NLWJC - KAGAN
EMAILS RECEIVED
ARMS - BOX 030 - FOLDER -006

[05/20/1998]

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	from Andrea Kane to Elena Kagan et al subject Feedback Needed re Welfare to Work Success Story for 5/27 (2 pages)	05/20/1998	P6/b(6)

COLLECTION:

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

FOLDER TITLE:

[05/20/1998]

2009-1006-F
kc157

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:20-MAY-1998 15:28:13.00

SUBJECT: BC likes letter; will fax in next few minutes. BR

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

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lynn G. Cutler (CN=Lynn G. Cutler/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:20-MAY-1998 11:38:57.00

SUBJECT: tobacco letter

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

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

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

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

TEXT:
the version I saw last night had a reference to the amendments (offered by Sen. Gorton) that are very problematic for Indian country. I have had many calls on this--it is Gorton's way of attacking sovereignty. Some of the tribes are trying to work on a price parity compromise, but it is not good for this President to appear in any way condoning what the Gorton taxation amendment provides. I would hope that the line that was in the letter last night could be restored.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:20-MAY-1998 17:36:47.00

SUBJECT: Women's Mtg

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

TO: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

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

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

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

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

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

TO: Lucia F. Gilliland (CN=Lucia F. Gilliland/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

CC: Francine P. Obermiller (CN=Francine P. Obermiller/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Noa A. Meyer (CN=Noa A. Meyer/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

CC: Mindy E. Myers (CN=Mindy E. Myers/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

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

TEXT:
There will be a Women's Mtg on Thursday at 9am in room 100. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kate P. Donovan (CN=Kate P. Donovan/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:20-MAY-1998 21:26:01.00

SUBJECT: OMB Legislative Report -- May 20, 1998

TO: Wendy R. Fink (CN=Wendy R. Fink/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

TO: Gina C. Mooers (CN=Gina C. Mooers/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

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

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

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

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

TO: Donald R. Arbuckle (CN=Donald R. Arbuckle/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

TO: Stephen G. Elmore (CN=Stephen G. Elmore/OU=OMB/O=EOP@EOP [OMB])

READ:UNKNOWN

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

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

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

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

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

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

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

TO: Kevin S. Moran (CN=Kevin S. Moran/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: M. Jill Gibbons (CN=M. Jill Gibbons/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

TO: Melissa N. Benton (CN=Melissa N. Benton/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

TO: Mathew C. Blum (CN=Mathew C. Blum/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

TO: Edward A. Brigham (CN=Edward A. Brigham/OU=OMB/O=EOP@EOP [OMB])

READ:UNKNOWN

TO: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

TO: Larry R. Matlack (CN=Larry R. Matlack/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

TO: Rodney G. Bent (CN=Rodney G. Bent/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Steven D. Aitken (CN=Steven D. Aitken/OU=OMB/O=EOP@E [OMB])
READ:UNKNOWN

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

TO: Toni S. Hustead (CN=Toni S. Hustead/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

TO: Justine F. Rodriguez (CN=Justine F. Rodriguez/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

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

TO: Robert S. Fairweather (CN=Robert S. Fairweather/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

TO: Anita Chellaraj (CN=Anita Chellaraj/OU=OMB/O=EOP@EOP [OMB])

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TO: Alan B. Rhinesmith (CN=Alan B. Rhinesmith/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

READ:UNKNOWN

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

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

TO: Gary C. Reisner (CN=Gary C. Reisner/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Robert D. Kyle (CN=Robert D. Kyle/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

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

TO: Daniel N. Mendelson (CN=Daniel N. Mendelson/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

TO: Judy Jablow (CN=Judy Jablow/OU=CEQ/O=EOP@EOP [CEQ])
READ:UNKNOWN

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

TO: Lawrence J. Haas (CN=Lawrence J. Haas/O=OVP@OVP [UNKNOWN])
READ:UNKNOWN

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

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

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

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

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

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

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

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

TO: Allan E. Brown (CN=Allan E. Brown/OU=OMB/O=EOP@EOP [OMB])

READ:UNKNOWN

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

TO: Sean E. O'Connor (CN=Sean E. O'Connor/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

TO: Wesley P. Warren (CN=Wesley P. Warren/OU=CEQ/O=EOP@EOP [CEQ])
READ:UNKNOWN

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

TO: Maryanne B. Green (CN=Maryanne B. Green/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

TO: Ronald K. Peterson (CN=Ronald K. Peterson/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Carol Thompson-Cole (CN=Carol Thompson-Cole/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

TO: Kathryn B. Stack (CN=Kathryn B. Stack/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

TO: Harry G. Meyers (CN=Harry G. Meyers/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

READ:UNKNOWN

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

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

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

TO: Bruce K. Sasser (CN=Bruce K. Sasser/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

TO: Mary Jo Siclari (CN=Mary Jo Siclari/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

TO: Kate P. Donovan (CN=Kate P. Donovan/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

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

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

TO: Phillip Caplan (CN=Phillip Caplan/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: Mickey Ibarra (CN=Mickey Ibarra/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: Philip R. Dame (CN=Philip R. Dame/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

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

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

TO: Bruce W. McConnell (CN=Bruce W. McConnell/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

TO: Alicia K. Kolaian (CN=Alicia K. Kolaian/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

TO: Richard P. Emery Jr. (CN=Richard P. Emery Jr./OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Barry T. Clendenin (CN=Barry T. Clendenin/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

TO: Robert G. Damus (CN=Robert G. Damus/OU=OMB/O=EOP@EOP [OMB])

READ:UNKNOWN

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

TEXT:
TO: DIRECTOR FRANK RAINES
DEPUTY DIRECTOR JACK LEW
DEP. DIRECTOR FOR MANAGEMENT ED DESEVE
EXECUTIVE ASSOCIATE DIRECTOR JOSH GOTBAUM

FROM: OMB LEGISLATIVE AFFAIRS

DATE: MAY 20, 1998

SUBJECT: LEGISLATIVE REPORT

Budget Resolution: The Budget Committee members voted along party lines to report the Kasich plan, 22-16. No Republican amendments were offered and all Democratic amendments were rejected along party lines, with the exception of a few sense of the Congress amendments. Floor has not been scheduled yet.

ISTEA: Today, the House adopted (422-0) the Obey Motion to Instruct Conferees on H.R. 2400 - ISTEA Conference Report to approve a conference report that excludes the tobacco offset. House Floor action is possible Thursday.
[Raines letter sent 5/12: Senior advisers veto recommendation under certain circumstances]

CONGRESS -- TODAY (5/20):
SENATE:
Continued consideration of S. 1415 - National Tobacco Policy and Youth Smoking Reduction Act [POTUS letter sent, 5/20: POTUS supports passage as amended by the Manager□,s amendment]
While under consideration of S. 1415, the Senate took the following action:
o Tabled (58-40) the Kennedy amendment that would have modified the $1.10 increase by raising it to $1.50 per pack. Prior to that action, the Senate tabled (72-26) the Ashcroft 2nd degree amendment to the Kennedy amendment that would have struck all provisions from the bill concerning an increase of tobacco taxes.

HOUSE:
Began consideration of H.R. 3616 - National Defense Authorization Act for FY 1999
[SAP sent, 5/20: Administration has serious budget & policy concerns]

While under consideration of H.R. 3616, the House took the following action:
o Adopted (412-6) Hefley amendment to prevent the transfer of any U.S. missile equipment or technology that could be used by the People's Republic of China for strategic purposes.
o Adopted (364-54) Hunter amendment to prohibit the export or re-export of any U.S. satellites, including commercial satellites and their components, to the People's Republic of China.
o Adopted (417-4) Spence amendment to express the sense of Congress that U.S. business interests should not be placed above U.S. national security interests.
o Adopted (414-7) Bereuter amendment to prohibit the participation of U.S.

citizens in the investigation of a failed launch of a U.S. satellite on a foreign launch vehicle unless a qualified U.S. government representative is also participating in the investigation, and the U.S. State Department has issued the U.S. citizen a license authorizing such participation.
o Adopted (420-0) Gilman amendment to state that no provision of the Kyoto Protocol on global warming will restrict the procurement, training, operation or maintenance of U.S. armed forces.
o Rejected (190-232) Lowey amendment that would have repealed provisions of current law that prohibit privately-funded abortions at overseas Defense Department medical facilities.
Adopted (250-172) Hefley amendment to prohibit the assignment of any member of the U.S. armed services to duty with the United Nations Rapidly Deployable Mission Headquarters, or any other standing army under command of the U.N.

CONGRESS -- TOMORROW (5/21) & FRIDAY (5/22)
SENATE:
Convene at 9:30am to resume consideration of S. 1415 - National Tobacco Policy and Youth Smoking Reduction Act (may not be completed this week). Thursday□,s debate expected on a Gregg/Leahy amendment regarding immunity; a democratic amendment, and language on the farmers protection issue.
[POTUS letter sent, 5/20: POTUS supports passage as amended by the Manager□,s amendment]

H.R. 2709 - Iran Missile Proliferation Sanctions Act of 1997 (likely Friday)
[SAP under development: possible senior advisers veto recommendation]

H.R. 2400 - ISTEA Conference Report
[Raines letter sent 5/12: Senior advisers veto recommendation under certain circumstances]

S. 1609 - Next Generation Internet Research Act (possible)
[SAP pending: Administration supports Senate passage]

The Senate will be out of session for the Memorial Day recess from Monday, May 25 - Friday, May 29.

HOUSE:
On Thursday, convene at 10:00am and on Friday, convene at 9:00am for legislative business.

H.Res. 432 - A Resolution Expressing the Sense of the House of Representatives Concerning the President□,s Assertions of Executive Privilege (Thursday)
H.Res. 433 - A Resolution Calling upon the President of the U.S. to Urge Full Cooperation by his Former Political Appointees and Friends and their Associates with Congressional Investigations (Thursday)

H.R. 2183 - Bipartisan Campaign Integrity Act of 1997 (Thursday)
[POTUS letter sent, 5/20; SAP pending: POTUS supports Shays/Meehan substitute]

Continue consideration of H.R. 3616 - National Defense Authorization Act for FY 1999
[SAP sent, 5/20: Administration has serious budget & policy concerns]

H.R. 2400 - ISTEA Conference Report
[Raines letter sent 5/12: Senior advisers veto recommendation under

certain circumstances]

It is unlikely that the House will consider H.R. 3150 - Bankruptcy Reform Act of 1998 before the Memorial Day recess.
[SAP pending: Administration strongly opposes]

The House will be out of session for the Memorial Day recess from Monday, May 25 - Tuesday, June 2. No votes are scheduled for June 2, and votes will be delayed until 5pm on June 3.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:20-MAY-1998 00:31:08.00

SUBJECT: Lugar vs. Ford budget chart

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

TO: Mary L. Smith (CN=Mary L. Smith/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:
Here's the easy to read version of OMB's charts.
==================== ATTACHMENT 1 ====================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D82]MAIL48572093Q.126 to ASCII,
The following is a HEX DUMP:

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Lugar Bill Cuts Health Spending by 69 Percent

		NIH and Other Research	Public Health, including Cessation, Prevention, Education, and Enforcement
FY 1999			
	Ford	$3.4 billion	$3.4 billion
	Lugar	$1.6 billion	$1.6 billion
	Percent Reduction	**- 53%**	**- 53%**
FY 2000			
	Ford	$2.4 billion	$2.4 billion
	Lugar	$0.3 billion	$0.3 billion
	Percent Reduction	**- 88%**	**- 88%**
FY 2001			
	Ford	$2.8 billion	$2.8 billion
	Lugar	$0.8 billion	$0.8 billion
	Percent Reduction	**- 71%**	**- 71%**
Total, FY 1999-2001			
	Ford	$8.6 billion	$8.6 billion
	Lugar	$2.7 billion	$2.7 billion
	Percent Reduction	**- 69%**	**- 69%**

	FY99	FY00	FY01	FY02	FY03	FY99-03	FY99-08	FY99-23
Ford	2.5	1.8	2.0	2.0	2.2	10.5	22.8	28.5
Lugar	6.0	6.0	6.0	0.0	0.0	18.0	18.0	18.0

Calculations assume the funding for states remains $15.6 billion over three years under either farm proposal.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:20-MAY-1998 12:48:39.00

SUBJECT: How McConnell plays in KY.

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

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

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

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

Fred DuVal (CN=Fred DuVal/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TEXT:
Hotline summary of KY politics on farmers. This is a pretty great issue for them -- you can see Bunning immediately distanced himself from McConnel.
It is the big issue there right now.

Tobacco On The Attack-O

Louisville Courier-Journal's Eagles & Wilson report, Baesler "motored around west-central" KY in a pickup," Owen "headed to his hometown of Lexington," and Henry "worked the phones" as all three Dems "defended the tobacco price-support program" following Sen. Mitch McConnell's (R) "surprise announcement" 5/18 "that he will join" Sen. Richard Lugar (R-IN) "in proposing to abolish it." Baesler called McConnell a "turncoat," saying he has "really done farmers a disservice ... [GOPers have] turned their back on the farmer." Owen: "It will devastate Kentucky's small tobacco farmers and our rural communities." Henry: "At the most critical time in the last 50 years ... he walked away." Bunning: "[I am] firmly committed to doing everything humanly possible to preserve the tobacco program" (5/20). Lexington Herald-Leader's Muhs and Brammer report that Owen accused McConnell of "playing for national attention" with his proposal. Baesler continued to "emphasize his background as the only tobacco farmer in Congress" (5/20).

McConnell's Gamble

McConnell's "retreat on a government program long considered sacrosanct in

Kentucky" is "one of the biggest gambles of his political career." McConnell's "bombshell infuriated leaders of the state's leading tobacco-growing group, who predicted rural Kentucky voters will punish" GOPers in the '98 elections "for McConnell's abandonment of the tobacco price-support program in a time of peril." Dems, "who for years have been on the defensive" on national issues in KY, "clearly sensed an opening." All three Dems "excoriated McConnell" and "laid plans for to keep hammering on the issue in the final week of their primary race." But McConnell "insisted he was acting" in KY's interests. He cast himself as "a political realist and straight shooter." McConnell: "[It is] politically impossible to keep the program." More McConnell: "You have to ask yourself, 'If there isn't a corn program, will there be a tobacco program?' I think the answer to that is no" (Garrett, Courier-Journal, 5/20). Herald-Leader's Gibson reports that "while McConnell argues that the death of the price-support program is imminent in today's anti-tobacco political environment," retiring Sen. Wendell Ford (D) "thinks it can be preserved for years to come." The McConnell-Ford split "marks a first in the history of tobacco policy debates," as "no two Kentucky Senators have ever been on opposite sides of this issue" (5/20).

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:20-MAY-1998 13:46:50.00

SUBJECT: Need your reaction to TANF transfer to ATJ proposal

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

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

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

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

TEXT:
Wendell is floating an idea to W&M staff to allow TANF and WtW funds to be transferred to Access to Jobs to meet the ATJ match. Apparently the motivation is so that the transportation initiatives funded through ATJ (and its match) not have time limits and other TANF requirements attached. Also, this would make administration of ATJ simpler. This all arose out of what were supposed to be technical/clarifying amendments on ATJ match. HHS and DOT are going to want to know our views on transfer, should Wendell actually get the committee staff to propose it. While we support ATJ and the need to invest in welfare to work transportation, seems to me we'd have problems with the transfer proposal on both process and policy. Process: it's way beyond technical and this is not the right place to address it. Policy: Mary Bourdette tells me DPC has historically opposed transfers out of TANF. Also, this new transfer is not necessary--a state could transfer TANF funds to SSBG and use this as ATJ match and achieve the same goals (though we don't necessarily need to promote this). Your reaction?

At the same time, W&M has drafted some clarifying language to attach to child support bill that clarifies that TANF funds used to match ATJ cannot be spent on capital, must be spent on new mass transit services (not current operations), should supplement not supplant other State spending on transportation, and must benefit TANF recipients and help them engage in work activities (as defined in Sec 407 of TANF). I'm OK with the general intent, but have some questions about specifics. DOT and HHS are reviewing that proposed language and will get back to me later today to see if it all makes sense. At this point, committee language does not deal with transfer at all.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:20-MAY-1998 11:08:31.00

SUBJECT: Paper on Tobacco Issues

TO: guzy.gary (guzy.gary @ epamail.epa.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: sheketoff-emily (sheketoff-emily @ dol.gov @ inet [UNKNOWN])
READ:UNKNOWN

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

TO: JONATHAN.GRUBER (JONATHAN.GRUBER @ MS01.DO.treas.sprint.com @ inet [UNKNOWN]
READ:UNKNOWN

TO: johara (johara @ osophs.dhhs.gov @ inet [UNKNOWN])
READ:UNKNOWN

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

TO: Ron E Blankenship (CN=Ron E Blankenship/O=EOP [UNKNOWN])
READ:UNKNOWN

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

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

TO: Charles W. Burson (CN=Charles W. Burson/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

TO: kburke1 (kburke1 @ os.dhhs.gov @ inet [UNKNOWN])
READ:UNKNOWN

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

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

READ:UNKNOWN

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

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

TO: Mary L. Smith (CN=Mary L. Smith/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:
Here is our package of paper on the McCain manager's amendment, prepared primarily for Hill staff. Feel free to distribute liberally among our friends. ==================== ATTACHMENT 1 ====================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
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The Commerce Committee Manager's Package will Dramatically Reduce Youth Smoking

The Commerce Committee manager's package contains significant improvements over the underlying bill which will help to reduce youth smoking and to protect the public health. With these improvements, the bill meets each of the President's principles for comprehensive tobacco legislation. The improvements include:

Tougher Lookback Surcharges:

- The manager's amendment contains an uncapped company-specific surcharge of $1,000 per youth smoker for every youth smoker by which the company misses its youth smoking targets. This surcharge represents <u>twice</u> the lifetime profits that a company earns from any youth smoker. The companies will not be able to pass these company-specific surcharges onto price, because any price differential between companies will dramatically affect their share of the adult market.

  At the levels specified in the manager's amendment, company specific surcharges will reduce <u>profits</u> by $640 million for every 10 points. The Treasury Department and OMB estimate that a 20-point miss in 2003 would represent one-third of total industry profits. By affecting their bottom line in this dramatic fashion, the company-specific surcharges in the manager's amendment will provide a significant incentive for tobacco companies to change their behavior and reduce sales to children.

- The manager's package also raises the cap on industry-wide lookback surcharges from $3.5 billion per year to $4 billion per year. The Treasury Department and OMB estimate that if targets are not met and the full $4 billion industry-wide surcharge is levied, the price of a pack of cigarettes will rise by about 35 cents.

Enhanced Environmental Tobacco Smoke Protections:

- The manager's package provides that a state can opt out of the national environmental tobacco smoke standard only if the state is able to demonstrate to OSHA that it has an ETS standard at least as protective of the public's health.

Spending:

- The manager's package contains key provisions to fund important public health programs, health research, and assistance for farmers. It also provides funding to states to be used for a variety of programs, including child care.

- Approximately 22 percent of expected revenues from the legislation will go to fund research at NIH, CDC, and AHCPR. Another 22 percent will fund smoking cessation programs, prevention and education programs, international tobacco control efforts, and a variety of enforcement efforts at both the federal and state levels to minimize smuggling and crack down on retailers who sell tobacco products to children. All proceeds from lookback surcharges will go to prevention and education programs.

- Forty percent of expected revenues will go to states, with half unrestricted and half to be used for designated purposes -- the Child Care and Development Block Grant, the Safe and Drug-Free Schools Program, Eisenhower Grants, child welfare programs (Title IV-B), the Maternal and Child Health Bureau's Title V Program, Substance Abuse grant programs, and a limited match for the Children's Health Insurance Program. This entire list is directed at the health and well-being of children and families most in need of assistance.

- The remainder of expected revenues from the legislation will go to protect tobacco farmers and to provide assistance to their communities, through the mechanisms of the LEAF Act.

- Excess revenues will go to the Medicare program.

Improved Liability Provisions:

- The manager's package ensures that the bill's liability provisions (i.e., the settlement of state lawsuits and the annual damages cap) apply only to companies that agree to accept sweeping advertising restrictions and to comply with important provisions of the law (i.e., lookbacks and annual payments), even if those provisions are invalidated by the courts.

- The manager's package raises the annual liability cap from \$6.5 to \$8 billion (indexed for inflation), the same amount as the cap in the Chafee-Harkin bill. It also removes liability protections for parent companies and affiliates; ensures that the industry's attorneys will be subject to suit as under current law; and allows plaintiffs claiming injury from disease to use evidence of addiction in their lawsuits.

- The manager's package strengthens the provisions in the bill that link liability protections to the achievement of youth smoking targets. Under the amended legislation, a company that misses its targets by 20 percent or more has the burden of showing both that it did not engage in affirmative misconduct and that it used best efforts to reduce youth smoking in order to escape the loss of liability protections.

Elimination of Antitrust Exemption:

- The manager's package eliminates the blanket antitrust exemption contained in the underlying bill, which was not necessary to achieve the goals of the legislation and could have had anticompetitive effects.

**Company-Specific Youth Lookback
Surcharge will Change Industry Behavior**

The uncapped company-by-company surcharge of $1,000 per youth smoker contained in the Commerce Committee manger's package will provide a significant incentive for tobacco companies to change their behavior and reduce sales to children. Industrywide surcharges are passed directly to price, and are designed to drive up the price to discourage teens from smoking. Company-specific surcharges are designed not to drive up the price of cigarettes, but to come straight out of the companies' bottom line if they sell to children. Companies cannot pass company-specific surcharges onto price, because any price differential between companies will dramatically affect their share of the adult market.

- Without a company-specific surcharge, any company can still make a profit by selling to kids. The $1,000 per youth smoker surcharge contained in the manager's amendment will force a company to surrender <u>twice the lifetime profits</u> it makes from addicting a teen in the first place.

- This penalty is <u>uncapped</u>, and will take a large bite out of after-tax profits. The total after-tax profits of the domestic tobacco industry are $5 billion ($7.5 billion pre-tax). The Department of Treasury estimates that after-tax profits will drop to about $3.4 billion by 2003 (in constant dollars) under the McCain bill. The company-specific surcharges reduce the companies profits by about $640 million for every 10 points. A 30-point miss would reduce profits by over $1.9 billion, which is more than half of projected profits. A 60-point miss would reduce profits by $3.8 billion, which amounts to more than projected total profits.

- These penalties are large enough to prevent companies from being able to pass them onto price. Assume, for example, that the total volume of cigarettes sold in 2003 is 15 million packs (about halfway between CBO and OMB estimates). Because Philip Morris's market share is 50%, or 7.5 million packs, a 30-point miss would cost the company about $1.2 billion. If Philip Morris passed that amount along to price, it would have to raise the price of Marlboros by 16 cents a pack, or $1.60 a carton. A similar price differential between Philip Morris and RJR cigarettes in 1993 cost RJR so much of its adult market share that the company has never recovered.

- In addition, any company that misses its targets by more than 20% stands a significant chance of losing its liability protections altogether under the manager's amendment. As amended, the bill provides that a company that misses its targets by this amount has the burden of showing both that it did not engage in affirmative misconduct and that it used best efforts to reduce youth smoking in order to escape the loss of liability protections.

Stronger Anti-Smuggling Provisions:

- The manager's amendment will strengthen the anti-smuggling provisions in the bill, so as to prevent the emergence of contraband markets. The bill, as amended, will create a "closed distribution system" for tobacco products so that only licensed entities can sell or buy products; it will provide states with resources to establish or improve retail licensing systems; it will require manufacturers to mark packages for export to prevent their diversion; and it will establish and enforce strong penalties for violations. A very similar system has worked to control smuggling of alcoholic beverages for over sixty years.

The Commerce Committee's Manager's Package
Funds Critical Public Health, Health Research, Farmers, and State Programs

The Commerce Committee's manager's package funds critical funding for public health, health research, farmers and farming communities, and the states, including significant funds for child care.

Public Health Programs: 22 percent of funds (about $14 billion/5 years)

The bill funds critical public health programs, including tobacco prevention and education programs, cessation programs, counter-advertising, Indian health services, international tobacco control efforts, and a variety of enforcement efforts at both the federal and state levels to minimize smuggling and crack down on retailers who sell tobacco products to children.

Health Research Programs: 22 percent of funds (about $14 billion/5 years)

The bill provides 22 percent of funds for research at the National Institutes of Health, the National Science Foundation, the Centers for Disease Control, and the Agency for Health Care Policy and Research. The bill would also fund a demonstration to permit Medicare beneficiaries to participate in certain federally sponsored cancer clinical trials.

Farmers and Communities: 16 percent of funds (about $10 billion/5 years)

The bill provides 16 percent of funds to assist the transition of both flue-cured and burley tobacco growers and their communities. The bill contains $28.5 billion for tobacco farmers and their communities over 25 years, including payments for lost tobacco quota; payments for sale of quotas; payments for community economic development block grants; a worker transition program; and higher education assistance programs.

Grants to States: 40 percent of funds (about $26 billion/5 years)

Recognizing the important role states have played in enabling this legislation, the manager's amendment provides that 40 percent of funds be transferred to the states, $196.5 billion over 25 years, with half unrestricted and half to be used for designated programs for the health and well-being of children and families most in need:

- Child Care and Development Block Grant
- Maternal and Child Health Block Grant
- Child welfare (Title IV-B)
- Substance Abuse and Mental Health Services Administration grants
- Safe and Drug-Free Schools
- Professional Development (Eisenhower) grants
- Match for the Children's Health Insurance Program (limited to 6 percent of restricted funds)

If states were to spend their restricted funding in proportion to current federal expenditures, and use 6% for the Children's Health Insurance Program, at least 40% of the funds, or over $5 billion over five years, would go to child care.

Medicare: Additional Revenues

In the event that the bill generates more receipts than estimated, the balance of funds will be directed to the Medicare HI Trust Fund.

The Manager's Amendment Narrows the Scope of Liability Protections for the Tobacco Industry

Senator McCain's Manager's Amendment contains key improvements in the bill's civil liability provisions. As amended, the bill establishes a higher, $8-billion-per-year cap on damages, which will be available only to tobacco companies that finally change the way they do business by agreeing to restrict advertising to youth and abide by the terms of the legislation rather than tying it up in court. The new version of the bill also removes special protections for parent companies of tobacco manufacturers.

The Manager's Amendment significantly improves on the bill reported out of the Commerce Committee by:

- Ensuring that the bill's liability provisions -- i.e., the settlement of state lawsuits and the annual damages cap -- apply only to companies that agree to accept sweeping advertising restrictions and to comply with the key terms of the law, even if those provisions are struck down;

- Raising the annual liability cap from $6.5 billion to $8 billion (the same amount as in the Chafee-Harkin-Graham bill), with all damage judgments to be paid by the industry;

- Strengthening the provisions in the bill that link liability protections to the achievement of youth smoking targets, by removing liability protections from a company that misses its targets by 20 percent or more unless it proves that it used best efforts to reduce youth smoking;

- Permitting suits against parent companies and affiliates of tobacco manufacturers, as well as their attorneys;

- Ensuring that individuals with tobacco-related disease can use evidence of their addiction in suits against tobacco companies; and

- Ensuring that tobacco companies cannot escape their obligations by making fraudulent transfers or declaring bankruptcy.

Moreover, the Manager's Package retains important features of the bill reported out of Committee:

- The bill contains no limits on class action lawsuits and does not limit the amount that anyone can recover from a tobacco company; and

- The bill assists plaintiffs who have minimal resources in suing big tobacco companies by recognizing two well established facts -- that nicotine is addictive, and that the use of tobacco causes a wide array of diseases.

**The Commerce Committee Manager's Package
Contains Tough Anti-Smuggling Provisions**

The Commerce Committee manager's package creates a strong licensing and enforcement system that will minimize smuggling by creating a closed distribution system for tobacco products, labeling all products for export, and imposing tough penalties on manufacturers and other firms involved in smuggling.

An Effective Licensing System is the Key to a Closed Distribution System: To prevent black market activity, the manager's package regulates tobacco products in a manner similar to the way the federal government has regulated alcoholic beverages for over 60 years.

Under this closed distribution system, only manufacturers, wholesalers, exporters, importers, and distributors that hold a federal license would be allowed to engage in those businesses. Licenses would be issued based on certain specified criteria and could be revoked or suspended for certain specified violations. Those conducting business without a permit would be subject to civil monetary penalties of up to $10,000 per offense, a prison term of up to five years, and property forfeiture. Tobacco companies implicated in smuggling would lose their liability protections. Licensed entities would be authorized to sell tobacco products only to other licensed entities. Licensing of retailers would be done by the states.

Additionally, all tobacco product packages would be marked with a serial number to facilitate tracking, and all exported packages will be labeled FOR EXPORT FROM THE UNITED STATES to prevent them from being smuggled back into the U.S. and sold illegally.

A Closed Distribution System will Prevent Black Market Activity: A closed distribution system will ensure that products moving outside the legal channels of distribution can be easily earmarked and targeted for prosecution. This system would drastically limit smugglers' ability to enter products into a legitimate distribution channel. Potential black marketeers would not be able to move products through legitimate wholesalers or distributors. Nor would they be able to sell products to retail consumers at local convenience stores or other licensed retail outlets. Instead, without a way to place contraband in the market legally, smugglers would have to sell cigarettes outside channels of legitimate distribution. This would be very risky and criminal provisions and penalties would act as a significant deterrent to persons contemplating the unlawful diversion of tobacco products.

Funding for Enforcement: The manager's amendment authorizes funding for anti-smuggling enforcement as part of the public health spending account and enables the Secretary of the Treasury to collect fees to cover enforcement costs.

Comprehensive Tobacco Legislation will Not Cause Bankruptcy

Claims by the tobacco companies that the McCain bill will drive them into bankruptcy are not convincing for two key reasons. First, the legislation is designed to facilitate the pass-through of manufacturer payments to the prices of tobacco products, minimizing the impacts on the profits of the manufacturers themselves. Second, the industry has a significant cash flow and net assets to absorb the reduced volume as prices rise.

The Payments are Made by Tobacco Consumers, Not Tobacco Manufacturers: The primary goal of comprehensive tobacco legislation is to reduce youth tobacco use. The single most effective means of accomplishing this goal is to raise the price of tobacco products. As a result, the McCain legislation and other bills facilitate the pass-through of industry payments to the price of tobacco products. Mechanisms such as the allocation of industry payments by market share, and volume adjustments which reduce industry payments as volumes fall, will ensure that these payments are made by consumers, not manufacturers.

Payments Made by Tobacco Consumers Have Modest Impact on Manufacturer Profitability: The opinion of the objective experts at the Federal Trade Commission is that even large price increases will have little impact on profits. They find that the AG settlement, which raised prices by 62 cents, lowered the profitability of the tobacco industry by only about 15%. By their method, the $1.10 price increase in the McCain bill would lower profitability by less than 25%.

The Tobacco Industry Has Substantial Financial Resources: The U.S. tobacco industry is large, well-diversified, and financially strong; the operating earnings for the top five tobacco manufacturers was $23.6 billion. The industry leader, Philip Morris, is particularly well positioned to absorb decreases in their domestic tobacco earnings:

- Their stock is currently valued at almost $100 billion.
- They had $4.7 billion in domestic tobacco operating profits in 1997.
- They also had operating profits of $4.6 billion on their international tobacco business.
- They are also a well diversified company that has operating profits of almost $5 billion from other lines of business such as food and beer.

Even the most vulnerable in this industry, RJR Nabisco, has substantial financial resources:

- For 1997, RJR Nabisco's domestic tobacco business had operating profits of $1.5 billion
- The company also has a rapidly growing international business which had $670 million in operating profits in 1997.
- In addition to their tobacco businesses, RJR Nabisco has a substantial asset: its holdings of 80 percent of Nabisco, valued at almost $10 billion dollars. This exceeds by $5 billion the company's outstanding debt (excluding Nabisco).

The McCain Bill's Price Increase will Substantially Reduce Youth Smoking and Prevent Premature Death

The single most important step we can take to reduce youth smoking is to raise the price of a pack of cigarettes significantly. The Treasury Department analysis has found that the $1.10 price increase in the McCain bill will, by itself, reduce youth smoking by 32% in 2003. Taken in conjunction with a conservative estimate of the impact of the other non-price provisions in the legislation, such as access and marketing restrictions, the overall impact is an average 42% reduction in youth smoking and premature deaths in every state.

Why do we need to significantly increase the price of cigarettes to prevent youth smoking?

According to the Treasury Department, the per-pack price increase in the McCain bill combined with advertising and access restrictions will result in an average reduction of 42 percent in underage teenage smoking in the year 2003. The percentage reductions in underage teen smoking and resulting premature deaths range from 33-36 percent in states like Washington, Massachusetts, and Michigan, to 47-51 percent in states like Wyoming, Tennessee, and Kentucky. Fifteen states will see reductions above 45 percent in 2003.

Over the next five years, the number of young people kept from smoking would be about 3 million young people for the country as a whole. Individual states will see reductions ranging from a few thousand in the smaller states up to about 248,000 in California and 205,000 in Texas. And about a million young people will be saved from premature death, including 56,000 in Florida, 57,000 in Ohio, 37,000 in Michigan, 83,000 in California, and 24,000 in Missouri.

Can one million lives really be saved over 5 years if Congress passes comprehensive legislation?

The Treasury Department's analysis shows that the McCain bill's price increase of $1.10 per pack over five years coupled with sales and advertising restrictions will reduce underage smoking by nearly half, stopping 3 million teens from smoking and saving a million lives over the next five years. This analysis includes a conservative estimate that advertising and access provisions will reduce teen smoking by 15 percent. The rest of the reduction is attributable to the price increase.

Don't some experts say a price increase will have no effect on young people's behavior?

In fact, there is a substantial consensus in the economics literature that price increases have a dramatic impact on youth smoking. The model used by the Treasury Department reflects that consensus. Indeed, an independent analysis from the Congressional Budget Office recently reviewed the literature and concluded that youth smoking is very responsive to price.

Doesn't the international evidence contradict this contention?

Again, the clear consensus of the U.S. literature, as confirmed by CBO, is that youths are very responsive to price in their decisions to smoke. International comparisons are much less informative for the response of youths in the U.S. to price changes. If one insists on international comparisons, perhaps the best one to use is Canada, were a doubling of the price of cigarettes over the 1981 to 1991 period led to a 50% fall in youth smoking -- almost exactly what would have been predicted by Treasury's model.

Background on Youth Smoking Elasticity Estimates

The Treasury Model

- The Treasury model of youth smoking starts from a participation elasticity of -0.7 at the current price level of about $1.95 — which means that a 10% increase in price above its current level would reduce the number of teen smokers by 7%.

- But this relationship only holds for very small price changes. For larger and larger price increases, the Treasury model predicts somewhat smaller proportional reductions in teen smoking. This reflects the fact that the teens most likely to respond to price signals are also the first to be discouraged from smoking by a price increase.

- Using this model, a $1.10 increase in the real price of cigarettes is projected to reduce youth smoking by 32%. Since a $1.10 increase in the real price in 2003 represents a 53% rise, the associated "average" elasticity is actually -0.6.[1]

Previous Academic Studies

- A number of studies have attempted to estimate the responsiveness of youth smoking in the U.S. to price changes — the participation elasticity, or the change in the number of teen smokers due to price changes. This literature is based on comparisons of youth smoking rates in high and low tax states, and on changes in youth smoking within states as tax rates change.

- The CBO recently summarized this literature by stating that most of the evidence points to participation elasticities ranging from -0.50 to -0.75. **The Treasury estimate is in the range used by the CBO.**

- The results from this literature are shown in the Table below. Because differences in elasticity estimates may be less intuitive, the table shows — for each analysis of youth smoking — the projected reduction in teen smokers from a $1.10 price increase (along with the Treasury estimates). This approach recognizes the fact that the Treasury model allows the elasticity to decline for larger price increases.

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[1]The semi-logarithmic demand function underlying this analysis is based on a standard model used to predict overall cigarette demand. Under it, every dime ($0.10) increase in price reduces demand by the same *percent*, but since it is doing so from a smaller and smaller base at each step, the *absolute* reduction in teen smoking from each 10 cent increment declines slightly.

Study of Teen Smoking	Percent Reduction in Teen Smoking from $1.10 Real Price Increase
Lewit, Coate, and Grossman (1981)	65%
DeCicca et al. (1998)	46%
Grossman et al. (1983)	41%
Chaloupka and Grossman (1996)	36%
CBO (midpoint)	34%
Treasury	**32%**
Evans and Huang (1997)	28%
Wasserman et al. (1991)	0-9%

- It is clear that the Treasury estimate is within the range of professional consensus on this question. Indeed, our estimates are more conservative than what most of the recent work in this area would suggest.

- One study which estimates a very different response from the remainder of the literature (Wasserman et al.) focuses exclusively on the late 1970s. During this period some surveys indicate that youth smoking fell precipitously without a price increase. We believe a more appropriate interpretation of the data during the late 1970s is that youth smoking was driven down by the broader dissemination of facts about smoking's dangers: According to one major survey, only half of 12th graders saw a great risk in smoking a pack or more of cigarettes a day in 1975 — the lowest level in the survey — but this number increased by nearly 25% between 1975 and 1980. Thus, rather than indicating that price does not affect youth smoking, we believe this data shows that other things can influence teens *in addition to* price.

- This same problem has led to a misinterpretation by some of the Evans and Huang paper. As Professor William Evans of Maryland pointed out in a recent letter to the Commerce Committee, the findings of his paper have been misquoted. *As noted in the Table above, the estimate that Evans stands behind is very close to the Administration estimate.* The confusion over his findings arises from the fact that his estimates which include data from the late 1970s show a smaller youth elasticity than his estimates which focus on the 1980s and 1990s. As Prof. Evans has noted, however, the data are less reliable for this earlier period; in addition, as noted above, this was an era when non-price factors were driving teen smoking down in the face of constant prices.

The Cornell Study

- Some have cited the recent study by DeCicca et al. as refuting the previous literature. In fact, this study finds higher estimates than the remainder of the literature when standard estimation techniques are used on their full sample of 8th-12th graders.[2]

- The study does find smaller effects when they choose the particular sample of 12th graders who weren't smoking in 8th grade, and try to model whether they start smoking. But there is no obvious explanation for this anomalous result; after all, removing from their model a population that is more addicted to cigarettes — individuals smoking from 8th to 12th grade — should *raise*, not *lower*, the elasticity estimate. It is troubling that dropping only 5% of their sample — the 5% of teens that are most addicted — reduces their estimate so dramatically.

- The likely explanation for this anomalous finding is problems with their empirical methodology. A recent re-analysis of their data by Professors Thomas Dee of Georgia Tech and William Evans of Maryland has found these results to be very sensitive to the particular sample restrictions imposed by the Cornell authors. As these experts note, "The results appear to be purely an artifact of the way that the authors constructed the analysis sample". When a broader sample of observations is used, there is a very significant effect of taxes on youth smoking in their onset model - indeed, the results are quite comparable to the previous literature.

- This partly explains why the results of the Cornell study are so statistically imprecise. For example, in this particular model, they estimate that a $1.10 price rise would reduce smoking onset by only 7%. However, given the level of statistical imprecision in their model, their findings would be equally consistent with a reduction in youth onset of 50% or more from this $1.10 price increase — a range which encompasses the Treasury estimate, as well as their own estimates using a more straightforward methodology.

- One criticism levied by DeCicca et al. against the earlier literature is that it does not control for differences across states at a point in time that might determine youth smoking propensities; low tax states may have high smoking because of other regulatory or cultural factors. But their approach does not solve this problem; it still relies on point-in-time comparisons of smoking onset across states, making it difficult to separate out other differences across those states. Other studies address this problem much more directly. Chaloupka and Grossman (1996) do so by including a variety of state characteristics, including state anti-tobacco regulations. Evans and Huang (1997) address the problem even more directly by examining only the effect of within-state price changes on youth smoking. The fact that these estimates are so similar to that used by Treasury highlights the robustness of the conclusions, and indicates why the previous scientific consensus is not undermined by one set of anomalous results.

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[2]The estimate cited in our Table is an average of their elasticities for 8th, 10th, and 12th graders.

International Evidence

- There has also been much recent attention paid to the fact that youth smoking remains high in other countries with much higher cigarette prices. In particular, Wall Street analyst Martin Feldman noted in his testimony of March 19th that youth smoking rose in the U.K. between 1988 and 1996, despite a 26% rise in the real price of cigarettes. The inference that is often drawn from this type of evidence is that higher prices won't deter youth smoking in the U.S.

- But *these international comparisons do not tell us much of anything about the response of youth in the U.S. to price changes.* The fact that youth smoking rates remain high in other countries reflects other cultural factors that influence youth to smoke, and is not a rejection of the fundamental relationship between price and demand. And increased smoking among youth in the U.K. between 1988 and 1996 may have more to do with other factors, such as a recession which raised youth unemployment rates by 25% over this period, than with changes in the price of cigarettes.

- In light of this concern, it is certainly preferable to rely on careful, controlled analysis of U.S. teen smoking than on this type of anecdotal international evidence.

- Nevertheless, if one is going to make international comparisons, then the most appropriate one would be to Canada, since it is more similar to and faces many of the same cultural influences as the U.S. The two economic studies which estimate the effects of cigarette prices on Canadian teens are both consistent with the findings in the U.S. literature — teens are not only responsive to price changes, but they are more responsive than adults. In fact, the Canadian youth elasticity estimates are higher than those for the U.S.

- Moreover, the pattern of youth smoking in Canada confirms the sensitivity of youth to price changes. In 1981, Canada had a youth smoking rate that was about 50% higher than that in the U.S. *Over the next decade, Canada raised its cigarette prices by over 100%, and teen smoking fell by almost half.* During this period there were no substantial change in teen smoking rates in the U.S., so by 1991 Canada's teen smoking rate was lower than ours. The implied Canadian elasticity of -0.42 is very close to the estimate that would be computed by the Treasury model (which allows the price responsiveness to fall as the magnitude of the price increase grows) for this large a price rise, which is an elasticity of -0.48.

- Teen smoking then rose again in Canada between 1991 and 1994, as Canada lowered dramatically its federal excise taxes. Of course, teen smoking was on the rise in the U.S. over this period as well, so it is not as easy to attribute all of the rise in Canada over this time period to price impacts. But the fact remains that *for the country most comparable to the U.S., teen smoking rates fell as prices rose, and rose as prices fell.*

S.1415 Protects Tobacco Farmers and

Advances Public Health

The Long-Term Economic Assistance for Farmer (LEAF) Act, sponsored by Senator Ford and Hollings and included in S.1415, contains critical protections for farmers and farming communities, to ensure that they are not adversely affected by comprehensive tobacco legislation. Key provisions of the LEAF Act include:

- Necessary Funding: The bill is supported by a wide variety of farming groups because it contains sufficient funds for tobacco farmers and their communities, $6 billion over the next three years and continued funding over the next 25 years, including resources for crucial community assistance to help farmers and farming communities adjust to the reduced demand for tobacco that would occur under the bill. The funds would go toward: payments for lost tobacco quota; payments for sale of quotas; payments for community economic development block grants; a worker transition program; and higher education assistance programs.

- Price Stabilization: The LEAF Act maintains the price stabilization program, which for decades has offered security to tobacco farmers at no net cost to the government. The tobacco program also places limits on the amount of tobacco grown in the United States, winning it support from key public health groups like the Campaign for Tobacco-Free Kids.

- Optional Buyout: The bill gives farmers the option to have their quotas bought out.

In contrast to the LEAF Act, the alternative legislation sponsored by Senator Lugar, entitled the Tobacco Transition Act, ends the quota program and fails to protect farmers adequately:

- Would Require Drastic Cuts in Health Spending: The proposal requires $18 billion to be paid to farmers over a three-year period (FY1999 through 2002). If this new spending is added and state spending is kept the same, the bill's spending on health research and public health programs would have to be cut by 69 percent in those three years to make up the difference.

- Increases the Amount of Tobacco Grown: If there is no quota program, the amount of tobacco grown in the U.S. could increase dramatically. Maintenance of the tobacco quota program makes it possible to control the amount of tobacco grown in the United States. That is why public health groups, such as the Campaign for Tobacco-Free Kids, support maintaining a tobacco control program such as that advocated by Senators Ford and Hollings.

- Hurts Family Farms: Ending the quota program will destabilize prices and reduce margins, making it difficult for small farmers to survive. The bill will have a disproportionately adverse impact on minority farmers.

Lugar Bill Cuts Health Spending by 69 Percent

		NIH and Other Research	Public Health, including Cessation, Prevention, Education, and Enforcement
Total, FY 1999-2001			
	Ford-Hollings	$8.6 billion	$8.6 billion
	Lugar	$2.7 billion	$2.7 billion
	Percent Reduction	**- 69%**	**- 69%**

	FY99	FY00	FY01	FY02	FY03	FY99-03
Ford-Hollings	2.5	1.8	2.0	2.0	2.2	10.5
Lugar	6.0	6.0	6.0	0.0	0.0	18.0

Based on estimates of revenue from S. 1415. Calculations assume the funding for states remains $15.6 billion over three years under either farm proposal.

Affirming FDA Authority to Prevent Advertising and Marketing to Children

By reaffirming the full authority of the FDA to regulate tobacco products, S.1415 will prevent the tobacco industry from advertising and marketing to children, and establish tough access restrictions on tobacco products to stop sales to children.

Reaffirms 1996 Rule: Many of the measures to reduce teen smoking and protect the public health contained in S.1415 are in the 1996 FDA rule, but have not yet gone into effect because of pending litigation. The bill would put these provisions into effect immediately, protecting American children from the dangers of smoking. These provisions include: 1) banning outdoor advertising within 1000 feet of schools and playgrounds; 2) restricting advertising to black-and-white text only except in adult only facilities or publications with predominantly adult readership; 3) prohibiting the sale or giveaway of promotional products with brand names or logos; 4) prohibiting brand-name sponsorship of sporting or entertainment events; 5) setting the minimum age for purchase of tobacco products at 18 years and requiring age verification for anyone age under 27.

Creates a Separate Chapter for Regulating Tobacco: S.1415 creates a separate chapter in the Food, Drug and Cosmetic Act that gives the FDA explicit authority over access to and advertising of tobacco products, in order to ensure that FDA regulation of tobacco does not impinge on the regulation of other products.

Establishes New Standard for Regulating Tobacco: Instead of requiring tobacco products to meet the traditional safety and efficacy standard required of drugs and devices, S.1415 imposes a new standard which would require FDA regulation of tobacco products to be "appropriate for the protection of public health". This standard better meets the characteristics of tobacco products and allows the FDA to take the addiction of over 40 million Americans into account in making decisions about how to regulate these products.

Provides Necessary Flexibility: Full FDA authority to regulate tobacco products provides the agency with the flexibility it needs to protect the public health. However, any FDA effort to eliminate any particular class of tobacco products or eliminate nicotine cannot go into effect for two years in order to provide Congress with an opportunity to weigh in and vote on the measure.

Preserves State and Local Authority: S.1415 makes clear that except as expressly provided, states and localities may adopt and enforce tobacco product requirements that are in addition to, or more stringent than, requirements established under the Food, Drug and Cosmetic Act for tobacco products.

Provides Full Enforcement Authority: S.1415 provides for the same civil and criminal penalties that the agency may use in enforcing device law.

Summary of FDA Provisions in S.1415

- **Overview of FDA Provisions:** S. 1415 creates a separate chapter in the FDCA that explicitly gives FDA authority over access to and advertising of tobacco products. In nearly all respects this authority is comparable to the authority that FDA asserted in its 1996 rule, which asserted FDA jurisdiction over tobacco products on the ground that nicotine is an addictive drug and that cigarettes and smokeless tobacco products are combination drug/device products under the Federal Food, Drug and Cosmetic Act (FDCA). S.1415, however, created a separate chapter in order to respond to concerns raised by medical device companies that tobacco statutory interpretations and other policies issued under the device provisions of the FDCA could adversely affect those companies.

  The most significant difference between S. 1415 and current law is the standard that products must meet in order to be marketed. Under current law the standard is "reasonable assurance of safety and effectiveness." This standard obviously does not fit tobacco products because tobacco products are inherently unsafe. Therefore, S. 1414 adopts the standard of "appropriate for the protection of the public health," which allows FDA to take into account the fact that over 40 million Americans are addicted to tobacco in making decisions about how to regulate the product.

- **1996 FDA Tobacco Rule in Effect:** S. 1415 provides that the tobacco regulation that FDA finalized in 1996 will remain in effect as though it were issued under the new law. Because the effective date of certain portions of the regulation has been delayed due to the industry's judicial challenge to the rule, the bill would authorize FDA to establish effective dates for those provisions not yet in effect.

- **Access Restrictions:** S. 1415 authorizes FDA to establish restrictions on the sale or distribution of tobacco products. By affirming the 1996 rule's access restrictions, the bill sets the minimum age of purchase at 18 years; requires age verification by photo ID for anyone 26 or younger; requires face-to-face sales (except for mail order sales); bans vending machines and self-service displays except in facilities where only adults are permitted; prohibits the sales of single cigarettes or "loosies"; bans free samples; and sets the minimum package size at 20 cigarettes. However, S. 1415 constrains FDA from prohibiting the sale of tobacco products in face-to-face transactions by specific categories of retail stores (such as a ban on sale of cigarettes by gas stations).

- **Advertising Restrictions and Warning Labels:** S. 1415 expressly authorizes FDA to establish restrictions related to the advertising and promotion of a tobacco product. By affirming the 1996 rule's advertising restrictions, the bill bans outdoor advertising within 1000 feet of schools and public playgrounds; restricts advertising to black-and-white text only (publications, outdoor, point of purchase, direct mail, etc.), except in publications with a predominant adult readership or at adult only facilities; prohibits the sale or giveaways of products like caps or gym bags that carry cigarette or smokeless tobacco product brand names or logos; and prohibits brand-name sponsorship of sporting or entertainment events, but permits it in the corporate name.

S. 1415 also requires stronger and larger warning labels than existing law on tobacco products (to replace the "Surgeon General's warning"), and provides authority for FDA to modify the text, format, and type size requirements of these statements.

- **Submission of Health Information to the Secretary**: S. 1415 requires tobacco product manufacturers and importers, within 6 months of enactment (and annually thereafter), to submit to FDA specific categories of information relevant to FDA regulation of tobacco products.

- **Good Manufacturing Practice Requirements:** Authorizes FDA to issue regulations requiring that the methods used in, and the facilities and controls used for, the manufacture, of a tobacco product conform to good manufacturing practice (GMPs). The bill also makes explicit that the Secretary has the authority to grant either temporary or permanent exemptions or variances from a GMP requirement.

- **Performance Standards:** S. 1415 confirms FDA's authority to issue standards for tobacco for tobacco products (for example limiting the amount of certain ingredients) if FDA determines that a standard is appropriate for protection of the public health. This authority is the same as that for devices.

    -- In issuing a performance standard, FDA must consider the health effects on tobacco users as well as potential users (such as children).

    -- In order to give Congress a chance to vote on any standard that eliminates all cigarettes, all smokeless tobacco products, or any similar class of tobacco products, or requires the reduction of nicotine yields of a tobacco product to zero, such a standard will not go into effect until two years after the President has notified Congress of such a standard.

- **Testing and Reporting of Tobacco Smoke Constituents:** S. 1415 directs the Secretary to issue regulations to require the testing, reporting, and disclosure of tobacco smoke constituents (e.g., tar, nicotine and carbon monoxide) and ingredients that "the Secretary determines should be disclosed to the public in order to protect the public health."

- **Reduced Risk Tobacco Products:** S. 1415 contains a provision that allows FDA to designate a product as a "reduced risk tobacco product" if it finds that "the product will significantly reduce harm to individuals caused by a tobacco product and is otherwise appropriate to protect the public health."

- **Preservation of State and Local Authority**: S. 1415 makes clear that except as expressly provided, states and localities may adopt and enforce tobacco product requirements that are in addition to, or more stringent than, requirements established under FDCA for tobacco products.

  -- State and local requirements related to access and advertising are not preempted by the FDCA.

  -- State and local requirements related to performance standards, good manufacturing practices, and other similar FDCA requirements, are preempted, but States and localities may apply for exemptions pursuant to procedures that parallel provisions in device law.

  -- S.1415 modifies the Federal Cigarette Labeling and Advertising Act in order to ensure that restrictions on advertising imposed under State laws are not preempted.

- **Full Enforcement Authority:** S. 1415 provides for the same civil and criminal penalties that the agency may use in enforcing the device law. The bill also provides that FDA may issue, after an administrative hearing before an Administrative Law Judge, a no tobacco sale order prohibiting the sale of tobacco products at a particular retail outlet based on repeated violations by that outlet. The bill also imposes the same requirements for the export of tobacco products that do not meet the requirements of the FDCA that apply to devices.

Automated Records Management System
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:20-MAY-1998 17:09:39.00

SUBJECT: Weekly Health Care Strategy Meeting

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

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

TO: Daniel N. Mendelson (CN=Daniel N. Mendelson/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

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

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

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

TO: David W. Beier (CN=David W. Beier/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

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

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

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

CC: Satish Narayanan (CN=Satish Narayanan/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

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

CC: Gina C. Mooers (CN=Gina C. Mooers/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

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

READ:UNKNOWN

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

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

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

TEXT:
We will be having our weekly Health Care Strategy Meeting tomorrow, Thursday, May 21, at 4:00 p.m. in Bruce Reed's office.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Francine P. Obermiller (CN=Francine P. Obermiller/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:20-MAY-1998 14:33:52.00

SUBJECT: MAY 26-POVERTY MEASUREMENT MEETING

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

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

TO: Francine P. Obermiller (CN=Francine P. Obermiller/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

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

TO: Katherine K. Wallman (CN=Katherine K. Wallman/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

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

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

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

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

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

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

TO: Donald R. Arbuckle (CN=Donald R. Arbuckle/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

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

TO: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

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

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

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

TO: Richard B. Bavier (CN=Richard B. Bavier/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

TO: patricia ruggles (patricia ruggles @ 690-6562 @ fax [UNKNOWN])
READ:UNKNOWN

TEXT:
THIS IS A REMINDER THAT REBECCA BLANK'S NEXT POVERTY MEASUREMENT MEETING WILL TAKE PLACE ON TUESDAY, MAY 26, 3:30-5:00PM, IN THE OLD EXECUTIVE OFFICE BUILDING, ROOM 324.

THIS MEETING IS A DEPUTIES DECISION MEETING, AS DESCRIBED ON THE ATTACHED AGENDA, , AND DR. BLANK URGES EVERYONE TO ATTEND. ==================== ATTACHMENT
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D13]MAIL47180693J.126 to ASCII,
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Poverty Measurement Policy Working Group -- May 26

The primary purpose of this meeting is to try and reach consensus around a key set of policy recommendations related to the issues our group has been discussing over the past three months. These are recommendations to the Census about how they might present their alternative poverty measurement calculations. Attached to this agenda is a one-page summary of the NAS recommendations for a new poverty line measure, and a one-page summary of the four policy issues we've discussed at our last four meetings.

AGENDA

I. Key issues to be discussed

A. How should the thresholds be determined in the first year an alternative measure is published? To be specific: should the alternative poverty rate be benchmarked in 1997 to be identical to the 1997 official poverty rate or is there an alternative "benchmark" that makes more sense?
(**Note:** We appear to have a general consensus within the group from our earlier discussions to support benchmarking the alternative poverty rate to the 1997 official rate.)

B. How should the poverty thresholds be updated over time? Specifically, (1) should they be adjusted on an annual basis by the overall CPI or by a CPI for food shelter & clothing only and revisited every 5-10 years for a more complete recalculation; or (2) Should they be completely recalculated each year as a share of current expenditures on food, clothing, and housing?
(**Note:** There seemed to be general consensus for the first approach, particularly if a CPI for food, shelter and clothing was used. OMB seemed reasonably confident that they and Census could establish a process to assure that poverty measurement is reviewed on a regular basis.)

C. Should the poverty thresholds be adjusted for geographic variations in the cost of living?
(**Note:** There seemed to be general consensus that any "base" alternative poverty measurement should not include geographical price variation, although Census may well want to publish an alternative that includes this as part of the NAS recommendations.)

D. How (if at all) should the adjustment for Medical out-of-pocket (MOOP) expenditures occur? Specifically, should the Census follow the NAS recommendations to impute MOOP and subtract it from individual income before calculating individual poverty status?
(**Note**: There is more disagreement on this issue than on any other. The three deputies present at our last meeting generally agreed that the Census should follow the NAS recommendations for now, but that further work refining these calculations (and considering other alternatives) should go forward. But some of the staff present at the meeting were in less agreement.)

E. Do we have any recommendations to Census about how to present their alternative poverty calculations? Specifically, do we want to recommend they present a primary "base" alternative poverty calculation (for instance: benchmarked to 1997, updated by the CPI for necessities, without geographic price variation, and including MOOP), and then a few alternatives (with and without MOOP, with and without geographic price variation)?

II. Process from here.

NAS Recommendations on How to Measure Poverty

A poverty measure consists of two pieces: (1) A definition of family resources, and (2) A poverty threshold against which resources are compared. If resources are below the threshold, a family is considered poor.

(1) Defining Family Resources

Family resources = Cash income

+ Near money in-kind benefits (food stamps, housing subsidies, school lunch, LIHEAP, etc)

- Taxes

- Child care costs (for families in which there is no nonworking parent, with a cap, and not to exceed the earnings of the parent with lower earnings)

- Work expenses (a flat amount per week of work)

- Child support payments

- Out of pocket medical care expenditures, including health insurance premiums.

(2) Defining a Poverty Threshold

The threshold should be determined for a family of four (two adults and two children) based on a point in the distribution of annual expenditures by such families on food, clothing, and shelter, plus a small multiplier. (This is based on Consumer Expenditure Survey data, probably using a three-year average to guarantee adequate sample size.) The recommended percentage of annual expenditures is between 30 and 35 percent (i.e., 15 to 20 percentage points below the median); recommended multipliers are between 1.15 to 1.25.

Thresholds for other family sizes should be determined based on an equivalence scale calculation. The NAS panel recommends using

$$\text{Scale value} = (A + PK)^F$$

where A is the number of adults and K the number of kids. P is the scaling for children (if P=1, kids are treated the same as adults); and F is the scaling for family size. The NAS panel recommends P=0.70 and F in a range of 0.65 to 0.75.

Geographic costs of living are taking into account, based on a regional index of housing costs (which varies by size of metropolitan area and region of country) which is weighted by the share of housing costs in the expenditure bundle.

Over time, new poverty threshold should be updated by recalculating annual expenditures on the most recent three years of data, and reapplying these other calculations using the most recent data available on housing costs.

Policy Issue 1: Determining the Threshold

Agenda

1. How does the NAS propose to determine thresholds?
   How does this compare to the current poverty line?

2. Comments on the fundamental indeterminancy of the "right" threshold ...
   Implies a range of thresholds are viable.

3. Benchmarking a threshold so poverty numbers in a specific year are unchanged.
   A. How do this?
   B. Why do this?
   C. What are the implications of benchmarking?
      a. Change history
      b. Change who is poor, even if the aggregate number is unchanged

4. What are the alternatives to benchmarking?
   NAS recommendations

5. What are the criticisms of these different approaches?

****

Pros of benchmarking:
There may be large political advantages to saying "We want to improve the measure of poverty, but to show you that we're doing this in a non-political manner, we'll benchmark so there is no change in the overall aggregate poverty rate in the year we implement this change." There are still those who will be upset about the changes in the distribution of poverty or in the past history of poverty rates, which will change (you can benchmark one year only.)

Cons of benchmarking
Backing out a threshold so that the current poverty rate is unchanged produces a threshold that is very far down in the percentile distribution of expenditures on food, shelter and clothing -- somewhere around 20-25% rather than the 30-35% range recommended by the NAS.

Pros of using the NAS alternative (which establishes a higher threshold and higher poverty rates)
Utilizes the recommendations of the NAS panel, based on their judgement about the accumulation of evidence.

Maintains threshold levels that are very similar to the current thresholds (it's not clear how much this matters given the resource definition has changed.)

Cons of using the NAS alternative
Results in a substantially higher poverty rate, which will draw an great deal of criticism. At the same time, it has the same problems as benchmarking, in that it also changes history and it changes the relative poverty share of different groups (although all subgroup poverty rates would go up.)

Policy Issue 2: Updating the Poverty Thresholds Over Time

Agenda

1. How have the poverty thresholds been updated?
   CPI adjustments

2. What does the NAS recommend?
   Recalculating the threshold

3. What are the implications of these different approaches?
   Absolute poverty thresholds (current approach)
   Relatively-absolutely poverty thresholds (NAS approach)
   Relative poverty thresholds

4. What are the alternatives?
   A. Adjust with CPI
   B. Adjust with CPI but embed a commitment to recalculate thresholds on a regular basis.
   C. Utilize the relatively-absolute (NAS) technique annually

5. What are the criticisms of these different approaches?

****

Pros of a more relative approach (B or C above):

1. CPI-adjusted thresholds become obsolete over time. As standards of living change, so do social norms.

2. If we don't create the expectation of a regular recalculation/update of the poverty line, we'll end up in 30 years exactly where we are today, using an outmoded statistic.

3. If we calculate the thresholds relative to some level of median expenditures on necessities, it is most consistent if we update in the same way, i.e., with a procedure that changes the thresholds relative to median expenditures on necessities.

Pros of CPI updating (A or B above):

1. Relative changes create a moving target of poverty. In the short run, one is most interested in knowing how many people have purchasing power above a pre-set level. If the level changes with standards of living, it's much harder to interpret the poverty statistics.

2. Standard of living changes (and social norm changes) occur only very slowly. Better to take them into account every-so-often, rather than to embed them annually into the poverty rate.

3. If we update with a CPI for necessities only (food, shelter, & clothing), we might capture most of the relevant changes (since much of the change in expenditures on these items is due to price changes rather than quantity changes) and have an easier time explaining the short run updating procedure.

Policy Issue 3: Adjusting for Geographic Variations in Cost of Living

Agenda

1. How does the Census propose to do this?

2. What are the results of such an adjustment?

3. What are the alternatives?
    A. Adjust for the official poverty counts, but don't adjust the guidelines
    B. Publish an adjustment index for researchers who want to use it, but adjust neither the official poverty counts nor the guidelines
    C. Adjust both the official poverty counts and the guidelines

4. What are the criticisms of these different approaches?

****

Reasons to adjust for geographic variation:

If the poverty thresholds provide a measure of "income needs" they should reflect cost of living differences across regions. Theoretically, most statisticians/economists agree that such adjustments should be done if the data is available.

Reasons not to adjust for geographic variation:

Adjustments in the thresholds can lead to a "slippery slope", with advocacy groups arguing that such price adjustments should be done in a wide variety of program benefit payments as well. This can also lead to much greater efforts by legislators to intervene in exactly how the "correct" regional price adjustments are done.

Researchers would not be able to duplicate poverty counts based on geographic price variation because the detailed geographic information required to calculate these would violate privacy constraints in some cases.

Tentative consensus among the group:

* If Census decides that they want to publish a poverty count based on thresholds with geographical price variation, we recommend that such an adjustment not be part of the "base" alternative poverty count, but one of the alternatives.

* At some point in the future, should we discuss changing the poverty guidelines used for program purposes, these should not include geographical price variation.

Policy Issue 4: Accounting for Medical Out-of-Pocket (MOOP) Expenditures

Agenda

1. How does the NAS propose to deal with MOOP expenditures?
   Why do it this way?

2. How does this affect poverty calculations?

3. What are the alternatives?
   A. Account for MOOP in the resource count (NAS)
   B. Account for MOOP in the thresholds
   C. Ignore issue entirely

4. How does this issue interact with our measures and data concerning the broader question of health and health care coverage?

5. What are the pros and cons of these approaches?

****

Pros of handling MOOP as recommended by the NAS (subtracting it from income):
* The NAS argues (and some of our group strongly agree) that it is better to remove MOOP from the income side rather than add it into the threshold side.

* This is the approach that Census has investigated and can implement in a timely fashion.

* The alternative of ignoring MOOP entirely (neither taking account of it in the thresholds nor the income side) has real credibility problems, given extensive attention to the problems of lack of insurance and high out-of-pocket medical expenditures.

* If we do this adjustment now, further changes that better take account of MOOP in the future will involve relatively small changes to the poverty numbers. If we don't do it now and want to take account of MOOP in the base alternative in the future, it will involve a major realignment of numbers.

Cons of handling MOOP as recommended by the NAS:
* The data for imputing MOOP is not as recent as we'd like (although this will improve markedly in the next few years.)

* If we ignore MOOP entirely, benchmarking the poverty rate to the 1997 numbers will allow us to set the thresholds at a share of expenditures that is closer to the NAS recommendations.

* Some of our group are strongly convinced that it would be better to include MOOP in the thresholds rather than subtracting it from income, and would like to see this implemented.

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	from Andrea Kane to Elena Kagan et al subject Feedback Needed re Welfare to Work Success Story for 5/27 (2 pages)	05/20/1998	P6/b(6)

COLLECTION:

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

FOLDER TITLE:

[05/20/1998]

2009-1006-F
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RESTRICTION CODES

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

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

- 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]