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[04/07/1998 - 04/08/1998]

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	from Julie Fernandes to Elena Kagan cc Laura Emmett subject H1B Deputy's Meeting [partial] (1 page)	04/07/1998	P6/b(6)

COLLECTION:

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

FOLDER TITLE:

[04/07/1998-04/08/1998]

2009-1006-F

kc145

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

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001. email	from Julie Fernandes to Elena Kagan cc Laura Emmett subject HIB Deputy's Meeting [partial] (1 page)	04/07/1998	P6/b(6)

COLLECTION:

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Automated Records Management System [Email]
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[001]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1998 13:01:16.00

SUBJECT: H1B Deputy's meeting

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, Sally wants to convene a Deputy's meeting on H1B this week. Ceci and I are working on a background memo for you and Sally which you should have by the end of the day. The memo discusses proposed H1B reforms and training in some detail, in order to allow you'all to determine whether there are versions of these reforms that we would not support.

Sally would like for the meeting to take place Thursday afternoon (at 2 or 3pm). However, P6(b)(6) she may not be able to make it and would like you to convene. According to Laura, you have some time Thursday afternoon. Should Laura go ahead and set this up? Thanks.

Julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1998 13:18:20.00

SUBJECT: Just got this Rahm/Gene call for a meeting...fyi

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

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

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

TEXT:

----- Forwarded by Cynthia A. Rice/OPD/EOP on 04/07/98
01:17 PM -----

Michelle Crisci

04/07/98 01:16:47 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject:

Rahm and Gene would like to hold an internal meeting on the issue of social security and prisoners. The meeting will be at 11:30 this Wednesday morning in Gene's office. Please call me at 62531 if you have any questions. Thanks!

Message Sent

To:

Jose Cerda III/OPD/EOP
Leanne A. Shimabukuro/OPD/EOP
Cynthia A. Rice/OPD/EOP
Diana Fortuna/OPD/EOP
Barbara Chow/OMB/EOP
Peter A. Weissman/OPD/EOP
Melissa G. Green/OPD/EOP

April 7, 1998 (Draft)

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
ELENA KAGAN
TOM FREEDMAN

SUBJECT: KENTUCKY TRIP AND ROUNDTABLE WITH TOBACCO
FARMERS

On Thursday, April 9, you will travel to Carrollton, Kentucky to meet with tobacco farmers, community leaders, and children. During this trip, you will reaffirm your commitment to protect tobacco farmers and their communities, while also emphasizing the need to reduce youth smoking. The trip will also allow you to express support for a plan to protect tobacco farmers authored by Senator Ford that is included in Senator McCain's legislation.

Structure of the Trip

You will first travel to a tobacco warehouse where you will hold a roundtable discussion on how to protect farmers and their communities. The participants in the discussion are expected to be a local farmer, a farmer who represents growers statewide and has worked well with the Campaign for Tobacco Free Kids, a minority farmer who has raised many foster children using her revenue from tobacco, the owner of the warehouse you are visiting, a student who wants to be a farmer, the head of the state farm bureau, a local religious leader, and a community activist who has helped bring farmers and health advocates together. Secretary Glickman will also participate on the panel, and Governor Patton and Senator Ford will be present but speak at the second event.

After the roundtable, you will travel to a school where you will address students and reinforce the message of reducing youth smoking.

Background on Kentucky Tobacco Farmers

There are two main types of tobacco, flue-cured and burley. Burley tobacco is the primary crop in Kentucky, with revenues of more than \$1 billion in 1997 for the nearly 700 million pounds grown. In 1997, approximately 70 percent of the burley tobacco produced in the United States came from Kentucky. The majority of burley tobacco producers in Kentucky favor continuation of the federal price support program.

Many Kentucky tobacco farms are very small. The average Kentucky tobacco

farm plants only 4.5 acres of tobacco, while Alabama averages 23.9 acres of tobacco per farm, and South Carolina averages 25.5 acres per farm. However, large farms dominate Kentucky's burley tobacco business. Last year, 70 percent of the total burley sold came from only 26 percent of the farms.

Tobacco is a major part of the Kentucky economy. Tobacco sales account for nearly 30 percent of the total crop revenue for Kentucky. Nearly \$4 billion is generated annually from the production and sale of tobacco.

According to USDA, Kentucky experienced an abnormal year for their 1997 burley tobacco crop. Adverse weather conditions resulted in tobacco with high moisture content that was of a generally low quality and received a low price.

Tobacco Program Background

Since the 1930s, tobacco prices have been supported and stabilized by the federal government's commodity support program. One part of the program involves limiting supply through a quota program. A quota entitles the owner to grow a certain percentage of the national supply of tobacco for that year. Under the quota program, the government determines each year how much tobacco the companies expect to buy, how much will be sold overseas plus a modest reserve, and then divides up the right to grow that full amount among the quota holders. The quota can be sold, rented or leased. In addition, the tobacco program guarantees an acceptable price at which farmers can sell their tobacco. The price-support system ensures that farmers can sell tobacco at a statutory minimum price to their cooperatives if companies cease to buy on the open market. In this program, the government loans funds to the cooperatives to purchase tobacco, funds which are repaid from the proceeds of future sales.

Producers of the different kinds of tobacco vote in triennial referenda to determine if they wish to continue the federal tobacco program for their kind of tobacco. In a referendum in late February, 97.5 percent of burley producers voted to continue the price support-production control program.

The AG's Settlement Agreement

The settlement agreement with the Attorneys General did not outline a plan to compensate farmers for the diminished domestic tobacco sales that might result from comprehensive legislation. You, however, made protecting tobacco farmers and their communities one of the five key elements of your plan for comprehensive tobacco legislation.

Legislative Background

Three types of legislative approaches for farmers have been discussed. First,

Senator Lugar proposed legislation that would quickly “buy-out” quota owners from the governmental system at approximately \$8 a pound. In Senator Lugar’s plan, tobacco prices would then be subject to the free market. Second, Senator Ford proposed legislation that would maintain the current quota system, while also compensating farmers (up to \$8 per pound) for the difference between the prices they would have enjoyed without legislation and the diminished prices they may experience. Senator Ford’s bill also includes transition fund for communities. Finally, Senator Robb had proposed legislation that would combine elements of both of the above approaches. He sought to buy-out farmers, but replace the quota system with a production control system based on permits. Unlike quotas, permits would be given only to those who actually grew tobacco and could not be bought or rented.

Senator Ford’s proposal, the LEAF Act, appealed mostly to burley growers like those in Kentucky who have small farms and want to continue the quota program. Senator Robb’s approach gained some support from flue-cured farmers (based mainly in North Carolina, South Carolina and Virginia) who believe the buy-out and license system better fits more capital-intensive flue-cured production. Senator Lugar’s approach has not attracted widespread support; even tobacco-state senators like McConnell who philosophically favor this approach probably will not come out for it publicly.

Farmers’ Legislation Included in McCain Tobacco Bill

Senators Ford, Frist, and Hollings, the three members of the Senate Commerce Committee from tobacco-growing states, joined together to include a generous farmer provision in the McCain tobacco legislation. While maintaining a production control system for all tobacco farmers, this package sets up somewhat different systems for burley and flue-cured tobacco. For burley tobacco (grown mostly in Kentucky), the package includes an optional buy-out for quota holders at \$8 per pound, and retains the quota system for those who do not take the buyout, but provides payments to both remaining quota holders, lessees, and tenants to the extent that quota prices decline. For flue-cured tobacco, the plan provides for a mandatory buyout of existing quota holders, and replaces the quota system with a permit system that gives the new no-cost permits to active producers, regardless of whether they previously held a quota. This transferring of quotas from inactive quota holders to actual producers was part of the Senator Robb’s proposal and is intended to make it possible for active farmers to sell tobacco without incurring the cost of buying or renting quota. The McCain package also provides approximately \$500 million for assistance to tobacco-producing communities. The package costs \$2.1 billion per year for the first ten years and \$500 million for years 11-25 for a total of \$28.5 billion. For the most part, tobacco farmers are very pleased with the proposal included in the McCain legislation.

Below is a table with the major provisions for tobacco farmers in the McCain legislation.

Payments to Tobacco Farmers Under Proposed Legislation

	Burley, fire-cured, and dark air-cured tobaccos	Flue-cured tobacco
Buy-out	<u>Optional</u> one-time buy-out at \$8/lb over 10 yrs or less	<u>Mandatory</u> buy-out of all quota holders at \$8/lb over 10 yrs or less
Those who remain in program --quota or permit	Those who do not take the optional buy-out retain their existing quota	Active producers will be issued a <u>permit</u> at no cost -- changing the old quota system to a new permit system for flue-cured, and allowing only active producers stay in program
Payments to remaining quota holders who remain in system	Remaining quota holders get payments to the extent quota falls equal to \$4/lb for every pound quota drops, with a lifetime limit of \$8/lb times the entire quota	No remaining quota holders
Lessees (Burley), Renters (Flu-cured), and tenants (essentially sublessees)	Lessees and tenants get (1) option to acquire relinquished quota (if any), and (2) payments to the extent quota falls equal to \$2/lb for every pound quota drops, with a lifetime limit of \$4/lb times the entire quota	Renters and tenants get (1) permits limiting right to produce future crops, and (2) payments to the extent national quota falls equal to \$2/lb for every pound quota drops, with a lifetime limit of \$4/lb times the entire quota

Other Provisions:

Tobacco Community Economic Development Grants: Block grants to tobacco states will be made annually for rural business enterprise grants, farm ownership loans, initiatives which create farm and off-farms employment, expanding infrastructure, long-term business technical assistance, supplemental agricultural activities, value-added agricultural initiatives, and compensation to warehouse owners. The program is authorized for \$375 million. At least 20 percent of the funds must be spent on agricultural activities, 4 percent on long-term technical assistance, and 6 percent on warehouse owners.

Benefits for Dislocated Workers: Up to \$25 million annually for 10 years will be made

available to provide benefits based on the NAFTA displaced workers program. This program will be administered by the Secretary of Labor.

Farmer Opportunity Grants: Quota holders and active tobacco producers and their families are eligible for higher education grants of up to \$1,700 per academic year, adjusted upward every five years by \$300. Academic eligibility is modeled after Pell grants, and the program is administered by the Secretary of Education.

Costs Incidental to the Program: All USDA costs associated with tobacco are paid out of a tobacco growers trust fund, including administrative costs, crop insurance, cooperative extension service costs, and any other costs.

Total Costs: \$2.1 billion per year for the first ten years, \$500 million for years 11-25, for a total of \$28.5 billion.

- Annual payments to tobacco farmers set at \$1.65 billion.
- Economic development grants set at \$375 million less administrative costs for first ten years.
- Assistance for dislocated workers set at \$25 million annually for ten years.

Secretary Glickman's Trip to Kentucky

Last Friday, on April 3, Secretary Glickman and Tom Freedman traveled to Lexington, Kentucky to attend a Farm Forum at Gentry Tobacco Warehouse with 600 to 700 farmers, government officials, and agribusiness leaders. The farmers were generally supportive of the Administration. Their main concerns were that the tobacco program be kept in place and that small farmers not be adversely affected.

Attachments

- Background on General State of the Tobacco Industry (prepared by USDA)
- Background on Farmer Portion of the McCain Legislation (prepared by USDA)
- Highlights of Kentucky Tobacco Farmer Survey from February 10-19, 1998 (Campaign for Tobacco-Free Kids and the Kentucky Health and Agriculture Forum)
- Maps showing the distribution of tobacco production in Kentucky
- Regional Press Clips from Secretary Glickman's Trip to Kentucky

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Hex-Dump Conversion

Options for Announcement for President's Visit to Tobacco Farmers in Kentucky

The idea is to involve the states and the tobacco-growing communities in the process surrounding the farmers' piece of tobacco legislation. The President could announce a working group consisting of the agencies and representatives from the states to listen to farmers' concerns about the legislation. Here are four ideas for how the working group could be set up:

1. Special Unit in USDA Outreach Office. USDA already has an outreach office whose purpose is to reach out to the various farmers' groups and communities. A special unit within this office could be devoted solely to the tobacco legislation. However, USDA could not formally create an advisory panel with state representatives selected by the various governors because they have already reached their limit on advisory panels under the Federal Advisory Committee Act (FACA). Nonetheless, if the governors set up meetings in their states, USDA could attend those meetings. There are funding issues with this option.
2. Partnership with the National Governors' Association (NGA). The President could announce a working group comprised of the Secretaries of USDA, Labor, and Education. In order to avoid the constraints of FACA, the Secretaries, and not the advisory panel selected by NGA, would report to the President. However, the President could direct the Secretaries to meet with the NGA representatives in order to listen to their concerns. The advantages of this approach are that we are not handpicking certain governors, thereby giving the impression that certain states are receiving special treatment. In addition, NGA could probably set this working group up fairly quickly, although we would need to check with them. This working group would hold meetings around the country to talk with farmers about their concerns on the tobacco legislation. The NGA also might be able to provide staff assistance and be able to produce a summary report from all the meetings with the farmers.
3. Working Group Directly between States and the Agencies. This option is similar to the previous option, except that it eliminates the middleman of the NGA. Under this option, the Administration could deal directly with the governors who would select a representative to be meet with the Secretaries of Labor, Education, and USDA. The President could announce a series of townhall meetings with farmers. These meetings would be attended by representatives from the agencies and representatives selected by the governors.
4. Executive Order or Memo to Create a Working Group. Under this option, an executive order or memo would create the working group consisting of the various agencies (USDA, Labor, and Education) who would be directed to meeting with the governors' representatives. The disadvantage is that this is the most formalized method of creating this working group, and there might be some legal considerations to this option. DOJ advises against creating this working group through executive order; DOJ would prefer that this be done through a Presidential memorandum. In the past, working groups created pursuant to executive orders have often not been set up very quickly.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1998 13:52:45.00

SUBJECT: International Tobacco Update

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

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

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

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

TEXT:

Ford-Hollings-Wyden Update

We are meeting today with Ford and Hollings staff to make sure we're on the same page on the Wyden international provisions (we are).

Ford and Hollings staff want to get us together with Wyden tomorrow. For tomorrow, we'd like to focus on the least controversial issues (should anything leak out for Thursday):

Doggett: The so-called "Doggett" language which forbids the use of federal funds to promote the sale, manufacture, advertising or export of tobacco. We support making permanent the simple Doggett provision, but USTR has serious concerns about Wyden's more expansive "Super Doggett" language which could prevent the US from negotiating to reduce or eliminate all tariffs (including tobacco tariffs) as part of a larger negotiation and establishes an "arbitrary and unjustifiable" standards on which to judge whether a country treats the products of one country less favorably than another.

Funding: We strongly support funding both governmental and non-governmental efforts (Wyden funds only non-governmental efforts). We oppose what is essentially a 2 cent per pack excise tax on all exported cigarettes, and Treasury tax policy says it probably violates the U.S. Shoe ruling the Supreme Court handed down last week.

Labeling/Marketing/Advertising: We are also ready to discuss -- but thought we should wait until after Thursday -- the labeling, marketing, and advertising provisions which would require U.S. firms to apply the new U.S. law when overseas. (The State Department objects to exporting our laws abroad -- "extraterritoriality" as they call it -- and say they are as a practical matter unenforceable. HHS and State agree that we would do more to protect the world's children if we work on a multilateral basis through the World Health Organization to encourage other countries to adopt similar laws.)

Other Issues: There are several other issues we will have internal meetings on tomorrow to make sure we have a handle on them. They are provisions involving military bases, duty free shops, and international anti-smuggling efforts. Thus, we are not planning to discuss with Ford,

Hollings, or anyone else until we discuss internally first. I'll let you know how those meetings go.

Waxman Update

Waxman's staff has called DOJ for a technical briefing on the Foreign Corrupt Practices Act (which prohibits U.S. companies from bribing officials overseas and is conceptually analogous to forbidding U.S. companies from engaging in certain marketing and advertising practices overseas). Waxman's staff also called Treasury to find out what we're thinking generally on international. I'm afraid we need to meet with them -- probably shortly after we meet with Wyden. What do you think?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1998 13:57:59.00

SUBJECT: I saw Ivan after my international 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: Mary L. Smith (CN=Mary L. Smith/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

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

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

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

TEXT:

He said they'd be happy to get any and all bill clean-up comments -- late in the week would work. They are trying to complete language by the end of next week. He lamented how they're getting "killed" by the industry.

He said Hollings and McCain are doing a S.C. tobacco event on Friday. Jacoby and I told him the President will be in Kentucky on Thursday -- Ivan said we should invite McCain and that we need to work to keep McCain bought in. I did not tell Ivan, but now wonder if I should have, that Ford will be part of our Thursday event.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1998 16:30:53.00

SUBJECT: what the no-liability crowd is saying

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

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

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

TEXT:
Senate Commerce Committee's National
Tobacco Legislation

SAVE LIVES, NOT TOBACCO
The Coalition for Accountability
<http://www.savelives.org>
April 6, 1998

On Wednesday, April 1, 1998, the Senate Commerce Committee, chaired by John McCain (R-AZ) voted out its version of the deal between the tobacco industry and some state attorneys general. While this bill, S. 1415, raises the price of tobacco products higher than the deal and takes away some hurdles to FDA regulatory authority, it closely resembles the discredited industry deal and falls far short of the principles and goals of Save Lives, Not Tobacco and other public health and consumer groups.

Most disturbing are the massive and unprecedented special protections from legal liability that the industry would be granted under the bill, which should be known as the "Tobacco Industry Protection Act." Major problems include:

A Cap on Industry's Annual Civil Liability

The Commerce bill would cap the tobacco industry's total liability for all civil damages and penalties for all past and future wrongs to just \$6.5 billion per year. The U.S. Treasury Department estimates that the economic costs alone of tobacco related illness is \$130 billion a year. A \$6.5 billion cap limits the industry's liability to 5 cents on the dollar. Despite claims by proponents of the cap that is not immunity at all, this cap gives tobacco companies 95% immunity.

Total Protection for Parent Corporations

While the tobacco subsidiaries get 95% immunity, their parent corporations

get 100% protection from all civil damages and penalties. Under the bill, no health-related civil suits against tobacco parent corporations or foreign affiliates are allowed. Thus, domestic subsidiaries are protected by the \$6.5 billion cap, and all other assets of these multinational conglomerates are shielded entirely from liability for past and future conduct. [Cynthias: What does this mean, if anything?]

Preemption of State Law

S. 1415 preempts state tort laws, and it severely limits enforcement of state and local consumer protection, racketeering and anti-tobacco laws. The effect of this broad preemption will be to freeze state and local regulatory initiatives and make it harder for state and local officials to enforce the law. [Where are we on this?]

Weak Youth Smoking Penalties

The so-called "lookback" penalties against the tobacco industry aimed at reducing youth smoking are very weak, as these penalties are capped at \$3.5 billion a year -- equal to only 15 cents a pack. Worse, the Commerce bill fails to target the penalties company-by-company, so there is no real incentive for companies to meet the targets.

Low Price Increases and Taxpayer Subsidies

Most health experts agree that the best way to reduce youth nicotine addiction is to raise prices sharply. The Commerce bill calls for a \$1.10 increase over five years, just half of the \$2 price hike the National Academy of Sciences called for years ago. At a minimum, the price increase should be \$1.50 over three years to reduce both youth and adult smoking rates and save more lives.

While the tobacco lobbyists claim the Commerce bill will drive them to bankruptcy, the bill's special protections will let the industry laugh all the way to the bank. The public and members of Congress should not be fooled into giving Big Tobacco this sweetheart deal that protects them from being held fully accountable for past, present and future harm caused by their acts.

Anti-Immunity Resolution

On March 31, 79 Senators voted "Yes" to the non-binding "sense of the Senate" amendment to the Budget Resolution expressing opposition to giving any immunity to tobacco companies.

The 19 Senators who voted AGAINST the amendment (i.e., for immunity) were:

Bennet (R-UT), Burns (R-MT), Campbell (R-CO), Coats (R-IN), Cochran (R-MS), Enzi

(R-WY), Faircloth (R-NC), Ford (D-KY), Gorton (R-WA), Hagel (R-NE), Hatch (R-UT), Helms (R-NC), Hollings (D-SC), Inhofe (R-OK), Jeffords (R-VT), Lott (R-MS), McConnell (R-KY), Sessions (R-AL), and Stevens (R-AK).

Two Senators didn't vote: Hutchinson (R-AR) and Mikulski (D-MD).

Eliminate the Cap Amendment

In the Senate Commerce Committee markup of comprehensive tobacco legislation on April 1, Sen. Byron Dorgan (D-ND) moved to strike the \$6.5 billion a year cap proposed in the bill. This cap lets the industry off the hook for cheap. The U.S. Treasury Department estimates that the economic costs alone of tobacco related illness is \$130 billion a year. A \$6.5 annual cap limits the industry's liability to 5 cents on the dollar of these tobacco-related costs.

Those voting FOR removing the cap were:

Ashcroft (R-MO), Brownback (R-KS), Dorgan (D-ND) and Rockefeller (D-WV).

Those voting AGAINST removing the cap were:

Abraham (R-MI), Breaux (D-LA), Bryan (D-NV), Burns (R-MT), Ford (D-KY), Frist (R-TN), Gorton (R-WA), Hollings (D-SC), Hutchison (R-TX), Inouye (D-HI), Kerry (D-MA), McCain (R-AZ), Snowe (R-ME), Stevens (R-AK), and Wyden (D-OR).

Comparing the Votes

Despite voting FOR the sense of the Senate resolution opposing immunity the day before, 10 Commerce Committee members voted AGAINST the Dorgan amendment to lift the caps. Several of these Senators said they did not believe a \$6.5 billion cap on the industry's yearly liability was a form of "immunity" (even though that amount is only 5% of the tobacco industry's annual economic damage in health costs and lost productivity.)

Committee members who voted FOR the no immunity resolution but AGAINST the amendment to lift the cap were:

Abraham (R-MI), Breaux (D-LA), Bryan (D-NV), Frist (R-TN), Hutchison (R-TX), Inouye (D-HI), Kerry (D-MA), McCain (R-AZ), Snowe (R-ME), and Wyden (D-OR).

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Cynthia Dailard (CN=Cynthia Dailard/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 7-APR-1998 16:40:47.00

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Tomorrow, we have two meetings scheduled with Wyden's staff (along with Lautenberg and Durbin staff) to discuss international tobacco issues. The first is at 11am on Doggett. Peter Jacoby sees some value in USTR handling this alone without DPC staff, because USTR appeared to be making some progress on this subject with Wyden's staff around the time of the markup. At the same time, this would go against our policy of having DPC staff attending all tobacco meetings.

Our second meeting with Wyden's staff is at 2:30 to discuss funding for international tobacco efforts and the excise tax. We can always follow up with them on Doggett at the 2:30 meeting if we do not attend the 11am meeting. Any thoughts on whether one of us needs to be at the 11am meeting?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1998 16:47:32.00

SUBJECT: Re: Proposed compromise on Unz

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

READ:UNKNOWN

TEXT:

FYI

----- Forwarded by Michael Cohen/OPD/EOP on 04/07/98
04:44 PM -----

Karen E. Skelton

04/07/98 04:24:39 PM

Record Type: Record

To: Michael Cohen/OPD/EOP

cc: Janet Murguia/WHO/EOP, Maria Echaveste/WHO/EOP, Mickey Ibarra/WHO/EOP,
mike_smith @ ed.gov @ inet

Subject: Re: Proposed compromise on Unz

1. This language is politically more conservative than I thought the Hispanic caucus would agree with. I am only raising a red flag. I am not proposing we loosen the "3 year" rule, unless Janet, Mickey, or Maria think that we will generate substantial criticism. It seems to me that we might have led folks to believe this is a position we were not going to take. Is that wrong?
2. If we keep the "3 year rule," I advise a broad outreach plan to the Hispanic caucus, especially Xavier, Boxer, Feinstein, and the advocates, before we make the rule public. The last thing we want to do is surprise folks with a position we basically denied having in earlier discussions.
3. Can we add the "English plus" principle: bilingual for Latinos and for Caucasians is important for the 21st Century.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1998 16:51:16.00

SUBJECT: Re: Unz Statement

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

TEXT:

FYI--the original e-mail is from the exec. dir. of the WH Initiative on Hispanic Education, which met last week in CA and took the surprising position of opposing Unz. In addition to sharing the statement of opposition with us, the exec. dir (Sarita Brown) alerted us to the concerns the commission members raised that we might be proposing a "mend it don't end it" approach to bilingual ed. I'll spare you the details of their argument; suffice it to say that their argument makes me look ultraconservative and will make us all vote for "1 year and your out" out of frustration!

----- Forwarded by Michael Cohen/OPD/EOP on 04/07/98
04:45 PM -----

Karen E. Skelton
04/07/98 04:30:06 PM
Record Type: Record

To: Maria Echaveste/WHO/EOP .
cc: sarita_brown @ ed.gov @ inet @ lngtwy, Miriam H. Vogel/WHO/EOP,
Michael Cohen/OPD/EOP, Mickey Ibarra/WHO/EOP
Subject: Re: Unz Statement

Thanks.

It concerns me that 1) any position we might take gets out before the President or Vice President has a chance to think this through; 2) affirmative action is no less important than bilingual education, and the president certainly did right by it with a policy of "mend it, don't end it;" 3) we've met with probably 200 people, and I'd say about 8% of them thought the bilingual ed. program was in such good shape it could not benefit from improvements.

Of course, I am no expert on these matters.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1998 16:56:53.00

SUBJECT: Re: Proposed compromise on Unz

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

TEXT:

I can't even tell what exactly Mickey is referring to, but he's holding firm.

----- Forwarded by Michael Cohen/OPD/EOP on 04/07/98
04:53 PM -----

Mickey Ibarra
04/07/98 04:47:24 PM
Record Type: Record

To: Karen E. Skelton/WHO/EOP
cc: Michael Cohen/OPD/EOP, Janet Murguia/WHO/EOP, Maria Echaveste/WHO/EOP,
mike_smith @ ed.gov @ inet
Subject: Re: Proposed compromise on Unz

I like Mike' s "3 year goal" compromise better.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Demond T. Martin (CN=Demond T. Martin/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1998 17:34:03.00

SUBJECT: LCCR Mtg.

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

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

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

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

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

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

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

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

CC: Miriam H. Vogel (CN=Miriam H. Vogel/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

CC: Marjorie A. Black (CN=Marjorie A. Black/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

CC: Dawn L. Smalls (CN=Dawn L. Smalls/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:

Sylvia Mathews will hold a LCCR Mtg. Thursday April 9, in the Roosevelt Rm from 5:00pm-6:00pm.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1998 18:05:57.00

SUBJECT: Re: LCCR Mtg.

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

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

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

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

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

CC: Demond T. Martin (CN=Demond T. Martin/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

CC: Miriam H. Vogel (CN=Miriam H. Vogel/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

CC: Marjorie A. Black (CN=Marjorie A. Black/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

CC: Dawn L. Smalls (CN=Dawn L. Smalls/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:

The purpose of the 5:00 meeting on Thursday is to prepare for the meeting with LCCR on April 17. At Thursday's meeting we will discuss the topics that LCCR would like to discuss with us and we will assign responsibilities to folks to prepare our response to those issues. Initial intelligence indicates that Wade, et al., will want to discuss black farmers, reparations for Asians from Latin America that were put in Internment camps during WW2, and the expected negative budget effect that the large transportation (ISTEA) bill will have on programs like food stamps. Maria will provide a more complete report on Thursday. [Note: given this proposed list, is there anyone not already invited to this meeting that should be -- like someone who can talk about the budget or our position on reparations? Please let me know.]

In addition to responding to their issues, we need to develop a short list of agenda items that we will want to pursue with them (for example, assistance with the anti-affirmative action initiative in Washington state, Bill Lee). Please send me whatever ideas you have for topics that we should raise with LCCR, assistance we should seek. I will compile the list and bring it to our meeting on Thursday for discussion.

Thank you.

SCHEDULING PROPOSAL

DATE OF SUBMISSION: 3/31/98

REGRET _____ PENDING _____ ACCEPT _____

TO: Stephanie Streett, Assistant to the President and Director of Presidential Scheduling

FROM: Bruce Reed, Assistant to the President and Director of Domestic Policy
Melanne Verveer, Assistant to the President and Chief of Staff to the First Lady
Maria Escheveste, Assistant to the President and Director of the White House Office of Public Liaison
Audrey T. Haynes, Deputy Assistant to the President and Director of the White House Women's Office

REQUEST: For the President to participate in the release of two reports on child care: (1) the Treasury Department's Child Care Working Group (comprised of CEOs, organized labor reps, and experts) report on business involvement in offering child care services to workers, and (2) the Department of Labor's new Child Care Honor Roll of U.S. companies providing model child care services to their employees.

PURPOSES: (1) To mark Take Our Daughters to Work Day by highlighting the President's child care initiative and thereby adding needed visibility and momentum to his child care proposals; and (2) specifically to highlight the President's proposed tax credit for businesses that provide child care services to their employees.

PREVIOUS PARTICIPATION: At the White House Conference on Child Care on October 23, 1997, the President asked Secretary Rubin to lead a Child Care Working Group and to report back to him.

The President and the First Lady traditionally have marked Take Our Daughters to Work Day by addressing White House gatherings of employees and their children.

DATE AND TIME: April 23, 1998
Preferred time, approx. 11:30am (Secretary Rubin will convene the

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CEOs at 10:30 for a working meeting; the event should take place sometime soon thereafter).

BRIEFING TIME: 10-15 minutes

DURATION: One hour

LOCATION: Rose Garden, East Room, Room 450 or Roosevelt Room

PARTICIPANTS: (1) The Treasury Child Care Working Group (comprised of CEOs, labor representatives, and expert advisors); (2) Representatives of businesses highlighted in the DOL Honor Roll; and (3) Federal Employees bringing their daughters to work (especially EOP, Treasury and DOL employees).

OUTLINE OF EVENTS: A short speaking program including: (1) Secretary Rubin and a prominent CEO presenting the findings of the Treasury Working Group; (2) Secretary Herman (t) releasing the DOL Child Care Honor Roll; (3) the First Lady; (4) a daughter participating in Take Our Daughters to Work Day; and (5) the President.

REMARKS REQUIRED: Approx. 5-10 minutes of remarks to be prepared by the office of speechwriting.

MEDIA COVERAGE: Open press.

FIRST LADY'S ATTENDANCE: Yes.

VICE PRESIDENT'S ATTENDANCE: Not required.

CONTACT: Jennifer Klein (6-2599).

ORIGIN OF PROPOSAL: White House/Treasury staff generated.

SECOND LADY'S ATTENDANCE: Not required.

SOURCE OF PAYMENT: Treasury Department.

April 7, 1998 (Draft)

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MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
ELENA KAGAN
TOM FREEDMAN

SUBJECT: KENTUCKY TRIP AND ROUNDTABLE WITH TOBACCO
FARMERS

On Thursday, April 9, you will travel to Carrollton, Kentucky to meet with tobacco farmers, community leaders, and children. During this trip, you will reaffirm your commitment to protect tobacco farmers and their communities, while also emphasizing the need to reduce youth smoking. The trip will also allow you to express support for a plan to protect tobacco farmers authored by Senator Ford that is included in Senator McCain's legislation.

Structure of the Trip

You will first travel to a tobacco warehouse where you will hold a roundtable discussion on how to protect farmers and their communities. The participants in the discussion are expected to be a local farmer, a farmer who represents growers statewide and has worked well with the Campaign for Tobacco Free Kids, a minority farmer who has raised many foster children using her revenue from tobacco, the owner of the warehouse you are visiting, a student who wants to be a farmer, the head of the state farm bureau, a local religious leader, and a community activist who has helped bring farmers and health advocates together. Secretary Glickman will also participate on the panel, and Governor Patton and Senator Ford will be present but speak at the second event.

After the roundtable, you will travel to a school where you will address students and reinforce the message of reducing youth smoking.

Background on Kentucky Tobacco Farmers

There are two main types of tobacco, flue-cured and burley. Burley tobacco is the primary crop in Kentucky, with revenues of more than \$800 million in 1997 for the nearly 450 million pounds grown. In 1997, approximately 70 percent of the burley tobacco produced in the United States came from Kentucky. The majority of burley tobacco producers in Kentucky favor continuation of the federal price support program.

Many Kentucky tobacco farms are very small. The average Kentucky tobacco

farm plants only 4.5 acres of burley tobacco. In contrast, flue-cured tobacco farms in North Carolina and South Carolina average 16.1 and 25.5 acres of tobacco per farm, respectively. However, large farms dominate Kentucky's burley tobacco business. Last year, 70 percent of the total burley sold came from only 26 percent of the farms.

Tobacco is a major part of the Kentucky economy. Tobacco sales account for over 40 percent of the total crop revenue for Kentucky, and over 20 percent of all agricultural sales in Kentucky.

According to USDA, Kentucky experienced an abnormal year for their 1997 burley tobacco crop. Adverse weather conditions resulted in tobacco with high moisture content that was of a generally low quality and received a lower prices than expected.

Tobacco Program Background

Since the 1930s, tobacco prices have been supported and stabilized by the federal government's commodity support program. One part of the program involves limiting supply through a quota program. A quota entitles the owner to grow a certain percentage of the national supply of tobacco for that year. Under the quota program, the government determines each year how much tobacco the companies expect to buy, how much will be sold overseas plus a modest reserve, and then divides up the right to grow that full amount among the quota holders. The burley quota can be sold, rented or leased. In addition, the tobacco program guarantees an acceptable price at which farmers can sell their tobacco. The price-support system ensures that farmers can sell tobacco at a statutory minimum price to their cooperatives if companies cease to buy on the open market. In this program, the government loans funds to the cooperatives to purchase tobacco, which are repaid from the proceeds of future sales.

Producers of the different kinds of tobacco vote in triennial referenda to determine if they wish to continue the federal tobacco program for their kind of tobacco. In a referendum in late February, 97.5 percent of burley producers voted to continue the price support-production control program.

The AG's Settlement Agreement

The settlement agreement with the Attorneys General did not outline a plan to compensate farmers for the diminished domestic tobacco sales that might result from comprehensive legislation. You, however, made protecting tobacco farmers and their communities one of the five key elements of your plan for comprehensive tobacco legislation.

Legislative Background

Three types of legislative approaches for farmers have been discussed. First,

Senator Lugar proposed legislation that would quickly “buy-out” quota owners from the governmental system at approximately \$8 a pound. In Senator Lugar’s plan, tobacco prices would then be subject to the free market. Second, Senator Ford proposed legislation that would maintain the current quota system, while also compensating farmers (up to \$8 per pound) for the difference between the prices they would have enjoyed without legislation and the diminished prices they may experience. Senator Ford’s bill also includes transition fund for communities. Finally, Senator Robb had proposed legislation that would combine elements of both of the above approaches. He sought to buy-out farmers, but replace the quota system with a production control system based on permits. Unlike quotas, permits would be given only to those who actually grew tobacco and could not be bought or rented.

Senator Ford’s proposal, the LEAF Act, appealed mostly to burley growers like those in Kentucky who have small farms and want to continue the quota program. Senator Robb’s approach gained some support from flue-cured farmers (based mainly in North Carolina, South Carolina and Virginia) who believe the buy-out and license system better fits more capital-intensive flue-cured production. Senator Lugar’s approach has not attracted widespread support; even tobacco-state senators like McConnell who philosophically favor this approach probably will not come out for it publicly.

Farmers’ Legislation Included in McCain Tobacco Bill

Senators Ford, Frist, and Hollings, the three members of the Senate Commerce Committee from tobacco-growing states, joined together to include a generous farmer provision in the McCain tobacco legislation. While maintaining a production control system for all tobacco farmers, this package sets up somewhat different systems for burley and flue-cured tobacco. For burley tobacco (grown mostly in Kentucky), the package includes an optional buy-out for quota holders at \$8 per pound, and retains the quota system for those who do not take the buyout, but provides payments to both remaining quota holders, lessees, and tenants to the extent that base quota declines. For flue-cured tobacco, the plan provides for a mandatory buyout of existing quota holders, and replaces the quota system with a permit system that gives the new no-cost permits to active producers, regardless of whether they previously held a quota. This transferring of quotas from inactive quota holders to actual producers was part of the Senator Robb’s proposal and is intended to make it possible for active farmers to sell tobacco without incurring the cost of buying or renting quota. The McCain package also provides approximately \$500 million for assistance to tobacco-producing communities. The package costs \$2.1 billion per year for the first ten years and \$500 million for years 11-25 for a total of \$28.5 billion. For the most part, tobacco farmers are very pleased with the proposal included in the McCain legislation.

Below is a table with the major provisions for tobacco farmers in the McCain legislation.

Payments to Tobacco Farmers Under Proposed Legislation

	Burley, fire-cured, and dark air-cured tobaccos	Flue-cured tobacco
Buy-out	<u>Optional</u> one-time buy-out at \$8/lb over 10 yrs or less	<u>Mandatory</u> buy-out of all quota holders at \$8/lb over 10 yrs or less
Those who remain in program --quota or permit	Those who do not take the optional buy-out retain their existing quota	Active producers will be issued a <u>permit</u> at no cost -- changing the old quota system to a new permit system for flue-cured, and allowing only active producers stay in program. Permits may not be sole or leased, but may be transferred to descendents.
Payments to remaining quota holders who remain in system	Remaining quota holders get payments to the extent quota falls equal to \$4/lb for every pound quota drops, with a lifetime limit of \$8/lb times the entire quota	No remaining quota holders
Lessees (Burley), Renters (Flue-cured), and tenants (essentially sublessees)	Lessees and tenants get (1) option to acquire relinquished quota (if any), and (2) payments to the extent quota falls equal to \$2/lb for every pound quota drops, with a lifetime limit of \$4/lb times the entire quota	Renters and tenants get (1) permits limiting right to produce future crops, and (2) payments to the extent national quota falls equal to \$2/lb for every pound quota drops, with a lifetime limit of \$4/lb times the entire quota

Other Provisions:

Tobacco Community Economic Development Grants: Block grants to tobacco states will be made annually for rural business enterprise grants, farm ownership loans, initiatives which create farm and off-farms employment, expanding infrastructure, long-term business technical assistance, supplemental agricultural activities, value-added agricultural initiatives, and compensation to warehouse owners. The program is authorized for \$375 million. At least 20 percent of the funds must be spent on agricultural activities, 4 percent on long-term technical assistance, and 6 percent on warehouse owners.

Benefits for Dislocated Workers: Up to \$25 million annually for 10 years will be made available to provide benefits based on the NAFTA displaced workers program. This program will be administered by the Secretary of Labor.

Farmer Opportunity Grants: Quota holders and active tobacco producers and their families are eligible for higher education grants of up to \$1,700 per academic year, adjusted upward every five years by \$300. Academic eligibility is modeled after Pell grants, and the program is administered by the Secretary of Education.

Costs Incidental to the Program: All USDA costs associated with tobacco are paid out of a tobacco growers trust fund, including administrative costs, crop insurance, cooperative extension service costs, and any other costs.

Total Costs: \$2.1 billion per year for the first ten years, \$500 million for years 11-25, for a total of \$28.5 billion.

- Annual payments to tobacco farmers set at \$1.65 billion.
- Economic development grants set at \$375 million less administrative costs for first ten years.
- Assistance for dislocated workers set at \$25 million annually for ten years.

Secretary Glickman's Trip to Kentucky

Last Friday, on April 3, Secretary Glickman and Tom Freedman traveled to Lexington, Kentucky to attend a Farm Forum at Gentry Tobacco Warehouse with 600 to 700 farmers, government officials, and agribusiness leaders. The farmers were generally supportive of the Administration. Their main concerns were that the tobacco program be kept in place and that small farmers not be adversely affected.

Attachments

- Background on General State of the Tobacco Industry (prepared by USDA)
- Background on Farmer Portion of the McCain Legislation (prepared by USDA)
- Highlights of Kentucky Tobacco Farmer Survey from February 10-19, 1998 (Campaign for Tobacco-Free Kids and the Kentucky Health and Agriculture Forum)
- Maps showing the distribution of tobacco production in Kentucky
- Regional Press Clips from Secretary Glickman's Trip to Kentucky

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sean P. Maloney (CN=Sean P. Maloney/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1998 18:55:33.00

SUBJECT: The President's Trip to KY

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

READ:UNKNOWN

TO: Jon P. Jennings (CN=Jon P. Jennings/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: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Christopher F. Walker (CN=Christopher F. Walker/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: Beth A. Viola (CN=Beth A. Viola/OU=CEQ/O=EOP @ EOP [CEQ])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Marjorie Tarmey (CN=Marjorie Tarmey/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: Darby E. Stott (CN=Darby E. Stott/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: Joshua Silverman (CN=Joshua Silverman/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Laura D. Schwartz (CN=Laura D. Schwartz/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TO: John Podesta (CN=John Podesta/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: Elizabeth R. Newman (CN=Elizabeth R. Newman/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: Linda L. Moore (CN=Linda L. Moore/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: Sylvia M. Mathews (CN=Sylvia M. Mathews/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Bruce R. Lindsey (CN=Bruce R. Lindsey/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: Karin Kullman (CN=Karin Kullman/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Cynthia M. Jasso-Rotunno (CN=Cynthia M. Jasso-Rotunno/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Jason S. Goldberg (CN=Jason S. Goldberg/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: Paul K. Engskov (CN=Paul K. Engskov/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: David S. Beaubaire (CN=David S. Beaubaire/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: Brenda M. Anders (CN=Brenda M. Anders/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

TO: Jonathan H. Adashek (CN=Jonathan H. Adashek/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

TO: Dorian V. Weaver (CN=Dorian V. Weaver/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

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

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

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

TO: Sarah J. Reber (CN=Sarah J. Reber/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

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

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

TO: Mary Morrison (CN=Mary Morrison/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Megan C. Moloney (CN=Megan C. Moloney/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: Joseph P. Lockhart (CN=Joseph P. Lockhart/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: Sara M. Latham (CN=Sara M. Latham/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Phu D. Huynh (CN=Phu D. Huynh/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Nancy V. Hernreich (CN=Nancy V. Hernreich/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: Shelley N. Fidler (CN=Shelley N. Fidler/OU=CEQ/O=EOP @ EOP [CEQ])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Daniel K. Chang (CN=Daniel K. Chang/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Debra D. Bird (CN=Debra D. Bird/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Lori L. Anderson (CN=Lori L. Anderson/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

On Thursday, April 9, 1998, the President will travel to Northern Kentucky to participate in a round table discussion on tobacco and deliver remarks at a local high school.

Deadlines for the President's trip book are as follows:

Background Memos: DUE WED., APRIL 8, AT 6:00 P.M.

- Political memo
- CEQ Hot Issues
- Cabinet Affairs Hot Issues
- Accomplishments
- Economic One-Pager

Event Memos: DUE WED., APRIL 8, AT 6:00 P.M.

- Round Table Discussion
- Remarks at High School

Please call or e-mail me if you have any questions. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1998 19:03:49.00

SUBJECT: H1B

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,

I just received a message from Earl Gohl at the Labor Department. This afternoon, the Labor Department was asked by the Immigration Subcommittee of the House Judiciary Committee (Lamar Smith's committee) to testify on April 21st on H1B visas. According to Earl, they (unclear whether Dem. or Rep.) intend to introduce an H1B bill before then. This bill will include what Earl calls "our two labor protections." I assume that he means the H1B reforms of no lay-off and recruit and retain. He is not sure what else from Kennedy it will include.

I have put in a call to Peter and to Earl to follow up.

Julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1998 19:04:07.00

SUBJECT: TANF caseload numbers

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

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

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

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

TEXT:

HHS is finalizing latest caseload numbers. Last numbers we released with the SOTU were for 9/97. These are through 12/97. I've seen a preliminary set of tables and the news continues to look good: Number of recipients is down to 9.3 million, a decrease of 4.8 million or 34% from 1/93 and 2.9 million or 23% since 8/96. We should have final tables tomorrow. There are several announcement possibilities that we'd like your feedback on:

- (1) 4/9 VP event on federal hiring and reaching out to contractors.
- (2) 4/24 joint secretarial event on welfare to work housing vouchers and transportation with DOT, HUD, DOL (probably), and HHS (Shalala can't be there, maybe Kevin Thurm). VP's office is interested and checking schedule.
- (3) 5/20ish Welfare to Work Partnership event.

HHS also wants to include the latest numbers in their TANF report to Congress that was due April 1st, but is at least 1-2 weeks away from being finished (we've only seen a first draft). We're assuming these should be released by POTUS or VP first, before they are included in HHS report. We're trying to nail down when HHS is likely to transmit report--some of that depends on how long clearance over here takes and we expect to see revised draft in about a week.

The 4/9 event is probably not the best forum and may confuse/divert focus of that event. The 4/24 event would be good in terms of timing and message, but question is who would release if VP doesn't attend. It would be great for POTUS to announce some caseload numbers at 5/20 event, assuming we get it on the schedule. However, that may mean a long delay on HHS report to Congress. Also, HHS thinks they could probably get more updated numbers by then--states have them, it's just a matter of HHS calling and compiling them. As a condition of not holding that long, we could make them commit to get next set of numbers in time for 5/20.

How long do you want to hold, and are there other announcement options?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jason S. Goldberg (CN=Jason S. Goldberg/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1998 19:16:41.00

SUBJECT: TIME CHANGE: Small Tobacco Mtg. Wednesday

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

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

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

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

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

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

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

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

TO: Scott R. Hynes (CN=Scott R. Hynes/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

TEXT:

Will be at 5pm instead of 4pm in Erskine's office.

Sorry about the last minute change...it was due to POTUS conflict.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1998 19:52:11.00

SUBJECT: What's new in tobacco land--did Gruber send a memo?

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

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

TEXT:

There's a small Erskine meeting tomorrow I understand?

**THE PRESIDENT MEETS WITH KENTUCKY
TOBACCO FARMERS AND CALLS
FOR PASSAGE OF COMPREHENSIVE
TOBACCO LEGISLATION**

April 9, 1998

Today, the President traveled to Carrollton, Kentucky to meet with tobacco farmers and to address students at Carroll County High School. The President's trip highlights his commitment to protecting farmers and reducing youth smoking, which were two of the five key elements of the bipartisan comprehensive tobacco legislation the President has called on Congress to pass this year.

Roundtable with Tobacco Farmers and Members of the Farming Community

The President held a roundtable discussion in the Kentuckiana Tobacco Warehouse with tobacco farmers and members of the community, including a student and tobacco warehouse owner. The panel also included Rod Kuegel, the President of the Burley Tobacco Growers Cooperative -- an organization that represents 150,000 tobacco farm families in five states -- and Bill Sprague, the President of the Kentucky Farm Bureau -- the largest farming organization in the state. This roundtable provided an opportunity for the President to listen to the concerns of farmers and the community regarding comprehensive tobacco legislation.

The President said that legislation proposed by Senator Ford, which is included in Senator McCain's comprehensive tobacco bill, satisfies his principle of protecting farmers and their communities. The legislation continues a production control system for tobacco, gives farmers the option of buying out of the program, and provides for economic development grants for rural communities.

Addressing Students at Carroll County High School

The President also addressed approximately 2200 students and adults at the Carroll County High School where he emphasized his commitment to reducing youth smoking. The President was joined by Senator Ford, Governor Patton, and Agriculture Secretary Glickman. The President urged Congress to act now to pass comprehensive tobacco legislation. There are as few as 70 working days left before this Congress adjourns. On every one of those days, 3,000 children will become regular smokers, and 1,000 adults will die from smoking. To prevent this harm, Congress must pass comprehensive, bipartisan legislation which raises the price of cigarettes by up to \$1.50 a pack over the next ten years, expressly confirms the FDA authority to regulate tobacco products, gets tobacco companies out of the business of marketing to children, furthers public health research and goals, and protects tobacco farmers and their communities.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-APR-1998 08:41:02.00

SUBJECT: down on the farm

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

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

TEXT:

Tough questions await Clinton

Tobacco farmers find little hope in current
policy

By Jefferson George
Central Kentucky Bureau

CARROLLTON - Secret Service agents are preparing this
small Ohio
River town for President Clinton's visit Thursday, but
agents likely can't
head off hard questions from people who say getting tough
with tobacco
could ruin farmers.

Clinton has repeatedly cited a need to help farmers in
any national tobacco
legislation. But in an area where pickup trucks bear
bumper stickers
claiming "Tobacco Pays My Bills," the president's pledge
to fight teen
smoking and increase taxes on tobacco products has some
saying attacks
on manufacturers could hurt many small farmers.

"I'd ask him if he'd like to make my farm payment and my
truck payment,
since I'd lose both of them," said Billy Kidwell, a
Trimble County farmer
who took tobacco to Carrollton yesterday for sale today.

Kidwell and others have visions of a hard line on tobacco
leading buyers to
start dealing only with large farms for their tobacco
supply, leaving behind
family farms of fewer than 100 acres.

"It'll put a farmer like me out," said Stephen Carpenter,

who raises about

25 acres of tobacco in Pendleton County. "I voted for him, and I'm sorry I did. (Tobacco) is the only thing I can see that he's doing wrong."

but, with few

Farmers said they hear talk of support for small farms, specific measures, their fears for the future mount.

raises about

Kentuckiana

going to go on,

"Are we going to have a program?" asked Melvin Lyons, who 60 acres of tobacco in Henry County and owns Carrollton's Tobacco Warehouse, which Clinton will visit. "Is tobacco or will it be eliminated?"

are proposals to

buyout of their

embrace.

In the mix of ideas in the proposed national settlement end tobacco's price-support program and offer farmers a tobacco allotments, an option that some aren't ready to

Franklin County

"It's a bribe, that's all it is," said Don Taylor, a farmer and part-owner of Carrollton's Brite Lite Tobacco Warehouse.

said, explaining that

as the golden leaf.

And land without tobacco just isn't as valuable, Kidwell he has raised grain and seen that it isn't as profitable

too much."

"You just can't make any money," he said. "The expense is

older man's

"the future's too

Kidwell said he's noticed tobacco farming becoming an business; fewer young men enter the profession because uncertain."

publicity on tobacco has

Others endorse that observation, saying negative taken a toll.

younger guys, even if

their daddies did,"

the family's

"We're not getting any kind of encouragement for the they've been on the farm all their lives and that's what said Brent Lyons, Melvin Lyons' son, who also works at tobacco warehouse.

said he

understand how

As he puffed on a cigarette yesterday, the younger Lyons understood Clinton's concern for teen smoking but didn't manufacturers of tobacco products could be held

accountable. That's like
both cases, young people will find a way to get what's forbidden.
faulting breweries for underage drinking, he said, and in

Carroll County High School. About 2,000 people are expected to attend,
mostly students from Carroll and nearby counties.
Clinton will speak on teen smoking Thursday afternoon at

Vaught, 17, who was chosen to speak with Clinton at a forum earlier in
the day.
One of them will be Carroll County High junior Marissa

principal's office - "I thought I was in trouble," she said - Marissa wants to
hear why Clinton chose Carrollton and her school to talk about tobacco.
After her initial surprise yesterday at being called to
"How does this affect us?" she asked.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-APR-1998 08:43:49.00

SUBJECT: we'll be lucky to get out alive

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

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

TEXT:

Growers await visit by Clinton

Tuesday, April 7, 1998

BY PATRICK CROWLEY
 The Cincinnati Enquirer

FORT MITCHELL -- People in the Ohio River town of
 Carrollton, Ky., are
 excitedly preparing for President Clinton's visit
 Thursday,

"Everybody's talking about it," Carroll County
 Judge-executive Gene McMurry said Monday after a series
 of meetings with the Secret Service, a White House
 advance
 office.
 team and members of the president's communications

"How many people get to play host to a U.S. president?"
 It will be Mr. Clinton's second visit to Carrollton, 60
 miles
 southwest of Cincinnati. He visited there in 1992 after
 he
 won the Democratic nomination for president.

Mr. Clinton is expected in Carrollton on Thursday to
 discuss the federal
 smoking with
 tobacco settlement with growers, and how to reduce teen
 students from Carroll County High School.

Mr. McMurry said plans are for Mr. Clinton to land at
 the Cincinnati -
 Northern Kentucky International Airport on Thursday
 morning, and travel to
 Carroll County High School.

Mr. Clinton will then meet with tobacco growers at the Kentuckiana Tobacco Warehouse.

Warehouse owner Melvin Lyons said it will be "an honor" to have the president visit his business.

"I'm not really sure I know everything about his tobacco policy," Mr. Lyons said, "so I'll listen to what he has to say. But I sure don't want him to do away with the (federal price support) program. That would be bad for us who work in tobacco and for those who grow it." Under the program, the federal government annually sets a per-pound price for tobacco, and then agrees to buy the crop the tobacco companies do not.

Kentucky congressional candidates are taking sides in the tobacco debate.

Boone County Judge-executive Ken Lucas, a Democrat running for the 4th District congressional seat, said he is scheduled to attend a Boy Scout luncheon in Ashland on Thursday and won't be able to make the president's visit.

But Mr. Lucas said he talked to the president last month when Mr. Clinton was in Cincinnati for a fund-raiser.

"Now he has finally come to listen . . . and the president gave me his word that he would listen to our farmers, and I'm glad to see he's keeping his promise," Mr. Lucas said.

Mr. Lucas' opponent in the primary, Dr. Howard Feinberg of Greenup, said he probably will attend Mr. Clinton's visit, though he differs on the tobacco policy.

During the weekend, Mr. Clinton said a bill implementing the tobacco settlement should be even tougher on the companies than the bill approved by a Senate committee last week.

"I think what the president is trying to do will eliminate the current production system of tobacco in Kentucky, and that will devastate the economies of small towns and entire counties in Kentucky that depend on tobacco," Dr. Feinberg

said.

U.S. Rep. Scotty Baesler of Lexington, a candidate in the U.S. Senate Democratic primary, will probably travel to Kentucky with Mr. Clinton on Air Force One, said Bob Wiseman of his Lexington campaign office.

Mr. Baesler, a tobacco grower, refused to appear with Mr. Clinton in Lexington the day before the 1996 election. At the time, Mr. Baesler said he opposed Mr. Clinton's call to regulate tobacco as a drug. "That was a different situation because (Mr. Clinton) was in a campaign mode," Mr. Wiseman said Monday. "Right now, the president is coming to Kentucky to talk about an issue that is important to Scotty and important to Kentucky."

U.S. Rep. Jim Bunning of Southgate, a candidate for the GOP nomination in the U.S. Senate race, said Mr. Clinton's trip is an example of his arrogance.

"Bill Clinton is trying to destroy tobacco," Mr. Bunning said. "He has no business coming here to talk about it."

Fort Mitchell attorney Rick Robinson, a Republican running in the 4th District congressional primary, said Mr. Clinton needs to have a "real eye-to-eye exchange with people whose livelihood is at stake."

" "I feel your pain' isn't going to cut it," he said.

Republican Jim Kidney of Fort Thomas, a 4th District candidate, said Mr. Clinton doesn't care about policy as much as politics. "He's looking to do what suits him best in the polls," Mr. Kidney said.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Essence P. Washington (CN=Essence P. Washington/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 8-APR-1998 09:19:19.00

SUBJECT: Weekly Crime Meeting

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

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

TO: GALLEGOS_S (GALLEGOS_S @ A1 @ CD @ VAXGTWY [UNKNOWN])
READ:UNKNOWN

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

TO: GALLEGOS_S (GALLEGOS_S @ A1 @ CD @ LNWTWY [UNKNOWN])
READ:UNKNOWN

TO: NELSON_J (NELSON_J @ A1 @ CD @ LNWTWY [UNKNOWN])
READ:UNKNOWN

TO: SANDER_T (SANDER_T @ A1 @ CD @ LNWTWY [UNKNOWN]) (VPO)
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

TO: BLANCHARD_C (BLANCHARD_C @ A1 @ CD @ LNGTWY [UNKNOWN]) (DON)
READ:UNKNOWN

TO: HYLAND_K (HYLAND_K @ A1 @ CD @ LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: Jennifer Brown (CN=Jennifer Brown/OU=ONDCP/O=EOP @ EOP [ONDCP])
READ:UNKNOWN

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

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

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

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

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

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

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

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

TEXT:

ATTENTION: The Weekly Crime Meeting has been cancelled this week.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jason S. Goldberg (CN=Jason S. Goldberg/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 8-APR-1998 09:47:20.00

SUBJECT: ANOTHER TIME CHANGE: Small Tobacco Mtg. Wednesday

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

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

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

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

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

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

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

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

TO: Scott R. Hynes (CN=Scott R. Hynes/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

Records Management (Records Management @ EOP [UNKNOWN])
READ:UNKNOWN

TEXT:

Will be at 5:30 pm

...another POTUS conflict.

April 8, 1998

Automated Records Management System
Hex-Dump Conversion

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY RILEY
BRUCE REED

SUBJECT: California Proposition 227 (Unz Initiative) to End Bilingual Education

On June 2, California voters will consider Proposition 227, otherwise known as the Unz Initiative, which proposes to eliminate virtually all bilingual education. This is California's third potentially divisive race-related initiative in four years, following on the heels of Proposition 187, which barred public benefits for illegal immigrants, and Proposition 209, which ended affirmative action.

Polls show that the initiative is popular and is likely to pass, although a strong opposition campaign could make this election close. Many Latino voters currently favor the initiative, although the polls show that Latino support has declined considerably as voters become more familiar with the details of the proposal. Latino activists are strongly opposed to Unz, and are looking to the White House to support their efforts to defeat it.

Over the past several months DPC and Education Department staff worked with Maria Echaveste, Mickey Ibarra, Karen Skelton, and Janet Murguia to study the Unz Initiative, including extensive outreach to both opponents and supporters in California, in the Congress and among the advocacy community. Despite legitimate concerns over the effectiveness of some bilingual education programs, your advisors strongly believe that the Unz initiative is bad education policy and will harm students who need help the most.

We recommend that you publicly oppose the Unz Initiative because it deprives local educators of the ability to make educationally sound choices about how to meet the needs of limited English proficient children they serve and almost certainly will result in widespread violations of federal civil rights law. Your opposition to Unz should be coupled with a statement of the principles you support for strengthening programs to help Limited English Proficient students become proficient in English.

I. The Unz Initiative and Bilingual Education in California

A. Overview of the Unz Initiative

This initiative, authored and backed by Silicon Valley millionaire Ron Unz, is designed to

end all bilingual education programs in California. More specifically, it would:

- Require that all public school instruction be conducted in English.
- Permit this requirement to be waived only if parents or guardians can show that the child already knows English, has special needs, or would learn English faster through an alternative instructional technique.
- Provide initial placement for Limited English Proficient (LEP) students in "sheltered English immersion" programs for a period normally not to exceed one year. Instruction in these programs would be conducted in English, with some accommodations in the curriculum to take into account the limited English language skills of the students.
- Appropriate \$50 million per year over 10 years to fund adult education programs designed to teach English to LEP adults who in turn pledge to provide English language tutoring to LEP students.
- Make teachers, administrators and school board members subject to suits and personally liable for failure to implement the provisions of the initiative.

Unz and other backers of this initiative regard the existing system of bilingual education in the state as a complete failure. They argue that because bilingual education relies so heavily on use of the students' native language and only slowly introduces English, the approach delays or prevents, rather than promotes, the acquisition of English. Further, they point out that although California's bilingual education law expired a decade ago, the legislature has been unable to enact legislation to reform a broken program. This initiative, they argue, will break the legislative impasse and dramatically change bilingual education policy for the better.

B. Bilingual Education in California

Demographics. There are approximately 1.3 million Limited English Proficient (LEP) students in California, approximately one quarter of California's K-12 students. This number has nearly doubled in less than a decade, and represents some 43% of the national total. Seventy nine percent of California's LEP students are native Spanish speakers. Hispanics have a 50% dropout rate, and by most indicators their academic performance lags behind most other population groups in the state.

Educational Services. LEP students receive a wide variety of services intended to help them learn English and academic subjects. In 1997, only about 30% received what is conventionally considered bilingual education -- programs which make significant use of the student's primary language to teach academics while phasing in ever greater amounts of English language instruction. More than half participate in specially designed instructional programs that help students learn English through a combination of approaches such as direct instruction in grammar, vocabulary and communications, while teaching other subjects in a way designed to be accessible to LEP students. (The Unz Initiative would eliminate these programs as well as conventional bilingual programs.) Approximately 16% of all LEP students are not receiving any language instruction services at all.

California Legal Framework. The legal framework for providing services to LEP students in California is murky. California's Bilingual Education Act sunseted in 1987, but the State Board of Education regulations implementing the act have remained in effect. Under this framework, school districts are required to help students become fluent in English and competent in other academic subjects, and are given a significant amount of flexibility in determining how to achieve these goals. Neither bilingual education nor any other specific approach to teaching LEP students is required.

There have been a number of unsuccessful attempts in the past decade to enact new legislation, but bilingual education reformers and advocates have been unable to agree on an approach. There has been a fresh attempt over the past month to craft compromise legislation, partly to take the steam out of Unz and to give Unz opponents something to support. This effort, however, is likely to end in failure.

Early in March the State Board of Education took the first step toward eliminating the state bilingual education regulations. This process should be completed shortly before the vote on Unz. The effect of this action will be to eliminate any state requirement for the provision of specific services to LEP students, and to give local school districts even greater flexibility in this area.

II. Political Context

The Unz initiative is currently the most serious threat to bilingual education, but it is not likely to be the last. Earlier this year Speaker Gingrich proposed eliminating bilingual education, and some conservative education experts (e.g., Diane Ravitch) have also called for its elimination. Last week, Rep. DeLay introduced a bill that would eliminate the federal bilingual education program, and House Republicans have included a \$75 million rescision of FY98 funding for bilingual education in the emergency supplemental bill. Especially if Unz passes, we are likely to see energized opposition to the federal program, and increased opposition in other states and localities.

The Unz initiative presents a political dilemma in California. If we oppose it, we risk alienating a majority of California Anglo voters. If we fail to oppose it, we risk alienating a vocal and increasingly influential group of Latino leaders, and possibly Latino voters.

Current polls show that a large majority of California Anglo voters support Unz. For Anglos, bilingual education may become a hot button issue similar to immigrant services and affirmative action. In contrast, Latino voters are split on the issue. While many continue to support Unz largely out of frustration at the public schools' failure to help their children, polls show that Latino support is eroding as they become more aware of the particulars of the initiative. And the polls tended to underestimate Latino opposition to Prop. 187 and Prop. 209.

Latino activists and elected officials oppose Unz. To some of the Latino leaders, Unz is

a litmus issue, like Propositions 187 and 209. Latino leaders are looking to the White House to become actively involved in the opposition to Unz, and are fearful that we will choose to sit on the sidelines.

More organizations and elected officials are taking positions on Unz. The California education community -- including the California Teachers Association and the California School Boards Association -- is strongly opposed to Unz. Key Democratic officeholders (including Sen. Boxer, Rep. Becerra and most Democrats in the California delegation, State Superintendent Delaine Eastin, and Speaker Villaraigosa) have also announced their opposition to the Unz initiative. All three Democratic gubernatorial candidates have come out against Unz. Sen. Feinstein has not taken a public stance yet, though she appears likely to support Unz. A list of organizations, elected officials, and other leaders that have taken positions on Unz is attached.

The Republican state party has supported Unz, though many Republican officials, including Gov. Wilson, have not yet taken a position. Dan Lungren has not taken a position yet, but has recently said that the recent action by the State Board of Education has eliminated the need for Unz. There is always a chance that White House opposition to Unz could polarize the situation and push Gov. Wilson and other Republicans to support Unz, but at least some Republican leaders are afraid to support another initiative viewed as anti-Hispanic.

The political dilemma can be resolved with a "Mend it / Don't End it" response. We believe the best approach to this issue is to strike a middle ground by admitting that bilingual education needs mending, but asserting that Unz is not the way to do it. More specifically, we can:

- Start by reiterating the overriding importance of helping every child become proficient in English;
- Oppose Unz on the merits because it is too extreme;
- Remind voters what we are for, including both our overall approach to strengthening public education and our Hispanic initiative;
- Articulate the fundamental principles that you believe should be used by local communities to strengthen their efforts to educate LEP students. These principles include helping children become proficient in English as quickly as possible, holding schools accountable for results, providing local flexibility, and emphasizing quality in any approach used.

III. Specific Recommendations

I. **Oppose Unz Initiative on educational and legal grounds.**

Educational. While evaluations of bilingual education in California and elsewhere have identified some promising efforts, few believe that the services now

provided to LEP students are effective on a large scale basis. In many cases, shortages of qualified teachers and poor implementation have limited the effectiveness of existing programs. However, these bilingual education programs should be "mended, not ended." A one-size-fits-all State prescription for how to educate limited English proficient children and demanding that it be done within one year will, in our view, be counter-productive to achieving the goal of helping LEP students learn English, reach high standards, and participate effectively in classrooms where English is the language of instruction. Experience and research, including a 1997 report of the National Academy of Sciences, indicate that no one approach is the answer for all limited English proficient children.

Rather -- whether the approach is bilingual education, English as a second language, structured immersion, or some variation or hybrid of them -- the success of programs turns on the quality and commitment of the school and teacher. The Unz Initiative is likely to impair chances for success by limiting the discretion of schools and teachers to determine what works best for their LEP students. In fact, the Unz Initiative is an extreme form of overregulation that prevents teachers and parents from exercising common sense and professional judgment of how to serve individual children. Exceptions can be made only by bureaucrats far removed from the classroom, and personal liability of teachers increases the prospect of court intrusions in educational matters to new and alarming levels.

A National Academy of Sciences study released March 18 shows that LEP children with no English proficiency are best taught to read English by first being taught reading in their native language, if teachers and instructional materials in their native language are available. Thus, while a structured English immersion approach may be effective for some limited English proficient children, it is likely to be ineffective for many others. In addition, our experience in administering the Bilingual Education Act and in reviewing programs for possible violations of Title VI of the Civil Rights Act indicates that one year of special instruction -- whether in Bilingual Education or an English immersion approach -- rarely is sufficient to enable a child who starts the program with almost no proficiency in English to become proficient enough to participate in regular classes.

Legal. Based on the educational problems described above, the Unz Initiative implicates federal civil rights laws. In the seminal 1974 case of Lau v. Nichols, the Supreme Court interpreted Title VI of the Civil Rights Act to require school districts to take steps to ensure that national origin minority students with limited English proficiency can effectively participate in the regular educational program. Similarly, the Equal Educational Opportunity Act, enacted in 1974, requires public educational agencies to take appropriate action to overcome language barriers that impede student participation in the instructional programs. Neither Lau nor the subsequent cases addressing Title VI or the Equal Educational Opportunity Act mandate a particular approach to meeting these needs, but they require that sound educational approaches be implemented and evaluated.

Assuming that some educational experts will vouch for the soundness of the sheltered English immersion approach mandated by the Unz Initiative, we do not believe that a legal challenge asserting that the Unz Initiative on its face violates Title VI or the Equal Educational Opportunity Act would succeed. However, the Unz Initiative is certain to cause widespread violations of Title VI and the Equal Educational Opportunity Act if it is interpreted and applied in accordance with its intent to eliminate the choices of local educators when providing the appropriate instruction for limited English proficient students. Realistically, the only way that widespread violations will be avoided is if the State or local educational agencies broadly use loopholes in the Proposition to extend services well beyond a year and to provide bilingual education for students who need it.

It is evident that the Unz Initiative inevitably will create legal confrontations between California agencies and this Department, as well as the Department of Justice, over violations of civil rights laws and will divert resources and attention that should be focused on educating children to investigations and litigation.

Recommendation: For these reasons, we recommend that the Administration publicly oppose the Unz Initiative. Taking a position soon will allow us to help frame the debate and set a constructive tone, rather than get drawn into an already inflammatory debate. An immediate announcement will also allay concerns in the advocacy community that we may sit this battle out until it is too late to have an impact on the outcome. Neither you nor the Vice President are scheduled to be in California in the immediate future. Therefore, we believe that Secretary Riley should make the initial announcement of the Administration's position in California within the next week to ten days.

We also believe that you should use your visit to California in early May to personally make the case against the Unz Initiative. We will also work with the Vice President's office to create an appropriate opportunity for him to express his opposition to Unz.

_____ Agree _____ Disagree _____ Discuss Further

2. Couple opposition to Unz with a clear statement of how local school districts can strengthen education for LEP students.

In accord with our recommendation for a "mend, don't end" approach to bilingual education, we believe that opposition to Unz should be coupled with a strong statement recognizing the importance of helping LEP students learn English and succeed, and a set of principles that should guide local efforts to strengthen rather than end these programs. The intent here is to underscore that while there is a place for bilingual education (and other ways to help LEP students become proficient in English), bilingual education programs in particular and

the schools that serve LEP students must do a better job.

We seriously considered but rejected the idea of underscoring your commitment to improve bilingual education by also proposing statutory changes to the federal Bilingual Education Program. After consultation with members of the California Congressional delegation, the Hispanic Caucus and others, we concluded that this step would be premature since Congress is unlikely to pass or even consider your proposals until next year, when the bilingual education is scheduled for reauthorization. An Administration proposal now would fuel other Congressional proposals to dramatically alter or eliminate bilingual education. Further, proposing changes to the federal program now would also place members of the California Congressional delegation in a difficult position, because they would be forced to take a position on both the Unz Initiative and your legislative proposal.

The approach to improving bilingual education proposed below will be further developed into specific legislative proposals in the coming months, as the Education Department prepares for the reauthorization of the Elementary and Secondary Education Act. Specifically, we recommend the following principles:

Set a goal for school districts to help LEP students learn English within 3 years.

All sides of this debate--including particularly parents of Hispanic and other LEP students--want children to learn English as rapidly as possible. However, bilingual education programs are often portrayed as prolonging rather than speeding the process of learning English, and are often perceived to be open-ended rather than transitional programs. The best available evidence suggests that it currently takes LEP students 4-5 years to become proficient in English. Currently, few school districts establish clear time lines or goals for LEP students to learn English.

Challenging school districts to set and meet a clear goal of helping LEP students become proficient in English within 3 years will clearly ensure that your opposition to Unz is not seen as an endorsement of the status quo. Setting a clear goal is the first step in reducing the length of time it takes for students to master English. It will send a clear message to teachers and administrators to adopt curriculum and instructional strategies that are designed to help students acquire English proficiency as rapidly as possible. In this context, you should also urge school districts to set the same academic standards and expectations for LEP students as all other students are expected to meet; notify parents of every LEP student of these goals when the student is first enrolled; assess student progress in English and toward meeting standards in other academic subjects annually; identify early and provide extra help to students who are not making progress.

This proposal will be very unpopular with the Hispanic Caucus and the bilingual advocacy community. They will argue that there is no clear research base to establish a 3-year time frame, that individuals vary in how long they need to master English, and that pushing students to learn English early will slow down their ability to master other academic subjects. They will also argue that advocating a 3-year time frame--or any other arbitrary time limit--plays

into the hands of Unz and his supporters and weakens the ability of Unz opponents to make the case against the 1-year arbitrary time limit in his proposal. Further, they and many educators will argue that if it is necessary to set time lines for learning English, local educators and communities ought to take responsibility for determining the appropriate length of time.

We believe that these concerns can be reduced somewhat by making clear that you are calling for a goal rather than a strict time limit, by emphasizing accountability for meeting the goal rests primarily on local schools, and by not proposing to end language services to students who have not yet mastered English within 3 years.

Local school districts must be accountable for performance and results. School districts must be held accountable for helping students become proficient in English as rapidly as possible. They should report publicly how well they are meeting the timelines they have established. They should test students periodically for English proficiency (as well as achievement in other subjects) to determine if they are making adequate progress, and to provide additional services or take other corrective actions as appropriate when students are not making adequate progress. School districts should evaluate their bilingual education programs regularly as well. If a program is not helping its students progress rapidly enough, the school district should strengthen it, or use another approach research shows will work.

There must be local flexibility. As discussed above, no one-size-fits-all prescription for how to educate limited English proficient children will work. Local schools must have the flexibility to design programs that meet its particular needs, mix of students and resources. So long as the goal is clear--that students learn English as rapidly as possible--and there is accountability for results, parents and educators should be free to work together to fashion programs that work for them.

The focus must be on strengthening quality, regardless of approach. The research on instruction for LEP students does not identify any approach (e.g. bilingual education, English immersion, English as a Second Language, or dual-language immersion) as more effective than others. Rather, it suggests that effective programs have well-prepared teachers who know how to teach reading and who are knowledgeable about second-language acquisition; provide students with a challenging curriculum and high academic standards; and regularly assess student progress and make adjustments in the instructional program accordingly. In short, if LEP students are to learn English and succeed in school, they must be in schools that work for all students--schools with high standards, good teachers, smaller classes, challenging curriculum and accountability for results. Because of this, any discussion of the steps required to strengthen local quality provides an opportunity to discuss your overall agenda for strengthening public schools

_____ Agree _____ Disagree _____ Discuss Further

Elected Officials, Associations, Activists are Taking positions on Unz:

Oppose Unz:

Senator Barbara Boxer
Lt. Gov. Grey Davis
Congressman Xavier Becerra
Congressman Cal Dooley
Congressman Bob Filner
Congressman Lucile Roybal-Allard
Congresswoman Zoe Lofgren
Congresswoman Ellen Tauscher
Congressman Vic Fazio
Congressman Marty Martinez
Delaine Eastin, Superintendent of Public Instruction
Assemblyman Cruz Bustamante (former Speaker)
Speaker Antonio Villaraigosa
Senator President John Burton
Supervisor Gloria Molina
CTA
MALDEF
Republican Assemblyman Bill Leonard
Republican Assemblyman Rod Pacheco (only R Latino Assemblyman)
CABE

Support Unz:

Ron Unz
Gloria Matta Tuchman
Jaime Escalante
Fernando Vega
Mayor Richard Riordan
Darrell Issa, Republican Senate Candidate opposing Barbara Boxer