

**NLWJC - KAGAN**

**EMAILS RECEIVED**

**ARMS - BOX 021 - FOLDER -004**

**[12/14/1997 - 12/15/1997]**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:14-DEC-1997 20:58:11.00

SUBJECT: Monday 11:30 - 1:00

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

TO: Terry\_Peterson ( Terry\_Peterson @ ed.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

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

TO: Mike\_Smith ( Mike\_Smith @ ed.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

CC: Michele Cavataio ( CN=Michele Cavataio/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

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

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

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

CC: pauline\_abernathy ( pauline\_abernathy @ ed.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

CC: Jill\_Riemer ( Jill\_Riemer @ ed.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

TEXT:

Eugene Lang (founder of I Have a Dream) is making a special trip down from NY to discuss the mentoring initiative. Gene would welcome your participation for all or part of the session. Please let Peter Weissman know if you can attend (6-5804). It will be in Gene's office, unless you hear otherwise.



December 15, 1997

**MEMORANDUM FOR THE PRESIDENT**

**FROM:**                **Bruce Reed**  
                             **Gene Sperling**  
                             **Elena Kagan**

**SUBJECT:**            **New Initiatives on Discretionary Side of Budget**

Assuming OMB can come up with another \$5 billion for discretionary spending, the DPC, NEC, and OMB all recommend that you propose to fund the new initiatives listed below in your FY 1999 budget. We already have given you detailed memos on most of these initiatives. If you approve the initiatives, you can announce them in the State of the Union.

**EDUCATION**

**Education Opportunity Zones (\$225 million):** This initiative will provide funding to about 25 high-poverty urban and rural school districts for agreeing to adopt a "Chicago-type" school reform agenda that includes ending social promotions, removing bad teachers, reconstituting failing schools, and adopting district-wide choice.

**Campaign on Access to Higher Education (\$20 million):** We are preparing to conduct an intensive publicity campaign on the affordability of higher education. The goal of the campaign would be to make every family aware that higher education is now universally accessible, as well as to reiterate that higher education is the key to higher earnings. As a part of this effort, we would provide families at high-poverty middle schools with an *official notification of the \$20,000 or more that is already available for their children to go to college.*

**College-School Partnerships (\$150 million):** To provide children in poverty with *more* than the official notification of college aid (described above), this initiative will provide funding for college-school partnerships designed to provide mentoring, tutoring, and other support services to students in high-poverty schools, starting in the sixth grade and continuing until high school graduation. The six-year funding path would provide help to nearly 2 million students. This initiative builds on Eugene Lang's model of helping disadvantaged youth.

**Teacher Recruitment and Preparation (\$67 million):** This initiative, which you previewed last July, will provide scholarships to nearly 35,000 new teachers over the next five years for committing to work in high-poverty urban and rural schools. It also will upgrade the quality of teacher preparation programs serving these communities.

**Technology Teacher Training (\$222 million):** This initiative dedicates 30 percent of the Technology Literacy Challenge Fund to ensure that at least one teacher in every school has intensive training in the use of technology for education, so that they can train their colleagues. An additional \$80 million will begin an effort to train every *new* teacher in the latest technology.

**Hispanic Education Action Plan -- \$195 million or more:** This initiative will increase funding for a variety of existing programs to address the Hispanic dropout rate and improve education for Hispanic Americans and limited-English proficient (LEP) children and adults. It would double our investment in training teachers to address the needs of LEP children; boost the Migrant Education Program by 16 percent; increase the TRIO college preparation programs by 10 percent; and create a 5-year, \$100 million effort to disseminate the best practices in ESL training for adults. These and other program increases would be announced along with a number of administrative actions to help Hispanic students complete high school and succeed in college.

**After-School Program Expansion (\$150 million):** This part of a much larger child care initiative (most of which is funded on the mandatory side of the budget) will provide additional funding to the 21st Century Community Learning Center Program (now funded at \$40 million) for before- and after-school programs for school-age children at public schools. Depending on the exact funding level chosen, this investment will create programs in 1,500-4,000 new schools.

## WELFARE/HOUSING

**Welfare-to-Work Housing Vouchers (\$283 million):** The budget included \$283 million for 50,000 new housing vouchers to help welfare recipients in public housing who need to move in order to find employment. We would distribute these vouchers on a competitive basis to public housing authorities working with local TANF agencies and/or grantees of the new \$3 billion welfare-to-work program.

## HOUSING

**Housing Portability/Choice:** In addition to the new welfare-to-work housing vouchers discussed above, the package on housing portability and choice includes \$20 million for Regional Opportunity Counseling (ROC) sites; encourages the use of exception rents (rents up to 120 percent of the "fair market rent") as a tool for opening up more expensive suburban housing markets; and eliminates obstacles to portability of Section 8 vouchers.

**Fair Lending/Fair Housing:** As described in previous memos, we are working on a fair lending initiative which has no budgetary impact. In the area fair housing, the budget does provide \$8 million for enforcement which will help meet our goal of doubling fair housing enforcement actions.

**“Play-by-the-Rules” Homeownership Proposal (\$30 million):** The budget includes a \$30-million increase in the budget of the Neighborhood Reinvestment Corporation. This increase could be used for a new “Play-by-the-Rules” homeownership initiative that would help 10,000 families become homeowners in FY99. We are going to help families that have a perfect track record of paying their rent on time with downpayment or closing costs assistance, a second mortgage, interest-rate buydowns, or rehabilitation loans.

**Community Empowerment Fund (\$400 million):** The budget provides \$400 million for a public/private (“Eddie Mac”) fund which will invest in inner-city businesses and create a secondary market for economic development loans (like Fannie Mae). **[JON, ANY OTHER DETAILS]**

**Homeownership Opportunity Fund (\$11 million):** HUD will develop a loan guarantee program to allow state and local governments to leverage current HOME funds with private-sector investments to fund large scale, affordable housing developments in distressed communities. **[JON, HOW MANY COMMUNITIES, ANYTHING ELSE TO ADD]**

## **LABOR/WORKFORCE**

**Child Labor (\$89 million):** The budget includes \$89 million (FY 99) for a comprehensive Child Labor Action Plan, anchored by a \$30 million commitment each year for five years to the International Program on the Elimination of Child Labor (IPEC). The initiative will include a stepped up Customs program to enforce U.S. law banning the import of goods made with forced or bonded child labor; increased support for the Migrant Education Program to support elementary and secondary education to an additional 50,000 hardest-to-serve migrant children. The budget also includes funds for the Department of Labor to double its enforcement of child labor laws in the agricultural sector. We will continue to develop non-budget items to complement the budget items.

**Community Adjustment (\$50 million):** As part of the Fast Track debate, we proposed the creation of the Office of Community and Economic Adjustment (OCEA). As you know, **this office will be modeled after the Defense Department’s Office of Economic Adjustment (OEA) – the Administration’s first point of contact with communities experiencing a military base closure or defense plant closing. We provide \$10 million for the first-year of this office which would help 35-40 communities. We also expand the budget by \$40 million to deal with communities that deal with sudden and severe economic dislocation.**



**New Initiatives:**

After-School program: \$100 - 200 million. This \$60 million, or 150%, increase over FY 1998 is part of your Child Care initiative. It builds on 21st Century Schools, for which we obtained first year funding in FY 1998. The increase means 1,500 new school sites, 2,500 total.

College-School Partnerships: \$170 million (ramping up in the outyears). Building on Cong. Fattah's idea, this program will provide continuous mentoring from 6th grade on, to middle and high school students to encourage them to stay in school and prepare for college.

Education Opportunity Zones: \$225 million. (ramping up in the outyears). This initiative will establish 25-40 Education Opportunity Zones in high-poverty, low achieving rural school districts which demonstrate a track record of improving student achievement and of implementing serious standards-based reforms (e.g., ending social promotions, rewarding effective schools and teachers, turning around failing schools and removing incompetent teachers). The resources will help the Zone districts strengthen their efforts and becomes models for other communities throughout the country.

Teacher Recruitment and Preparation: \$67 million. Announced last July, this program will help bring nearly 35,000 outstanding new teachers into high poverty urban and rural schools over the next five years, and upgrade the quality of teacher preparation programs serving many of the same communities.

Hispanic Education: \$110 million. A package of program increases organized to help Hispanic students complete high school and to enter and succeed in college.

Technology Teacher Training: \$80 million. Adds to your \$.6 billion education technology investments, to ensure that new teachers are trained in the use of the technology.

draft 12/13/97 i:\data\99bud\pressum

MEMORANDUM FOR THE PRESIDENT

From: Gene Sperling  
Bruce Reed  
Frank Raines

Subject: Summary of Decisions on the Education Department Budget

At our December 12th meeting, you accepted the discretionary budget level for Education which we presented to you, and asked for a more complete summary of its composition.

**TOTAL.** This Budget is a 4.7 %, or \$1.4 billion, increase over FY 1998, a total of \$30.9 billion. It funds important new initiatives, maintains or increases major base programs, and continues progress on your previous commitments.

Substantial as it is, it is half the size of dollar increases Education received each of the last two years. Still, it is a large increase given the caps, and we are working on a multi-billion dollar school construction program on the mandatory side. Nevertheless, you can expect Secretary Riley to make a case for a much bigger discretionary increase.

**New Initiatives:**

After-School program: \$100 million. This \$60 million, or 150%, increase over FY 1998 is part of your Child Care initiative. It builds on 21st Century Schools, for which we obtained first year funding in FY 1998. The increase means 1,500 new school sites, 2,500 total.

College-School Partnerships: \$170 million (ramping up in the outyears). Building on Cong. Fattah's idea, this program will provide continuous mentoring from 6th grade on, to middle and high school students to encourage them to stay in school and prepare for college.

Education Opportunity Zones: \$225 million. This initiative, which we hope to link to Cong. Obey's Comprehensive School Reform grants (see "Base programs" below), will aid high-poverty, low achieving urban and rural school districts, if they implement reforms (e.g., end social promotion, deal with ineffective teachers) and raise student achievement.

Hispanic Education: \$110 million. A package of program increases organized to help Hispanic students complete high school and to enter and succeed in college.

Technology Teacher Training: \$80 million. Adds to your \$.6 billion education technology investments, to ensure that new teachers are trained in the use of the technology.

**Base Programs:**

Education testing: \$16 million. The full amount needed to maintain progress on test development.

Pell Grants: \$7,779 million. A \$434 million increase over FY 1998 to maintain higher independent student eligibility, and to raise the maximum award from \$3,000 to \$3,100, the highest ever. New cost estimates indicate we may be able to maintain these policies for less. If so, we would reinvest the savings in other Education and Training programs.

America Read, \$260 million. We did not get our America Reads bill in FY 1998. We did obtain increases for tutoring in the Corporation for National and Community Service. Congress did, however, "advance appropriate" \$210 million for FY 1999 for Education, contingent upon enactment of new law. The increase to \$260 million reflects our original first year plan.

Education Technology: \$659 million. A \$75 million increase over FY 1998 to continue support for school investments and development of new software and teaching techniques.

Title I, Education for the Disadvantaged, Grants to LEAs: \$ 7,725 million. A \$350 million increase over FY 1998 to serve an additional 400,000 children in poor communities.

Goals 2000: \$510 million. A \$10 million increase over FY 1998, to maintain momentum in the States for school reform.

Comprehensive School Reform: \$175 million. A \$30 million increase over FY 1998 for demonstrations of school reform models. As noted, we hope to gain Cong. Obey's support of our Education Opportunity Zones by establishing a close linkage between his program and ours.

Adult Education: \$394 million. A \$33 million increase over FY 1998 for basic education and English language training for the disadvantaged, immigrants, and welfare recipients.

Special Education: \$4,811 million. Same as the FY 1998 level, which was increased by \$775 million over FY 1997. States can spend the increase over 2 years. Secretary Riley will be particularly concerned about lack of an FY 1999 increase. We are convinced that no increase will satisfy the advocates, and would prefer to negotiate this level in the context of competing demands in the appropriation bill, rather than use up scarce funds in your Budget now.

College Work-Study, \$915 million. A \$85 million increase over FY 1998, to accelerate toward your goal of 1 million Work-Study positions by FY 2000; many support America Reads tutoring.

**Reductions in the Base**

A number of programs have been reduced to make room for initiatives and major base programs, including: Impact Aid (-\$92 million), the Education Block Grant (-\$350 million), Perkins Loans

(-\$85 million). Each of these, and others, has a vocal constituency. We believe we can make the case that our funding of initiatives and base programs are all higher priority than these programs.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:14-DEC-1997 10:35:23.00

SUBJECT: Race/service

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Julie and I are working with the Corporation to retool our MLK Day service proposal for the President, in light of his lack of excitement about the DC Reads idea the Corporation came up with, and his interest in Steve Waldman's ideas. (Steve says that, instead of talk or traditional policy proposals, the race initiative should bring diverse groups together to serve and solve a common problem, and suggests the President should start partnerships, e.g., with black and white churches to fight drug addiction, or with Hispanic and non-Hispanic high schools to renovate housing.)

Harris suggests we build on a CityYear initiative called Young Heroes. On 10 consecutive Saturdays, CityYear members will mobilize junior high school students of different races to work together on a common problem (not defined). Harris says we could make this bigger by having AmeriCorps' NCCC program do the same thing, and try to make it even bigger by asking the National Council of Churches if they would mobilize their "education award" AmeriCorps members (that we launched at the summit) to do it as well. That way, the event is less of a photo op since we could note that this work will continue for the next 9 weekends in locations around the country. The service itself could focus on kids/the 5 goals, making a service summit connection.

In the meantime, a cast of thousands from the WH & race initiative will meet on Monday to discuss options for that day. Service is definitely a serious option in everyone's minds, but doing a town hall is even more of a given, with or without service. This seems at odds with a service message to me, but we're trying to learn more about their logic.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Peter A. Weissman ( CN=Peter A. Weissman/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:14-DEC-1997 16:35:58.00

SUBJECT:

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

TEXT:

pls give Gene a quick call before play

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 18:39:32.00

SUBJECT: Federal public benefit definition

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

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

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

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

CC: Jack A. Smalligan ( CN=Jack A. Smalligan/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TEXT:

You recall that OLC's opinion on HHS's draft definition sent HHS back to the drawing board.

Latest problem: HHS must have been telling advocacy groups for months that they were going to define this term in a way that would protect most programs. The advocate Cecilia Munoz told me today that the field is panicking because they "thought they were OK," but now they hear we may be taking a tougher stance on this. I told her that there are legal questions that HHS is examining in order to arrive at a definition. Her rhetoric was that she hoped the Administration "that fought with us on the Gallegly amendment" wouldn't work against them.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 19:20:12.00

SUBJECT: Assaults

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

READ:UNKNOWN

TO: Leanne A. Shimabukuro ( CN=Leanne A. Shimabukuro/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: Karen A. Popp ( CN=Karen A. Popp/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

The Sunday LA Times had an article on ATF's alleged lax enforcement of the sporting purposes test. No Administration officials commented, but Senator Feinstein is prominently featured. I'll send a copy around to everyone.

Jose'

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 16:49:49.00

SUBJECT: HHS Technical Report on TANF Data Processing

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

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

TEXT:

The welfare law required HHS to produce a report on the status of state TANF data processing systems and what would be required to establish a system to track participants over time and across states. They've produced a rather dry report, which outlines 5 technical options (from "file match," the least sophisticated, to a centralized "one-stop database.") The report lays out some alternatives for Congress if it decides to pursue a national tracking system -- it could:

1) choose one of these 5 technical options; 2) take an evolutionary approach (starting with file tracking and moving to a one stop database), or 3) establish a steering committee to choose among options. In earlier drafts of the report, HHS had endorsed the evolutionary approach, but we made them take out any recommendations.

In addition, HHS worked with APWA and NGA to survey states. The survey shows that while many states are in the planning stages of adapting their computer systems to track TANF requirements, such as the 5 year time limit, only a handful of states now have fully operational systems. The report estimates that the necessary information systems changes could cost states up to \$1 billion.

I am planning to let this report go up to the Hill now when everyone is distracted by the holidays. It is, of course, late (the statute asked for a report within 6 months), but I would as always appreciate your words of wisdom.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 13:16:36.00

SUBJECT: change to technology teacher training paragraph

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

READ:UNKNOWN

TEXT:

5. Technology Teacher Training (\$130 million in new funds, \$222 total for initiative): This initiative dedicates 30 percent (\$142 million) of the Technology Literacy Challenge Fund (which is being increased from \$425 million to \$475 million) to ensure that at least one teacher in every school receives intensive training in the use of technology for education, so that they can train their colleagues. An additional \$80 million will begin an effort to train every new teacher in the latest technology.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 09:26:14.00

SUBJECT: Re: United Front

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

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

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

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

TEXT:

Smoking Foes Split as Factions Oppose Industry Immunity

Health: As congressional battle looms, groups struggle over how to gain passage of proposed \$368.5-billion settlement. Fissure may threaten the deal, some say.

By HENRY WEINSTEIN, MYRON LEVIN, Times Staff Writers

over  
 companies, the  
 tactical  
 movement, critics  
 organized a new  
 to grant legal  
 public health  
 \$368.5-billion  
 Tobacco, is expected  
 slation without

n the eve of a high-stakes struggle in Congress  
 sweeping regulation of the nation's cigarette  
 tobacco-control movement is badly fractured, beset by  
 philosophical differences, personal animosities and  
 disagreements.  
 Reflecting the deep divide in the anti-smoking  
 of a proposed national tobacco settlement have  
 coalition to challenge rival groups that are willing  
 protections to cigarette makers in exchange for  
 gains--the quid pro quo at the heart of the proposed  
 national tobacco settlement.  
 The new coalition, called Save Lives, Not  
 to urge Congress to pass sweeping anti-smoking legi  
 granting the industry its cherished goal of immunity

from the most

threatening types of lawsuits.

coming weeks,

The group's formation, to be announced in

personal hostilities that

underscores the bitter ideological debate and

it is necessary

have festered within anti-smoking ranks over whether

public health goals.

to cut a deal with cigarette makers to achieve

already thorny task of

The split is likely to further complicate the

next year.

moving major tobacco legislation through Congress

such as the

The more militant health and consumer groups,

Citizen, oppose

American Lung Assn. and Ralph Nader's Public

including restrictions

any special legal protections for tobacco firms,

damages. They

on class-action lawsuits or limitations on punitive

changed for the

maintain that the civil justice system should not be

industry such as

sake of one interest group, especially a rogue

400,000

tobacco, which has been linked to the deaths of

Americans a year.

protection--nothing,"

Tobacco companies "should get no

"The tobacco

said

Bill Godshall, director of SmokeFree Pennsylvania.

corporation."

industry should be treated like every other

that accepting

Moreover, Godshall and other activists contend

damage awards

any restrictions on lawsuits that could lead to huge

strongest deterrent

against the tobacco industry would eliminate the

public health

to industry misconduct and consequently undermine

goals.

American

Their more moderate counterparts, such as the

Free Kids,

Cancer Society and the National Center for Tobacco

as a necessary

regard such legal protections for cigarette makers

Effective National Action

evil. Banded together in a coalition called

sweeping

to Control Tobacco, or ENACT, they generally believe

the industry gets

anti-smoking measures will never be passed unless

something in return.

legislation is securing limits

The industry's primary goal in federal

on its legal exposure, which is massive and growing

weekly.

little prospect of  
periodic  
that the  
costs of disunity

it's gotten worse in  
battled the  
Trade  
bitterness is

coordination." The groups  
split on tactics, said

Food and Drug

a recent

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Surgeon General C.

to seek a

Lives.

minutes, with the

according to sources at

a Save Lives

to

minister who naively

derided the

environmental

legislation, including

advertising

disclosure of internal

In the past, when anti-tobacco forces had  
moving strong legislation through Congress, their  
internecine warfare seemed largely academic. But now  
industry is anxious to buy peace, the stakes and the  
could be much higher.

"I think it's a terribly serious problem, and  
recent months," said Michael Pertschuk, who has  
industry for three decades and headed the Federal  
Commission during the Carter administration. "The  
running so deep it is difficult to imagine

have virtually identical goals but are seriously  
Pertschuk, who philosophically is closer to ENACT.

Mitchell Zeller, associate commissioner of the  
Administration and a longtime industry foe, said at  
conference in San Francisco that the fissures might  
impossible to enact effective anti-tobacco

In an attempt to heal the rupture, former  
Everett Koop held a meeting in Washington last week  
consensus between representatives of ENACT and Save  
However, the meeting broke up after about 90  
groups still divided on the "immunity issue,"  
the gathering.

The clash has become so divisive that Godshall,  
organizer, has compared Matt Myers, an ENACT leader,  
Neville Chamberlain, the 1930s British prime  
attempted to appease Hitler. Myers declined comment.

In turn, another ENACT leader, Linda Crawford,  
militants as "tree huggers," likening them to  
extremists.

Both coalitions advocate tough anti-smoking  
unfettered regulatory authority for the FDA, major  
restrictions, steep tax hikes on cigarettes and

sharply differing  
against Big  
continue to swing  
control without any  
whom are in  
companies,  
that would cost them  
the  
ordinarily  
and litigation but  
disputes about  
camps involve  
the ENACT  
strong  
ideological,  
skeptical that  
Tobacco Free  
American Heart  
Academy of  
Physicians and  
Lives'  
American  
Health Assn.,  
Californians Against  
professor  
Hubert H.

industry research on the health hazards of smoking.

But their split on the immunity issue reflects  
perceptions of how far the pendulum has swung  
Tobacco.

The militants contend that the pendulum will  
against the industry, which can be brought under  
major concessions. The so-called moderates, many of  
fact steadfast liberals, believe that the cigarette  
weakened though they are, could still kill a bill  
billions and give them nothing in return.

In some ways, the clash parallels those within  
\$50-billion-a-year tobacco industry, whose members  
present a united front in public relations, lobbying  
aggressively compete for sales and have had internal  
elements of the settlement.

#### Beltway Insiders vs. Grass-Roots Skeptics

The differences between the two anti-smoking  
style as well as substance. With some exceptions,  
groups are more established and well-funded, with  
Washington ties, whereas their critics are more  
grass-roots oriented and, in many instances, deeply  
anything good can come out of Washington.

In addition to the American Cancer Society and  
Kids, ENACT's member organizations include the  
Assn., the American Medical Assn., the American  
Family Physicians, the American College of Chest  
the Children's Defense Fund.

Besides the Lung Assn. and Public Citizen, Save  
members include Americans for Nonsmokers Rights, the  
Council on Science and Health, the American Public  
a bevy of local anti-tobacco groups, including  
Death by Tobacco, UC San Francisco Medical School  
and author Stanton Glantz, and Minnesota Atty. Gen.

Humphrey III.

battle of the white  
the industry for

Both sides, in what one observer called "the hats," include individuals who have been fighting years.

were excluded from

The new coalition also includes litigants who the proposed tobacco settlement announced in June. is the Coalition for Workers' Health Care Funds, employee insurance programs that have filed lawsuits seeking to make tobacco companies reimburse billions smoking-related health care costs.

One member

which represents

in 26 states

of dollars in

While the proposed tobacco deal would provide health care reimbursement to states, its ban on and any other type of aggregated claims, could employee health care programs from pursuing their

billions in

class-action suits,

prevent the

cases.

This is hardly the first dispute among anti-smoking activists. They have often been a fractious bunch, prone to strategy and to jealous anxiety over who gets credit sometimes seem angrier at each other than at the companies, reminiscent of bitter divisions that movement in the late 1960s.

squabbling over

for what. They

tobacco

beset the antiwar

Many of the personal salvos this year have been Myers, executive director of the National Center for Kids, a group founded two years ago with a grant from the Robert Wood Johnson Foundation.

lobbed at

Tobacco Free

multimillion-dollar

#### Negotiating Tactics Sparked Disagreement

The attacks began when it came to light in

April that Myers, an

only movement

that led to the

attorneys general

attorney and veteran anti-tobacco lobbyist, was the representative participating in the negotiations massive settlement between the industry, 39 state and plaintiffs lawyers.

the public health

acknowledged that

Myers was instrumental in extracting many of concessions in the deal. Since then, he has certain aspects of the settlement need

strengthening--particularly

the cigarette  
erstwhile allies.  
spring that  
ultimately would  
Rather, he  
health groups has  
extent the public  
than the  
our entire  
School's  
would prefer unity.  
legal rights is  
because much of the  
emerged as a  
currently are the  
maintained.  
concessions to the  
\$368.5 billion  
spent treating  
programs and  
would be imposed  
ban on billboards  
companies would  
cultural events.  
lawsuits by the states  
punitive damages  
annual cap on

provisions limiting the power of the FDA to regulate  
companies.

Nonetheless, he has been chastised by some  
Some members of Save Lives have maintained since the  
there was no need to negotiate because their side  
prevail as a result of future legal victories.

Myers declined comment on the personal attacks.  
said, "I think diversity of opinion among public  
been constructive and beneficial. However, to the  
health community sees each other as the enemy rather  
tobacco industry . . . it could weaken the voice of  
community."

Richard Daynard, founder of Northeastern Law  
Tobacco Products Liability Project, said he too  
But, he said, Save Lives' stance against sacrificing  
fundamental and inextricably linked to health  
damaging information about the tobacco industry has  
result of litigation.

"Lawsuits against the tobacco industry  
preeminent public health measure," Daynard

The debate among the activists over legal  
industry has intensified in recent weeks.

Under the settlement, tobacco firms would pay  
over the next 25 years to reimburse states for money  
sick smokers, as well as funding smoking cessation  
anti-smoking advertising campaigns. Sharp limits  
on tobacco advertising and marketing, including a  
and merchandise with tobacco logos, and the  
have to terminate their sponsorship of sporting and

In return, the industry would get a ban on  
and class-action claims, as well as prohibition of  
in suits by individual smokers and a \$5-billion  
litigation damages.

Since cigarette makers have had remarkable success in the courts--and no one yet has won punitive damages--supporters of the deal, led by Mississippi Atty. Gen. Mike Moore, consider the concession worth making.

However, the settlement would require new federal statutes to limit the type and scope of lawsuits against tobacco firms.

In an attempt to come to grips with that reality, the American Cancer Society commissioned Hogan & Hartson, a Washington law firm, to review the settlement. That one of the most ferocious skirmishes in the war of the anti-tobacco groups.

In July, the ACS leaders declared that the settlement was fundamentally flawed. To buttress its position, the ACS disseminated a stinging critique of how the deal would severely curtail the ability of the FDA to regulate the tobacco industry and in particular to reduce the nicotine content of cigarettes.

Later in the summer, the society sent to all members of Congress a lengthy analysis of several constitutional issues raised by the settlement. The analysis was prepared by Hogan & Hartson.

The study told members of Congress there are three possible ways it could restrict litigation against tobacco companies without running afoul of the Constitution. Among the memo's options: Congress could enact legislation compelling states to pass laws barring class-action lawsuits against tobacco companies and prohibiting punitive damages in order to qualify for federal funds.

Then it came to Godshall's attention, and he lobbed a verbal grenade, an e-mail to anti-tobacco activists, contending that the ACS had come out in favor of "preempting" state laws.

Cancer Society Against 'Preemption'  
In the tobacco-control world, "preemption" is a fighting word. Historically, it has connoted efforts by Big Tobacco

to prevent  
tougher than those

that it  
tobacco-control laws,  
and local  
companies,"

other ACS  
giving the  
Crawford lamented.  
primary concern."  
address the link  
memo as a  
cancer victims."

ve of the deep  
saying  
Oklahoma--all  
tobacco

Health and  
releases  
information to survey  
spokesmen  
on a draft question

development at mid-week  
policymaking delegate  
member,

"or any other

states and localities from passing laws that are  
enacted by the federal government.

The American Cancer Society memo stated flatly  
opposed preemption of any state or local  
such as those prohibiting smoking in restaurants.  
"We're not for preemption. We want more state  
policies to keep the pressure up on the tobacco  
Crawford said in an interview.

Godshall retorted that neither Crawford nor any  
official had disowned the memo or come out against  
industry any special legal protections.

"Why are we fighting among ourselves?,"  
"We're not a legal group. Public health is our

But Daynard said Crawford's position failed to  
between litigation and public health. He derided the  
"cookbook on how to cut off the legal rights of

Late last week, another nasty skirmish indicati  
distrust erupted when ENACT released polling data  
residents of four states--Colorado, Michigan, Ohio,  
favored swift congressional action on comprehensive  
legislation.

Two Save Lives members--Action on Smoking and  
the Workers Health group--immediately issued press  
saying that the pollsters failed to give relevant  
respondents in an effort to skew the results. ENACT  
retorted that the detractors based their criticism  
which was not asked.

Still, there was a potentially significant  
that could move the two camps closer together.

After considerable debate in Dallas, the  
body of the American Medical Assn., a key ENACT  
approved a resolution opposing any civil immunity  
special legal advantages" for the tobacco industry.

At the meeting, the delegates voted against

accepting an AMA  
the  
give cigarette  
told us: 'Not over  
AMA trustee  
to spurn a  
Koop aide  
industry any special  
strength, aided in  
industry and in no  
attempt to sneak a  
into an  
half a dozen or  
egal protections  
similar stories. You will  
one.

task force report on immunity that would have given  
organization wiggle room to endorse legislation to  
companies such legal protections. "The delegates  
our dead bodies' would they accept immunity," said  
Dr. John C. Nelson.

The AMA vote followed a recent decision by Koop  
request that he become the titular head of ENACT. A  
said his staunch opposition to affording the  
legal  
protection played a role in his choice.

As time has passed, the militants have gained  
part by further damaging revelations about the  
small part by industry miscues--in particular the  
\$50 billion tax break for the cigarette companies  
appropriations bill last summer.

The House and Senate are expected to consider  
more tobacco bills--some of which include special l  
for the industry and others that don't.

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 11:08:41.00

SUBJECT: Nicholas Timmins

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

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

TEXT:

Just a heads up...I ran into Nicholas, public policy editor for the Financial Times of London, at the NGA policy forum last week. He mentioned that he was working through Dan Balz of the Washington Post to try to get an interview on welfare reform, and said Balz had contacted Bruce. Apparently Timmins had arranged an interview for Balz with Tony Blair or some high level British official and now Balz is trying to reciprocate. Timmins is spending several months studying and writing about welfare reform in the U.S. Without revealing anything about the upcoming Blair visit, I took the opportunity to ask Nicholas about what's going on with welfare reform in the U.K.

Key points:

Rhetoric from U.S. continues to play big in U.K., though in practice their strategies have a different focus.

Major focus right now is primarily on unemployed males. Many of the men are structurally employed, i.e. laid off steel workers whose skills have become 'redundant'.

Lone (single) parents are a secondary focus. Currently they are able to collect benefits until their youngest child is 16. They are now being invited in on a voluntary basis to participate in employment and training assistance. It remains to be seen whether this will occur on a large scale--funding is not adequate to make it mandatory.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Paul E. Begala ( CN=Paul E. Begala/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:15-DEC-1997 11:34:58.00

SUBJECT: doc-assisted suicide

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

READ:UNKNOWN

TEXT:

Thanks for your guidance. I would like to send Bishop Fiorenza the following letter:

Dear Bishop Fiorenza:

Thank you for your recent letter regarding physician-assisted suicide, and the Drug Enforcement Administration's recent ruling. I have relayed your concerns to the President's Domestic Policy Council, which informs me that the issue is currently under review by the Department of Justice, so any substantive comment by me or other White House personnel would be inappropriate.

But please know that your voice and the voices of others who share your views is being heard. And on a personal level, please feel free to continue to contact me if I can ever be of assistance in the future.

But if I may weigh in for a moment, I think it would be tragic and unwise to allow Oregon or any state to prescribe lethal poison in the name of medicine. I suppose states have the right to amend their murder statutes to permit it under certain circumstances, and the voters of Oregon are clearly of a mind to do so. But that does not carry with it a concomitant Federal obligation to facilitate the means. I don't think it's prudent to allow states to amend federal drug laws as they see fit.

I'd be happy to discuss if you're interested. But in any event, let me know if the above language is going to cause any problems.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 20:28:59.00

SUBJECT: Bailey fix

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Update on Bailey:

The federal law has a 5-year mandatory penalty for anyone who "uses or carries a firearm" during or in relation to a drug or violent crime. Two years ago, the Supreme Court ruled in the Bailey case that to "use" a firearm under the statute, it must be actively deployed-- a much narrower construction than we wanted.

Legislative Action. Our juvie bill proposed to fix the limiting effect of the Bailey decision by adding "possession" to get the 5-year mandatory sentence. Neither the Senate nor the House added anything on Bailey to their juvie bills; however, the full Senate passed a separate bill similar to our Bailey proposal. The House Judiciary Committee passed a bill to broaden what would be covered under the statute (e.g., possessing, brandishing) and would dramatically increase the mandatory penalties.

Supreme Court. The Court has now agreed to review what it means to "carry" a firearm under the statute. The Justice Department has taken the position in the lower court litigation (we are litigants in the case) to view the term broadly to include transporting firearms.

The early Justice read is that no matter how the Court ultimately decides, we should continue to pursue our legislative fix to add possession to the statute.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 12:17:38.00

SUBJECT: Meeting with conservatives

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

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

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

TEXT:

The meeting with the conservatives is Friday, December 19th at 2:45pm, and will last approximately an hour and a half. This is one of the President's regular outreach meetings, though the scheduling was likely influenced by the Franklin statement about Connerly. Richard did not have a complete list of attendees, but it includes Kemp, Connerly and Linda Chavez. Though members of Congress are not usually included in these meetings, the President has invited both Lott and Gingrich.

The general format is that the President says what is on his mind, and then gives each person present an opportunity to do the same. There is usually some give and take, but not necessarily with each person present.

Maria E. is in charge of the briefing. Richard thinks that it is a good idea for us to be involved in the briefing. He is meeting with Maria now, so we will know the schedule, etc. soon.

julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 19:35:08.00

SUBJECT: OSHA/new Issue

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

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

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

TEXT:

1. OSHA came by and discussed what they would brief Chafee about for his field hearing on smoking and air quality. They won't endorse any concepts, etc. They think Waxman may be interested in putting more of the rule implementation under EPA, rather than OSHA. They would like to encourage Chafee to be specific in his bill about what the agencies should do in order to avoid getting bogged down in rulemaking.

2. Possible New Issue. OSHA has an indoor air quality regulation that has been stalled for ten years in administrative rulemaking. (The largest record in OSHA history). Indoor air pollution obviously hits people where they work. Its connected to approximately 500,000 cases of heart disease a year, and they say, 4.5 million "respiratory ailments" (ill-defined). Their regulation requires certain regular checkups on the devices that effect air in buildings and that the devices, such as air conditioners, work up to the levels they worked when new. What do you think of looking instead at an executive order for federal buildings with a less bureaucratic requirement (perhaps a standard of air quality goal) but also a publication of a checklist of what makes a healthy building, and make it available for private entities and citizens. I'm not sure that is the right approach, but I think the issue is potentially good. They are also sending me all their on-going worker health ideas.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 16:14:18.00

SUBJECT: Saturday service event/radio address

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: Julie A. Fernandes ( CN=Julie A. Fernandes/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:

I hear that Cabinet Affairs and maybe others are still pushing a Saturday event and radio address on gleaning/food harvesting, including perhaps having the President work at a food bank. We have pointed out that the timing is not optimal with the food/welfare stories coming out....

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah A. Bianchi ( CN=Sarah A. Bianchi/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:15-DEC-1997 14:12:04.00

SUBJECT: AIDS got a 15% increase

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

READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 13:22:08.00

SUBJECT: Baileys Elem. School -- good news

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

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

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

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:

The Post has positive article on the front page of the Metro section discussing Baileys Elem. school. It discusses in brief (not many details) the problems initially faced by the school when English speaking parents were zoned to the school, and the limit on the number of "outside boundary" students admitted to the school in its "magnet" incarnation, but on the whole treats it all as a success. Two good points included as part of the formula for success: reduced student-teacher ration in the first grade and less "ability grouping" than in other schools (with a school policy of high expectations for all kids, and that "mixed ability" classes produce success for all).

Though we still have to prepare for land mines in the case study, this coverage is encouraging.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Stacie Spector ( CN=Stacie Spector/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:15-DEC-1997 09:49:20.00

SUBJECT: Daily Messages for week Dec. 15-21

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

TO: Eli G. Attie ( CN=Eli G. Attie/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

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

TO: VINCA S (Pager) #LAFLEUR ( VINCA S (Pager) #LAFLEUR [ UNKNOWN ] )  
READ:UNKNOWN

TO: LEAVY\_D ( LEAVY\_D @ A1 @ CD @ LNGTWY [ UNKNOWN ] ) (NSC)  
READ:UNKNOWN

TO: Lowell A. Weiss ( CN=Lowell A. Weiss/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

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

READ:UNKNOWN

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

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

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

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

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

TO: Victoria Radd ( CN=Victoria Radd/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: Dan K. Rosenthal ( CN=Dan K. Rosenthal/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

TO: Craig T. Smith ( CN=Craig T. Smith/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: Jonathan A. Kaplan ( CN=Jonathan A. Kaplan/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

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

READ:UNKNOWN

TO: Susan A. Brophy ( CN=Susan A. Brophy/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Cecily C. Williams ( CN=Cecily C. Williams/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

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

TO: David S. Beaubaire ( CN=David S. Beaubaire/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: 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: Virginia M. Terzano ( CN=Virginia M. Terzano/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

TO: Antony J. Blinken ( CN=Antony J. Blinken/OU=NSC/O=EOP @ EOP [ NSC ] )  
READ:UNKNOWN

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

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



For Internal Planning Purposes Only

**THE WEEK AHEAD**

**December 15 - 21**

*(All items are subject to change.)*

**Monday (12/15):** No message event scheduled. Possible afternoon announcement concerning Bill Lann Lee.

**Tuesday (12/16):** President Clinton will present awards to the fourteen 1997 recipients of the nation's highest science and technology honors, the National Medal of Science and the National Medal of Technology. The President will use the event to emphasize the critical roles science and technology play as pillars of America's economic strength. Recognizing that advances in technology drive our new economy -- in particular advances that make our computers and other information technologies "smaller, faster and cheaper" -- the President will reaffirm the Administration's commitment to supporting basic scientific research.

**In the afternoon, President Clinton will hold a press conference at the State Department.**

**Wednesday (12/17):** President Clinton will attend a ceremony to confer the Congressional Space Medal of Honor posthumously on two astronauts, Lt. Col. Ed White and Roger Chaffee, who died in 1967 in a launch pad fire on Apollo 1. The medal is awarded for distinguished service and exceptional contributions to the nation's space program.

**Thursday (12/18):** President Clinton will continue a holiday tradition by reading the "The Night Before Christmas" to a group of local children.

**Friday (12/19):** President Clinton will present the Malcolm Baldrige Quality Awards to businesses that have established themselves as outstanding leaders in their industries. During his remarks, the President will discuss the emerging new economy and will articulate his vision and strategy for helping Americans make the most of this new economy and the challenges and opportunities of the 21st century.

In the afternoon, President Clinton will meet with a group of conservatives to discuss a variety of issues raised by the Initiative on Race. At this meeting we expect the President to hear a wide range of conservative positions being voiced as part of the dialogue fostered by the Initiative.

**Saturday (12/20):** Radio Address, topics being discussed are homelessness, the role of service and the spirit of holiday giving or announcing a drug report on teenage drug use that says usage is leveling off and the attitudes of teens toward drugs is improving.

**Sunday (12/21):** No message event scheduled.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 19:55:23.00

SUBJECT: Friday's "PIR" meeting

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Folks--I'm assuming I'm responsible for the briefing here, although help will be greatly appreciated, particularly for providing background information for the participants. If Michael, Janet and Ann would coordinate research on our participants and would provide a couple of paragraphs on each participant that would be great. Thoughts on what else should be in the briefing memo please send forward; thank you.

----- Forwarded by Maria Echaveste/WHO/EOP on 12/15/97  
07:47 PM -----

Susan M. Liss @ OVP

12/15/97 06:02:15 PM

Record Type: Record

To: Sylvia M. Mathews/WHO/EOP, Maria Echaveste/WHO/EOP

cc:

Subject: Friday's "PIR" meeting

I think it is critical that we touch base with the groups, and make sure we give everyone a chance to vent before Friday. I suggest that the two of you pull together a small WH staff meeting to go through the politics of the Friday meeting, and to do some scripting for it as well. The VP will participate, and i can do some of this myself, but I don't think that 's the right way to do it. Also, I think we need to have in mind some very clear objectives for this meeting, and it would be helpful for me, in pr

paring the VP for this, to talk through them with you and others. (VP is likely to miss the POTUS prebrief because of foreign policy scheduling requirements so we will need to brief him separately on Thursday, and I hope you can participate in that.) Finally, Maria, who will be doing the briefing material for this, and how extensive will it be? Is someone summarizing the writing of some of these folks? I think the VP and POTUS will want and will benefit from something more extensive than the regular format. thanks!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 18:53:08.00

SUBJECT: FICA/workfare

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

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

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

TEXT:

We now have a draft ruling from Treasury saying that workfare isn't subject to FICA. It defines workfare as payments coming from the welfare office or its contractor, funded entirely by TANF and/or food stamps. That's the good news.

The bad news is that (1) it's not out of Treasury/IRS yet, and (2) I am nervous that DOL may be working against it (they have a copy). A guy at Treasury who doesn't understand this issue politically just told me they are considering a number of things that could water it down -- making it a proposed ruling instead of final, or narrowing it in various ways, including focusing more on training. They have a big meeting with the IRS general counsel tomorrow. We are depending a lot on Karl Scholz, who is trying to do the right thing here, to shepherd it through. I am trying to reach Karl to see what's happening.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 14:41:02.00

SUBJECT: Heads up on Opportunity Zones

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:

An issue surfaced today during a meeting with ED and OMB staff as we continue to nail down the details of the Zones proposal that you need to be aware of. The short version (details below) is that OMB may not yet be on board with our version of Zones, and Frank Raines may still be wedded to (his) alternative version.

I assume that since DPC, ED and POTUS all have a common view of this, OMB's lingering concerns don't matter much. However, since the budget is not yet nailed down, and I'm not entirely clear on the process for completing the design of an initiative that has already been leaked and incorporated into the working budget, I thought I shouldn't entirely blow this off, and that you ought to know where things stand.

So here's the deal:

You recall that OMB has had a different conception of this initiative than we have. OMB has seen this as a pot of funds with which to reward school districts that have made significant achievement gains with their own funds and federal funds, since new federal programs focused on higher standards (Goals 2000 and an overhauled Title 1) began to be put in place in 1995. They'd get a relatively modest amount of funding in the first 3 years of the program, and then a big increase in years 4 and 5 only if they've made significant achievement gains.

In contrast, we've seen this more as a pot of funds we could use to bribe more districts in implementing Chicago-style reforms in order to create models of urban and rural improvement. The funding needs to be up front both to support implementation and to provide an incentive for districts to step up to some particularly difficult challenges.

As a result of lots of discussions with Barry White and his staff, starting from just before our leak, we've designed a proposal that pretty well merges both views--we keep our financial inducement for Chicago reforms, and build in a reward-for-performance component in two parts of the program. First, by requiring districts that compete for the funds to demonstrate that they already have a track record of improving academic performance, district-wide or at least in a few schools where they set out to turn things around. Second, districts that show significant achievement gains over the 3-year grant they receive get a bonus of two years of additional funding, although at a lower rate than the first 3 years. DPC and ED are together on this.

Today, Wayne Upshaw and Mary Cassel from OMB indicated that Frank Raines had been directly involved in shaping the OMB proposal and really felt strongly about their particular version of rewards-for-performance,

including in particular the back-loading of funding. No one in OMB has yet gone back to him to get his views on the new approach that has emerged. They will get a memo on this to him tomorrow. Bill is revising our 2-page description of the program to reflect the progress we have made since the leak, and we will make sure this goes to Frank.

In our meetings and work, I've continued to move along according to our own design, while looking for ways to incorporate OMB's ideas where ever possible. I assume that's the best thing to do unless Frank weighs in and tries to move us in another direction--at which point both of you will be called in for the final battle.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 20:07:55.00

SUBJECT: SSA report on children

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

READ:UNKNOWN

CC: EMMETT\_L ( EMMETT\_L @ A1 @ CD @ LNGTWY [ UNKNOWN ] ) (OPD)

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Ken has revised his plan again, so that they will NOT review all cases. I am just getting a copy, so I'll keep you posted.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 12:21:16.00

SUBJECT: Additions to discretionary memo

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

READ:UNKNOWN

TEXT:

do you think we should add the following?

----- Forwarded by Russell W. Horwitz/OPD/EOP on 12/15/97  
12:20 PM -----

Thomas A. Kalil

12/15/97 12:15:12 PM

Record Type: Record

To: Russell W. Horwitz/OPD/EOP

cc:

Subject: Additions to discretionary memo

Learning on Demand: This \$50 million initiative would sponsor pilots to deliver "anytime, anywhere" learning opportunities to adults using technology such as the Internet, CD-ROM, and interactive TV. It will be particularly helpful for adults who find it difficult to participate in classroom-based instruction -- e.g. those who are disabled, those with family demands, those who are frequently on travel, or those in rural areas. This will allow us to partner with institutions such as Governor Romer's Western Governors University.

Last years initiatives:

Next Generation Internet You announced this initiative in your 1997 State of the Union. It will connect universities and national labs at speeds that are 1,000 times faster than today's Internet. Last year, Congress approved \$85 million out of the \$105 million request. This year, we will push for full funding and Congressional authorization.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 13:37:22.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

gene is in his office



## **Discretionary Budget for the Department of Education Summary**

**TOTAL.** This Budget is a 4.7 %, or \$1.4 billion, increase over FY 1998, a total of \$30.9 billion. It funds important new initiatives, maintains or increases major base programs, and continues progress on your previous commitments.

While the increase is substantial, it is half the size of dollar increases Education received each of the last two years. Still, it is a large increase given the caps, and we are working on other investments on the mandatory side (such as school construction and class size). Nevertheless, you can expect Secretary Riley to make a case for a much bigger discretionary increase.

Other than the new initiatives (already described), the budget includes:

### **Base Programs:**

Education testing: \$16 million. The full amount needed to maintain progress on test development.

Pell Grants: \$3,100 maximum. Increasing the maximum grant by \$100 (3.3%) requires an investment over FY 1998 of \$289 million (3.9%). We could spend another \$150 million to increase the grant another \$50; as already noted, doing so would take about \$150 million that could be used instead to increase our investments in the After-School program and Head Start.

America Read, \$260 million. In FY 1998, Congress "advance appropriated" \$210 million for FY 1999 for the Education Department's portion of America Reads, contingent upon enactment of the authorization bill, which has passed the House. The increase to \$260 million reflects our original first-year plan for the Education Department.

Title I, Education for the Disadvantaged, Grants to LEAs: \$ 7,725 million. A \$350 million, 4.5% increase over FY 1998 to serve an additional 400,000 children in poor communities. The education groups will look at this line in the budget to see if we have made a sufficient investment in base programs; Secretary Riley requested \$492 million.

Goals 2000: \$510 million. A \$10 million increase over FY 1998, to maintain momentum in the States for school reform.

Comprehensive School Reform: \$175 million. A \$30 million increase over FY 1998 for demonstrations of school reform models. We hope to gain Cong. Obey's support of our Education Opportunity Zones by establishing a close linkage between his program and ours.

Adult Education: \$394 million. A \$33 million, 9% increase over FY 1998 for basic education and English language training for the disadvantaged, immigrants, and welfare recipients. This is part of the investment in improving education for Hispanic Americans.

Special Education: \$4,811 million. This is the same as the FY 1998 level, which was increased by \$775 million over FY 1997. Secretary Riley will be particularly concerned about lack of an FY 1999 increase. We are convinced that no increase will satisfy the advocates, and would prefer to negotiate this level in the context of competing demands in the appropriation bill, rather than use up scarce funds in your Budget now.

College Work-Study, \$915 million. A \$85 million increase over FY 1998, to accelerate toward your goal of 1 million Work-Study positions by FY 2000. With the reduction in Perkins loans (below), this increase keeps the campus-based aid programs at level funding from FY 1998.

### **Reductions in the Base**

A number of programs have been reduced to make room for initiatives and major base programs, including: Impact Aid (-\$92 million), the Education Block Grant (-\$350 million), Perkins Loans (-\$85 million). Each of these, and others, has a vocal constituency. We believe we can make the case that our funding of initiatives and base programs are all higher priority than these programs.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 11:45:52.00

SUBJECT: Policy statement for Dec. 17th

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

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

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

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

CC: Michele Cavataio ( CN=Michele Cavataio/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TEXT:

Today we are announcing a partnership between the President's Initiative on Race and the U.S. Department of Education. Building on the effort by the Race Initiative to collect promising practices from around the country, the partnership will identify and perform in-depth case studies of places around the country that are creating high expectations for, and raising achievement of, students of all races and ethnicities.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Morley A. Winograd ( CN=Morley A. Winograd/O=OVP [ UNKNOWN ] )

CREATION DATE/TIME:15-DEC-1997 18:26:36.00

SUBJECT: Food safety continued

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

READ:UNKNOWN

TEXT:

Elena:

Here is first thoughts on possible opposition to the idea from constituents. But keep in mind we WANT to do this.

Morley

----- Forwarded by Morley A. Winograd/OVP on 12/15/97  
06:37 PM -----

Jean.Logan @ npr.gsa.gov

12/15/97 05:51:00 PM

Record Type: Record

To: Morley A. Winograd @ OVP@EOP

cc:

Subject: Food safety continued

Off the top of my head, and without having been personally involved in the work on food safety to any great extent, here is what I know:

Food safety responsibilities are scattered, so there will be serious federal territory issues, as there was in 1993 when we proposed that food safety be consolidated in FDA. The turmoil that recommendation caused is one of the main reasons that the HHS accompanying report, which contained the recommendation, never came out.

The 2 proposals being considered call for either a stand alone agency, or a new agency under the HHS umbrella. OMB is not considering consolidation in USDA.

The big player is the meat and poultry industry and they would strongly oppose any consolidation into HHS--they've grown comfortable with the USDA oversight, and would expect massive change in the inspection system if food safety was under the HHS umbrella.

Therefore I would expect that USDA would find it more palatable to have food safety relocated into a stand alone agency, rather than in either an

existing or new agency under HHS.

Consumer groups would applaud the single food agency concept, wherever it was placed.

While some may say this is an example of government growing, it's really

not--it's a consolidation of existing functions; nothing is being expanded, there's really nothing new here.

I'll keep poking around and keep you posted.

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

TEXT:

RFC-822-headers:

Return-path: Jean.Logan@npr.gsa.gov

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IR7MUDOHS00T8GR@PMDF.EOP.GOV> for "Morley A. Winograd"@ovp.eop.gov; Mon, 15 Dec 1997 17:57:51 -0500 (EST)

Received: from storm.eop.gov (storm.eop.gov) by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IR7MUBP0WG00WIW1@PMDF.EOP.GOV> for Morley\_A.\_Winograd@ovp.eop.gov; Mon, 15 Dec 1997 17:57:47 -0500 (EST)

Received: from gsauns1.gsa.gov ([159.142.140.40])

by STORM.EOP.GOV (PMDF V5.1-7 #6879)

with SMTP id <01IR7MTX5KMG003ZMU@STORM.EOP.GOV> for

Morley\_A.\_Winograd@ovp.eop.gov; Mon, 15 Dec 1997 17:57:28 -0500 (EST)

Received: from nprgate.gsa.gov by gsauns1.gsa.gov with SMTP (8.6.11/1.2-eef) id RAA06470; Mon, 15 Dec 1997 17:53:10 -0500

Received: from ccMail by nprgate.gsa.gov (SMTPLINK V2.11.01)

id AA882237399; Mon, 15 Dec 1997 17:51:23 -0500 (est)

=====  
END ATTACHMENT 1



**Background on where things stand in U.K. (based on press clips and recent visits of British officials)**

- Frank Field, the social security minister, has submitted a 'green paper' on welfare reform to the PM Blair for review. Apparently this takes a comprehensive, though general, look at reforming a wide range of benefit programs including pensions and disability benefits. Benefits to the disabled are a large and rapidly growing component of welfare spending. Proposals have been floated to cut benefits to the disabled, generating intense opposition from many in the Labour party.
- On December 10th, Parliament approved a cut in benefits for lone (single) parents. This was supported by Blair, Social Security secretary Harriet Harman, and Chancellor Gordon Brown. Apparently this was necessary to meet the budget targets set by the Tory Government. The proposal created a major revolt by Labour backbenchers, leading to several resignations, and 47 Labour MPs voting against the proposal. Blair and Brown justified their position as one of the 'hard choices' that Labour must make, demonstrating a commitment to live within tough spending limits and consistent with weaning single parents from welfare to work. As part of the package, Brown announced a new child care program and a "New Deal" jobs program to help people move into work. The cuts, and the new programs, are scheduled for implementation in April.
- Concern about promoting responsibility, reducing dependency, and addressing underclass. One in 3 children in Britain are born out of wedlock. On December 8th, Blair launched a new "Social Exclusion Unit" intended to prevent the further development of an underclass. This group will focus on: tackling the problems of school expulsion and chronic truancy, reducing the number of people sleeping on the streets, and improving the quality of life on the worst 'housing estates' (presumably, and ironically, this translates to housing projects in U.S. English).
- Interest in requiring single parents to work sooner. Currently they are able to collect benefits until their youngest child is 16. They are now being invited in on a voluntary basis to participate in employment and training assistance. It remains to be seen whether this will occur on a large scale--funding is not adequate to make it mandatory.
- Time limits, contracting/privatization, teen parent residency requirement are apparently off the table.
- Commitment to some form of safety net--empower rather than punish.
- Trying to break cycle of dependency--may be focusing initially on young people (18-24) who are unemployed, come from dependent households, etc.
- Welfare reform in Britain appears to be more directly motivated by budget issues than in U.S.
- Interested in improving Job Centres (if anyone saw Full Monty, they don't look very effective!).
- At end of September, Blair gave first address to Labour's annual conference. Themes were very familiar: Shift from looking at people's barriers to their resources, disability to ability, new role for public sector (organizer, regulator, cajole, compel people to work, no longer the safety net).
- Interested in encouraging those who have been disabled and unemployed to return to work. This includes many unemployed men with 'redundant' skills, e.g. steel workers and miners.

**BLAIR VISIT--OPTIONS FOR WELFARE REFORM EVENT**

ISSUE	MARYLAND	MILWAUKEE	INDIANA	FLORIDA
Specific site	(1) Giant Foods training program (2) Job Connection (3) Anne Arundel Job Center See descriptions below	One of the Job Centers. See descriptions below	(1) Scott County (2) Indianapolis	Miami?
Distance from D.C.	Close--approx 20 miles			
Potential Host(s)	Gov Glendening + others TBD	Gov. Thompson + others TBD	Gov. O'Bannon + others TBD	Gov. Chiles + others TBD
Employer Involvement	Active involvement with chambers of commerce, employers	Active outreach to employers	Active outreach to employers	Employers and community involved in local WAGES coalitions
Welfare to Work Partnership Involvement	Governor recently joined Advisory Committee, Partnership staff has had preliminary discussions, may target Baltimore.	W2W Partnership had successful event in Milwaukee	W2W Partnership event in Indianapolis 12/15	W2W Partnership has not yet targeted Florida
Focus of site	(1) Giant: work-based training for good jobs; close connection between local welfare office, PIC and employer; focus on retention. (2) Anne Arundel Job	One-Stop Job Center, strong work first approach with ongoing supportive services, employer involvement.	Strong work first focus, increasing focus on retention and self-sufficiency, community involvement, employer involvement.	Strong local and private sector involvement (getting information on more specific focus).

	Center: one-stop shop with strong work first message, universal access for job seekers and employers (3) Job Connection: collaboration between small business, chambers, local welfare offices and PIC to place welfare recipients with small business			
Other features:	Strong tracking component, good data on what's happening to people	Strong leadership, strong message	Experience with time limit (2 yrs)--first group hit 7/97	Experience with time limit in 2 counties
Caseload reduction	Moderate but accelerating caseload reduction (30% since 1/93, 21% since 8/96)	Large caseload reduction (58% since 1/93, 33% since 8/96)	Large caseload reductions (49% since 1/93, 24% since 8/96)	Large caseload reduction (42% since 1/93, 24% since 8/96)
Economy/labor market	Suburban, low unemployment	Urban, generally strong economy with pockets of concentrated poverty.	Rural (Scott County), urban (Indianapolis), generally strong economy.	Depends on site

**ADDITIONAL INFORMATION ABOUT SITES:**

**MARYLAND**

(1) The state has a contract with Giant Foods to train and place approximately 80 people. To date, Giant has hired 45 welfare recipients. This is a partnership between Giant, the PIC, and the local welfare office in Prince Georges County. Giant provides the PIC with hiring requirements. The local welfare office identifies possible candidates and does initial screening and selection. Those who

meet criteria go to PIC for a two week pre-employment training. Giant hires and provides 6 weeks of paid on the job training (funded by the state). Individuals are hired as cashiers, pharmacy and bakery clerks, and meat wrappers, as union employees with full benefits and wages commensurate with others in the food industry. A job coach is available to help people succeed on the job and work with the local welfare agency to solve problems, arrange support services, etc. The fact that individuals are welfare recipients is kept confidential and invisible to other employees. Initial numbers look good and apparently clients are clamoring to join this program. Site information: training takes place at Giant's training facility in Greenbelt, MD. Welfare recipients participate in the same training as other new hires. Visit could either be to the training facility or to a Giant store, though the training facility would probably make more sense.

(2) Anne Arundel County has a one-stop job center that has gotten a lot of positive attention. It integrates the Department of Labor's automated job bank and social services at one site and provides lots of flexibility to provide whatever services people need to get employed and leave welfare. The center serves as a single point of contact for any job seeker (welfare or not). Maryland staff indicate this makes a good visit.

(3) The Job Connection is a public-private partnership with local departments of welfare, small businesses, local chambers of commerce and APG (a national consulting firm that supports small businesses). The goal is to place 2,500 welfare recipients over the next 27 months. The project has been operating for several months. Small businesses notify the Job Connection (via a 1-800 number) when they have a vacancy. The Job Connection geocodes the job location, and provides geocoded information about nearby supportive services, i.e. child care and transportation. They then fax this information to the local welfare department, who has 72 hours to respond with job candidates. Once someone is hired, APG and the Chamber help the small business qualify for federal and state tax credits.

Site information: The Job Connection is based in Columbia, MD. Most of the work at the site is 'virtual'--i.e. by phone and fax. We could see staff receiving and making referrals and geocoding information, but would not likely see welfare to work participants.

## **MILWAUKEE**

We could visit one of the Wisconsin Works (W-2) Job Centers. These are one-stop employment centers for job seekers and employers. They are each operated by a different private contractor (Goodwill, YW Works, Opportunities Industrialization Center, Maximus, and United Migrant Opportunity Service). The Private Industry Council of Milwaukee serves as the W-2 Contracts Administrator and coordinator for all 5 contractors.

NOTE: a British parliamentary delegation recently visited Wisconsin, and representatives from Blair's administration attended a recent trans-Atlantic seminar on welfare reform sponsored by Hudson Institute.

### **INDIANA**

Indiana is proud of several welfare reform initiatives. While it is not a county-administered welfare system, there is a strong emphasis on devolution and local involvement in planning and designing welfare reform. Funds are provided to support local initiatives, particularly to build community supports to ensure that people leaving welfare are successful in maintaining employment and self-sufficiency. The state feels it has successfully gone through the culture change to work first (confirmed in a recent Abt evaluation). It is now dealing with the next stage, i.e. what happens once someone gets a job and leaves welfare. They are focusing on life long learning and increasingly partnering with businesses to address the longer term self-sufficiency issues. [I will follow up after the W2W Partnership event on 12/15 to get suggestions on a possible site to visit.]

They have just launched a major public-private partnership on child care with large companies putting private dollars into a fund to support child care initiatives around the state (not restricted to current/former welfare recipients). Indiana has transferred \$62 million in TANF savings to the CCDF to boost child care funds available for working families. Like many places, Indiana finds transportation to be a major challenge. The state is about to award \$5 million in 'barrier busting' grants to localities, with about 85% of the grants focusing on transportation. Particularly in rural and suburban areas, mass transit is not sufficient to address the needs of welfare recipients going to work. Local areas will use funds to help people repair cars, make car loans, pay for drivers licenses, etc.

FYI: A class action suit on family cap was recently filed in Indiana.

### **FLORIDA**

Staff in the Governor's Washington office is exploring potential initiatives/sites with state staff and will get back to us by the end of the week with some ideas. They have suggested coordinating the State WAGES board (the private/public board governing the program) as well as the local WAGES coalition wherever we might want to visit. Generally, Florida's welfare reform program is thoughtful, well managed, relatively mature. One interesting item that I'm getting more information about--they have evidence of improved school performance of children whose parents went to work through welfare reform.

Florida has invested significant state funds in child care and has a Child Care Purchasing Pool to provide subsidies to low-income working parents who would otherwise be on waiting lists. Public funds are matched dollar for dollar with private and local funds.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Peter A. Weissman ( CN=Peter A. Weissman/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:15-DEC-1997 21:33:27.00

SUBJECT: OMB comments on POTUS memo on your chair. -Josh

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

READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 12:03:25.00

SUBJECT: after-school numbers

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:

For 21st Century Learning Center program, OMB uses the following numbers (from DOE):

\$40,000/yr per site

\$800/yr per child

So, for the 2 options in the OMB memo:

(1) \$60 million increase in FY99 (100 million total), 1,500 additional sites would be reached and 75,000 additional school-age children served; and

(2) \$160 million increase in FY99 (200 million total), 4,000 additional sites would be reached and 200,000 additional school-age children served.

Also, one additional question from OMB re: Early Learning Fund. For OMB's options memo, they included, per your discussion with Barbara, \$400 million per year. Did you anticipate that to be phased up in the out years?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 20:06:08.00

SUBJECT: Legal immigrant budget options

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:

FYI, here's what OMB is carrying in legal immigrant benefit restorations.

1. Food Stamps -- \$2.7 billion over 5 years

Restore benefits to:

all families with children

disabled/elderly population who got SSI/Medicaid benefits restored (i.e., here when law was signed)

Let refugees/asylees get benefits for 7 years after arrival. (Current law is 5 years; we extended it to 7 years for SSI/Medicaid, so this would conform to that for food stamps.)

Possible ways to scale this back are to:

drop the disabled/elderly (saves about \$600 million)

drop non-working parents -- i.e., cover working parents only (also saves about \$600 million)

OMB is pushing to include non-working parents on the theory that they're the poorest. Also, if we cover kids but not parents, advocates will argue that we're still hurting the kids, since the household eats together.

These restorations would cover both people here when the law was signed and new entrants. The strategy is that we should let Congress propose scaling it back.

There will probably be some action on this issue early on, when the "Ag research" bill comes up. This is the vehicle to spend the \$1 billion+ in cost allocation savings. The expectation is that this money will be divided among crop/agriculture and legal immigrants, with perhaps \$400 million in restorations potentially happening at that time.

2. State Option to Cover Legal Immigrant Children under Medicaid and CHIP -- \$200 million

This is small and politically popular. It only applies to children entering after the law was signed, since those who were here in 8/96 are already covered.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 20:35:06.00

SUBJECT: Policy memo

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

READ:UNKNOWN

TEXT:

Sylvia asked me to check with you on the status of the policy memo that you are putting together for her. Will it be ready tomorrow?



December 15, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed  
Gene Sperling  
Elena Kagan

SUBJECT: New Initiatives on Discretionary Side of Budget

OMB is working on finding an additional \$6 billion for discretionary spending. Within that constraint, the NEC and DPC have agreed on allocations that OMB has signed off on. While you may find that Department appeals call for decreasing the funds for new initiatives, we wanted you to see how your White House budget team would allocate funds under these constraints.

We already have given you detailed memos on most of these initiatives. If you approve the initiatives, you can announce any or all of them in the State of the Union.

Because so many of the new initiatives involve education, we are attaching an appendix to this memo that shows recommended funding levels for the Department of Education's major base programs.

Education

- 1. Education Opportunity Zones (\$225 million):** This initiative will provide funding to about 25 high-poverty urban and rural school districts for agreeing to adopt a "Chicago-type" school reform agenda that includes ending social promotions, removing bad teachers, reconstituting failing schools, and adopting district-wide choice.
- 2. College-School Partnerships (\$150 million):** This initiative, which builds on Eugene Lang's model of helping disadvantaged youth, will provide funding for college-school partnerships designed to provide mentoring, tutoring, and other support services to students in high-poverty schools, starting in the sixth grade and continuing through high school. The six-year funding path would provide help to nearly 2 million students. It will also include Chaka Fattah's idea of early notification to disadvantaged 6th graders telling them of their Pell Grant and loan eligibility.
- 3. Campaign on Access to Higher Education (\$20 million):** This initiative will fund an intensive publicity campaign on the affordability of higher education. The goal of the campaign will be to make every family aware that higher education is now universally accessible -- and that

it is the key to higher earnings. As part of this effort -- and to complement the college-school partnership program described above -- we will provide families at high-poverty middle schools with an official notification of the \$20,000 or more that is already available for their children to go to college.

**4. Teacher Recruitment and Preparation (\$67 million):** This initiative, which you previewed last July at the NAACP Conference, will provide scholarships to nearly 35,000 new teachers over five years for committing to work in high-poverty urban and rural schools. It also will upgrade the quality of teacher preparation programs serving these communities.

**5. Technology Teacher Training (\$222 million):** This initiative increased the Technology Literacy Challenge from \$425 million to \$475 million and then dedicates 30 percent of the Technology Literacy Challenge Fund to ensure that at least one teacher in every school receives intensive training in the use of technology for education, so that they can train their colleagues. An additional \$80 million will begin an effort to train every *new* teacher in the latest technology.

**6. Hispanic Education Action Plan -- (\$195 million or more):** This initiative will increase funding for a number of existing programs to improve education for Hispanic Americans and other limited English proficient (LEP) children and adults. It would double our investment in training teachers to address the needs of LEP children; boost the Migrant Education Program by 16 percent; increase the TRIO college preparation program by 10 percent; and create a 5-year, \$100 million effort to disseminate best practices in ESL training for adults. We would accompany these program increases with administrative actions to help Hispanic students complete high school and succeed in college.

### Child Care

We recommend placing most of the child care initiative -- in particular, the proposed increase in the Child Care and Development Block Grant and the establishment of a new Early Learning Fund -- on the mandatory side of the budget. The smaller pieces of the initiative that we propose placing on the discretionary side are the following:

**1. After-School Program Expansion (\$150 million):** This program expansion will increase funding of the 21st Century Community Learning Center Program (now funded at \$40 million) for before- and after-school programs for school-age children at public schools. Depending on the exact funding level chosen, this investment will create new programs in 1,500-4,000 schools.

**2. Standards Enforcement Fund (\$100 million):** This new fund will support state efforts to improve licensing systems and to enforce health and safety standards, particularly through unannounced inspections of child care settings. The fund also will enable states to issue report cards, for use by consumers, on the quality of the facilities inspected.

**3. Provider Training (\$51-60 million):** A new Child Care Provider Scholarship Fund, which you proposed at the Child Care Conference to fund at \$50 million annually, will support 50,000 scholarships each year to students working toward a child care credential. The students will commit to remaining in the field for one year for each year of assistance received, and will earn increased compensation or bonuses when they receive their credential. An additional \$1-10 million will allow the Department of Labor to expand its Child Care Apprenticeship Training Program, which funds providers combining work toward a degree with on-the-job practice.

**4. Research and Evaluation Fund (\$10-30 million):** This new fund will provide grants for research projects, establish a National Center on Child Care Statistics, and set up a national child care hotline.

**5. Paid Leave Demonstration Fund (\$10 million):** This small evaluation and demonstration fund will support communities and organizations that are testing and/or studying innovative approaches to providing financial assistance to parents who wish to stay home with their newborns.

**6. Head Start and Early Head Start Expansion (\$334 million):** This level of increased investment in the overall Head Start budget should permit doubling the set-aside for Early Head Start without reducing the resources available for children 3-5. The doubled set-aside would enable more than 35,000 additional children to receive Early Head Start services in 2002.

### Welfare, Housing, Urban

**1. Welfare-to-Work Housing Vouchers (\$283 million):** This initiative will provide 50,000 new housing vouchers to help welfare recipients in public housing who need to move in order to find employment. HUD will distribute these vouchers on a competitive basis to public housing authorities working with local TANF agencies and/or grantees of the new \$3 billion welfare-to-work program.

**2. Housing Portability/Choice (\$20 million):** In addition to the new welfare-to-work housing vouchers discussed above, our proposed package on housing portability and choice expands Regional Opportunity Counseling sites and takes administrative actions to eliminate obstacles to portability in the Section 8 housing program.

**3. "Play-by-the-Rules" Homeownership Proposal (\$30 million):** This initiative would enable the Neighborhood Reinvestment Corporation to assist approximately 10,000 families who have a perfect track record of paying their rent on time become homeowners. This initiative will help families become homeowners through downpayment assistance, interest rate buydowns, or rehabilitation loans.

**4. Homeownership Opportunity Fund (\$11 million):** This initiative will allow HUD to develop a loan guarantee program to allow state and local governments to leverage current HOME funds with private-sector investments to fund large scale, affordable housing developments in distressed communities.

**5. Community Empowerment Fund (\$400 million):** This initiative establishes a public/private fund ("Eddie Mac"), which will invest in inner-city businesses and create a secondary market for economic development loans (like Fannie Mae).

**Raise FHA Loan Limit (Raises \$150-\$200 million):** The budget currently includes this proposal to raise the FHA loan limits, helping more middle-income Americans get home mortgages which have low downpayment requirements. The first \$150 million of revenue raised through this proposal would be used to pay for Round II of Empowerment Zones.

**Homeless Assistance** The budget currently includes a substantial increase in homeless assistance of approximately \$341 million (above FY98). This includes \$177 million to help 32,000 homeless receive Section 8 vouchers.

**Homeownership Voucher Initiative (No Cost):** The budget will include our proposal to allow Section 8 vouchers to be used for homeownership. This proposal was originally included in our Public Housing Reform bill. You should know that Freddie Mac has already agreed to purchase up to 2,000 of these Section 8 voucher mortgages from lenders -- secondary market participation is essential to reassure, and therefore, recruit lenders. The downpayment for these mortgages would be set at 3 percent, to allow low and very-low income families to participate.

**Fair Lending (No Cost):** As described in previous memos, we are working on a fair-lending initiative which has no budgetary impact. The proposals being developed by an interagency working group include, for example, (1) an examination of the impact of credit scoring and risk-based pricing on the availability of credit/capital to lower-income and minority individuals; (2) a Presidential call to obtain more data on reasons for home mortgage loan denials; and (3) collection of race and income data as part of the CRA small business lending report requirement.

**Fair Housing:** The budget provides an additional \$8 million for enforcement which will help HUD meet the goal of doubling Fair Housing Enforcement actions. The budget also includes \$10 million for a new system of Metropolitan Area Testing to root out the vestiges of housing discrimination.

### Labor and Workforce

**1. Child Labor (\$89 million):** This initiative is anchored by a \$30 million commitment -- up from \$3 million -- to the International Program on the Elimination of Child Labor (IPEC). The initiative also will include funding to improve Customs Service enforcement of U.S. law banning

the import of goods made with forced or bonded child labor (\$3 million) and to double the Department of Labor's enforcement of child labor laws in the agricultural sector (\$4 million). Finally, the initiative will provide additional funding to the Migrant Education Program so it can reach 50,000 more migrant children (\$50 million). We are developing non-budget items to fill out the package.

**2. Community Adjustment (\$50 million):** This initiative will fund the creation of the Office of Community and Economic Adjustment (OCEA), which we proposed as part of the Fast Track debate. As you know, **this office will be modeled after the Defense Department's Office of Economic Adjustment – the Administration's first point of contact with communities experiencing a military base closure or defense plant closing. We expect the Office to help 35-40 communities in its first year of operation. The initiative also will fund a variety of other efforts to assist communities that face sudden and severe economic dislocation.**

### Health

**1. 21st Century Trust Fund (\$1 billion):** This initiative will provide substantial additional funding to NIH (\$750 million) and NSC (\$250 million), ramping up substantially over time, for research activities, including into the treatment and cure of diseases. We will provide you with a separate memo on this initiative in the next day or two. Funding for this initiative will come from comprehensive tobacco legislation.

**2. AIDS Programs Expansion (\$165 million):** A funding increase for the Ryan White Program of about 15 percent will go principally toward ADAP; to ensure that new and effective treatments of AIDS reach those who need them. Some of the funds will support education and prevention programs operated by states, cities, and community health centers, as well as by the CDC.

**3. Racial Disparities in Health Care (\$80 million):** This initiative will address racial disparities in six areas of health care: infant mortality, breast and cervical cancer, heart disease and stroke, diabetes, AIDS, and immunization. The proposal includes additional funding (\$50 million) to established public health programs to adapt and apply their prevention and education strategies to eliminate racial disparities. It also includes funding (\$30 million) for thirty local pilot projects to test innovative approaches to reach this goal.

### Crime

**1. Community Prosecutors (\$50 million):** This initiative will provide grants to prosecutors for innovative, community-based prosecution efforts, such as Eric Holder adopted in the District of Columbia. A full 80 percent of the grants will go to pay the salaries and training costs associated with hiring or reassigning prosecutors to work directly with community residents.

### Race

A number of the above proposals -- e.g., education opportunity zones, university-school partnerships, housing vouchers -- can be presented as part of the race initiative, because they target predominantly minority areas or provide disproportionate benefits to members of minority groups. Other proposals described above -- the Hispanic dropout plan and the race and health initiative -- have obvious and explicit race connections. In addition:

**1. Civil Rights Enforcement (\$68 million):** This initiative will fund reforms to the EEOC and the civil rights offices at DOJ, HUD, HHS, Education, and DOL. Most importantly, additional funding of \$37 million will allow the EEOC to expand its mediation program (allowing more than 70 percent of all complainants to choose mediation by the year 2000), increase the average speed of resolving complaints (from over 9 months to six) and reduce the EEOC's current backlog (from 64,000 cases to 28,000). The initiative also will fund a dramatic expansion of HUD's civil rights enforcement office (in the 30th anniversary year of the Fair Housing Act) and improve coordination among the government's civil rights offices. We are preparing a number of non-budgetary administrative actions, especially involving fair housing and lending, to accompany our budget proposals in this area.

**Appendix – Education Base Programs**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 13:17:07.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

just e-mailed you paragraph on tech. teacher training;russell

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Mickey Ibarra ( CN=Mickey Ibarra/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:15-DEC-1997 14:52:08.00

SUBJECT: NGA

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

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

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

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

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

TEXT:

----- Forwarded by Mickey Ibarra/WHO/EOP on 12/15/97  
02:39 PM -----

Fred Duval 12/15/97 02:49:09 PM

Record Type: Record

To: Mickey Ibarra/WHO/EOP  
cc: Emily Bromberg/WHO/EOP  
Subject: NGA

Voinovich will make Block Grants a major initiative at the Feb NGA mtg. One of the proposals of greatest concern is a block grant on education. Romer seems ready to sign on, and in the absense of support from other Governors, Jonathan Jones says Carper will not oppose. If we want to beat it back, we will have to push. I suggest we arrange a meeting with Jennifer Davis and possibly DPC to discuss further.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 13:23:55.00

SUBJECT: Re: Additions to discretionary memo

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

READ:UNKNOWN

TEXT:

the second one (next generation internet) was put in to satisfy Gene's request for recent initiatives that may be of interest to him.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 20:02:55.00

SUBJECT: conservatives mtg

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Sorry folks--I also forgot to ask Janet--where are we on the congressional participation--who is coming. Please advise. Also do we need a prebrief meeting per Susan's suggestion. Lastly, we have told the groups that we are having another race initiative meeting with some of the civil rights leaders in January--is there more prepping that we need to do?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Stacie Spector ( CN=Stacie Spector/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:15-DEC-1997 09:47:45.00

SUBJECT: Daily Messages for week Dec. 15-21

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

TO: Eli G. Attie ( CN=Eli G. Attie/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

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

TO: VINCA S (Pager) #LAFLEUR ( VINCA S (Pager) #LAFLEUR [ UNKNOWN ] )  
READ:UNKNOWN

TO: LEAVY\_D ( LEAVY\_D @ A1 @ CD @ LNGTWY [ UNKNOWN ] ) (NSC)  
READ:UNKNOWN

TO: Lowell A. Weiss ( CN=Lowell A. Weiss/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

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

READ:UNKNOWN

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

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

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

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

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

TO: Victoria Radd ( CN=Victoria Radd/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: Dan K. Rosenthal ( CN=Dan K. Rosenthal/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

TO: Craig T. Smith ( CN=Craig T. Smith/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: Jonathan A. Kaplan ( CN=Jonathan A. Kaplan/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

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

READ:UNKNOWN

TO: Susan A. Brophy ( CN=Susan A. Brophy/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Cecily C. Williams ( CN=Cecily C. Williams/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

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

TO: David S. Beaubaire ( CN=David S. Beaubaire/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: 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: Virginia M. Terzano ( CN=Virginia M. Terzano/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

TO: Antony J. Blinken ( CN=Antony J. Blinken/OU=NSC/O=EOP @ EOP [ NSC ] )  
READ:UNKNOWN

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

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

READ:UNKNOWN

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

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

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

TEXT:

Attached is the daily message calendar for this week. As we all know, all events and messages are subject to change.

We intend to provide you with this calendar at the beginning of every week. We hope this helps you with your individual departmental planning and please feel free to check in with any of us in communications to confirm the message events of the day.

Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 15:27:37.00

SUBJECT: Youth Crime Gun Interdiction Initiative

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

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

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

TEXT:

EK:

Below please find the few sentences you requested on Treasury/ATF's expansion of the Youth Crime Gun Interdiction Initiative (YCGII) in the budget. The initiative received no special funding in FY 97. It received a \$1 million line-item in FY 98 and should also receive \$10 million from the Treasury Secretary's Forfeiture Fund. However, the current funding has generally not provided for ATF to hire/dedicate additional agents to the project or to increase investigations on gun traffickers (funding to date has generally provided training to state and locals, computer equipment/software and contract personal to do tracing).

The current OMB recommendation for FY 99 proposes \$28 million for the YCGII -- \$12 million that is already built into the base and an additional \$16 million that they are supporting from the Presidential Priority Reserve (PPR). These funds will be used, in part, for new agents. Treasury is appealing for an additional \$4 million in personal from the PPR.

Youth Crime Gun Interdiction Initiative -- The proposed FY 99 budget includes \$28 million to expand the President's Youth Crime Gun Interdiction Initiative (YCGII). This includes \$16 million in new funds to hire 162 ATF agents to crackdown on illegal gun traffickers in the 27 youth crime gun cities, and \$12 million to continue the Administration's comprehensive gun tracing in these cities. ATF's crime gun tracing has been a key component of Boston's successful youth violence strategy.

NB: If Treasury wins its appeal for an additional \$4 million, which I believe DPC and Rahm should support, we could add 27 agents (mostly for training), 33 inspectors to visit firearms dealers, and 50 clerical and support staff to the above total.

Jose'



## **National Campaign to Prevent Teen Pregnancy**

### Possible event April 30, 1998

The Campaign is planning several events in Washington at the end of April to kick off Teen Pregnancy Prevention month in May. The Campaign's board will meet Wednesday, April 29th. There will be an honoree dinner that evening to acknowledge no more than 12 organizations doing good things to prevent teen pregnancy (similar to last year, but fewer honorees). Thursday April 30th is available for some kind of event and the Campaign would welcome the participation of the President or First Lady. The Campaign will be highlighting the theme that parents/adults matter in reducing teen pregnancy. Sarah Brown is giving this more thought, but in the meantime, possible options include:

- 1) **White House reception for honorees** with President and/or First Lady (similar to last year).
- 2) **Event with media leaders** who commit to do something concrete in support of the Campaign, i.e. air a show highlighting the issue, work it in as a theme in soap operas, do PSAs, etc. Campaign staff have been meeting with various industry folks and this could be used to both thank those who have gotten on board and inspire others to do so.
- 3) **Release the following Campaign publications** (could be at the White House or at a local school):
  - Research report on impacts of parent/adult-involvement in adolescent sexual risk taking
  - Resource guide for parents on how they can get involved and where they can get information.
- 4) **Release tool kit for states and communities** on addressing teen pregnancy. This is funded by ASPE. (It might take some reprioritizing for this to be ready for release on 4/30).
- 5) **Unveil posters highlighting the 'parents matter' theme.**

An event could probably be structured to include any combination of the above items.

### Update on Campaign Activities

The Campaign has organized around five major issues.

#### 1) **Leadership**--to draw new groups into the effort.

Past activities include:

- Meeting with Youth Development Organizations to highlight research on the effectiveness of comprehensive youth development programs in reducing teen pregnancy.
- Establishing House and Senate Advisory groups. Key members include Senators Lieberman and Snowe. These groups have commissioned a paper on lessons about the impact of media campaigns (on other public health issues).

Future activities:

- Senate group will release above report on media campaigns (probably at National Press Club).
- Meeting with religious leaders sometime in 1998.

## 2) State and Local Involvement

### Past activities:

- Establish state and local advisory committee
- Serve as resource for state and local activities including sending speakers to events, sending materials, and brokering information among communities.
- Recently released 'Partners in Prevention' directory of assistance that national organizations can provide to state and local communities.

### Future activity:

- Publish tool kit for state and local communities. ASPE is funding this, is involved in reviewing it during development, and has final review. The Campaign has developed an outline and commissioned authors for 13 sections/topics. Deadline to get final draft to ASPE is 4/15/98.

## 3) Media

### Past/current activities:

- Convened 41 states to discuss their use of media in preventing teen pregnancy. A report called 'Sending the Message' has just been published that summarizes the meeting and serves as a resource guide.
- Campaign staff is working closely with TV producers and directors, as well as media company CEOs to brief them on the issue and engage them in various ways. BET has done 2 town summits, with 2 more planned; NBC has committed to do a More you Know series on teen pregnancy.

### Future activities:

- Briefing for ABC soap opera writers in NY and CA.
- Anne Moore, President of People, has invited First Lady to speak to meeting of girls and women's magazines.
- Briefing for writers and producers of 6 major shows (including ER and Friends) in June/July to give them ideas to incorporate into Fall scripts.
- Trying to engage Whoopi Goldberg (she's on the Campaign board) -- may propose a TV special.

## 4) Religion and Public Values--to think through and help communities deal with the tough issues.

### Future activities:

- Releasing paper on what people are arguing about in the teen pregnancy field.
- Facilitate community dialogues--1st one scheduled for San Bernadino in mid-March.
- Meeting of religious leaders (see above).

## 5) Research--to synthesize and disseminate data and research findings.

### Past activities:

- Released No Easy Answers

### Future activities:

- Review of data on impact and nature of parental/adult involvement from federally-funded Adolescent Health study.

Also holding series of round tables with follow-up publications. Report on Involving Men and Boys has just been released, round table on the Culture of Girlhood held last week, and round table on Contraceptive Use by Sexually Active Teenagers planned for June.

The Campaign will also do some polling, particularly on parental/adult involvement, with the idea of releasing data in conjunction with late April events.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 18:40:19.00

SUBJECT: Response to Cuomo Memo

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

As I mentioned in our team leaders meeting, Cuomo is pushing for more money. He is already \$1.4 billion ahead of last year in Budget Authority. In his latest memo to Erskine, he misleads the COS on several issues. For example, he can do a set-aside in CDBG for Homeownership Zones.

I think John's memo describes many of the problems with Cuomo's memo. Officer Next Door is already funded at last year's levels and Eddie Mac, which is a new program is getting \$400 million (more than enough for such an untested idea). We should oppose any additional increases since it will only cut away at other Presidential priority areas inside and outside HUD's budget (e.g. vouchers, child care, community prosecutors).

We have asked that Jason Goldberg hold this memo to Erskine and not forward it to the President at this time.

----- Forwarded by Paul J. Weinstein Jr./OPD/EOP on  
12/15/97 06:34 PM -----

Jonathan Orszag

12/15/97 06:33:16 PM

Record Type: Record

To: Paul J. Weinstein Jr./OPD/EOP

cc:

Subject: Response to Cuomo Memo

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

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



December 15, 1997

MEMORANDUM FOR GENE SPERLING

FROM: JON ORSZAG  
SUBJECT: HUD's Budget

Here's a quick memo responding to Secretary Cuomo's memo from this afternoon.

Before I go into the specifics of what HUD is now requesting, I wanted to describe some of the initiatives that they already have in their budget. First of all, HUD has a *\$1.5 billion increase in their BA for FY99 (if you include Presidential initiatives)*. In terms of increased funding or new initiatives, they have a \$341 million increase in homeless assistance, \$283 million for Welfare-to-Work Housing Vouchers, \$400 million for a Community Empowerment Fund ("Eddie Mac"), \$143 million more for public housing construction and capital improvements, \$50 million increase in the HOME program, \$50 million increase in CDBG funding, and \$11 million for a Homeownership Opportunity Fund. Across the board, their programs got more funding, except housing assistance for the elderly.

HUD wants increased funding for the following programs:

- **Homeownership Zones.** In their budget request, HUD asked for \$50 million for Homeownership Zones. The passback included no funding. You should know that Secretary Cuomo had \$920 million of budget authority to decide *on his own* how to allocate and he chose to fund 20 or so other programs. He did not provide funding for Homeownership Zones. You should also know that last year the \$50 million for Homeownership Zones was funded out of the CDBG program, as a set aside. In the FY99 budget, HUD had \$200 million of set asides in the CDBG program to allocate *on their own*, but HUD chose not to include funding for Homeownership Zones.
- **A Couple of Solutions.** One solution would be to take \$25 million from the \$50 million increase in CDBG, and use it to fund Homeownership Zones. We could then say that we had a \$25 million increase in CDBG and \$25 million for Homeownership Zones. Another alternative -- with similar effect -- would be to take a \$25-\$50 million set aside within CDBG and say that we had a \$50 million increase in CDBG with \$25-\$50 million for Homeownership Zones.
- **Community Empowerment Fund.** HUD originally asked for \$1 billion for their Community Empowerment Fund idea. The budget currently includes \$400 million. HUD now wants an additional \$600 million for this effort. While most like this idea in principle, some are very concerned about the specifics of HUD's proposal. Regardless of what level of funding this initiative receives, I strongly believe that the NEC/DPC needs to run a process to ensure that this proposal is sound.
- **Officer Next Door Program.** HUD wants to greatly expand their Officer Next Door

program by providing another \$30 million. They would use this increased funding to provide incentives for police officers to buy homes in troubled areas. These incentives would include downpayment and closing costs assistance and deeply discounted home improvement loans.

- **Public Housing Homeownership Vouchers.** This proposal, which has not been vetted at all within the Administration, would provide qualified graduates of public and assisted housing the opportunity to buy a home using a Section 8 voucher and up to \$5,000 in downpayment/closing cost assistance. This proposal would help 25,000 families become homeowners, at a cost of \$245 million in FY99.
- **Fair Housing.** Secretary Cuomo asks for an additional \$7 million to allow HUD to take even more Fair Housing actions. It is unclear what Sec. Cuomo is asking for: in FY98, HUD received \$30 million for enforcement. Their passback included \$44 million, which has subsequently increased to \$52 million. That means that the FY99 budget is now \$22 million above their FY98 level -- that's an increase of 73 percent.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 13:08:46.00

SUBJECT: Tobacco Factions

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

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

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

TEXT:

The LAT article points up a dangerous shifting of the debate. It seems that Downey and ultimately Waxman are stoking it. Myers says in terms of keeping his groups in line, Koop is the most important validator. He suggests we reach out to Koop (who he says is not informed about things) and keep him in the loop and that would solve a lot of the problems.