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[01/24/1998 - 01/27/1998]

Withdrawal/Redaction Sheet

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| DOCUMENT NO. AND TYPE | SUBJECT/TITLE | DATE | RESTRICTION |
|--------------------------|---|------------|-------------|
| 001. email | Cynthia Rice to Elena Kagan and Bruce Reed; RE: Success Story (3 pages) | 01/24/1998 | P6/b(6) |
| 002. email | Christa Robinson to Donna Geisbert, et al; RE: Box (5 pages) | 01/26/1998 | P6/b(6) |

COLLECTION:

Clinton Presidential Records
 Automated Records Management System (Email)
 OPD [Kagan]
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2009-1006-F
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RESTRICTION CODES

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

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

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

RR. Document will be reviewed upon request.

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

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**PRESIDENT CLINTON'S PROPOSALS:
HEALTH CARE THAT STRENGTHENS AMERICA'S FAMILIES**

Passing Comprehensive Bipartisan Tobacco Legislation That Reduces Teen Smoking and Changes the Way Tobacco Companies Do Business. Every day 3,000 young people start smoking and 1,000 of them will die prematurely from a tobacco-related disease. Moreover, 90 percent of adults who smoke began before the age of 18. The President called on Congress to pass comprehensive national bipartisan legislation that includes five key principles: (1) it must mandate the development of a comprehensive plan to reduce teen smoking, including raising the cost of cigarettes by \$1.50 per pack if that is what it takes to stop children from smoking; (2) it must affirm the FDA's full authority to regulate tobacco products; (3) it must include measures to hold tobacco companies accountable, especially for marketing products to children; (4) it must include concrete measures to improve public health, from investing in research to reducing second hand smoke to expanding smoking cessation; and (5) it must protect the financial well-being of tobacco farmers and their communities from the loss of income caused by our efforts to reduce smoking.

Creating a Historic "21st Century Research Fund" With an Unprecedented 50 Percent Increase in Biomedical Research at the National Institutes of Health (NIH) over five years, including an unprecedented \$1.15 billion increase in FY1999. Scientists are on the cusp of important new breakthroughs in biomedical research which could revolutionize the way medical experts understand, treat, and prevent some of our most devastating diseases. New imaging technologies are giving new insights into the structure of disease and revolutionary progress in genetics are charting new ways to conquer diseases, such as cancer, Alzheimer's, AIDS, and brain tumors. The President's budget contains a historic upfront investment in biomedical research and, for the first time, proposes a sustained investment in NIH over five years which results in a 50 percent increase. Under the President's proposal, over \$20 billion would be dedicated to biomedical research the NIH in 2003.

Protecting Patients Through a Consumer Bill of Rights and Genetic Screening Protections.

The President called on Congress to pass Federally enforceable consumer health care protections before it adjourns this fall. This health care bill of rights should contain a range of protections, including guaranteed access to needed health care specialists **to ensure that patients are provided appropriate high quality care**, access to emergency room services when and where the need arises, an assurance that medical records are confidential, and access to a meaningful **internal and external appeals process for consumers to resolve their differences with their health plans and health care providers. The nation's health care system has changed dramatically, as more than 100 million Americans are now in managed care plans. This legislation will ensure that whether Americans have traditional health insurance or managed care, that they are assured quality care. Moreover, to ensure that new advances in genetics are used to improve health rather than to discriminate, the President has called for legislation that ensures that genetic screening is not used to discriminate in health insurance and employment.**

Providing New Options for Americans Ages 55 to 65 to Access Health Insurance, Including Buying Into Medicare. Americans ages 55 to 65 are one of the most difficult-to-insure populations: they have less access to and a greater risk of losing employer-based health insurance; and they are twice as likely to have health problems. The President's proposal gives this vulnerable population three new options to access health insurance by: (1) allowing Americans ages 62 to 65 to buy into Medicare, through a premium that ensures that this policy is self-financed; (2) providing vulnerable displaced workers 55 and over access to Medicare by offering those who have involuntarily lost their jobs and their health care coverage a similar Medicare buy-in option; and (3) giving Americans 55 and over who have lost their retiree benefits after they retire access to their former employers' health insurance.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:24-JAN-1998 20:58:07.00

SUBJECT: UPDATE of Congressional SOTU rollout

TO: Kay Casstevens (CN=Kay Casstevens/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Amy W. Tobe (CN=Amy W. Tobe/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: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

Hill Briefings on the State of the Union

MONDAY

- 10:00 am House Policy Staff - Legislative Directors, Administrative Assistants, and select Committee Staff
Cannon Caucus Room, Rm 345
White House Participants: Reed/Kagan, Sperling/Lew, Begala, Murguia
- 11:30 am Senate Policy Staff - Legislative Directors, Administrative Assistants, and select Committee Staff
562 Dirksen Senate Office Building
White House Participants: Reed/Kagan, Sperling/Lew, Begala, Murguia
- 1:00 pm Congressional Hispanic Caucus
Member Conference Call
White House Participants: Murguia, Sperling, Raines, Riley, Reed, Echaveste, Ibarra, Shireman, Cohen
- 1:30 pm New Democrats Coalition (Co-Chairs Roemer, Dooley, Moran plus approx. 20 to 30 Members)
2168 Rayburn House Office Building (Gold Room)
White House Participants: VPOTUS, Kay Casstevens, Dave Thomas, Rick Gonzales, Janet Murguia
- TBD pm Congressional Black Caucus
Member Conference Call
White House Participants: Raines, Sperling, Kagan, Moore, Murguia (alert--Mathews/Bowles)
- TBD pm Congressman Gary Condit, Blue Dog Coalition Chair
Phone call
White House Contact: Bruce Reed or Monica Dixon
- TBD pm Congresswoman Patsy Mink, Asian Pacific Caucus Chair
Phone Call
White House Contact: Janet Murguia
- TBD pm Congressman Bernie Sanders, Progressive Caucus Chair
Phone Call
White House Contact: Erskine Bowles

TUESDAY

TBD AM/PM Targeted Members and Senators

Phone Calls

White House Participants: Cabinet Secretaries and Senior Staff
[Assignments on Monday]

2:00 pm House and Senate Democratic Leadership Members

US Capitol, S-214 (Daschle's Conference Room)

White House Participants: TBD

5:00 pm House and Senate Democratic Press Secretaries

US Capitol, SC-5

White House Participants: Lewis, McCurry, Weiss-Tobey, Begala, Murguia

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EDUCATION OPPORTUNITY ZONES
QUESTIONS AND ANSWERS
DRAFT for internal use only -- January 25, 1998

Overall Questions

What is the purpose of the Education Opportunity Zones?

This initiative will help accelerate and expand progress in high-poverty urban and rural school districts that are on the right track, and highlight models of success. Education Opportunity Zones will demonstrate how a serious approach to high standards benefits all students. Funds will be targeted to improve low performing schools, expand opportunities for student achievement, broaden choices for families, and hold schools, teachers, and students accountable for results.

How does the Zone initiative relate to the President's other new initiatives?

Education opportunity zones are part of a broader set of initiatives to help strengthen urban and rural schools. President Clinton has proposed a [\$10 billion] national campaign to modernize schools, a \$350 million initiative to recruit and prepare teachers for underserved urban and rural areas, and made a dramatic commitment to expanding the availability and quality of child care and after-school learning opportunities. These and additional proposals still to be announced will have a powerful impact on improving the prospects of children in some of our poorest communities.

Are you proposing this initiative as an alternative to respond to Republican calls for vouchers?

The President is committed to strengthening public schools, not abandoning them. Along with other new initiatives that will help raise achievement for urban and rural students, like school construction and teacher recruitment and preparation, we are proposing Education Opportunity Zones in response to the clear need for sharp improvements in the nation's poorest school districts and to encourage and expand promising school reform efforts that are taking a disciplined, effective approach centered on high standards. The fact is that 90% of our students attend public schools, and our primary responsibility, especially with limited federal resources, is to make sure that the public schools they attend are among the best in the world. This means concentrating our time and money on raising academic standards, improving teaching, providing schools with technology and other up-to-date learning tools, and creating charter schools and other forms of choice within the public school system. In contrast to vouchers, the Education Opportunity Zones will support effective local efforts to improve education for all students in participating districts, rather than just a few.

This initiative clearly encourages districts to discontinue social promotion. How do you respond to criticisms of that approach?

The President strongly believes that we shouldn't promote kids who are not ready because it will hurt them over the long term. This initiative is designed to hold teachers and schools

accountable, as well as students. Rather than punishing kids, this initiative attempts to create the conditions under which districts take steps to ensure that students are ready to meet standards the first time, rather than falling behind and needing remediation.

Qualified Applicants

What communities will be eligible for the Zone initiative?

High-poverty urban and rural school districts will be targeted under this initiative. In order to be selected as Zones, districts will have to show that they have already begun to raise student achievement, or that they have begun to put into place credible and effective improvement policies.

How many school districts will be eligible to participate?

This initiative will target urban and rural school districts with a significant percentage or a large number of students in poverty. This means that well over a thousand districts will be eligible, including districts in every state.

Are Zones entire school districts or smaller areas within school districts?

Entire school districts, or consortia of districts, will be designated Education Opportunity Zones. Grant funds may be used for district-wide activities such as improving sound management and assessment systems, as well as to improve low-performing schools. Districts may choose to target their resources under the initiative to subsets of low-performing schools.

Will large cities receive a preference for designation as Zones?

Proposed legislation will direct the Secretary to seek to ensure that both large and smaller urban areas are selected to participate, as well as rural school districts. We expect that urban school districts will receive a substantial proportion of funding under the initiative.

Can consortia of districts apply to be Zones?

Yes, consortia of districts can apply. We anticipate that most consortia will be comprised of rural school districts.

Can charter schools participate in the program?

Under state law, public charter schools are generally either Local Educational Agencies (LEAs) or public schools within an LEA. Charter schools that are part of an urban or rural school district designated as an Education Opportunity Zone may benefit from this program. Charter schools that are considered an LEA themselves are eligible to apply only if they meet the eligibility criteria for all LEAs. That is, they must be high poverty and serve a small town or rural community or an urban area. While charter schools may be eligible to apply, the purpose of this initiative is to demonstrate that a district-wide, serious approach to high standards can help raise

achievement.

Are private schools eligible for funding under this program?

Private schools cannot be designated as Education Opportunity Zones, but students, teachers and administrators associated with private schools within an area served by a Zone will be eligible to participate, on an equitable basis, in training and extended learning programs supported by the initiative. Likewise, private school teachers and administrators will also be eligible to receive materials and information developed through the grants.

Can schools serving Native American students apply for funds?

Yes. Most BIA schools and schools that serve large concentrations of Native American students will qualify as eligible applicants under this program. Many of these schools are rural and have high percentages of students from low income families. Proposed legislation will direct the Secretary to seek to ensure that there is an equitable distribution of grants among geographic regions of the country and to rural schools serving large concentrations of Native American students.

[Can territories and outlying areas apply for this program?]

Grant Size and Scope

How many grants are expected to be awarded and what will be their size?

The Zone initiative would invest approximately \$200 million in FY 99, and \$1.5 billion over five years. We expect to fund over 50 grants to urban and rural communities. Urban school districts will receive grants of \$10-25 million per year (depending on the size and proposed activities). Rural communities will receive grants of \$250,000 to \$3 million (for consortia) per year.

The Zones will be selected in two rounds, the first in FY 1999, and the second in FY 2001.

Are grants renewable?

Grants will be awarded for 3 years. As part of their original grant award, districts will agree to a rigorous performance partnership that includes specific benchmarks for student success. Districts may receive further support in years 4 and 5 only if they have demonstrated success in reaching the agreed benchmarks.

Will districts have to provide matching funds?

No, districts will not have to provide an explicit match. However, a successful applicant will have to show how it will use all available resources, including the new funds sought under the Education Opportunity Zones program, in order to carry out its plan to raise student achievement. Moreover, each applicant must show how it will continue to carry out its strategies using other resources at the conclusion of Zones funding. Education Opportunity Zone funding will

be structured to phase out in latter years.

Application Process and Grant Activities

What will districts have to include in their applications for funds? Must they indicate which schools they will target for improvement?

Districts will have to demonstrate in their applications that they are using their existing funds effectively and have already begun to raise student achievement, or, at a minimum, that they have begun to put into place credible and effective improvement policies. They will also need to explain how they will address key aspects of effective local reform such as: holding schools accountable for helping students reach high academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress; holding teachers and principals accountable for quality, including rewarding outstanding teachers, providing help to those who need it, and fairly and quickly removing ineffective teachers; ensuring students don't fall behind, by providing a rich curriculum, good teaching and extended learning opportunities; ending social promotions and requiring students to meet academic standards at key transition points in their academic careers; and providing students and parents with expanded choice within public education.

Applicants must also demonstrate the support of all key stakeholders -- including parents and teachers. They must describe how they will use all available resources -- federal, state, local, and private -- to carry out their reform strategies and how they intend to maintain the reform effort once federal funds expire. Furthermore, successful applicants will need to describe how they will intervene in schools and how they will measure progress, including defining rigorous benchmarks for success.

How will Zones be selected?

Districts or consortia will be selected under a competitive, peer-review process. Reviewers will be looking for districts which best address the purposes of the program and which demonstrate the greatest likelihood of modeling successful approaches for raising achievement in high poverty urban and rural areas.

What kinds of activities can the grant funds support?

School districts will use Education Opportunity Zone funds for key activities such as: providing extra help to students who need it to meet challenging standards, through after-school, Saturday, and/or summer school programs; providing bonuses to schools that make significant gains in student achievement; turning around failing schools by implementing proven reform models, or closing them down and reconstituting them or reopening them as charter schools; building stronger partnerships between schools and parents, businesses, and communities; implementing sound management practices and accountability systems; providing intensive professional development to teachers and principals; helping outstanding teachers earn master teacher certification from the National Board for Professional Teacher Standards and giving them bonuses when they do; and implementing programs to identify low performing teachers, assist

them to improve, and remove them if they fail to do so.

What flexibility will districts have in the use of other resources?

All public schools within an Education Opportunity Zone -- regardless of poverty level -- will become eligible for schoolwide flexibility in the use of federal education funds. In other words, under the proposal, the 50% poverty threshold ordinarily required for a school to become a schoolwide project would not apply to Education Opportunity Zone schools. However, requirements pertaining to school accountability, as well as special education, health, safety, and civil rights, will continue to be met.

What technical assistance will be available for Zones?

The Department of Education will provide expert technical assistance to the Education Opportunity Zones through its technical assistance providers and by convening grantees to share information and ideas. It will also utilize technology to help districts consult with each other and disseminate lessons learned to urban and rural communities across the U.S.

How will grantees be held accountable for results?

During the negotiation of each grant award, each Zone will agree to a rigorous performance partnership with the Secretary of Education. The performance partnership must include specific, ambitious, disaggregated benchmarks in student achievement, dropout rates, and other indicators of success. Districts will receive additional financial support in years 4 and 5 only if they have demonstrated success in reaching their agreed upon benchmarks.

Mr. Clay's legislation provides for the President to direct other agencies -- beyond Education -- to assist local schools with problems like school construction. Does the President's proposal include a similar feature?

The White House and the Department of Education are beginning to consult with other federal agencies to determine what kinds of assistance could be offered and what sort of arrangements would be most appropriate.

Connections to other initiatives

How do these new Zones differ from Empowerment Zones and Enterprise Communities?

The Education Opportunity Zones initiative and the EZ/EC initiative support one another, but are distinct. Education Opportunity Zones will consist of entire school districts or consortia of school districts. Empowerment Zones and Enterprise Communities are specific neighborhoods or regions that may or may not be contiguous with school districts. While both are in the spirit of bringing the community together behind focused efforts to address local challenges, Education Opportunity Zones are especially designed to address the educational needs of their communities and school districts, whereas the EZ/EC initiative is aimed at broader community revitalization strategies, which can include education but also extend to economic development, community development, and job training. Communities with a strong EZ/EC effort with a significant focus on education will be well-positioned to rally the community together behind the kinds of

effective school reforms that will be supported by Education Opportunity Zones.

Do Zone districts have to participate in the national tests?

No. We are pleased that 15 major city school districts have already made a commitment to take part in the national tests of 4th grade reading and 8th grade math, but participation in these tests is voluntary. However, successful Education Opportunity Zone applicants must show that they have firmly integrated challenging standards and tests (which could include state, local, or national assessments) into their strategies for raising student achievement.

How do Zones relate to the Comprehensive School Reform Program? Do Zones have to implement comprehensive school reform programs in their schools?

These two programs are distinct, but complementary, and both are geared to help students reach high academic standards.

The Education Opportunity Zones initiative distributes comparatively large grants from the Department of Education to a fairly limited number of competitively selected, high-poverty districts. The purpose of this initiative is to demonstrate that a serious approach to high standards, entailing accountability for students, teachers, and schools, can help raise achievement across an entire district, or at least within a sizable portion of a district.

The Comprehensive School Reform program established during the last session of Congress provides formula funds to states which then distribute the funds competitively to a significant number of districts on behalf of individual schools. The purpose of the Comprehensive School Reform program is to get individual schools to successfully adopt tested reform models, or develop new, effective models based on research. CSR funds can help school in Education Opportunity Zones implement proven models of reform, and can help provide additional resources for Zones to use for turning around failing schools. The Education Department will encourage states to make sure these important resources are available to school districts eligible to be selected as EOZ's.

Will Education Opportunity Zones receive a preference for other initiatives, such as school construction funding?

At this time, there are no plans to provide additional incentives for participation beyond in the Education Opportunity Zones initiative beyond the added funding and flexibility that all Zones will receive. However, other new initiatives will include features targeting assistance on the kinds of high poverty communities that the Zones are designed to assist.

Process Issues

What kind of support do you expect to receive in Congress?

Improving public schools in our most disadvantaged communities should be a bipartisan national

priority. Lawmakers in both parties are keen on finding tough, effective ways to address low achievement in some of our largest cities, and we expect this proposal to gain strong bipartisan support. We have been working with Congressman Bill Clay of St. Louis, Ranking Democrat on the House Education and the Workforce Committee, who has submitted urban education renewal legislation which has helped to shape our own proposal.

How will the Administration solicit input from outside groups?

Last winter and spring the Department hosted five meetings with experts in urban education to discuss urban needs and effective strategies for improving urban education. Many of these groups have participated in meetings throughout the year to offer advice on addressing urban education issues. Thus, the Administration's proposal already reflects more than a year of input from key groups committed to strengthening urban schools. Going forward, there will be many other opportunities for additional input as the legislation and grant competition are designed.

When will a bill go to Congress?

Work is underway at the Department to prepare legislative specifications, but we plan to do additional consultations with Congress and stakeholders in the education community before transmitting our proposal to the Hill.

Do you anticipate that all districts cited as examples in your materials will be selected for the program?

No. Each district cited helps illustrate one or more of the kinds of policies and activities to be supported under the Zones initiative, but no single district -- urban or rural -- best addresses each of the purposes of the program or will automatically be selected.

**URBAN AND RURAL EDUCATION
OPPORTUNITY ZONES -- EXAMPLES OF ACTIVITIES THAT COULD
BE SUPPORTED UNDER THE PROPOSAL
REVISED DRAFT -- January 25, 1998**

Student Assistance and Accountability:

- **In Chicago, many students participate in the district's Lighthouse after-school program, which features intense reading/math instruction, social, and other enrichment activities, and a meal. Students in the district who perform below minimum standards at key transition grades (3, 6, 8 and 9) are required to participate in a seven-week "SummerBridge" program and pass a test before moving on to the next grade. Over 45,000 students were served in the SummerBridge program in 1997, and over 144,000 students participated in some form of summer activity.**
- **The Long Beach school district required 1,600 third graders who had not attained reading proficiency by the end of the year to attend five-week tutorial sessions.**
- **In Cincinnati, student promotion is now based on specific standards that define what students must know and be able to do. The standards are designed to prepare students to pass the state's ninth-grade proficiency test.**
- **In the Halifax County, North Carolina School District, high school honor students are paid by the district to tutor younger students in reading one-and-a-half hours per day and the district hires retired teachers to work with struggling students.**
- **A before- and after-school tutoring program offered by the Fentress County school system in Jamestown, Tennessee provides approximately 300 students with long- or short-term assistance to address their instructional needs. The program is offered in all grades; mathematics and language arts are priorities for high school students.**
- **After determining that half of its middle grade students were reading below grade level, staff in the Wilkes County schools in Washington, Georgia made intensive reading instruction a priority. The district has worked to upgrade professional development in reading instruction and reduce class size, helping teachers work with individual students.**
- **In the Rogers and Holland school districts in Texas, students and teachers identify a project that utilizes technology as a primary research tool. Teachers create teams of 2 to 4 students, a mentor teacher-- and an expert who is linked via technology. The approach connects students to information sources beyond the rural communities and gets them actively engaged in learning.**

Staff Effectiveness and Accountability:

- **Charlotte-Mecklenburg's Benchmark Goals program gives cash awards of \$750 to**

\$1,000 to teachers in schools whose students meet a range of goals that reflect improvements from previous performance. The goals are structured so that schools have an incentive to raise the achievement of their lowest performing students. The program also focuses on goals for African American students, who historically have been under-achievers in the Charlotte school system, thus ensuring that schools work to close the achievement gap between African American and white students.

- **In Cincinnati, school district administrators' pay raises are now linked to job performance, with automatic cost-of-living adjustments and salary rates being replaced by new criteria, including performance on several measures such as student test scores and graduation rates. The district is also preparing a system for providing financial rewards to schools based on student achievement, to take effect in 1998-99.**
- In *St. Paul*, the school district is collaborating with the teachers' union and the University of Minnesota on Project 20/20 to support teachers through the National Board for Professional Teaching Standards (NBPTS) certification process. The district pays the application fees and the university and other partners develop and conduct professional support programs for the candidates.
- School districts like **Los Angeles**, where teachers will get a raise of 15%, are providing significant salary increases to reward National Board Certified Master Teachers.
- **Peer review and assistance programs help beginning teachers learn to teach and help veterans who are having difficulty improve their teaching or leave the classroom without union grievances or delays. In New York City, for example, low-performing teachers can be assigned to an intervention program where they gain assistance from colleagues and administrators, and if unable to improve, are counseled out of the profession or removed. In Cincinnati and Toledo, which also have such programs, while most teachers improve their performance, roughly one-third of the teachers referred to intervention have left teaching by the end of the year, through resignation, retirement or dismissal. Columbus and Seattle also have aggressive peer review programs.**
- **In Rochester, expert, experienced teachers can be selected through a rigorous evaluation process as "lead teachers" and given significant salary stipends to become involved with peer counseling, or to take on other reform-related priorities such as consulting with new teachers, accepting positions in "intervention" schools, and developing curricula.**
- **New York City's Community District 2 places an unusually strong emphasis on providing ongoing opportunities for teachers to build skills and learn from one another. For example, the district enables visiting teachers to observe and practice**

with a highly accomplished teacher for three weeks while their classrooms are taught by another experienced teacher. District 2 registered the second highest standardized test scores in math and reading in the city.

- Students in the **Penasco** Independent Schools in New Mexico benefit from a districtwide plan for student success that sets standards for all district staff. The plan specifies what administrators, teachers, and support staff must do to reach the district's targeted goals in a number of areas, including academic performance, attendance, and parent involvement. The plan also includes benchmarks to help staff assess their progress toward the goals. Student performance on the New Mexico High School Competency Exam and on the portfolio writing assessment have increased over the last three years.

School Improvement and Accountability:

- In 1994, the *San Francisco* Unified School District reconstituted Visitacion Valley Middle School because of its low performance on a number of measures. The school district hired a new principal, who then hand-picked a new staff that redesigned the school's structure and program, including a new commitment to a safe atmosphere and to fostering children's educational development. The school is now a "graduate" of the reconstitution process, having shown gains in student achievement since reconstitution.
- **The Charlotte-Mecklenburg school system distributes to parents easy-to-read student learning goals at the beginning of the school year. The district then follows up with school report cards on student attendance and performance that are distributed to parents and every household in the district, and are published in the newspaper, in part to help inform parents' decisions about the district's magnet schools.**
- **In Chicago, schools are placed on probation due to continuously low student achievement. These schools will be targeted for aggressive intervention strategies by the district, such as providing intensive help and training from expert teams of educators, or, where necessary, replacing ineffective principals and teachers. In the event of persistent failure, the district may shut down and reorganize the schools. Seven high schools were reconstituted between the 1996-97 and 1997-98 school years.**

Chicago also recognizes a number of exemplary schools, providing financial rewards of \$5,000 and \$10,000 to the winners to become professional development centers for other schools. Seventeen schools were awarded exemplary status in the first year.

- **New York City also has a union-district negotiated process for "redesigning" schools identified by the state as failing. Such schools can replace approximately half the incumbent teaching faculty. For example, at PS 154 in Harlem, test scores**

have gone up significantly since the school was reopened in the fall of 1996.

- **McCreary County**, Kentucky has taken advantage of the fact that one of its schools was designated as in need of assistance from one of Kentucky's Distinguished Educators. The Distinguished Educator introduced the school to a variety of effective instructional strategies, which the county then disseminated to other schools in the district. Teachers have been working to align the county's curriculum with the state's standards. Schools develop their own improvement plans based on student achievement data, and use the plans to determine teachers' professional development needs. McCreary County has met its 1998 state accountability target a year early.
- **The Los Fresnos Independent School District** in Texas supplements the state assessment with local assessments -- administered three times each year -- to provide teachers with data for monitoring students' progress, and to modify timelines and instructional practices. Students who consistently perform below expectations are tutored after school by certified teachers, who receive Title I-funded stipends. In 1997, 84 percent of students tested passed all portions of the state assessment -- up from 77 percent in 1996.

Public School Choice:

- In **Boston**, all parents choose their child's public school, and have a wide array of options ranging from neighborhood schools, magnet schools, and pilot and public charter schools which operate under performance contracts that provide them with greater autonomy and accountability for results.
- **The Houston Independent School District recently instituted an open choice program. Parents may send their children to any of the district's 258 schools provided the school is enrolled at 95 percent of capacity or below. The district is currently analyzing available space and plans to publish the information in the near future; parents will apply to the district transfer office to change schools.** In addition to this choice program, the district has launched an aggressive effort to support in-district charter schools.
- **Cambridge**, Massachusetts allows every family to choose a public school for their child. The school district provides information on every school and has created parent centers to help parents learn about and choose a public school for their child. More than 90% of parents get their first choice of kindergarten for their child, and most get one of their top picks at all grade levels.
- The **San Diego** school district has helped parents, teachers, and principals create more than a dozen public charter schools that stay open only as long as they do a good job. These are all schools of choice, publicly accountable and open to students from around the school district.

- The **Zuni Pueblo** Public School District in New Mexico has public school choice, enabling families to choose among local schools, BIA and BIA-supported boarding schools. Families are well connected with the schools, for example, school conferences draw 100 percent participation from parents.

**EDUCATION OPPORTUNITY ZONES:
STRENGTHENING URBAN AND RURAL SCHOOLS**
REVISED DRAFT -- January 25, 1998

I challenge every school district to adopt high standards, to abolish social promotion, to move aggressively to help all students make the grade through tutoring, and summer schools, and to hold schools accountable for results, giving them the tools and the leadership and the parental involvement to do the job.

-- President Bill Clinton, October 28, 1997

HELPING RAISE ACHIEVEMENT FOR STUDENTS IN HIGH POVERTY COMMUNITIES. President Clinton's Education Opportunity Zones initiative will strengthen public schools and help students master the basic and advanced academic skills where the need is the greatest: in high poverty urban and rural communities where concentrated poverty, low expectations, too many poorly prepared teachers, and overwhelmed school systems create significant barriers to high achievement. The Education Department will select approximately fifty high poverty urban and rural school districts with: (1) a demonstrated commitment to use high standards and tests of student achievement as tools to identify and provide help to students, teachers and schools who need it; (2) a strategy to prevent students from falling behind by ensuring quality teaching, challenging curricula, and extended learning time; (3) programs to end social promotion and turn around failing schools; and (4) evidence of improved student achievement. Added investments in these communities will accelerate their progress and provide successful models of system-wide, standards-based reform for the nation. The President's initiative will invest \$200 million in FY99, and \$1.5 billion over 5 years, to raise achievement and share lessons learned with school districts around the country.

A CLEAR FOCUS ON HIGH STANDARDS AND ACCOUNTABILITY FOR RESULTS. To be selected as Education Opportunity Zones, school districts will have to demonstrate that they are using their existing funds effectively to raise student achievement and show how they will address some key aspects of strong local reform efforts: ■ holding schools accountable for helping students reach high academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress; ■ holding teachers and principals accountable for quality, including rewarding outstanding teachers, providing help to teachers who need it, and fairly and quickly removing ineffective teachers; ■ ensuring students don't fall behind, by providing a rich curriculum, good teaching and extended learning opportunities; ■ ending social promotions and requiring students to meet academic standards at key transition points in their academic careers; and ■ providing students and parents with school report cards and expanded choice within public education.

EXTRA RESOURCES TO IMPROVE TEACHING, LEARNING, AND LEADERSHIP. School districts will use Education Opportunity Zone funds for key activities to support standards-based, district-wide reforms such as: ■ providing rewards to schools that make significant gains in student achievement; ■ turning around failing schools by implementing proven reform models, or closing them down and reconstituting them; ■ providing extra help to

students who need it to meet challenging standards, through after-school, Saturday, and/or summer school programs; ■ building stronger partnerships between schools and parents, businesses, and communities; ■ implementing sound management practices and accountability systems; ■ providing intensive professional development to teachers and principals; ■ helping outstanding teachers earn master teacher certification from the National Board for Professional Teacher Standards and giving them bonuses when they do; and ■ implementing programs to identify low performing teachers, assist them to improve, and remove them if they fail to do so.

COMPETITIVE GRANTS TO SUPPORT PROMISING MODELS. Districts will be selected as Education Opportunity Zones under a competitive, peer-review process. A mix of large and smaller urban areas will be selected to participate, as well as rural school districts and consortia. Each urban Education Opportunity Zone will receive a 3-year grant of \$10-25 million per year (depending upon size and proposed activities), and each rural Zone will receive from \$250,000 to \$3 million (for consortia). Zones will be selected in two rounds, the first in FY 1999, and the second in FY 2001. Successful applicants will have broad-based partnerships to support their reforms -- including parents, teachers, local government, business and civic groups, institutions of higher education and other key stakeholders. Successful applications will show how the district will use all available resources -- federal, state, and local, as well as any business or foundation funds -- to carry out its reform strategy and maintain it once these federal funds are no longer available. Eligible districts often have substantial numbers of disabled and limited English proficient children, and successful applications will address how these children will be assisted to meet high standards.

REWARDS FOR DEMONSTRATED STUDENT ACHIEVEMENT GAINS. Each Education Opportunity Zone, together with the Secretary of Education, will agree to specific, ambitious, benchmarks for improved student achievement, lower dropout rates and other indicators of success, for districtwide performance and specific student subgroups. Districts may receive further support in years 4 and 5 only if they have demonstrated success in reaching the agreed-upon benchmarks.

GREATER FLEXIBILITY IN USING OTHER FEDERAL RESOURCES. All schools in an Education Opportunity Zone school district -- regardless of poverty level -- will become eligible for schoolwide flexibility in the use of federal education funds. Requirements pertaining to school accountability, as well as special education, health, safety, and civil rights, will continue to be met.

ASSISTANCE TO HELP DISTRICTS FIND AND SHARE WHAT WORKS. The Department of Education will offer technical assistance, use technology to help districts consult with each other, and disseminate lessons learned to communities nationwide. Special attention will be given to helping school districts design and implement strategies for providing students who need it with early intervention and extra help to enable them to meet promotion standards. In addition, a national evaluation of the Education Opportunity Zones will be conducted, with the results helping to inform the next reauthorization of the Elementary and Secondary Education Act.

BOLD ACTION TO HELP CHILDREN IN OUR CITIES AND RURAL AREAS.

Education Opportunity Zones are part of a broader set of initiatives to help strengthen high-poverty urban and rural schools. President Clinton has also proposed new initiatives to reduce class size in the primary grades, modernize school buildings, recruit and prepare teachers for underserved urban and rural areas, and dramatically expand the availability and quality of child care and after-school learning opportunities. These and other proposals still to be announced will have a powerful impact on improving the prospects of children in some of our poorest communities.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-JAN-1998 16:40:16.00

SUBJECT: FMLA

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

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

TO: Nicole R. Rabner (CN=Nicole R. Rabner/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

TEXT:

The President said Sunday he wants to stick with doctor's appts and parent-teacher conferences, nothing else. Melanne agreed.

**PRESIDENT CLINTON'S PROPOSALS:
HEALTH CARE THAT STRENGTHENS AMERICA'S FAMILIES**

Passing Comprehensive Bipartisan Tobacco Legislation That Reduces Teen Smoking and Changes the Way Tobacco Companies Do Business. Every day 3,000 young people start smoking and 1,000 of them will die prematurely from a tobacco-related disease. Moreover, 90 percent of adults who smoke began before the age of 18. The President called on Congress to pass comprehensive national bipartisan legislation that includes five key principles: (1) it must mandate the development of a comprehensive plan to reduce teen smoking, including raising the cost of cigarettes by \$1.50 per pack if that is what it takes to stop children from smoking; (2) it must affirm the FDA's full authority to regulate tobacco products; (3) it must include measures to hold tobacco companies accountable, especially for marketing products to children; (4) it must include concrete measures to improve public health, from investing in research to reducing second hand smoke to expanding smoking cessation; and (5) it must protect the financial well-being of tobacco farmers and their communities from the loss of income caused by our efforts to reduce smoking.

Protecting Patients Through a Consumer Bill of Rights and Genetic Screening Protections.

The President called on Congress to pass Federally enforceable consumer health care protections before it adjourns this fall. This health care bill of rights should contain a range of protections, including guaranteed access to needed health care specialists **to ensure that patients are provided appropriate high quality care**, access to emergency room services when and where the need arises, an assurance that medical records are confidential, and access to a meaningful **internal and external appeals process for consumers to resolve their differences with their health plans and health care providers. The nation's health care system has changed dramatically, as more than 100 million Americans are now in managed care plans. This legislation will ensure that whether Americans have traditional health insurance or managed care, that they are assured quality care. Moreover, to ensure that new advances in genetics are used to improve health rather than to discriminate, the President has called for legislation that ensures that genetic screening is not used to discriminate in health insurance and employment.**

Creating a Historic "21st Century Research Fund" With an Unprecedented 50 Percent Increase in Biomedical Research at the National Institutes of Health (NIH) over five years, including an unprecedented \$1.15 billion increase in FY1999. Scientists are on the cusp of important new breakthroughs in biomedical research which could revolutionize the way medical experts understand, treat, and prevent some of our most devastating diseases. New imaging technologies are giving new insights into the structure of disease and revolutionary progress in genetics are charting new ways to conquer diseases, such as cancer, Alzheimer's, AIDS, and brain tumors. The President's budget contains a historic upfront investment in biomedical research and, for the first time, proposes a sustained investment in NIH over five years which results in a 50 percent increase. Under the President's proposal, over \$20 billion would be dedicated to biomedical research the NIH in 2003.

Providing New Options for Americans Ages 55 to 65 to Access Health Insurance, Including Buying Into Medicare. Americans ages 55 to 65 are one of the most difficult-to-insure populations: they have less access to and a greater risk of losing employer-based health insurance; and they are twice as likely to have health problems. The President's proposal gives this vulnerable population three new options to access health insurance by: (1) allowing Americans ages 62 to 65 to buy into Medicare, through a premium that ensures that this policy is self-financed; (2) providing vulnerable displaced workers 55 and over access to Medicare by offering those who have involuntarily lost their jobs and their health care coverage a similar Medicare buy-in option; and (3) giving Americans 55 and over who have lost their retiree benefits after they retire access to their former employers' health insurance.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Steven M. Mertens (CN=Steven M. Mertens/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:26-JAN-1998 17:23:20.00

SUBJECT: INS Restructuring Follow-up

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

TO: Kenneth L. Schwartz (CN=Kenneth L. Schwartz/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

TEXT:

I talked with Bob Deigleman (Justice/JMD) this afternoon concerning the INS Booze-Allen study -- he was very upbeat. He reported good news. Booze-Allen, through their review effort to date, has come to the same conclusion as the OMB passback -- enforcement and benefits should be totally separated both in the field and headquarters. Booze also agreed to continue their contract and will focus on the implementation of this concept through the March 1 contract due date. Booze will have a draft report completed by 2/16, as we suggested, and both Michael and Elena will be invited to Senior Policy Board Meeting -- the first will be scheduled next week (I told Bob that Julie and I would likely be the attendees -- but that Michael and Elana should be formally invited).

Bob said that the meetings held last week turned this process around. He also reported that the AG told the Commissioner that she wanted INS to ensure that DPC/OMB were fully involved in the restructuring process and that the final outcome reflected what we wanted. Bob also said that prior to the Friday meeting, the Commissioner said that there shouldn't be any disagreement with DPC/OMB because INS essentially got what it wanted -- keeping the agency intact. Hopefully, this effort can now continue in a more positive/constructive vein.

JMD/Booze will contact me and Julie tomorrow to further discuss the OMB passback approach. I will keep you posted.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-JAN-1998 18:39:13.00

SUBJECT: EEOC federal sector rule

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Elena,

At the meeting today, not all issues were resolved, but some amount of consensus was reached. It is Sally's inclination to keep trying to reach consensus, rather than ask OLC to resolve the legal question. An informal opinion will likely not get us very far (in terms of resolution) and a formal opinion will take a long time and is uncontrollable. This does not, of course, prevent one of the agencies from going to OLC if they are unhappy with the resolution.

This is where we are now:

(1) the AJs decision will be final. However, the standard of review of the AJ's decision by the OFO (EEOC appellate) will be less deferential than the "clearly erroneous" standard now advocated by the EEOC. How this standard will be articulated has yet to be determined;

(2) a standard for reconsideration by the Commission will be developed (under the current system, there is a right to de novo reconsideration; the proposed reg allows the Commission to reconsider if they believe there has been a miscarriage of justice). One idea was to allow reconsideration, upon motion, only if the Commission concludes that the decision below was clearly erroneous or if the case is one that has a systemic effect throughout the agency (broader implications);

(3) the question of attorneys' fees is still unsettled. The EEOC had proposed the availability pre-complaint attorneys' fees, with guidance to the AJs about how to calculate it. The agencies still seem opposed to this. They are also resistant to the proposed change to eliminate the "offer of full relief" and create an "offer of resolution." The significant difference between the two appears to be when the offer can be made by the agency (an offer of resolution can only be made after the complaint has been filed). In either case, if the complainant turns down the offer, but doesn't, in the end, recover more than the offer, they are barred from recovering post-offer attorneys' fees. The EEOC has agreed to consider the question of allowing pre-complaint offers of resolution.

Sally is hoping that all of this can be resolved without another meeting. We'll keep you posted.

Julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 26-JAN-1998 09:54:47.00

SUBJECT: International Tobacco Updates

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: Sherman G. Boone (CN=Sherman G. Boone/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:

Results from our meeting:

1. State/Commerce/USTR have agreed on draft language to send to US embassies to implement the Doggett Amendment: formalizing our "no promotion of tobacco" policy. It might make a decent leak. On the plus side it makes explicit our current rule (for instance an Ambassador could not go to a tobacco event in a foreign country under the new policy) on the other hand: (1) embassies have generally understood they shouldn't be promoting under our old policy; (2) some might say we were prompted by Doggett to do this; (3) tobacco companies can still get "routine facilitation services" such as "publicly available information." USTR is nervous about press as they say it will only raise the bar for what we should do. I still think its worth giving out, we say it formalizes our current policy, Doggett provides for continued giving out of services, and we are looking for a more comprehensive strategy to come out of the comprehensive legislation. I'd go ahead and check with groups to make sure we get validated if we were thinking of doing this.

I've dropped a copy of the document off for you.

2. The Hill (a group including Lautenberg, Durbin, Doggett, Waxman, Lugar, Harkin) have a variety of draft bills in the works:

* An expanded Doggett that makes Doggett, which was attached to an Appropriations bill, permanent and includes all U.S. government agencies not just State/Commerce/USTR.

* Smuggling labeling and tracking to ensure custody chain. (I've sent over a copy of their memo).

* Fund creating \$150 million a year endowment to do media/education against smoking efforts internationally.

* International labeling and advertising bill to make companies comply with federal domestic requirements.

These Hill groups are looking to move this stuff in the next two weeks with a media event on Feb. 11.

3. Framework Convention idea. HHS still wants to move the idea of a convention along. State is hesitant but not negative. State argues we don't have a policy yet to codify in a treaty.

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|--------------------------|--|------------|-------------|
| 002. email | Christa Robinson to Donna Geisbert, et al; RE: Box (5 pages) | 01/26/1998 | P6/b(6) |

COLLECTION:

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OPD [Kagan]
OA/Box Number: 250000

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RESTRICTION CODES

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

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

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

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RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-JAN-1998 18:29:59.00

SUBJECT: Tobacco and possible to do items

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

TEXT:

1. SOTU. Blilely's folks say they have had trouble keeping the R caucus from thinking the President will exploit tobacco as a political issue. Tomorrow might be a good day to put in a courtesy call to him to explain the President's bipartisan message in the SOTU. I know you are talking to some members in our caucus, are you planning to talk tobacco in addition to other topics?

2. Internal meetings to do soon
Farmers-- scheduling for this week
International-- sent you e-mail of results
Smuggling/blackmarket-- waiting for Gruber to get back from vacation

The others on our list are: state penalties, legal fees, documents, Medicare/VA/DOD, drugs/alcohol, asbestos, state spending, Liggett, excess profits tax, antitrust, class action, minorities/cessation, FDA bill. Any you want us to start this week?

3. Other

Tarplin says he's getting a budget roll-out plan together
You have a draft response to McCain I sent over
Meetings with Conrad, Harkin group for this week
We're looking for a second hand smoke position that might make an exec. order, otherwise consider the international order State/Commerce want to send out formally ending Administration support for tobacco promotion overseas.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-JAN-1998 20:03:40.00

SUBJECT: Momentum events on Tobacco

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

I'm sure there will be a movement (external and internal) for the President to do some event (anything) to show he is leading on tobacco. I think we should brainstorm a bit on what we might propose to get ahead of this, maybe these are starters. I'll call around...

1. Invite Congressional leadership up here again to discuss next steps.
2. Hold a town hall meeting on smoking in tobacco country.
3. Announce support for the new indoor air pollution bill (primarily smoking related causes) which has a chance to reduce some the major causes of workplace illness effecting millions .

Regards, Tom

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 26-JAN-1998 17:06:45.00

SUBJECT: Friday's Event w/Mayors

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

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

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

CC: Christa Robinson (CN=Christa Robinson/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:
BR/EK/Rahm:

While Lynn Cutler in IGA is pushing for us to announce our "education summit" at the Friday Mayors meeting (I've asked Mike whether this was actively being considered or not), I'm assuming this is still a crime event. As such, my recommendation is that instead of just talking about community prosecutors, we should talk about the next steps in our fight against crime and drugs. A potential speech outline could go something like this.

1. Unprecedented success in the war on crime. Several weeks ago I was in New York City, where only a few short years ago crime was at intolerable levels, and hope was at an all-time low. It seemed as if the fight against crime was over, and we had lost. Nothing could be further from the truth today (murders down 62%, 1,600 more cops for NYC, the fight against crime is as spirited as ever).

2. No time to let up. We must redouble our efforts and drive down the crime rates to their lowest points ever. Falling crime rates are no accident. In 1994, we took a stand for tough punishment, more police and better prevention. We fought for the tools we needed to begin to tip the scales of justice in favor of those who work hard and play by the rules. We need to build on this success.

3. Next steps. To keep cutting crime, here are the 3 things we need to do this year:

Finish the job of putting 100,000 more police on the street -- and bring prosecutors directly into the fight;
Pass a tough, smart juvenile crime bill that let's every city crackdown on gangs, guns and drugs the way Boston has; and
Attack the drug problem that fuels the majority of crime in our cities.

4. Actions we're taking today. Today, I'm pleased to announce that our FY 99 budget keeps up our unprecedented fight against crime -- and takes these crucial next steps. Specifically, our budget calls for:

-- Community prosecutors. A new \$50 million per year program to hire more prosecutors and have them join the 70,000 community police officers we've funded.

-- Youth Crime Gun Interdiction Initiative. \$28 million to help key cities trace the source of illegal guns, and to hire more than 150 new ATF agents to crackdown on the traffickers that are supply gangs with guns. This is a key piece of Boston's successful youth violence strategy.

-- The toughest, largest drug budget ever. In response to many of the issues raised at your Drug Summit last year, our budget will fund the most ambitious drug strategy ever -- nearly \$17 billion.

Also, I think we should think about leaking the ATF budget piece to one of the major papers -- or to one of the major cities that would be most impacted (Chicago, NYC, Philadelphia, etc.) In fact, Philly and Chicago recently ran a series of stories on guns and federal gun policy, and they may be particularly receptive.

Just some pre-event thoughts....

Jose'

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-JAN-1998 12:19:00.00

SUBJECT: H1B visas

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:

Elena,

H1B visas are temporary work visas for specialty workers. They allow generally highly skilled immigrants to work in this country for up to six years. Under current law, the annual number of H1B visas that can be issued by the INS is capped at 65,000.

Historically, we have not used the full complement of H1B visas. However, the cap was reached last August for the first time. Thus, the issue has been presented whether the Administration would support raising the cap to accomodate more temporary foreign high-skilled workers. The Administration has never taken a position on raising the cap, though we have often spoken of the need to place a strong emphasis on training American workers to meet the demands of the high tech industry.

Though the question of the H1B cap has not been squarely addressed, there have been some recent discussions of reforms to the temporary visa program. A couple of years ago, there was language in legislation that would consolidate the H1B and H2B programs (the H2B visas program is for temporary non-agricultural workers and are generally underutilized; approximately 30,000 of the 66,000 allotted are used every year). Such a consolidation would effect an increase in the number of available visas for H1B uses. According to the INS, at the time that this language was put forth, the Administration indicated that it was something that we could go along with. Also, the INS has given guidance to its adjudicators about how to best count the usage of H1B visas for purposes of determining whether the cap has been reached. Under this newer guidance, renewals of H1B visas are not counted as "new" visas for cap-counting purposes. Finally, the Department of Labor has advocated for a reduction in the length of stay for H1B visa-holders from an maximum of 6 years to a maximum of 3 years.

On January 12th of this year, Secretary Daley -- at a conference on the information-technology workforce shortage in the Silicon Valley -- stated in his remarks that the Administration was opposed to raising the cap on temporary visas for high-skilled workers. In an interview with the San Jose paper following his speech, he characterized the raising of the cap as "politically not feasible" and stressed that industry should concentrate on developing human capital within the U.S. According to the article, Silicon Valley business leaders have said that increasing the cap on visas for skilled high-tech immigrants has become one of their top legislative priorities this year.

The problem with over-use of H1B visas is related to a larger issue related to employment-based legal immigration programs. According to many

sources, it takes the Department of Labor much too long (approximately two years in many cases) to do a labor certification, which is a prerequisite for an employment-based non-temporary visa. Thus, employers use the H1B as a way around that process. If Labor's certification process were more efficient, there would likely be less of a demand for these temporary visas. To that end, the CIR recommended that Labor no longer be charged with the responsibility to do labor certifications and some (including Carnegie Foundation) have recommended that the task be contracted out. This position, however, is very controversial and strongly opposed by folks at the Department of Labor.

Leg. Affairs has been unable to locate Abraham's draft legislation on raising the cap. I am trying to track it down.

Julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-JAN-1998 10:41:52.00

SUBJECT: OMB mtg. this afternoon re: EEOC reg

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:

Elena,

As you know, this afternoon at 2pm Sally Katzen is having a meeting (that will include Gen Counsel or Dpty Secy from various agencies) re: proposed EEOC federal sector complaint rule. Sally wants you to know that this will be a decision meeting.

There are several outstanding issues that Sally wants to resolve this afternoon. Her strategy is to try to reach middle-ground compromises on each. The following outlines the current rule, the proposed rule and where Sally wants to try to end up.

1. What happens after an AJ decision?

a. Current

Agency can adopt, modify or reject AJ decision. Either the agency or the complainant can then appeal within the EEOC (OFO).

b. Proposed

AJ decision is final. Agency or complainant can appeal within the EEOC (OFO).

c. Middle ground?

Sally will likely advocate for a change in the standard of review for EEOC appeals. Currently, there is de novo for facts and law. The EEOC wants to change it to clearly erroneous on the facts. Sally will likely propose substantial evidence for the facts.

2. Reconsideration

a. Current

Agencies can file a formal motion for reconsideration after an adverse decision by the EEOC appellate group.

b. Proposed

No formal process. Commission can reconsider when it believes there is a miscarriage of justice.

c. Middle ground?

Maintain the formal motion for reconsideration, but place a high standard on accepting. Commission will reconsider if they find the prior decision to have been arbitrary or capricious?

3. Pre-complaint attorneys' fees

a. Current

Attorneys fees cannot be awarded for pre-complaint work

b. Proposed

Fees would be permitted for pre-complaint work. EEOC would issue guidance to the AJs about what is reasonable and how to calculate.

c. Middle ground?

Not a lot. Push hard for agency involvement in developing guidance?

According to OMB, both OPM and Treasury have indicated that they intend to seek an OLC opinion on whether EEOC has the authority to take the agency out of the process of reviewing AJ decisions. According to Ellen Vargyas (EEOC Gen Counsel), the EEOC does not think that OLC has the authority to pass on regulations that EEOC promulgates. She has asked us (the WH) to try to intervene to stop the agencies from going to OLC.

The OMB General Counsel takes the position that since OMB has the authority to review the regs promulgated by the EEOC, these rules should not be considered exempt from OLC legal review. Under the OMB Executive Order, one of the parameters for their review is whether the rule is consistent with the applicable statute or law. Thus, the OMB GC is in favor of the OLC review (if the agencies want it) prior to OMB signing off. According to Ellen, the Commissioners may not want to press for this rule if doing so might open up the question of OLC review of their rules generally. Also, Ellen has stated that she is concerned that referral to OLC will delay the promulgation of the rule.

I would not recommend that we intervene to stop the agencies from going to OLC. Ellen's strongest argument for not doing so is rooted in her assertion that an OLC opinion is irrelevant to their authority. However, OMB seems clear on their authority (or that of the agencies) to seek OLC advise on the legality of the rule. Also, if Ellen is right on the substance (that EEOC has the authority to issue this rule) an opinion from OLC confirming that would be helpful (considering the agency opposition). However, if EEOC is without the legal authority, it would not be good for us to go forward.

If we intend on backing the EEOC on their desire to avoid an OLC referral, OMB would like to know before the 2pm meeting. Thanks.

Julie

Passing Comprehensive Bipartisan Tobacco Legislation That Reduces Teen Smoking and Changes the Way Tobacco Companies Do Business.

Every day 3,000 young people start smoking and 1,000 of them will die prematurely from a tobacco-related disease. Moreover, 90 percent of adults who smoke began before the age of 18. The President called on Congress to pass comprehensive national bipartisan legislation that includes five key principles: (1) it must mandate the development of a comprehensive plan to reduce teen smoking, including raising the cost of cigarettes by \$1.50 per pack if that is what it takes to stop children from smoking; (2) it must affirm the FDA's full authority to regulate tobacco products; (3) it must include measures to hold tobacco companies accountable, especially for marketing products to children; (4) it must include concrete measures to improve public health, from investing in research to reducing second hand smoke to expanding smoking cessation; and (5) it must protect the financial well-being of tobacco farmers and their communities from the loss of income caused by our efforts to reduce smoking.

Protecting Patients Through a Consumer Bill of Rights.

A recent Kaiser report studying rapid changes in health care system found that 60 percent of Americans believe that managed care plans have made it harder for the sick to see specialists. It also reported that over three-fifths say they are very or somewhat worried that their health plan would be more concerned about saving money than about the best treatment for them if they were sick. The President called on Congress to pass Federally enforceable consumer health care protections before it adjourns this fall. This health care bill of rights should contain a range of protections, including guaranteed access to needed health care specialists **to ensure that patients are provided appropriate high quality care**, access to emergency room services when and where the need arises, an assurance that medical records are confidential, and access to a meaningful **internal and external appeals process for consumers to resolve their differences with their health plans and health care providers. The nation's health care system has changed dramatically, as more than 100 million Americans are now in managed care plans. This legislation will ensure that whether Americans have traditional health insurance or managed care, that they are assured quality care.**

Providing New Options for Americans Ages 55 to 65 to Access Health Insurance, Including Buying Into Medicare.

There are currently three million Americans ages 55 to 65 that are uninsured. This number will likely increase as the number of Americans in this age groups is expected to rise by more than 50 percent [from the current 21 million to 35 million by 2010]. Americans ages 55 to 65 are one of the most difficult-to-insure populations: they have less access to and a greater risk of losing employer-based health insurance; and they are twice as likely to have health problems. Some lose their employer-based health insurance when their spouse (frequently the husband) becomes eligible for Medicare. Many lose their coverage because they lose their jobs due to company downsizing or plant closings. Still others lose insurance when their retiree health coverage is dropped unexpectedly. The President's proposal gives this vulnerable population three new options to access health insurance by: (1) allowing Americans ages 62 to 65 to buy into

Medicare, through a premium that ensures that this policy is self-financed; (2) providing vulnerable displaced workers 55 and over access to Medicare by offering those who have involuntarily lost their jobs and their health care coverage a similar Medicare buy-in option; and (3) giving Americans 55 and over who have lost their retiree benefits after they retire access to their former employers' health insurance.

Creating a Historic "21st Century Research Fund" With an Unprecedented 50 Percent Increase in Biomedical and Scientific Research.

Scientists are on the cusp of important new breakthroughs in biomedical research which could revolutionize the way medical experts understand, treat, and prevent some of our most devastating diseases. New imaging technologies are giving new insights into the structure of disease and revolutionary progress in genetics are charting new ways to conquer diseases, such as cancer, Alzheimer's, AIDS, and brain tumors. **In addition, this fund could lead to new missions to explore the solar system, cleaner sources of energy, and the Next Generation Internet. New investments also strengthen America's scientific and technological leadership, boost productivity, and create high-wage jobs. The President proposed a historic initiative that contains unprecedented investments in biomedical and scientific research. In FY 1999 alone, the "21st Century Research Fund" would provide the largest increases in history for the National Institutes of Health (\$1.15 billion) and the National Science Foundation (\$344 million).** In addition to a historic up-front investment, for the first time, the President is proposing a sustained investment in biomedical and scientific research with a **32 percent increase by 2003.** This includes a 50 percent increase in the NIH in the next five years, with over \$20 billion dedicated to biomedical research the NIH in 2003.

Eliminating Discrimination in Genetic Information in Health Insurance and Employment.

While advances in genetic research hold much promise for disease prevention and treatment, genetic information can also be used to discriminate against or stigmatize individuals. Nearly one-fifth of the individuals who have a family member with a genetic disorder reported they had been discriminated against, including discrimination by employers and insurers. To ensure that new advances in genetics are used to improve health rather than to discriminate, the President has called for legislation that ensures that genetic screening is not used by health insurers and employers to discriminate against Americans.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-JAN-1998 08:55:44.00

SUBJECT: Class size 2-pager

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:

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

TEXT:

WPC

2

BPZ

Courier 10cpi#|xx6X@8;X@HP LaserJet Series IHPLEASEII.PRSx
@ 0X@2!<X]F`Courier 10cpiCourier 10cpi Boldd?xxx,x6X@8;X@?xxx,x `w;X

CLASS SIZE REDUCTION INITIATIVE:
SMALL CLASSES WITH QUALIFIED TEACHERS

To have the best schools, we must have the best teachers...we
must do more to help all our children read.
XX` XXXhh#X(President Clinton, 1997 State of
the Union Address#

Small Classes with Qualified Teachers to Improve Reading in the
Early Grades. Today President Clinton proposed a \$12.4 billion
initiative over 7 years (\$7.3 billion over 5 years) to help local
schools provide small classes with qualified teachers in the
early grades. This will help make sure that every child receives
personal attention, gets a solid foundation for further learning,
and learns to read independently. The new initiative will reduce
class size in grades 13 to a nationwide average of 18, by
providing funds to help local school districts hire and pay the
salaries of an additional 100,000 teachers.

To ensure that students have well prepared teachers in these
smaller classes, the President's initiative will provide funds to
states and school districts to train teachers in effective
reading instruction practices, and in ways to teach most
effectively in small classes. To further ensure that teachers
are qualified

ied, funds are also provided to test new teachers and to develop more rigorous teacher testing and certification requirements. School districts will be accountable for demonstrating gains in reading achievement. Together, these steps will help ensure that first through third grade students are receiving high quality reading instruction in smaller classes from competent teachers.

Small Classes Make a Difference. Well designed studies confirm what parents and teachers know from experience: small classes promote effective teaching and student learning. In a landmark four year experimental study of class size reduction in grades kindergarten through 3 funded by the Tennessee legislature, researchers found that students in smaller classes (1517 students) made significantly higher scores on basic skills tests in all four years and in all types of schools. The effects of smaller classes were largest for students in inner city schools. Followup studies have shown that these achievement gains continued after the students returned to regular size classes after third grade.

Teachers in the study reported that they preferred small classes in order to be better able to identify student needs, provide more individual attention, and cover more material effectively. Teachers also reported that smaller classes enabled them to teach basic content in greater depth and more quickly, and make more use of enrichment activities and effective instructional practices, and more frequently monitor student behavior and learning.

A Competent Teacher in Every Classroom. Smaller classes make the most difference when they are staffed with competent, well prepared teachers. In order to master the basics and learn to read well, students need teachers who are qualified to teach, trained in the use of effective instructional practices in reading, and able to individualize instruction, use effective teaching practices, and communicate effectively with parents as a result of small classes.

President Clinton's class size reduction initiative will help provide qualified

teachers in grades 13 by:

?

Providing Funds for Teacher Training and Testing: 10% of the funds in this

initiative can be used to promote high quality teaching by (1) training teachers in proven practices for teaching reading and in effective practices in small

classes; (2) providing mentors or other support for newly hired teachers; (3) providing incentives to recruit qualified teachers to high poverty schools; and (4) testing new teachers before they are hired and developing more rigorous tests for beginning teachers. (#

? Requiring Teachers to Meet State Certification Standards:

? States and school districts would be required to ensure that individuals hired to fill these new positions be either fully certified, or making satisfactory progress toward full certification and able to meet certification requirements within one year.

School districts could use the funds described above to provide teachers with the additional training needed to meet certification requirements. (#

? Requiring State Basic Skills Testing for New Teachers:

? States would be required to implement basic skills testing for new teachers, to ensure parents that new teachers have basic reading and math skills. Each state would select the tests it determines is most appropriate for this purpose. Nearly forty states already require testing of new teachers in the basic skills. (#

? Encouraging States to Adopt Rigorous Professional Tests and

? Upgrade Teacher Certification Requirements. Teachers should be able to demonstrate that they know the subject to be taught and have the necessary knowledge and skills to help their students reach challenging state academic standards. States would

be encouraged to use a portion of their funds to toughen teacher certification requirements and to require new teachers to demonstrate competence. For example, states could use these funds to develop rigorous tests of subject

matter

expertise and professional knowledge that prospective teachers would be required to pass before they start teaching. States could develop methods of assessing whether beginning teachers, in the first several years in the classroom, can demonstrate that they have met rigorous standards of classroom teaching before achieving full certification. (#

Holding Schools Accountable for Results. School districts receiving these funds would be required to show that each school is making measurable progress in improving reading achievement within 3 years, or take necessary corrective actions such as providing additional teacher training, revising the curriculum or implementing proven practices for teaching reading. School districts could lose funding if there is no subsequent improvement in reading achievement in those schools. School districts would also be required to publish an annual school report card, providing parents and taxpayers with clear information on student achievement, class size, and teacher qualifications.

Targeting Funding. Funds for the President's class size reduction initiative will be distributed to states on the basis of the Title 1 formula. Within state, each high-poverty school district would receive the same share of these funds as it received under Title 1, and the remaining funds would be distributed within the state based on class size. Matching funds would be required from participating school districts, on a sliding scale ranging from 10% to 50%, with high-poverty districts contributing the least. Once a state has reached an average class size of 18 in grades K-3, it could use these funds to further reduce class size in the early grades, or it could extend its efforts to other grades.

Providing Facilities for Additional Classrooms. In order to help schools meet the need for additional classroom space, the President has proposed a \$10 billion school modernization

bond initiative to provide incentives for communities to invest in local school facilities; (2) made facilities changes to accommodate class size reduction and allowable use of modernization bonds; and (3) allowed for phased implementation of the class size initiative to enhance state/local facilities planning.

□? □□Building on Successful Reforms in Arkansas. □As part of his comprehensive education reforms while Governor of Arkansas, Bill Clinton reduced class size in Arkansas to 20 in kindergarten and 23 in grades 1 through 3. His 1983 education reform plan also included a statewide intensive training program for elementary teachers and principals to improve teaching of reading, as well as basic skills testing for new teachers and basic skills and subject matter testing for experienced teachers.

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-JAN-1998 12:48:03.00

SUBJECT: Child Nuitrition in SOTU

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

READ:UNKNOWN

TEXT:

FYI-- Shirley Watkins at USDA called to urge that the President mention reauthorization of the child nuitrition programs in the SOTU. OMB has been opposing their lobbying. I think that USDA would be satisfied if the President at least mentioned child nuitrition generally. Just thought you would want to know

Tom and I are going to sit down with OMB later this week to go over USDA's revised proposal. In addition, we are trying to get some proposals that would target those child who are hungry or at-risk for hunger. Mary

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:27-JAN-1998 15:25:52.00

SUBJECT: Sorry to bother you -- but pls look re: child support

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:

Shaw is holding his child support computer systems subcommittee hearing on Thursday.

If there's a quorum, they may mark up the Shaw-Levin bill.

Shaw and Levin have made every effort to be cooperative, and have incorporated every change we've asked for -- except one. The bill imposes the new penalties starting in June 1, 1998 -- that is, any state which completes its system between October and June will not be penalized. Haskins says he needs that to get the support of states that are almost certified and that imposing new penalties retroactively is legally problematic. We told him that we've taken the strong position that we will not extend the deadline beyond October 1st.

The current plan is for HHS' testimony to be silent on this issue but Monahan, if asked, will say we oppose changing the date. Is this an acceptable solution to you?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:27-JAN-1998 19:31:34.00

SUBJECT: Shalala memo to the President on Welfare Reform

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

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

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

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

TEXT:

Secretary Shalala has just sent the President a seven page memo on welfare reform, outlining what states are doing under TANF, what is known about the impacts on recipients, and what next steps could be taken to support low income workers. It is a surprisingly factual and nonbiased account. What's annoying, of course, is that they although they told us they were working on it, they refused to share anything until the memo magically popped out of the Secretary's office this afternoon.

Some of the information -- about publicly available studies and caseload trends -- we have already provided to the President. The memo does contain an analysis of the new quarterly data from the states, which HHS had only partially shared with us.

All and all, the memo shows how much Shalala has gotten on the bandwagon -- saying there's been "no race to the bottom" and there's "little evidence of extreme hardship." If this memo is the basis of the Secretary's February 6th speech to the American Enterprise Institute -- I will check -- it should be fine. (I say this with the caveat that we need to review this -- and the attachments, which were missing in our copy -- in more detail.) We will make sure you have a complete copy, if you do not already, as soon as we do.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 27-JAN-1998 19:42:44.00

SUBJECT: tobacco memo

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

READ: UNKNOWN

TEXT:

Can you take a shot at a short options memo for the tobacco mtg.? I'll be with the Blue Dogs till 10, so if you could get close to a draft, we could show it to Larry Stein and still get it to EB before noon.

I was thinking of something like:

A group has been meeting in recent weeks to develop consensus options on tobacco strategy (say who's in the group). We're also running an interagency process to develop administration positions and negotiating options on the key unresolved issues (esp. civil liability and farmers, but also a few others). You might say a few sentences on what's going on in Congress -- hearings, etc.

Process options:

1. Committee-Driven: Waxman-Bliley, bipartisan comm-by-comm in Senate (maybe Durbin-McCain)

Pros: 1. House 1st

2. If they reach a deal, it sails (Waxman trusted by public health)

3. Good substance

Cons: 1. Vast diff to bridge, esp on liability

2. Waxman/public health are moving target, don't want this as much as we do

3. More bad news keeps us off track

2. Leadership Driven

Pros: 1 May be only way to overcome multiple juris, have to do it in the end anyway

2. Both sides need cover

3. Bravado

Cons: Dems may call backroom deal

House R's may be too divided to go along

2. Leader

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:27-JAN-1998 18:02:58.00

SUBJECT: Food Safety Budget Release

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:

Cabinet Affairs called asking if it is okay for Glickman to release the specific numbers on our food safety budget tomorrow in Seattle. I said I'd ask you. They were also going to call Rahm.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:27-JAN-1998 14:14:36.00

SUBJECT: SOTU Background Packet on Initiatives

TO: Daniel.israel (Daniel.israel @ treasury.com.sprint @ inet [UNKNOWN])
READ:UNKNOWN

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

TO: William A. Halter (CN=William A. Halter/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

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

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

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

TO: Michael V. Terrell (CN=Michael V. Terrell/OU=CEQ/O=EOP @ EOP [CEQ])
READ:UNKNOWN

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

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

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

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

TO: Elizabeth R. Newman (CN=Elizabeth R. Newman/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

TO: Roger V. Salazar (CN=Roger V. Salazar/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Jeffrey A. Forbes (CN=Jeffrey A. Forbes/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: Christopher J. Lavery (CN=Christopher J. Lavery/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

TO: William H. White Jr. (CN=William H. White Jr./OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

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

TO: Lisa M. Kountoupes (CN=Lisa M. Kountoupes/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

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

TO: Daniel K. Tarullo (CN=Daniel K. Tarullo/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

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

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

TO: Alice E. Shuffield (CN=Alice E. Shuffield/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Stacey L. Rubin (CN=Stacey L. Rubin/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Dorothy Robyn (CN=Dorothy Robyn/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: Victoria Radd (CN=Victoria Radd/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

TO: Alison Muscatine (CN=Alison Muscatine/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: Joseph J. Minarik (CN=Joseph J. Minarik/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

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

TO: Doris O. Matsui (CN=Doris O. Matsui/OU=WHO/O=EOP @ EOP [WHO])
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TO: Steven A. Cohen (CN=Steven A. Cohen/OU=WHO/O=EOP [WHO])
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PREPARING AMERICA FOR THE 21st CENTURY

*Background on President Clinton's
Agenda for the Nation*

State of the Union Address

January 27, 1998

PREPARING AMERICA FOR THE 21st CENTURY

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ECONOMY THAT OFFERS OPPORTUNITY

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- Modern School Buildings to Improve Student Learning
- Education Opportunity Zones: Helping Students in Poor Communities Reach High Standards
- Expanding Access to Safe After-School Care
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- Increase Tax Credits for 3 Million Families
- Provide New Business Tax Credits
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- Provide After-School Care for up to Half a Million Children
- Step Up Enforcement of State Health and Safety Standards
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- Invest in Research
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- Making the Internet a Global Free-Trade Zone
- Cloning

Culture

- Save America's Cultural and Historical Treasures

AN ECONOMY THAT OFFERS OPPORTUNITY

ENTITLEMENT REFORM

Reserve Surplus until Social Security is Reformed

Over the next two years, President Clinton is firmly committed to strengthening Social Security for the 21st century. He therefore proposes that we should not spend any of the projected budget surpluses on anything else until we have reformed Social Security. This proposal, which continues the fiscally responsible policies that have been the hallmark of this Administration, is intended to reserve the surpluses in case they are needed for Social Security reform.

EDUCATION

Small Classes with Qualified Teachers to Improve Reading in Grades 1-3

President Clinton is proposing a \$12.4 billion initiative over 7 years (\$7.3 billion over 5 years) to help local schools provide small classes with qualified teachers in the early grades. This initiative will help ensure that every child receives personal attention, learns to read independently, and gets a solid foundation for further learning. The new initiative will reduce class size from a nationwide average of 22 in grades 1-3 to an average of 18, providing funds to help local school districts hire an additional 100,000 well-prepared teachers. The initiative will also provide funds to states and local school districts to test new teachers, develop more rigorous teacher testing and certification requirements, and train teachers in effective reading instruction practices. School districts will be accountable for demonstrating gains in reading achievement. These steps will help ensure that first through third grade students are receiving high-quality reading instruction in smaller classes from competent teachers.

Modern School Buildings to Improve Student Learning

For students to learn, schools must be well-equipped and be able to accommodate smaller class sizes. To address these and other critical needs, President Clinton is proposing federal tax credits to pay interest on nearly \$22 billion in bonds to build and renovate public schools. This initiative provides more than double the assistance of the Administration's earlier school construction proposal, which covered half the interest on an estimated \$20 billion in bonds. The tax credits will cost the Treasury \$5 billion over 5 years, and more than \$10 billion over ten years. Of the \$22 billion in bond authority, nearly \$20 billion for a new School Modernization Bonds. Half of this bond authority will be allocated to the 100 school districts with the largest number of low-income children, and the other half will be allocated to the states.

Education Opportunity Zones: Helping Students in Poor Communities Reach High Standards

This initiative will strengthen public schools and help students master the basic and advanced skills where the need is greatest: in high-poverty urban and rural communities where low expectations, too many poorly prepared teachers, and overwhelmed school systems create significant barriers to high achievement. The Education Department will select approximately fifty high-poverty urban and rural school districts with: (1) a demonstrated commitment to use high standards and tests as tools to identify and provide help to students, teachers and schools who need it; (2) a strategy to prevent students from falling behind by ensuring quality teaching, challenging curricula, and extended learning time; (3) programs to end social promotion and turn around failing schools; and (4) evidence of improved student achievement. Added investments in these communities will accelerate their progress and provide models of successful, standards-based reform for the nation. The President's initiative will invest \$200 million in FY99, and \$1.5 billion over 5 years, in raising achievement and sharing lessons learned with school districts around the country.

Early Intervention to Promote College Attendance

President Clinton will soon announce a long-term effort to bring college opportunity to children in high-poverty areas by providing their families with early information about financial aid and appropriate academic preparation, as well as mentoring and other support services to help the children stay on track through high school graduation and into college.

LEADING THE GLOBAL ECONOMY

Fast Track

America needs fast track to continue to create higher-paying jobs for more Americans. Without it, America's role as the largest exporter in the world will be put in jeopardy. And with new markets opening around the world, it is more important than ever to give the President traditional trade authority to break down trade barriers that put American products made by American workers at a disadvantage. Fast track legislation is essentially an agreement between Congress and the president on how Congress will consider United States trade agreements negotiated by the President. As part of that deal, the President agrees to extensively consult and coordinate with Congress throughout trade negotiations. In return, Congress votes on legislation implementing trade deals within a fixed period of time, on a up or down basis, and with no amendments. Every president since 1974 has enjoyed fast track authority.

Africa Trade Initiative

We are working with members from both parties to secure swift passage of legislation that will bring the promise of 21st century prosperity to African nations that are prepared to undertake the hard work of reform. This legislation will introduce a new era of prosperity and partnership between African reformers and the United States, expanding trade opportunities for African and American workers, farmers and companies, and hope and opportunity for our children. This legislation will encourage African nations to undertake sound growth policies by expanding trade and encouraging investment.

Child Labor

This initiative will make the U.S. a world leader in the fight to reduce child labor. The initiative focuses on reducing the most intolerable forms on child labor -- "slavery" through forced or indentured labor, work by very young children, and work in dangerous conditions -- by increasing the nation's contribution to the International Program for the Elimination of Child Labor (IPEC) from \$3 million to \$30 million. The proposal also calls for additional agents for the U.S. Customs Service to enforce the ban on the importation of goods made with forced or indentured child labor, with a particular focus on rugs from South Asia. On the domestic front, the proposal includes a \$50 million increase in migrant education to serve 100,000 more children of migrant farm workers and a \$9 million increase in the Department of Labor budget to enforce U.S. child labor laws -- especially in the agricultural sector.

Community and Economic Adjustment Initiative

To help communities compete in a global economy, the Community and Economic Adjustment Initiative will borrow a page from the Administration's successful adjustment effort for base closure communities. Modeled after the Defense Department's highly respected Office of Economic Adjustment, the Office of Community and Economic Adjustment (OCEA) will provide grants and other assistance to communities to develop an economic adjustment strategy. The President will propose \$50 million in additional community adjustment assistance as part of the Commerce Department's Economic Development Administration's (EDA) budget. This will allow us to do more for communities that have suffered through sudden and severe economic dislocation, such as plant closings. As OEA has done for base closure communities, OCEA will closely work with the Departments of Labor, Housing and Urban Development, Transportation, and other federal agencies to make communities aware of all available federal resources and to provide a coordinated Administration response.

TRAINING

Reform of the Federal Job Training System

The President renewed his call for Congressional action to reform the job training system. In his 1995 G.I. Bill for America's Workers, he called for individual empowerment through skills grants,

streamlining through One Stop Career Centers, and better results through tough performance standards. The House has passed legislation based on his vision. The Workforce Investment Partnership Act has bipartisan support and is under consideration in the Senate.

A SOCIETY ROOTED IN RESPONSIBILITY

MOVING PEOPLE FROM WELFARE TO WORK

Welfare to Work Housing Vouchers

The President's budget will provide \$283 million in FY99 for 50,000 new housing vouchers for welfare recipients who need housing assistance to get or keep a job. Families could use these housing vouchers to move closer to a new job, to reduce a long commute, or to secure more stable housing to eliminate emergencies that keep them from getting to work every day on time. These vouchers, awarded to communities on a competitive basis, will give people on welfare a new tool to make the transition to a job and succeed in the work place. The proposal will complement the President's \$100 million a year welfare to work transportation plan, part of his NEXTEA bill, which will help welfare recipients make their daily commutes.

Increasing Child Support Collections

President Clinton's crackdown on deadbeat parents is paying off: child support collections rose to a record \$13 billion in 1997, an increase of 63 percent since 1992. In the State of the Union, the President set a goal of increasing collections to \$20 billion by the year 2000.

Falling Welfare Caseloads

The President announced that we have met -- two years ahead of schedule -- the challenge he made in last year's State of the Union to move two million more Americans off of welfare by the year 2000. New caseload numbers show that welfare caseloads fell by 4.3 million since President Clinton took office, two million more than the 2.25 million decline he announced last year. The new figures, from September 1997, show 9.8 million Americans on welfare, down from 14.1 million in January 1993 -- a drop of 30 percent.

Business Welfare to Work Commitments

In his State of the Union address last year, the President challenged the business community to create jobs so that people can move from welfare to work. Today, nearly 3,000 companies have accepted the President's challenge and joined a new national effort, called the Welfare to Work Partnership, which was launched at the White House in May. Now, the President has challenged thousands more companies to join the Partnership to give even more people a chance to work their way off welfare.

HEALTH CARE

Protecting Patients Through a Consumer Bill of Rights and Genetic Screening Protections

The President called on Congress to pass federally enforceable consumer health care protections before it adjourns this fall. This Health Care Bill of Rights should contain a range of protections, including guaranteed access to needed health care specialists **to ensure that patients are provided appropriate high quality care**, access to emergency room services when and where the need arises, an assurance that medical records are confidential, and access to a meaningful **internal and external appeals process for consumers to resolve their differences with their health plans and health care providers**. The nation's health care system has changed dramatically, with more than 100 million Americans now in managed care plans. This legislation will ensure that whether Americans have traditional health insurance or managed care, they are assured quality care. And to ensure that new advances in genetics are used to improve health rather than to discriminate, the President has called for legislation prohibiting the use of genetic screening to discriminate in health insurance and employment.

Creating a Historic "21st Century Research Fund"

With Unprecedented Increases in Biomedical Research at the National Institutes of Health (NIH). Scientists are on the cusp of important new breakthroughs in biomedical research, which could revolutionize the way medical experts understand, treat, and prevent some of our most devastating diseases. To promote this progress, the President's budget contains a historic upfront investment in biomedical research -- a 1.15 billion increase in FY 1999 -- and proposes an increase in NIH funding of more than 50 percent over the next five years. Under the President's proposal, the NIH will devote over \$20 billion to biomedical research in 2003.

Providing New Options for Americans Ages 55 to 65 to Obtain Health Insurance, Including Buying Into Medicare

Americans ages 55 to 65 are one of the most difficult-to-insure populations: they have less access to and a greater risk of losing employer-based health insurance; and they are twice as likely to have health problems as the population generally. The President's proposal gives this vulnerable population three new ways to gain access to health insurance by: (1) allowing Americans ages 62 to 65 to buy into Medicare, through a premium that ensures that this policy is self-financed; (2) assisting vulnerable displaced workers 55 and over by offering those who have involuntarily lost their jobs and health care coverage a similar Medicare buy-in option; and (3) giving Americans 55 and over who have lost their retiree benefits access to their former employers' health insurance.

TOBACCO

Passing Comprehensive Bipartisan Tobacco Legislation That Reduces Teen Smoking and Changes the Way Tobacco Companies Do Business

Every day 3,000 young people start smoking and 1,000 of them will die prematurely from a tobacco-related disease. The President called on Congress to pass comprehensive national bipartisan legislation that includes five key principles: (1) it must mandate the development of a comprehensive plan to reduce teen smoking, including raising the cost of cigarettes by \$1.50 per pack over the next 10 years as necessary to meet youth smoking targets; (2) it must affirm the FDA's full authority to regulate tobacco products; (3) it must include measures to hold tobacco companies accountable, especially for marketing products to children; (4) it must include concrete measures to improve public health, from investing in research to reducing second-hand smoke to expanding smoking cessation; and (5) it must protect the financial well-being of tobacco farmers and their communities from the loss of income caused by our efforts to reduce smoking.

CHILD CARE INITIATIVE

Double the Number of Children Receiving Child Care Subsidies to More than Two Million

The President proposed to expand the Child Care and Development Block Grant to help working families struggling to meet the costs of child care. This block grant is the primary federal subsidy program to pay for child care, enabling low-income parents to work. Funds are distributed by formula to the states to operate direct child care subsidy programs, as well as to improve the quality and availability of care. The President's initiative will more than double the number of children served from the one million served in FY 95 (the latest year for which data are available). The President's budget will increase funding for the block grant by \$7.5 billion (plus a state match) over five years, which will enable states to provide subsidies for more than two million children by 2003.

Increase Tax Credits for Child Care for Three Million Working Families

The Child and Dependent Care Tax Credit provides tax relief to taxpayers who pay for the care of a child under 13 or a disabled dependent or spouse in order to work. The credit is equal to a percentage of the taxpayer's employment-related expenditures for child or dependent care, with the amount of the credit depending on the taxpayer's income. The President's proposal increases the credit for families earning under \$60,000, providing an additional average tax cut of \$358 for these families and eliminating income tax liability for almost all families with incomes below 200% of poverty (\$35,000 for a family of four) that claim the maximum allowable child care expenses. The President's budget will include \$5.2 billion over five years to expand the Child and Dependent Care Tax Credit for three million working families.

Provide New Business Tax Credits

The child care initiative includes a tax credit to businesses that provide child care services for their employees, by building or expanding child care facilities, operating existing facilities, training child care workers, or providing child care resources and referral services. The credit covers 25% of qualified costs, but may not exceed \$150,000 per year. The President's budget will include approximately \$500 million over five years for these tax credits.

Promote Early Learning

Research shows that children's experiences in the earliest years are critical to their development and future success. The President's proposed Early Learning Fund provides challenge grants to communities (distributed by states) to improve early learning and the quality and safety of child care for children ages zero to five. Funds may be used for the following activities: providing basic training to child care providers (including first aid and CPR); connecting individual child care providers to centers for education and support; assisting child care providers to meet accreditation and licensing requirements; linking child care providers with health professionals, and supporting the inclusion of young children with special needs in quality child care settings; reducing group sizes and child-to-staff ratios; and providing home visits, parent education, and consumer education about child care. The President's Early Learning Fund builds on state initiatives such as North Carolina's Smart Start, which helps North Carolina's children enter school healthy and ready to succeed. The President's budget will include \$3 billion over five years for this fund.

Increase Head Start and Double the Number of Children Served by Early Head Start

Head Start provides early, continuous and comprehensive child development and family support services, preparing children for a lifetime of learning and development. The President's budget will invest an additional \$3.8 billion over five years to reach his goal of serving one million children by 2002, and doubling the number of infants and toddlers in Early Head Start to 80,000.

Step Up Enforcement of State Health and Safety Standards

Building on the military's model child care program, this proposed initiative will fund state efforts to improve licensing systems and enforce child care health and safety standards, including by increasing unannounced inspections of child care settings. The President's budget will include \$500 million over five years for this program.

Facilitate Background Checks on Child Care Providers

On the day of the White House Conference on Child Care, the President transmitted to

Congress the National Crime Prevention and Privacy Compact, which will facilitate effective background checks on child care providers by eliminating state law barriers to sharing criminal history information for non-criminal purposes. Although the vast majority of child care providers are dedicated to the teaching and nurturing of children, one tragedy in child care is too many. Background checks are an important way to ensure that the people watching our children are fit for this responsibility.

Increase Scholarships and Training for Child Care Providers

At the White House Conference on Child Care, the President proposed establishing a Child Care Provider Scholarship Fund to enable states to provide scholarship funds to students working toward a child care credential. Eligible child care workers must commit to remaining in the field for at least one year for each year of assistance received and will earn increased compensation or bonuses when they complete their course work. The President proposed a federal investment of \$250 million over five years, which will support 50,000 scholarships per year. The President is also proposing to expand the Department of Labor's Child Care Apprenticeship Program to fund the training of child care providers.

Invest in Research

Because too little is known about our child care system, the President's budget will increase support for data, research, and evaluation. This research fund will also support a National Center on Child Care Statistics and a child care hotline that parents can call to get information about how to find child care in their communities and how to identify appropriate, quality care for their children. In addition, the research fund will support demonstration projects to test approaches to help new parents who choose to stay home to care for their newborns or newly adopted children. The President's budget will include \$150 million over five years for this fund.

Provides After-School Care for up to Half a Million Children a Year

The President proposes a dramatic expansion of the 21st Century Community Learning Center Program to provide start-up funds (with a local match) to school-community partnerships to establish or expand before- and after-school programs for school-age children. The program increases the supply of after-school care in a cost-effective manner by directing most funds to programs that use public schools and their existing resources, such as computers, gymnasiums, and sports equipment. The program also includes a set-aside to fund programs run by community organizations. The President's budget will request \$800 million of new money for this program, for a total of \$1 billion over five years.

CRIME

Juvenile Crime Strategy

This initiative recognizes the threat juvenile crime poses to our communities and calls on Congress to

pass a comprehensive anti-gang and youth violence strategy. The President's proposed legislation targets gangs and violent juveniles by (1) funding for new prosecutors (\$100 million) and probation officers (\$60 million); (2) helping our kids to stay gun- and drug-free by preventing violent juveniles from buying guns when they turn 21; (3) enacting tough new sentences to punish adults who sell drugs to kids and use kids to sell drugs; (4) helping kids to stay in school, off drugs, and out of trouble with new funding to keep schools open later and to promote anti-truancy initiatives and curfews (\$95 million). In addition, the President's Child Care Initiative increases five-fold current funding for Department of Education-sponsored after school programs.

AMERICAN LEADERSHIP IN THE WORLD

NATO Enlargement

Europe's stability and America's security are closely linked. The President's call for enlarging the NATO alliance strengthens the alliance's core mission of collective defense and helps meet new threats such as regional instability. Enlargement furthers other US objectives including: Encouraging states in the region to settle border and ethnic disputes with neighbors; strengthen civilian control of their militaries; and increase tolerance for ethnic and religious minorities. NATO's enlargement, combined with the Partnership for Peace program, the NATO-Russia Founding Act and the NATO-Ukraine partnership will help erase the outdated Cold War divisions and build, for the first time, an undivided, democratic, and peaceful Europe.

Securing the Peace in Bosnia

The United States has an abiding interest in peace and stability in Bosnia and a compelling interest in the implementation of the Dayton peace accords. After 46 months of the worst war in Europe since WWII, 24 months of implementing peace have helped put Bosnia on the path to lasting peace and stability. Progress on implementation was made possible because of prudent military support. We can now see the point where civil implementation and peace can be self-sustaining -- but Bosnia's fragile peace still needs the support of American and allied troops when the current NATO mission ends in June. The President still must approve a detailed action plan being prepared by NATO military authorities after a full review of all options. The President will insist that this action plan have the following elements: an achievable mission tied to clear benchmarks, not a deadline; force must be able to protect itself; the U.S. must retain command; European allies must shoulder their full share of responsibility; costs must be manageable; and the plan must have substantial support of the Congress and the American people.

Iraq Weapons of Mass Destruction Program (WMD)

President Clinton made clear that Iraq's efforts to develop nuclear, chemical and biological weapons are unacceptable. U.N. inspectors have done a remarkable job -- destroying more of Iraq's WMD potential than was destroyed during the Gulf War itself. But Saddam is now refusing to allow inspectors to complete their mission. All options are on the table to make sure Iraq does not pursue their WMD program with impunity and threaten the international community.

Biological Weapons

President Clinton announced tonight that the United States would lead the effort to erect stronger international barriers against the proliferation and use of biological weapons. Under this new initiative, the United States will seek to strengthen the Biological Weapons Convention (BWC) by requiring nations that have joined the BWC to submit annual declarations about facilities and activities that could be used for Biological weapon purposes and agree to a tough international inspection system including both voluntary and mandatory inspections.

Comprehensive Test Ban Treaty (CTBT)

The President's call for Senate ratification of the CTBT will allow America to maintain a safe and reliable nuclear deterrent while constraining the proliferation of nuclear material and technology to rogue states' weapons programs. CTBT will improve America's ability to detect and deter nuclear explosive testing. CTBT's global network of sensors will strengthen America's ability to monitor nuclear explosive testing across the globe, as well as deter any nation from believing it can conduct a nuclear explosive test undetected by the international community.

U.S. Arrears to the United Nations

The President also highlighted the need for prompt action on the payment of U.S. arrears to the United Nations. The failure to pay undermines our ability to reform the U.N. and hinders our leadership of that organization at very time the U.N. is working to prevent Iraq from threatening neighbors and the world with weapons of mass destruction. We also need to give the International Monetary Fund the capacity to help prevent global financial crises. Now, more than ever, our security at home and our interests abroad demand that America meet our international obligations, sharpen the tools to improve the stability of the world economy, and increase our leverage in international organizations.

A NATION THAT LIVES BY COMMUNITY

POLITICAL REFORM/REINVENTING GOVERNMENT

Free Television Time

Spending on congressional campaigns has increased more than three times the rate of inflation in the last decades and spending on television is the primary reason. In 1972, candidates spent \$25 million for political ads; in 1996, they spent \$400 million. In his State of the Union, President Clinton announced that will request that the Federal Communications Commission (FCC) require broadcasters to give candidates for Federal office free time as a condition of receiving a new, lucrative license for digital television. It is time to update broadcasters' public interest obligations to meet new political and technological realities.

Enact Bipartisan Campaign Finance Reform

The President remains committed to the enactment of bipartisan campaign finance reform. He is pleased that the leadership in Congress has agreed to schedule a vote this Spring on the McCain-Feingold and Shays-Meehan reform bills. But a vote on these bills is not enough. In his State of the Union the President challenged Congress to enact real reform this year. Acceptable campaign finance reform legislation must meet five criteria: 1) it must be bipartisan; 2) it must be comprehensive; 3) it must reduce the amount of money that is raised and spent on federal elections; 4) it must help level the playing field between challengers and incumbents; and 5) it cannot favor one party over the other.

IRS Reform

President Clinton is strongly committed to reforming the IRS. This spring the Administration will launch the first of 33 Citizen Advocacy Panels. These new panels will be locally-based, independent boards of citizens established to monitor how local IRS offices treat taxpayers and help taxpayers get their problems solved. These new panels are part of the new era of customer service underway at the IRS. The successful new IRS problem solving days, which have helped thousands of taxpayers get relief, will continue around the country on a monthly basis. Additionally, as of the first of the year, IRS phones are now operating 16 hours a day, six days a week. For the first time, IRS offices will be open Saturday mornings during the tax filing season -- March through mid-April -- to provide taxpayers a convenient opportunity to walk-in and get any questions answered. Also, the IRS expects this year to expand its award-winning Telefile program. This innovative program allowed 4.7 million taxpayers to file their returns with a quick average 10 minute phone call last year.

COMMUNITY EMPOWERMENT

Low-Income Housing Tax Credit

Since its creation in 1986, the Low-Income Housing Tax Credit (LIHTC) has given states tax credits of \$1.25 per capita to allocate to developers of affordable housing. Even though building costs have increased 40 percent in the last decade, the amount of the credit has not been adjusted for inflation. Therefore, President Clinton and Vice-President Gore propose to increase the cap on the LIHTC from \$1.25 per capita to \$1.75 per capita — restoring the value of the credit to its 1986 level. Estimates suggest that the LIHTC currently helps build 80,000-90,000 affordable housing units each year. The President and Vice President's proposal to increase the cap by 40 percent will create an additional 160,000-180,000 new rental housing units for low-income American families over the next five years. This proposal will cost \$1.6 billion over five years.

Empowerment Zones

Building on the Administration's successful first round of Empowerment Zones which has helped spur the creation of jobs and private investment in America's distressed communities, the President's budget includes a request for \$1.7 billion to support flexible grants to 20 new

Empowerment Zone designations. The funding will be made available to the designated communities over a 10 year period. The 15 urban designations will be funded at \$100 million each; and the five rural designations will be funded at \$40 million each. The Departments of Housing and Urban Development and Agriculture will announce a competition this Spring that will lead to the designation of the 20 new Empowerment Zones by December 1998.

“Play-by-the-Rules” Homeownership Proposal

The President's FY99 budget provides funds for the Neighborhood Reinvestment Corporation to start a new initiative to help provide the opportunity of homeownership to responsible families with a perfect rental history. Under this initiative, we will help 10,000 lower-income -- and often minority -- families become homeowners. While the method of helping each family buy their own home will differ, responsible families we will be provided homeownership counseling, flexible assistance for downpayment or closing costs, second mortgage loans for debt reduction, or rehabilitation loans.

Homeownership Zones

The FY99 budget includes funds for Homeownership Zones to be used by communities to reclaim abandoned and distressed neighborhoods through the creation of large-scale developments of owner-occupied single-family homes. Funds could be used for property acquisition, housing construction, housing rehabilitation, demolition, site preparation, homeownership counseling, relocation, housing marketing, activities to ensure fair housing, and other activities essential to homeownership.

ENVIRONMENT

Climate Change Initiative

Following the historic agreement reached in Kyoto in December 1997, and as part of the President's and Vice President's ongoing efforts to address climate change, the President is proposing a dramatic new program of tax cuts and R&D aimed at cutting greenhouse gas emissions. The proposed package contains tax cuts to promote energy efficiency and additional research and development spending covering the four major carbon-emitting sectors of the economy (buildings, industry, transportation, and electricity), plus carbon removal and sequestration, Federal facilities, and cross-cutting analyses and research. This package complements the other elements of the Administration's climate change plan, which include working with industry to develop sector-by-sector initiatives to cut emissions, incorporating energy efficiency goals into Federal procurement and energy use, and restructuring the

electricity industry. These efforts strive to reduce greenhouse gas emissions by improving efficiency and reducing costs to the consumer. They provide a solid step on the way to meeting the goals of the Kyoto Agreement.

Clean Water Initiative

This initiative will ease threats to the environment and public health by helping states and communities curb polluted runoff from farms and city streets, reducing exposure to harmful organisms and toxic contaminants in drinking water and fish, and promoting community-based watershed management in partnership with landowners and affected industries. The initiative targets the 40 percent of the nation's waterways still unsafe for fishing and swimming. It provides substantial new resources to assist states in implementing these programs and to create incentives for farmers to adopt practices that protect water quality.

Food Safety Initiative

The Clinton Administration launched a new food safety initiative last year to put in place new science-based preventive systems to improve the safety of seafood, meat, and poultry and begin work on a new early warning system to help detect and respond to outbreaks of food borne illness. Our budget will seek an even more substantial increase in funding to further enhance food safety. The resources will go to a variety of initiatives, including: giving FDA authority to prevent the importation of produce from countries without safety precautions equivalent to our own; hiring FDA inspectors to improve the safety of fruits and vegetables, both domestic and imported; developing new ways for federal inspectors to detect foodborne illnesses in meat and poultry and determine the source of contamination; improving educational outreach on proper food handling; and further expanding our early warning system and strengthening state surveillance activities for foodborne illnesses.

CIVIL RIGHTS

Reforming and Strengthening the Equal Employment Opportunity Commission (EEOC)

This initiative expands the EEOC's ADR program over three years to allow as many as 70 percent of all complainants to choose mediation, rather than the lengthy process of investigation and litigation. In the first year, the EEOC will provide ADR in a projected 16,000 cases -- 20 percent of all incoming cases and double the number currently sent to mediation. In addition, through a combination of increased use of mediation, improved information technology, and an expanded investigative staff, the EEOC will reduce the average time it takes to resolve a private sector complaint from over 9 months to 6 months, and reduce the backlog of cases from 64,000 to 28,000 by the year 2000. The proposal provides \$279 million for the EEOC for FY99 -- \$37 million or 15 percent more than the enacted 1998 budget.

THE MILLENIUM PROJECT

TECHNOLOGY

A Family-Friendly Internet

President Clinton and Vice President Gore support a strategy to protect children and create a safe, educational environment on the Internet that is consistent with our First Amendment values. This strategy includes cracking down on obscenity, child pornography, and online stalking, and encouraging the private sector to develop filtering and blocking technology for parents and teachers that is widely available and effective. This fall, the Administration will join the private sector and non-profit groups to support "Internet Teach-Ins" at schools and libraries, which are designed to increase awareness of safe on-line behavior for children and access to good content.

Making the Internet a Global Free-Trade Zone

The Administration is committed to creating an environment in which global electronic commerce can flourish, so that every computer will be a window open to every business, large and small. Over the next several years, Internet commerce could increase to hundreds of billions of dollars per year, boosting U.S. exports and creating new opportunities for small start-up companies. President Clinton has directed the U.S. Trade Representative to work with foreign governments to secure agreement that all products and services delivered across the Internet and all equipment from which the Internet is built -- be free from tariffs.

Cloning

President Clinton has proposed legislation banning the cloning of human beings. The President's legislative proposal prohibits for five years the use of somatic cell nuclear technology to create a human being. The legislation directs the National Bioethics Advisory Commission to report to the President in four and half years on whether to continue the ban. The proposal is carefully worded to ensure that it will not interfere with beneficial biomedical and agricultural activities. In March 1997, the President imposed a ban on the use of federal money for cloning human beings.

Save America's Treasures

Many of our most important cultural treasures -- such as the Star Spangled Banner, the Declaration of Independence, and the Bill of Rights -- are seriously at risk. "Save America's Treasures" is a three year, \$150 million initiative that will help stimulate support for the Nation's most important preservation priorities. The funds will be administered by the Department of Interior under the authority of the National Historic Preservation Act. Half of the money will support preservation projects identified at the national level -- the other half will go to support state and local priorities.

January 28, 1998

Chairman William E. Kennard
Commissioner Susan Ness
Commissioner Harold Furchtgott-Roth
Commissioner Gloria Tristani
Commissioner Michael Powell
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Dear Chairman Kennard and Commissioners:

Last night in the State of the Union Address I called upon the Federal Communications Commission (FCC) to act to require media outlets to provide candidates with free and discounted airtime for campaign advertising. Free and discounted time will reduce the need for more campaign money, and will allow candidates to spend less time fundraising and more time addressing the concerns of our country.

Spending in congressional campaigns has risen sixfold in the last two decades, more than three times the rate of inflation, and spending on television is the primary reason. In 1972, candidates spent \$25 million for political ads; in 1996, they spent \$400 million. The evidence at the beginning of this election year is that the cost of media spending by candidates for public office will continue to spiral upwards. The time has come to free our democracy from the grip of big money.

The dawning of the digital age of broadcasting makes now the right time to update broadcasters' public interest obligation. Broadcasters have been loaned an additional channel worth tens of billions of dollars for free. The FCC must ensure that broadcasters, given the opportunity to benefit from their use of a valuable public resource, use this public resource to strengthen our democracy.

Free and discounted television time can make our most powerfully effective medium a powerful force for expanding democracy in the information age. I call upon the Commission to develop policies, as soon as possible, which ensure that broadcasters provide free and discounted airtime for candidates to educate voters.

Sincerely,

William Jefferson Clinton

*Automated Records Management System
Hex-Dump Conversion*

CLONING

1/27/98

New technology raises the potential of enormous scientific breakthroughs, but the new technology also raises profound ethical issues, particularly with respect to its possible use to clone humans. President Clinton has proposed legislation banning the use of new technology to clone human beings. The President's legislative proposal prohibits for five years the use of somatic cell nuclear technology to create a human being. The legislation directs the National Bioethics Advisory Commission to report to the President in four and half years on whether to continue the ban. The proposal is carefully worded to ensure that it will not interfere with beneficial biomedical and agricultural activities. In March 1997, the President imposed a ban on the use of federal money for cloning human beings.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:27-JAN-1998 14:08:36.00

SUBJECT: CDF Meeting

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

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

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

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

TEXT:
BR/EK:

Per Elena's suggestion I checked w/Jen Klein on the "sensitivity" of not doing the CDF meeting tomorrow morning. Jen wasn't concerned and didn't think it was a big deal not to do it. But as I was going to call CDF and regret, I heard from Michelle Crisci that Marian had continued to call EB's office and complained, and, thus, Michelle was going to set-up a meeting for tomorrow at about 11am. The meeting would be w/CDF, some 40-50 local civil rights and religious leaders, Rahm and Bruce, and EB making a stop-by.

Bruce, Cathy said you probably won't go, so I'll assume I should be there to help out Rahm on any matters of substance. EK, would you like to attend? I'll send you both the final time and place of the meeting as soon as I get confirmation from Michelle.

Jose'

January 28, 1998

Chairman William E. Kennard
Commissioner Susan Ness
Commissioner Harold Furchtgott-Roth
Commissioner Gloria Tristani
Commissioner Michael Powell
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

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The dawning of the digital age of broadcasting makes now the right time to update broadcasters' public interest obligation. Broadcasters have been loaned an additional channel worth tens of billions of dollars for free. The FCC must ensure that broadcasters, given the opportunity to benefit from their use of a valuable public resource, use this public resource to strengthen our democracy.

The Advisory Committee on the Public Interest Responsibilities of Digital Broadcasters has already begun to examine how broadcasters' public interest obligations can be revitalized in the digital age. I hope that the Advisory Committee's findings will help the FCC decide how broadcasters can use the public's airways to improve our democracy.

Free and discounted television time can make our most powerfully effective medium a powerful force for expanding democracy in the information age. I call upon the Commission to develop policies which ensure that broadcasters provide free and discounted airtime for candidates to educate voters.

Sincerely,

**Automated Records Management System
Hex-Dump Conversion**

William Jefferson Clinton

January 28, 1998 (Draft)

MEMORANDUM FOR THE CHIEF OF STAFF

**FROM: BRUCE REED
 ELENA KAGAN
 TOM FREEDMAN**

RE: Tobacco Strategy Update

This memo updates the status of our strategy for the enactment of comprehensive tobacco legislation as called for by the President on September 17th and reaffirmed in his 1998 State of the Union address.

I. BACKGROUND

The Administration is in a good position, despite some obstacles, to push tobacco legislation through Congress over the next year. When the President announced the five key elements in his plan for comprehensive tobacco legislation on September 17, 1997, he brought together support from the public health community, attorneys general, and many members of Congress. The President placed himself in a solid strategic position to aid Congress without having a specific Administration legislative product that would be a target for diversionary tactics by opponents.

For a number of reasons, the Administration continues to have strong leverage in shaping and enacting tobacco legislation. First, there continues to be bipartisan political recognition that the American public wants tough action to limit smoking. Second, the President continues to be the most powerful and popular voice against the tobacco industry and in support of the public health community. Finally, a number of legislative proposals and players are competing with each other in Congress, suggesting that the Administration has the ability to negotiate among the proposals to create a compromise we support. The legislation currently underway includes a Democratic leadership bill being formulated by Senator Conrad, a Republican leadership process under the direction of Senator Nickles, specific tobacco bills already introduced by Senators Kennedy, Ford, and Hatch among others, and hearings set by many committee chairs.

Since September, we have maintained contact with parties on all sides of the issue, including members of Congress, industry representatives, and representatives of the health community, assuring them of the Administration's commitment to passing bipartisan, effective, legislation. In addition, the Administration has provided technical support for drafting legislation to any member of Congress who has requested it.

As Congress comes back into session, attention will shift to the upcoming congressional agenda and the Administration will face several emerging obstacles and opportunities. Challenges to the Administration's position will likely come from factions on both the right and left: the right (Lott and McCain) will argue that the Administration has failed to provide a complete proposal, the left will suggest either there should be no legislation because documents reveal the industry's moral turpitude or that legislation shouldn't contain any liability protections for industry-- likely killing the possibility of passing a bill.

Nonetheless, we believe chances for passage of an effective bill remain good. The Administration can quiet criticism that it is not doing enough to promote passage of legislation by upgrading the President's visibility on the issue and engaging in serious negotiations with Senate Republicans (many of whom are allies of Lott and genuinely want a bill). Arguments against a bill from the left will eventually be defeated by the health rationale of the legislation-- this is a unique opportunity to help lengthen the lives of over 300,000 children a year. Ultimately, opinion leaders in the field such as Dr. Koop and Dr. Kessler, who stood with the President in his call for legislation on September 17th, recognize the great value and need for effective comprehensive legislation.

There will soon be an opportunity to move to more active participation in the legislative process and improve the chances for passage of effective legislation. Legislation by Senate Democrats and Republicans is beginning to take shape, and Senator McCain will be holding hearings and raising questions about relevant Administration positions. In order to answer these questions, take advantage of the competition among congressional bills, and maintain Presidential momentum we recommend the following strategic steps.

II. NEXT STEPS

A. Presidential Events

To maintain his leverage as the key advocate for change, it is important the President take a visible role highlighting newsworthy tobacco issues. The President's comments and radio address on the release of tobacco documents, as well as his State of the Union speech, were noted by health groups, the news media, and Congress. We recommend three events over the next two months to demonstrate continued Presidential leadership on the issue. **[Insert three ideas here]** First, a town hall meeting on tobacco issues including children, researchers, health advocates like Dr. Koop, and farmers. Second, a Presidential endorsement of legislation that has tobacco-related effects-- such as provisions regarding international cooperation on the issue or indoor air quality legislation. Finally, a Presidential invitation to Congressional leaders to return to the White House to update him on progress that has been made on the issue since their last meeting.

B. Congressional Strategy

We have been following a four-stage legislative strategy: (1) laying out the President's principles; (2) reassuring congressional leadership of our interest in bipartisan legislation and providing technical assistance; (3) helping to shape legislation and working to form bipartisan consensus; and finally (4) openly intervening on behalf of certain bills and provisions and working for enough votes for passage.

We believe that it is now appropriate to begin to move from providing the technical assistance of stage two into the more active role of stage three working with leaders on the issue to form bipartisan consensus. To accomplish this we will be meeting separately this week with the staff of Senators Conrad and Nickles. In each case, we hope to encourage them to create legislation that meets the tough goals of the President's plan, but does not rule out liability protections or raise the cost of legislation so as to make passage impossible. Senator Conrad is circulating specific plans for legislation already and several Republican Senators in addition to Nickles (Hatch, McCain, Chafee) are pushing for movement. We believe sometime in the next month it would be appropriate for the President to invite congressional leaders back to the White House to put increased pressure on this process, demonstrate his own commitment to this issue, and create a public timetable for Congress to consider legislation.

In late February and early March it seems likely that there will be a need for the White House to become more directly involved in negotiations, perhaps forming a working group with appropriate Hill leadership and inviting them to working meetings in the White House.

C. Internal Structure

Currently, the primary tobacco planning process is via the Tobacco Strategy Group. Bruce Reed chairs the regular Thursday meetings which include representatives from HHS, VPOTUS, OPL, CEA, Legislative Affairs, Treasury, USDA, and DOJ. The function of the group is to coordinate planning including resolution of policy issues such as Medicaid funds for states, Hill briefings and testimony by agencies, and press and event opportunities. The DPC also holds bi-weekly meetings with the Vice-President's staff for event scheduling and strategy. In addition there are regular meetings with Mike Moore's group including Moore, Scruggs, Myers, and Coale.

Beginning next month, we plan to broaden the Tobacco Working Group to include representatives of Legislative Affairs and the Communications' offices.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kevin S. Moran (CN=Kevin S. Moran/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:27-JAN-1998 13:55:18.00

SUBJECT: URGENT

TO: Kris M Balderston (CN=Kris M Balderston/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

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

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

TO: Peter Rundlet (CN=Peter Rundlet/OU=WHO/O=EOP @ EOP [WHO])
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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])
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TO: Todd Stern (CN=Todd Stern/OU=WHO/O=EOP @ EOP [WHO])
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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])
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TO: Cheryl D. Mills (CN=Cheryl D. Mills/OU=WHO/O=EOP @ EOP [WHO])
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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: Andrew J. Mayock (CN=Andrew J. Mayock/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: 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: Lori L. Anderson (CN=Lori L. Anderson/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

TO: Nicholas R. Baldick (CN=Nicholas R. Baldick/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

TO: Jennifer N. Devlin (CN=Jennifer N. Devlin/O=OVP @ OVP [UNKNOWN])
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: 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])
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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: Sara M. Latham (CN=Sara M. Latham/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: 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 [WHO])
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

TEXT:
Two important changes. If at all possible please use this version
outside the White House. k===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT: [ATTACH.D65]MAIL436525628.026 to ASCII,
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**TALKING POINTS
STATE OF THE UNION ADDRESS**

January 26, 1998

**THE PRESIDENT'S STATE OF THE UNION ADDRESS IS A CONCRETE PLAN OF ACTION
THAT IDENTIFIES OUR PRIORITIES AND APPROACHES TO KEY ISSUES**

- **We have a unique moment in time to prepare America for the 21st Century. Under President Clinton's leadership, America has achieved an unprecedented period of peace and prosperity:**
 - the strongest economy in a generation;
 - the first balanced budget in a generation;
 - crime rates at their lowest levels in 24 years;
 - welfare rolls down by 4.3 million people;
 - unemployment at its lowest level in more than two decades;
 - deficit cut by more than 90 percent;
 - unrivaled world leadership.

- **This is an opportunity for action. The President's State of the Union address will challenge us to use this unique moment in time as an opportunity to prepare for the next century. It builds on the new kind of government President Clinton is creating -- a leaner, more flexible government. One that does not try to do everything. One that gives Americans the tools and conditions needed to make the most of their own lives.**

- **At the center of President Clinton's vision for a stronger America are three goals:**
 - an economy that honors opportunity;
 - a society rooted in responsibility;
 - and, a nation that lives as a community.

**HERE IS HOW THESE GOALS FIT INTO PRESIDENT CLINTON'S VISION OF
A STRONGER AMERICA IN THE 21ST CENTURY:**

- **An Economy that offers more opportunity. The President will outline a plan for building a stronger, more prosperous America. Central to his strategy is:**
 - **Driving the budget deficit down to 0. During the first 5 years -- by making tough choices and fiscally responsible policies -- President Clinton took the nation's budget deficit down from \$290 billion to \$23 billion. This year, President Clinton will make history and give the American people their first balanced budget in 30 years.**

 - **Reserving any budget surplus until Social Security is reformed. President Clinton is deeply committed to ensuring that Social Security remain a viable,**

effective program, providing retirement security for all Americans in the 21st century. That is why he is calling on Congress to secure Social Security for future generations as a first priority.

- **Investing in the American people through education and training.** Education is the key to opportunity. Tomorrow, President Clinton will ask us to make our public elementary and secondary schools the best in the world -- by raising standards, raising expectations and raising accountability. He will call for:
 - voluntary national testing;
 - 100,000 new teachers in grades 1-3;
 - a School Construction Tax Cut to help rebuild, modernize, and build new schools;
 - a mentoring program;
 - continued college access expansion, so that every American who wants to can go to college.

- **Tearing down trade barriers to open new markets for American products and workers.** The President's plan seeks to renew his negotiating authority to open even more foreign markets to American goods and services. When countries hurt by economic instability are willing to undertake serious efforts to put their own economic houses in order, the President's plan calls for responsible action to give them a chance to implement their reforms. It also includes initiatives to enable all Americans to share in the prosperity of the global marketplace. Building on the funding for training we have provided to dislocated workers, the President will challenge Congress to pass the GI Bill for Workers to give workers a simple grant so they can move more quickly to newer, better jobs.

- **A Society that Acts Responsibly.** The President is intent on helping create a society that acts responsibly. To enforce this commitment, the President's plan will:
 - **Continue moving people from welfare to work.** Challenge thousands more businesses to join the 3000 companies already in our welfare-to-work partnership.

 - **Health Care Consumer Bill of Rights.** The President called on Congress to pass federally enforceable consumer health care protections before it adjourns this year. This Health Care Bill of Rights should contain a range of protections, including guaranteed access to needed health care specialists to ensure that patients are provided appropriate high quality care and access to emergency room services when and where they need it.

 - **Access to affordable, quality health care.** Providing new options for Americans ages 55 to 65 to obtain Health Insurance, including opportunities to buy into Medicare.

 - **An historic child care initiative.** To improve child care for America's working families the President is proposing approximately \$20 billion over five years for child care, including elements to help working families

- pay for child care, build a good supply of after-school programs, improve the safety and quality of care, and promote early learning.

 - **Fighting juvenile crime and drugs.** With murder, robbery, assault and burglary down all across the nation, President Clinton is calling for a special focus on addressing juvenile crime -- providing more resources to crack down on gangs, guns, and drugs. When coordinated with the support provided by the largest anti-drug budget in history and with the outstanding leadership General McCaffery brings to our national drug policy, these new efforts are sure to keep drug use on decline.
 - **Ensure our commitment to world leadership.** The President is committed to keeping America strong by maintaining our role as the world's indispensable nation. This includes:

 - building an undivided, democratic Europe by expanding NATO;
 - remaining a force for peace throughout the world;
 - moving strongly against new threats to our security;
 - reducing the threat of weapons of mass destruction.
- **Strengthening Our Communities.** The President's plan helps strengthen America's communities by:

 - **Investing in our cities,** giving them the tools and opportunities they need to continue an urban renaissance. President Clinton firmly believes that the best community development program, the best anti-poverty program, and the best jobs program is a growing economy. The President's plan helps our inner cities by:

 - helping bring private enterprise into the inner city;
 - increasing funding for **empowerment zones**;
 - increasing funding for **community development banks**, to spur more investment and loans;
 - providing tax incentives to develop affordable low income housing.
 - **Protecting the environment,** ensuring a cleaner, healthier planet for our children. The President's plan invests:

 - through \$6 billion in tax cuts to businesses and individuals, the President's Climate Change Plan finds a way to grow the economy and reduce greenhouse emissions at the same time;
 - large increases in research and development so we can find more and more innovative ways to continue cleaning the environment while keeping the economy strong.
 - **Helping the country become One America for the 21st Century.** The goal of the President's Initiative on Race is to create a more just and fair society that underscores our shared strengths, instead of focusing on our differences. President Clinton is determined to continue his commitment with the Race Initiative in 1998 -- emphasizing that our national diversity is our greatest strength.
- **Preparing for the Millennium.** In conclusion, the President will talk of the importance of the Millennium and the opportunity it presents us to honor the past,

and imagine the future.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:27-JAN-1998 14:39:41.00

SUBJECT: Bowles meeting and Tobacco

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

We are closing in on a draft strategy update for COS which may be of use for the meeting they are scheduling for tomorrow. It should be to you by COB.