

NLWJC - KAGAN

EMAILS RECEIVED

ARMS - BOX 021 - FOLDER -003

[12/12/1997 - 12/13/1997]

CHILD CARE INITIATIVE:
OPTIONS FOR DISCRETIONARY SPENDING

Budget Authority (in millions of dollars)

| | <u>FY</u> <u>1998</u> | <u>FY</u> <u>1999</u> | <u>FY</u> <u>2000</u> | <u>FY</u> <u>2001</u> | <u>FY</u> <u>2002</u> | <u>FY</u> <u>2003</u> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| FY 1998 Budget ^{1/} | 50 | 50 | 50 | 50 | 50 | N/A |
| FY 1998 Enacted/Passback ^{1/} | 40 | 40 | 40 | 40 | 40 | 40 |
| <u>Changes to Passback</u> | | | | | | |
| Option #1..... | | +221 | +271 | +321 | +321 | +321 |
| Option #2..... | | +750 | +750 | +750 | +750 | +750 |

^{1/} 21st Century Community Learning Centers;

- **Background.** An EXOP and interagency group has been working to develop a child care initiative. HHS and Education requested \$2.16 billion (\$10.8 billion over five years) in mandatory funds for this initiative.
- OMB, DPC/OFL and NEC have developed two child care options for discretionary spending.
- Option #1 costs \$221 million in FY 1999, and \$1,455 million over five years. This option includes the following:
 - Standards Enforcement (\$100 million). This new activity would support State and local systems for health and safety monitoring, report cards, and assistance in attaining private accreditation for child care providers. This activity would also fund State and local consumer education efforts, state and local hotlines, and resource and referral programs designed to assist parents in identifying and locating quality child care.
 - 21st Century Community Learning Centers (\$60 million). Additional funds to add 1,500 school buildings and other sites available for after-school programs for school-age children. The total program in FY 1999 would be \$100 million (\$60 million in new funds), a 150 percent increase over FY 1998. This program would grow to \$200 million by FY 2001.
 - Provider Scholarship Loan Fund (\$50 million). Announced by the President at

the *White House Conference on Child Care*. With State and local matching, the program will provide scholarships for up to 50,000 providers.

Child Care Apprenticeship Training Program: \$1 million. Ten FTE to expand the DOL Child Care Apprenticeship Program, which funds the training of child care providers working toward a degree equivalent to the Child Development Associate degree. This program currently exists in only one state. Apprenticeship program participants would be eligible for Child Care Provider Scholarships.

Research Fund (\$10 million). Establish a new fund to support analysis of child care data and research projects, including a focus on methods and technology that can be used to train child care providers in rural regions.

Early Learning Fund (\$400 million). Addressed as a mandatory program.

Option #2 costs \$700 million in FY 1999 and \$3,750 million over five years. This option increases funding for some of the programs listed in Option #1 and provides discretionary funding for an Early Learning Fund, as described below:

Early Learning Fund (\$400 million). To provide challenge grants to communities (e.g., counties or local public-private partnerships) to support child care providers and programs through a range of activities developed at the community level. Funds could be used for: (1) basic training to providers; (2) creating and supporting family day care networks; (3) assisting providers in meeting accreditation and licensing requirements; (4) linking child care providers with health professionals; and (5) providing home visits, parent education, and consumer education about child care.

21st Century Community Learning Centers (\$160 million). Provides additional funding in FY 1999 so that the program will grow from \$40 million in FY 1998 to \$200 million in FY 1999. These funds will add 4,000 new sites available for after-school programs.

Research Fund (\$30 million). Increases the research fund beyond the amount provided in Option #1.

Child Care Apprenticeship Training Program (\$10 million). Additional funds to finance a contract for an intermediary to assist states in replicating the program and for assessing results.

Standards Enforcement (\$100 million) and Child Care Provider Scholarship Fund (\$50 million). Proposes the same funding levels as in Option #1.

Increases to the Child Care and Development Block Grant (CCDBG) and reforms to the Child and Dependent Care Tax Credit (DCTC) may be addressed in discussions of mandatory funding for the Child Care Initiative. The DPC/OFL recommends

DCTC reform at a cost of \$5.2 billion over five years and CCDBG expansion at a cost of \$4 billion over five years.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-DEC-1997 17:46:30.00

SUBJECT: Sect Cuomo in Mon am press conf re: hunger and homelessness

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

We're getting more details on the report itself, and Diana will plan to do a Q&A on the hunger issues and whatever connection the report makes to welfare reform.

Intergovernmental Affairs sent us this summary:

Mayor Riley of Charleston, SC, and Secretary Cuomo will hold a press conference, Monday, December 15, at 10:30 am, to release the U. S. Conference of Mayors (USCM) 13th Annual Survey on Hunger and Homelessness in U.S. Cities. The survey reports information taken from 29 major cities. It shows that over the past year, requests for emergency food and emergency shelter have increased and that a significant amount of the cities' emergency food assistance centers and emergency shelters turn people away. The survey shows that the strong economy has had little or no effect on either hunger or homelessness: low-paying jobs lead the list of causes of hunger identified by the city officials; requests for assisted housing by low income families and individuals increased in three-fourths of the cities. The report shows that city officials believe welfare reform will have a greater effect on low-income people than the economy in the coming years, and that while there may be additional services, or funding for them, available, it will not be enough to meet the increasing need.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-DEC-1997 15:01:01.00

SUBJECT: child health outreach 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: Katherine Hubbard (CN=Katherine Hubbard/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

America's Promise (Gen. Powell's organization) has invited me to a meeting in New York on Wednesday to discuss their next steps on child health outreach. You may recall that the President and Powell have talked about working together on this issue. The meeting includes Ray Chambers, the Academy of Pediatrics, Robert Wood Johnson, and Rob Reiner, on behalf of his "I Am Your Child" campaign. I am assuming I should go, and am consulting with Jeanne to make sure I am up to speed on Medicaid/CHIP outreach.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: D. Stephen Goodin (CN=D. Stephen Goodin/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:12-DEC-1997 13:05:18.00

SUBJECT: Questions to think about for Monday's Meeting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

TO: Audrey M. Hutchinson (CN=Audrey M. Hutchinson/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

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

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

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

TEXT:

Here are some questions to be discussed during Monday's MLK day meeting. Please forward them to your boss if appropriate. If anyone sees a compelling reason why the town hall could not occur on MLK day, please e-mail Sylvia and cc me as soon as possible. Otherwise, the most likely scenario will involve service events by POTUS and/or other principals and cabinet members possibly with a town hall meeting sometime during the same day.

Does anyone see any con's with having a town hall on that day? Would anyone argue that the town hall would be too focused on our differences than coming together? Is it more conflict vs. healing?

Does DPC or NEC have any policy announcements that can tie in with MLK?

Tie in with SOTU ramp-up?

POTUS has a definite desire to do service event. Should it be in the District? If he were to go to another city would he not catch criticism for ignoring needs in his own back yard? If not, what cities have some appropriate events/programs?

Rev. Jackson-Wall Street event--what is the fall out, if any, if POTUS does not participate? Would the event go on without him? Is there an appropriate surrogate for P?

Any requests from key Members of Congress?

Mayors, Governors, etc.?

Are there any built-in "traditional" observances (Ben Johnson) which could be combined with service somewhere? Are they primarily morning, afternoon, or evening events?

African-American church
Lincoln Memorial

National Service

Is there a tie-in with General Powell/America's Promise?

What are the pitfalls/downside to doing an event with him? Any other outsiders to include?

Since the President is very high on service theme, if he were to end up doing town hall and not service, 1) how big of a problem would this be; 2) if ok, we will still need a strong presence by the Cabinet doing service.

What events are currently on the board for PIR? What are the specific events in which cities?

Activities of other principals

What are the existing plans by VP, HRC, MEG (Jen Palmieri)?

These are many of the questions which we will try to bring together on Monday. Thanks. Again, if there are any major problems with town hall being scheduled on MLK day, please express those to Sylvia ASAP so that she can incorporate them into the decision on town hall scheduling.

MEDICARE Q&As
December 12, 1997

MEDICARE COMMISSION

Q: Why haven't you appointed a chair for your Medicare Commission? What's the hold up?

A: First, let me say I am very pleased with my appointments to the Commission. I believe they will serve the Commission and the nation well. The Chair is required by law to be mutually agreed to by the Republican leadership and myself. We have yet to reach a consensus on a candidate that is acceptable for all of us. However, I am confident that we will be able to come to closure on this in short order.

Q: Have you given up on Senator Breaux? Are there other candidates that you would find acceptable?

A: I believe Senator Breaux would be a great addition to the Commission and a very good Chairman. For this reason, I would support him in that capacity. I have not given up on him as a possibility for the Chair.

Q: Are you ruling out anyone other than Senator Breaux?

A: No. But I am not going to get involved in any public discussion about this appointment. We plan to get closure on this issue very soon and it would not be constructive to speculate on this matter at this time.

Q: Do you think the Medicare Commission is dead on arrival?

A: Of course not. Conventional wisdom in Washington is often wrong. In 1996, few people thought that Republicans and Democrats could ever agree on a balanced budget. I am confident that this Commission will make an extremely valuable contribution in helping this nation address the challenges facing the Medicare program.

Q: Do you think the Chairman or the Commission should uphold the Speaker's no tax pledge in its upcoming deliberations?

A: As I have mentioned before, I do not know if taxes will be necessary to address the challenges the program faces. However, I do not believe that any preconditions should be placed on the members of this Commission. I do think we should wait before we start to speculate on what they might be recommending to address the challenges Medicare faces.

MEDICARE POLICY

Q: Will you be supporting proposals to extend health care coverage to older Americans who are not yet eligible for Medicare?

A: I have always been extremely concerned about this vulnerable population, and the difficulties that many of these Americans face. These older Americans are one of the most difficult to insure populations: they tend to be less healthy and are more likely to have problems accessing affordable health care.

I have asked for information to better understand the challenges this population faces and options to assist them to obtain more affordable health care coverage. However, it is early in my review process and no decisions have been made at this time.

Q: What is your response to reports that Medicare is overpaying for prescription drugs by \$447 million?

A: I am well aware of concerns about Medicare's overpayments for prescription drugs. For this reason, I included a proposal in last year's budget to ensure that the program pays no more than the actual costs for these drugs. This proposal is consistent with the IG's report and recommendations that have been reported on in recent days.

I fully intend to include this proposal in my upcoming FY 1999 budget. If Congress passes this provision, the Department estimates that it will save millions of dollars.

Q: Oncologists claim if this proposal were enacted, they would be forced to stop seeing Medicare beneficiaries because their payment rates are so low. Aren't you concerned about access limitations?

A: Medicare, and the taxpayers who support it, should not be forced to pay excessively high prices for drugs. If oncologists believe that Medicare is not compensating them adequately, they should provide information that we have requested to document their case. If they can illustrate there is a problem, we should consider modifying our reimbursement to physicians for their services, but not the payment rates they receive for

the drugs they administer. Medicare should not, however, pay more for what the physicians pay for these medications. That is not fair to the beneficiaries, the program, and the taxpayers.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Emil E. Parker (CN=Emil E. Parker/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:12-DEC-1997 15:44:43.00

SUBJECT: Re: Child Care Options: Comments by 11:30

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

READ:UNKNOWN

TEXT:

Thanks.

Elena Kagan
12/12/97 01:36:53 PM
Record Type: Record

To: Emil E. Parker/OPD/EOP

cc:

Subject: Re: Child Care Options: Comments by 11:30

emil: we already told omb to put it in.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-DEC-1997 13:41:18.00

SUBJECT: DRAFT of "Play-by-the-Rules" Homeownership Proposal

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Do you want your name on this?

----- Forwarded by Paul J. Weinstein Jr./OPD/EOP on
12/12/97 01:40 PM -----

Jonathan Orszag

12/12/97 09:05:00 AM

Record Type: Record

To: Paul J. Weinstein Jr.

cc:

Subject: DRAFT of "Play-by-the-Rules" Homeownership Proposal

Message Creation Date was at 12-DEC-1997 09:05:00

Please find attached a DRAFT of our memo to the President on our "Play-by-the-Rules" Homeownership proposal. I know that we had originally discussed a proposal of between \$10-\$20 million, but NRC came back with a proposal to help 10,000 families costing \$25 million. We can scale this down, but I believe that this is the right size. Since it looks as though we will have \$30 million in the budget for this, the extra \$5 million would go to expand existing NRC efforts.

I need to get comments back by the COB today. I am sorry for the short turn around, but we want to try to get it to the President as soon as possible. I can be reached at 6-5367 or by fax at 6-2223.

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

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

TEXT:

The following attachments were included with this message:

TYPE : FILE
NAME : nrcpotus.d11

December 11, 1997

Automated Records Management System
Hex-Dump Conversion

MEMORANDUM FOR

FROM:

SUBJECT: "Play-by-the-Rules" Homeownership Proposal

The purpose of this memo is to lay out a proposal we developed -- working with DPC, OMB, HUD, Treasury, and the Neighborhood Reinvestment Corporation -- that would help families who pay their rent on time, but have been stymied in buying their own home. This proposal fits into your overall message of responsibility and opportunity: if a family is responsible and pays their rent on time, we will help provide them the opportunity of homeownership. This new initiative would be run by the Neighborhood Reinvestment Corporation -- a quasi-governmental agency -- and would be funded by a \$30-million increase in their budget (included in the recommended Presidential initiative list).

Background:

The Neighborhood Reinvestment Corporation (NRC) is a Federally funded, non-profit corporation which provides technical and financial assistance to community-based affiliates which use homeownership creation as a neighborhood renewal strategy. These 177 community organizations -- NeighborWorks Organizations (NWOs) -- serve inner-city communities, mid-sized cities, and rural communities with programs tailored to serving the revitalization needs of each individual low-income neighborhood. The NWOs extend credit and counseling to lower-income and minority individuals if they buy or rehabilitate a home in the network's designated area.

In FY96, NRC's budget was \$38.7 million. This was increased to \$50 million in FY97 and \$60 million in FY98. We would request \$90 million in FY99. NRC's track record suggests that a \$90 million appropriation would yield over \$1 billion in collective lending and other direct investments by NeighborWorks organizations and financial institutions. Importantly, the NRC is able to help a high-risk group of new homeowners, but still post a low default rate. For example, the NRC has a riskier portfolio and its average borrower has a lower income than those receiving mortgages through FHA. But, the NRC posts default rates that are about one-half those of the FHA (3-4 percent vs. 6-8 percent).

Moreover, this initiative could be part of your Initiative on Race. A majority of NRC's new homeowners are minorities: over 60 percent in the last four years. These numbers are particularly impressive when compared to the overall home mortgage market: only about 5 percent of all mortgages and about 15 percent of government-backed loans are given to African Americans, yet 38 percent of NRC's go to African Americans. The numbers are similar for Hispanics: 6 percent of all mortgages and 12 percent of government-backed loans go to Hispanics, but 20 percent of NRC's new homeowners are Hispanic.

“Play-By-The-Rules” Homeownership Proposal:

- Families that desire homeownership are often trapped in situations where they pay so much for rental housing that little is left to save for downpayments. Therefore, this proposal would be targeted at the 15 million families that pay more than 30 percent of their monthly income on rent. In particular, this proposal would help the 7 million families that pay more than half of their income on rent. These families often pay their rent, utilities, car payments, and other bills on time, but are not able to save enough to make a downpayment or closing costs.
- The essential part of this initiative is that, in order to qualify, the family must have a perfect track record of paying their rent on time over the past 1-3 years. To ensure that we keep the default rate down, there will be other secondary screening mechanisms.
- If a family has done their part and “played-by-the-rules,” we will help them meet the costs of becoming a homeowner. This initiative would cost \$25 million and would help 10,000 responsible families become homeowners.
- In its first year, we would provide grants to 20 to 30 NeighborWorks organizations. While we have not determined how we would chose the organizations, we would target the program to areas where we could have the biggest impact (e.g., those with low homeownership rates).
- The method of helping each family would differ, allowing the local NeighborWorks organizations to determine which method would work best. The following are five examples of how we would provide assistance to these eligible families. You should know that, in some cases, families would receive a combination of these services. In other cases, families would receive just one of them:
 - **Downpayment Assistance.** For many families that pay rent, the downpayment is the only obstacle to becoming a homeowner. This initiative would provide an average of \$2,000 in downpayment assistance to eligible families. If necessary, the amount of downpayment assistance could be even higher, if the family meets certain requirements.
 - **Closing Cost Assistance.** As with a downpayment, closing costs are often a hurdle that families can not jump over. We could pay the closing costs on the family’s new home -- averaging \$2,000. This amount could be higher or lower, depending upon the circumstances. Some families are able to pay the downpayment and the closing costs, but because there is a lack of affordable housing in their area we are unable to pay the full monthly cost of a mortgage. For these families, the NRC would buy down their mortgage rate -- for example, their mortgage rate would be 6.25 percent, instead of 7.25 percent. This example would save a family about \$500 per year.
 - **Debt Reduction/Second Mortgage.** As with an interest rate buydown, some families can make the downpayment and the closing costs, but can not meet the monthly mortgage costs. In these cases, the NRC could also pay part of the

principal, structured as second mortgage. For example, if a family needed a \$60,000 mortgage, they would get a \$40,000 conventional mortgage and a \$20,000 mortgage from the NRC. This NRC mortgage could have special terms; for example, it could be a deferred loan paid back when the house is sold or it could have no payments for five years. The terms of this second mortgage would be determined on a case-by-case basis.

- **Rehabilitation Loan.** In many cases, families can make the downpayment, closing costs, and monthly payments on a mortgage, but can not also pay for the necessary renovation to a new home. These families decide, therefore, not to buy a home. Using flexible funds from locally controlled revolving loan funds, the NRC can provide low-interest loans to families to redo a kitchen, rebuild a deck, or any other renovation that increases the value of the home. Each NeighborWorks organization would have the flexibility to tailor the loans to fit the needs of the eligible family. This will ensure that the family can afford the costs of the loan, while making their monthly mortgage payments. In some cases, the NRC will provide families grants to renovate their homes, instead of loans. It is important to note that this form of assistance is critical for inner-city revitalization.
 - **Outreach and Marketing.** To many low-income Americans who are ready to buy their own home, conventional information and institutions to obtain a mortgage are not readily available. Thousands of families that pay their rent on time have been stymied in their pursuit of a homeownership opportunity by a lack of confidence or optimism, a lack of historic relationships or comfort with lending institutions, a lack of credit history or minor blemishes on their credit report, or other similar impediments. In each community selected for participation in this initiative, there will be a concerted outreach and marketing effort to address these problems.
- All families in this program will be required to participate in counseling before they buy their home and in post-purchase counseling afterwards.
- **Pre-Purchase Counseling.** Since few American families understand the full implications of budget and credit problems in purchasing a home, the NRC runs pre-purchase counseling programs for potential new homeowners. Prospective homebuyers will not simply be handed a manual to read. Rather, they will be required to engage in a process to strengthen their budgeting practices, helping families master the skill of paying a mortgage. For many, this will entail a simple one-day course.
 - **Post-Purchase Counseling.** Post-purchase counseling can often have a significant impact for a new homeowner and their community. The shift from renting to owning has many rewards and many surprises. Basic home maintenance training, tool rental libraries, post-purchase reminders about credit pitfalls, and maintaining contact with new owners during the critical first year of ownership can pay large returns. Proactive outreach helps prevent delinquency in mortgage payments and is far more effective than intervention once a problem has occurred.

- In many communities, smaller multi-family structures have become entirely investor-owned. A first step to homeownership for many families can be achieved through the purchase of two- or three-family homes. In these cases, the family can use rent from the tenants in the basement or upstairs apartment to help make mortgage payments. This strategy has been particularly effective for new immigrants who often have limited credit history and limited income, but have a passion for owning a piece of the American Dream. Moreover, since homeowners are more likely to take better care of their own property, this approach helps to clean up a community (while providing families homeownership opportunities). This initiative will help families buy, rehabilitate, and operate these homes through training (e.g., landlord-tenant relations, maintenance, repair reserves) and the services mentioned above.
- Since this is a new program, it is important that we collect data to demonstrate progress, experience, and results. Progress will be documented and assessed twice yearly. In addition, through a competitive process, NRC will seek an independent evaluation to examine the efficacy of this initiative.

Recommendations:

*Automated Records Management System
Hex-Dump Conversion*

December x, 1997

MEMORANDUM

FROM:

SUBJECT: 21st Century Research Trust Fund

There is growing bipartisan support for a substantial new investment in biomedical research through the National Institutes of Health (NIH). This support is driven by the potential for breakthroughs in biomedical research and by increasing concerns that the rising costs of caring for the baby boomers will overwhelm the Medicare Trust Fund. There is also great promise in scientific research conducted at the National Science Foundation (NSF) budget, which funds high-quality, peer-reviewed research in a variety of disciplines (e.g., biology, computer and information science) and helps train the next generation of scientists and engineers.

Given this potential and your commitment to research, NEC and DPC, with strong backing from HHS, propose that you create a 21st Century Research Trust Fund. This Trust Fund would substantially increase both biomedical and scientific research outside of the discretionary caps, thus not jeopardizing other important investments. The amount of funding for this Trust Fund is a policy, budget and political positioning choice. Because of the amount of dollars necessary for such an investment to be historic, and because of the constraints imposed by the discretionary budget caps, we believe that the increased funding should come primarily, if not solely, from tobacco dollars. While we believe that the tobacco option is advisable, there are important implications of including it in the budget. We will discuss these with you in the upcoming budget meetings.

Background

Recent progress in biomedical research has ensured that many of the diseases Americans faced a generation ago can now be prevented or treated. Smallpox has been eradicated throughout the entire world and polio is gone from the Western Hemisphere. Because of a combination of new therapies, AIDS patients can plan for a future they would have otherwise been denied a few years ago. These successes, and many others, would not have occurred without our Nation's strong sustained support of biomedical research.

We are now poised to make even more advances that could dramatically alter and improve the way we treat diseases. There are several new technologies in medical research that show great promise: important strides in imaging technologies make it possible to visualize living cells and entire organs giving new insights into the structure of disease; computer-based intervention systems give scientists an entire range of new tools to rapidly analyze vast amounts of new data; and we are on the cusp of a host of breakthroughs in genetics which will enable scientists to map the entire human genome and revolutionize how we understand, treat, and prevent some of our most devastating diseases.

With new knowledge about both genetics and the structure of tumors, scientists will be able to pinpoint more effective treatments for prostate, breast, and ovarian cancer and identify individuals at increased risk for diseases like, heart disease and stroke, Alzheimer, and severe depression. A more precise understanding of an individual's genetic risks will enable researchers to develop more targeted and effective medications. Finally, there is great potential for effective vaccines for global threats, such as AIDS, malaria, and tuberculosis, and new knowledge about the biological basis of craving and addiction will result in medications targeted specifically to receptors in the brain that play a role in substance abuse.

Research at the National Science Foundation also has great potential to improve health and human capacity. NSF research in computer science, for example, accelerated NIH's sequencing of the human genome and led to the explosion of the Internet and the World Wide Web. Other important questions lie ahead, such as how we learn and remember and how to put a "supercomputer" on a single chip. New resources could also expand research on environmental issues, such as climate change and urban environment, or educational technology.

Support for a significant investment in research is both widespread and bi-partisan. Congress, in recent years, has appropriated more funding to NIH than we have proposed. Earlier this year, 64 Senators signed a letter stating their support for doubling the NIH budget over the next five years (\$30 to 40 billion), and Senator Kennedy has included such a proposal in his tobacco settlement legislation. In addition, Senators Graham, Domenici, and Lieberman have proposed doubling all civilian-based research, including NSF and NIH.

However, there are two major barriers to these types of investments: the discretionary caps and the lack of funding. The structure of the discretionary budget requires that increased funding in research comes at the expense other discretionary programs like education. To date, this has not stopped Congress from increasing funding but could create major conflicts in the future. Second, we simply do not have the resources available to make this kind of investment over five years. The Balanced Budget Act reduced health spending significantly, assuring that any major new initiative require a new source of revenue.

Options to Increase in the Research Budget

Your advisors strongly believe that you should propose a 21st Century Research Trust Fund, financed by an investment from tobacco dollars. Such a Trust Fund has great potential to expedite scientific break-throughs that could detect, prevent and treat serious and costly diseases. [Kalil: need a good half-sentence insert on NSF]. This Trust Fund would make an historic, multi-year commitment to biomedical research at NIH and provide for an important increase in basic scientific research at NSF. This Trust Fund would be established outside of the discretionary caps, alleviating the conflict between funding research and other priorities.

Beyond these recommendations, an important question remains: how much of an investment is necessary to assure it is (and is viewed to be) an historic investment. To put the numbers in context, the Tobacco Settlement would invest \$25 billion over 8 years in research, \$17.5 billion over five years. Congress has also in recent years generously funded the NIH. If last year's growth rate of 7.1 percent were continued for 5 years, the NIH budget would increase by \$15.8 billion. In addition, the catch phrase "doubling the NIH" has become popular in Congress. This means that the entire NIH budget would be twice as large in some future year than it is in some past year. The costs of such policies depend on which years are chosen, but in general are very high.

We propose two options for the funding level of the 21st Century Research Trust Fund. The first is HHS's passback "appeal" to increase the NIH budget by 8.4 percent per year. This would cost \$19.4 billion over five year, nearly doubling the 1993 NIH budget (\$10.3 billion) in five years, and doubling the 1998 NIH budget (\$13.6 billion) by 2008. If NSF were to receive an analogous increase (its appeal's growth rate of 7.4 percent), its funding would increase by \$4 billion over 5 years, for a sum total of \$23 billion.

The second option accepts both the NIH and NSF recommended 1999 funding level but reduces the growth rate in subsequent years (to bio-medical research inflation for NIH and general inflation for NSF). This yields a total investment of \$15.1 billion over 5 years, \$13 billion for NIH and the remaining \$2 billion for NSF. This approach does not allow you to say that we are doubling the current budget. This funding increase does double the NIH budget since you took office by 2008 and gives NIH and NSF their number one priority: their FY 1999 budget requests.

A third option [OMB: do you have a third option?]

Discussion

All of your advisors support a significant increase in biomedical and scientific research [check]. HHS strongly advocates for the first option, to double the 1998 NIH budget by 2008. This bold initiative would undoubtedly receive support from public health groups, such as the National Breast Cancer Coalition, the American Heart Association and the American Diabetes Association. The large infusion of funds might also trigger the kinds of break-throughs not possible with a smaller commitment.

However, most of your other advisors argue that \$20 billion in new research spending is too much. The larger investment would require major funding from the tobacco, which could be politically impossible. Even if we do choose a politically acceptable amount of tobacco revenue, a large research component could take away funds from other priority investments like child care and education. Finally, there may not be enough, quality researchers and projects to fund with such rapid and large budget infusions.

On the other hand, there is some level of investment that is too low to accomplish your goals. Recent history suggests that Congress could outstrip our investment and lay claim to the role as leader in biomedical research. There is also a large and growing constituency for doubling the NIH budget and expectations from the research and patient advocacy community are high. As a consequence, an investment of \$10 to 15 billion for NIH alone — while major by most measures — may not be considered visionary.

[OMB: if you add an option, put it here]

Understanding their concerns, the DPC/NEC believe that if you take the lead in substantially increasing the NIH budget and are the first to propose a credible means to pay for it, then your commitment will be appropriately recognized. Thus, we [Treasury?] recommend the second, \$15 billion option. This circumvents the concerns about too large an investment while making an important, immediate investment in research. Clearly, the NIH and research community prefer HHS's option, but NIH in particular seems to be focusing on their first year number. We therefore believe that if you take this option, you will get validation, but we will be working between now and then to ensure that this is the case. This option also funds NSF as well as NIH, critical, from the NEC perspective, to laying the foundation for research in the next century.

ROUNDTABLE DISCUSSION #1

Fairfax, A Microcosm of Change:

What can we learn from the growing diversity in the Fairfax County Public Schools?

Goal: Begin to follow up on the President's interest in Fairfax County...Talk to people in one of the most diverse school districts in the nation to help us learn about the road which led them to where they are today and to help chart the nation's course toward One America.

Format: Moderated question and answer. Time for Q&A from the audience and Advisory Board.

Moderator: *Local Fairfax TV personality or First Lady*

Participants: *Fatema Kohistani, Senior, Annandale High School*
Parent from a Fairfax County public school
Chris Yi, Teacher, Holmes Middle School
Carol Franz, Principal, Bailey's Elementary School
Cindy Hook, Teacher, Annandale High School (Teacher who's been in school system for 30 years as both a student and teacher)

Possible Questions:

1. What did Fairfax County's citizens look like 30 years ago? Paint us a picture of how Fairfax has changed and how Fairfax schools have changed? (Hook)
2. How do you teach in an environment with 36 languages? What special skills does it require and how were you prepared to manage the diverse classrooms like the ones you have at Annandale High School? (Teacher Yi)
3. Moving from the classroom level to the school level, how does a school deal with such a diverse student body? What are some of the strategies you have had to put in place to ensure success for all students? (Principal Franz)
4. Ms. Franz highlighted parental involvement as a key strategy of success in her school, do you think parental involvement is important? How has it improved the educational environment for your children? (Parent)
5. Ms. Franz, your school underwent dramatic demographic changes over the past two decades, but not without a fight from many (mostly white) parents. You have a very deliberate policy of mixing students of different abilities and backgrounds. How have you been able to assuage the fears of parents that their children can learn in an environment where their classmates are still learning English?
6. What are the benefits of living, working and going to school in a place as diverse as Fairfax? (to all)
7. What is the social environment for students like at Annandale High School? Do students of different groups interact or do they sit separately in the cafeteria?
8. Ms. Franz, the schools district spent \$3 million in 1991 to improve Bailey's and turn it into a

magnet school, are there lessons to learn from Bailey's that don't cost \$3 million? .

9. Is diversity a benefit in and of itself or must a school have programs in place to capitalize on this asset?

LUNCH ROUNDTABLES

Goal: To hear additional voices of students, parents and teachers from Annandale High School in a more intimate setting.

Format: Advisory Board members break up into groups of two and meet with Annandale High School students, parents, and teachers. Discussion is kicked off with viewing of PSA. Open press.

Possible Questions:

1. Do you think what the young people said in this PSA is true?
2. Has your experience in this school or in your community taught you that you're "really not that different" as the PSA says?
3. Have you ever experienced racism?
4. Do students of different groups interact or do they stick to their groups? What do students in this school think about interracial dating?
5. What would you like the President to know or do to improve race relations in America?

ROUNDTABLE DISCUSSION #2
Experiences and Challenges Associated with Race in Public Education

- Goal:** To answer the question: is there equal opportunity in American schools?
- Format:** Moderated question and answer (no opening remarks from participants.) Time for question and answer from the audience and from the Advisory Board.
- Moderator:** Judy Winston
- Participants:** William J. Bennett, Director, Empower America, and Former Secretary, U.S. Department of Education
James Comer, renowned education reformer and Professor of Child Psychiatry, Yale University
Jonathan Kozol, Author, *Savage Inequalities*
Waldemar ("Bill") Rojas, Superintendent, San Francisco Public Schools, and Chair, Council of Great City Schools

Possible Questions:

1. Why does race matter in education?
2. Is there equal opportunity in America's schools? Yes or no? If yes, what's the evidence? If no, what are the consequences of failure to provide equal opportunity?
3. Are there different resources available to minority children and white children? Paint us a picture through your experiences.
 - Are there differences between teachers who teach minority kids and teachers who teach white kids?
 - Are there differences in the courses they take?
 - Are there differences in facilities and other resources such as computers?
4. Do resources matter for learning and for future success? Some school districts that spend the most money per pupil still have the worst test scores so how can you say that resources matter?
5. Can school funding problems and inequitable resources be solved through vouchers which give students an opportunity to select the school they attend? Can charter schools address these issues?
6. At the President's town meeting recently, an African American student said that a guidance counselor discouraged him from taking the toughest courses. Do we have different expectations for our children based on race? Is this a more subtle form of racism?
7. Why do African American and Hispanic children continue to score below average in tests of reading and math?
8. Why, despite closing the gap between black and white dropout rates, are Latino and Native American children continuing to drop out at alarming rates?

9. This morning we were celebrating the diversity of Fairfax schools, yet many of our inner city schools are increasingly racially isolated. Is this a problem?
10. What are the benefits of diversity in schools? Should we do something about the increasing self-segregation within our schools?

ROUNDTABLE DISCUSSION #3
Promising Practices and Strategies

- Goal:** To illuminate some promising approaches for addressing the various challenges that have been raised throughout the day
- Format:** Moderated question and answer (no opening remarks from participants.) Time for question and answer from the audience and from the Advisory Board.
- Moderator:** Judy Winston
- Participants:** Diana Lam, Superintendent, San Antonio Public Schools
Robert Moses, The Algebra Project
Deborah Meier, Principal, Mission Hill Charter School
Gary Orfield, Professor of Education, Harvard University
Conservative TBA

Possible Questions:

1. We have heard all day about the challenges our schools face... how do we reduce disparities that continue to exist among races?
2. Dr. Moses, tell us about the Algebra project. What are the keys to its success?
3. Why do expectations matter?
4. Ms. Meier, you founded Central Park East Secondary School, a school with a track record of success serving children of color, what does it take to make a school successful for all children?
5. Across the country we see that children of color are disproportionately tracked into special education and lower level courses. How does this happen? How do we ensure that we are challenging all students?
6. Does the way we teach children of color differ? Should it?
7. In our earlier panel, we heard a Fairfax principal talk about the challenges of teaching classes with students of many different language backgrounds. Is bilingual education the right way to help these children learn? Why or why not?
8. Some parents want to send their kids to neighborhood schools. Do we still need desegregation? Why is segregation bad? Does it prevent us from serving the needs of all children?

9. Can charter schools make a difference in serving the needs of all children?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:13-DEC-1997 13:18:22.00

SUBJECT: NC5617: NGLTF 1997 States Report

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

READ:UNKNOWN

TEXT:

----- Forwarded by Richard Socarides/WHO/EOP on 12/13/97
01:18 PM -----

rwockner @ netcom.com
12/13/97 01:12:00 PM

Record Type: Record

To: Stuart D. Rosenstein, Richard Socarides

cc:

Subject: NC5617: NGLTF 1997 States Report

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NATIONAL GAY AND LESBIAN TASK FORCE
PRESS RELEASE

Contact:

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.....

1997 IMPORTANT YEAR IN EQUAL RIGHTS BATTLE

Task Force Releases "Capital Gains & Losses: A State by State
Review of Gay, Lesbian, Bisexual, Transgender, and HIV/AIDS
Related Legislation in 1997"

Washington, DC---December 10, 1997 -- Today the National Gay and
Lesbian Task Force released its annual survey of state legislation.
Capital Gains and Losses: A State by State Review of Gay, Lesbian,
Bisexual, Transgender, and HIV/AIDS Related Legislation in 1997
is a telling picture of the prominence of states in the national
struggle occurring over the rights of gay, lesbian, bisexual, and
transgender (GLBT) people.

Since the Task Force began tracking activity in state legislatures

in 1995, the number of GLBT related measures has increased each year. The intensity of these activities also remains high.

"1997 was an unequivocal step forward on our march to justice," stated Kerry Lobel, Task Force executive director. "We've long known that the states and local communities are not only the barometer for the state of gay, lesbian, bisexual, and transgender rights in America; they are the eye of the storm," added Lobel.

New Hampshire and Maine's passage of comprehensive civil rights laws for gays, lesbians, and bisexuals, Washington State's statewide ballot initiative to ban employment discrimination based on sexual orientation - the first such measure ever in the country - were some of the year's highlights. (Washington's initiative was defeated, and Maine's law will be put to a vote on February 10th.)

Also, the passage in 1997 of major domestic partnership initiatives in the state of Hawaii and the cities of San Francisco and Chicago, coupled with a record number of favorable domestic partner bills introduced, reflects the growing importance of family issues in the GLBT community. The continued push forward for the freedom to marry during the past year was also a critical component in the effort for full recognition of GLBT families.

In the meantime, the right wing's rallying around a homophobic state adoption worker in Texas is indicative of the attacks on GLBT families that occurred in state legislatures in 1997 and foretells a likely increase in such attacks during the 1998 state legislative session.

1997 Summary Findings

The Task Force Tracked 248 pieces of legislation (compared with 160 in 1996):

? 128 pieces of legislation classified as favorable appeared in 38 states (compared with 61 in 25 states in 1996).

? 120 pieces of legislation classified as unfavorable appeared in 44 states (compared with 99 in 40 states in 1996).

? When marriage bills are removed, the figures show 124 favorable measures and 74 unfavorable measures (compared with 56 and 50, respectively, in 1996).

? The 46 anti-marriage bills represented 38% of the unfavorable bills introduced, and 53% of all the unfavorable that were passed into law.

? HIV/AIDS measures represented the largest percentage (23%) of the favorable measures introduced as well as passed (38%).

? Civil rights measure represented the second largest percentage of favorable bills introduced (20%) and 8% of the favorable bill passed.

For a copy of Capital Gains and Losses: A State by State Review of Gay, Lesbian, Bisexual, Transgender, and HIV/AIDS Related Legislation in 1997, or for contact information of statewide political organizations, contact NGLTF's media director at (202) 332-6483

ext. 3314.

-30-

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

TEXT:

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13 Dec 1997 10:12:36 -0800 (PST)

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END ATTACHMENT 1

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:13-DEC-1997 14:48:31.00

SUBJECT: Clinton administration waivers on Medicaid coverage

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

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

TEXT:

----- Forwarded by Richard Socarides/WHO/EOP on 12/13/97
02:48 PM -----

Doug.Case @ sdsu.edu
12/13/97 02:12:00 AM

Record Type: Record

To: Stuart D. Rosenstein, Richard Socarides
cc:
Subject: Clinton administration waivers on Medicaid coverage

BAY AREA REPORTER
December 12, 1997
<http://www.ebar.com>

The administration waivers

by Bob Roehr

"White House drops plans for Medicaid to cover cost of AIDS drugs," read the New York Times headline on Saturday, December 6. The decision, long talked of privately, was now public. While the Clinton administration insisted that did not mean it had given up on efforts to expand access to therapy for low-income people, it offered no other options that they were exploring.

AIDS advocates have long sought to extend access to care for PWAs through an expansion of Medicaid under the waiver process. Their aim is to implement federal treatment guidelines for HIV. They thought they had won the political game in April, when Vice President Al Gore made a commitment to a fast track exploration and decision. But the idea now seems dead, and advocates are fighting mightily to keep it from being completely buried.

"Right now, only by will of the Vice President saying politically that he has put his butt on the line that he wants to have this happen, is it happening," said Clinton administration official Bob Hattoy, a member of the Presidential Advisory Council on HIV/AIDS.

One anonymous administration official told the Times that they feared pressure from other disease groups to include them in any expansion of

Medicaid. The White House didn't want to offer those with HIV special treatment or appear unfair.

Todd Summers, deputy to Sandra Thurman in the Office of National AIDS Policy (ONAP), said the Department of Health and Human Services (HHS) opposed creating a pilot program in Medicaid. HHS had serious ethical questions "around creating a small group of people that would be allowed access to drug treatments" while others were not. Left unexplained was how this differed from the status quo. 'Revenue-neutrality'

The principal sticking point for the administration is "revenue-neutrality" - in other words, it might cost money. Although number-crunchers investigated the theory that over a five-year period the reduced costs for hospitalization would offset increased costs of early intervention with drug therapy, HHS's Victor Zonona said, "We kept running it with different assumptions, but we weren't able to make it come out."

The previous day, the services committee of the President's Council closely questioned working level administration officials on the issue.

Tom Henderson asked if in computing revenue-neutrality they could consider items outside of Medicaid. "We have not so far," said Kathleen King with the Health Care Finance Administration. That policy was formulated under the Bush administration and continued by Clinton, but is not law.

HHS official Gary Claxton said that they "preliminarily included Medicare, SSI, and SSDI in calculations, but found it was a fairly limited additional savings," primarily because their time frame was five years. Most costs during that period are Medicaid, while offsetting expense accrued over a longer time. They did not take into account savings from preventing new infections or added tax revenue from keeping people healthy and employed.

Claxton said that on a national basis they don't believe Medicaid expansion would be revenue-neutral. But he left the door open to states to submit proposals that could create savings in other parts of their state Medicaid programs and move those savings into increased services for people with HIV. Thus he shifted the political, and likely the financial, burden from the federal government to the states.

"I hear you saying that you continue to look at this, but in the next breath you say, you can't get there from here," said Henderson. "You've got to step outside of what has traditionally been considered with revenue-neutrality." Councilmember Nicholas Bollman added, "False hope is just as bad as if you were not working on it at all."

Christine Lubinski, lobbyist for the AIDS Action Council, lashed out at the Clinton administration. She said that Maine, Massachusetts, and Florida are actively preparing waiver applications "in the absence of any leadership from the federal government, including even a letter suggesting this might be an interesting idea. It is not something states are going to dream up without feeling that there is some support from the Feds." She has been asking for a Federal letter for eight months, "and that hasn't happened."

"This is an HHS issue of thinking outside the box," she said. "Budget neutrality is not statutory. If this administration decides it is in the national interest to expand access to care to keep people with HIV alive, they need to demonstrate the political will to do so. Because that is what this is about."

Councilmember Rabbi Joseph Edelheit concluded, "As long as budget

neutrality remains the fundamental template, this will always be some strange cat-and-mouse thing that has nothing to do with access to people with HIV/AIDS."

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13 Dec 1997 02:10:18 -0500 (EST)

Received: from [130.191.242.121] ([130.191.242.121])
by mail.sdsu.edu (8.8.7/8.8.7) with ESMTTP id XAA26072; Fri,
12 Dec 1997 23:08:17 -0800 (PST)

X-Sender: dcase@mail.sdsu.edu

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

On Monday, *The Wall Street Journal* is expected to run a story on the Administration's decision on how to implement mental health parity provisions. Specifically, the story will report that the Administration will require businesses to implement the mental health parity provisions before they can exempt out of the legislation. The legislation contains a one percent exemption rule that enables businesses to exempt out of the law if it raises their costs by more than one percent. The issues that had to be determined by regulation was whether the one percent could be determined prospectively before the parity legislation had been implemented or retrospectively after they had been put in place. The reg is scheduled to be released no earlier than the end of next week. However, the *Journal* has two sources from within the three departments who are administering the regulation about its content and has decided to go ahead and run the story. Although the story will no doubt be portrayed as a victory for mental health advocates over business, it is important to point out that small businesses of 50 employees are less are exempted from the law and that the Washington Business Group on Health, a trade organizations representing large businesses, endorsed the Administration's interpretation of the law.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:13-DEC-1997 18:20:40.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

pls call sperling;62807

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:13-DEC-1997 13:43:46.00

SUBJECT: Re: PIR Meeting with Foundation Executives

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

----- Forwarded by Richard Socarides/WHO/EOP on 12/13/97
01:43 PM -----

Ann F. Lewis

12/13/97 01:40:22 PM

Record Type: Record

To: Richard Socarides/WHO/EOP

cc:

Subject: Re: PIR Meeting with Foundation Executives

Well for several reasons -- like we want foundations to think well of us for this and other projects -- we should think about how we want the WH to be represented. For example, Maria + someone from DPC ? (Ie at least one senior person | +one policy person)

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:13-DEC-1997 13:07:42.00

SUBJECT: PIR Meeting with Foundation Executives

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

READ:UNKNOWN

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

READ:UNKNOWN

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

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

READ:UNKNOWN

TO: Amy W. Tobe (CN=Amy W. Tobe/OU=WHO/O=EOP @ EOP [WHO])

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

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TO: Roberta W. Greene (CN=Roberta W. Greene/OU=WHO/O=EOP @ EOP [WHO])

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

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

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

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

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

CC: Audrey M. Hutchinson (CN=Audrey M. Hutchinson/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

TEXT:

please forward as you think appropriate. Comments, ideas? I'm at 6-1611.
----- Forwarded by Richard Socarides/WHO/EOP on 12/13/97
12:49 PM -----

Audrey M. Hutchinson
12/12/97 08:19:47 PM
Record Type: Record

To: Richard Socarides/WHO/EOP
cc: Judith A. Winston/PIR/EOP, Robert Wexler/PIR/EOP, Audrey M.
Hutchinson/PIR/EOP
Subject: Meeting with Foundation Executives

Richard,

On Thursday, December 18; 1-4pm, (NEOB, Room 10103, 10th Floor), Judy and PIR staff will be meeting with an informal group of 13 Foundation executives (Rockefeller, Ford, Carnegie, etc.) who are funders of new and innovative race relations initiatives/activities. The purpose of their funding activities is: 1) to identify leaders in various sectors who have developed promising practices, and, 2) to have an impact on the national conversation on race, with emphasis on the dialogue aimed at problem solving. The Foundation Group is very interested in how we can work together.

As we discussed, Judy would like to invite White House staff to join us in the discussion. Please extend an invitation to appropriate White House staff and copy me on the note. The agenda and a list of foundation participants will be forwarded to you under separate cover. Thanks
Audrey

