference on Child Care) to provide scholarship funds to students working toward a child care credential, and expand Department of Labor's Child Care Apprenticeship Program to fund training of child care providers.

Research and Evaluation. Establish a new fund to support research and demonstration projects, data collection, technology development, a National Center on Child Care Statistics, and a national child care hotline. Currently, no funds are targeted for these activities on a national level.

Early Learning Fund. Establish a new fund to promote early learning and parent involvement and education. The fund would support the following activities: providing basic training to child care providers (including first aid and CPR, and training in child development); creating and supporting family day care networks (e.g. connecting individual child care providers to centers for education and support); assisting providers in meeting accreditation and licensing requirements; linking child care providers with health professionals; and providing home visits, parent education, and consumer education about child care. This program would provide challenge grants to communities.

Early Head Start. Increase the Early Head Start set-aside (perhaps by doubling it), while boosting overall funding in Head Start to ensure that increasing the set-aside does not reduce the resources available for children ages 3-5.

School-Age Opportunities. Expand the 21st Century Community Learning Center Program to provide start-up funds to school-community partnerships to establish before- and after-school programming for school-age children in public schools.

Stay-at-Home Parents. Enable more new parents to make the choice to stay home with their children by expanding FMLA to cover businesses with 25 employees and/or to extend the time period from 12 weeks to 24 weeks, or by providing paid parental leave coverage for a limited amount of time for new parents below a set income level. Another option under consideration is to establish a demonstration project to enable states to test innovative approaches to help parents to stay at home during their children's first years of life.

Views of Your Advisors

Your advisors feel that any proposed tax off-sets should be spent on tax credits (e.g., the child and dependent tax credit or tax credits to businesses). Secretary Rubin supports the tax proposals, particularly credits to businesses. However, he cautions (as does John Hilley) that, as it is unlikely for a tax bill to be enacted this year, our child care initiative should not rely heavily on tax pieces.

On the non-tax spending proposals, while there is considerable consensus on many of the items described above, there is disagreement on the levels of investment in affordability versus quality improvements. More specifically, Frank Raines recommends that we help low-income families afford child care, target the needs of young children, and help states enforce state health and safety standards. CEA agrees that child care affordability for low-income families should be the top priority. HHS, while believing that affordability is critical, feels that efforts to improve children's health and safety in child care must be central to the package. Gene Sperling argues strongly that a separate piece of the initiative should focus on early learning and parents as first teachers, based on the research highlighted at the recent White House Conferences. The VP's office, the Department of Education, and the Attorney General feel strongly that the great need for increased after-school programming must be addressed as a central part of the initiative.

Rahm Emanuel envisions your child care proposal to be the next significant initiative in your on-going commitment to working families.