

NLWJC - KAGAN

EMAILS RECEIVED

ARMS - BOX 032 - FOLDER -008

[06/16/1998-06/17/1998]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Shannon Mason (CN=Shannon Mason/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:16-JUN-1998 19:30:33.00

SUBJECT: Poverty Meeting

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

In an effort to please everyone, I am proposing that the next poverty meeting be held on Thursday June 25th at 11:00 am in Sally's office. Please let me know if you are available.
Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:16-JUN-1998 15:27:33.00

SUBJECT: Sunsetting Talking Points--FINAL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Dorothy Robyn (CN=Dorothy Robyn/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Alison Muscatine (CN=Alison Muscatine/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Doris O. Matsui (CN=Doris O. Matsui/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

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

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

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

TO: Thomas A. Kalil (CN=Thomas A. Kalil/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: Nancy V. Hernreich (CN=Nancy V. Hernreich/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Virginia N. Rustique (CN=Virginia N. Rustique/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

TEXT:

this may come up for a vote as early as tomorrow on the floor of the House

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D11]MAIL41203576K.126 to ASCII,
The following is a HEX DUMP:

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FE6AB56186B1E70E2C6DFB356CAE5EEA29E8B03674F9AC9696AD793F78260161BA9DE73700550B
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SUNSETTING THE TAX CODE A SERIOUS RISK TO OUR ECONOMIC PROSPERITY

President Clinton is Committed to Making it Simpler for Americans to File Their Taxes, to Improving the Tax Code, and to Reforming the IRS.

— President Clinton Has Cut Taxes for Middle-Income Working Families and his New Budget Provides New Tax Relief for Child Care, Education, and the Environment.

— Under President Clinton, It Is Easier and Simpler for Millions of Americans to File Their Tax Returns Electronically and Over the Phones; and

— The President Signed the Taxpayer Bill of Rights into Law and Wants Congress to Send Him Comprehensive IRS Reform Legislation as Soon as Possible.

The Scheme to Sunset the Tax Code Is Reckless and Irresponsible and Would:

(1) Create Tremendous Uncertainty for Financial Transactions in Our Economy, Thereby Threatening to Reduce Business Investment and Cost Jobs.

(2) Place at Risk Families' Health Insurance and Home Values, and Eliminate Incentives for Retirement Savings.

(3) Threaten to Take Away the Child Tax Credits, Hope Scholarships, and Expanded IRAs that Families are Counting on.

(4) Gamble With The Fiscal Strength the Nation Has Worked So Hard to Achieve and that is So Critical as the Retirement of the Baby Boom Approaches.

Broad opposition to this proposal:

- **As Chamber of Commerce chief economist Martin Regalia said, “It's more than a little dangerous” [Commercial Appeal, 3/22/98].**
- **The President of the National Association of Realtors, Layne Morrill, denounced the sunset idea as “disastrous for American home owners.”[Commercial Appeal, 3/22/98]**
- **The Tax Executive Institute, a nonpartisan association that represents approximately 5,000 in-house tax professionals employed by 2,800 leading companies in the U.S. and Canada, has said the proposal would “threaten major disruptions of the economy and the lives of the American people.” [TEI letter to Chairmen Archer and Roth, March 23, 1998]**

IN 1993, PRESIDENT CLINTON PUT IN PLACE A THREE-PART ECONOMIC STRATEGY OF CUTTING THE DEFICIT, INVESTING IN THE FUTURE, AND OPENING MARKETS ABROAD. FIVE YEARS LATER, THE ECONOMY IS THE STRONGEST IN A GENERATION.

- **The Unemployment Rate Is Now 4.3 Percent.** The lowest in 28 years -- and more than 16 million new jobs have been created.
- **First Surplus In A Generation.** In 1992, the deficit was a record \$290 billion. This year, OMB projects the surplus will be \$39 billion -- the first surplus since 1969.
- **With Lower Interest Rates, Business Investment Has Boomed.** Under President Clinton, real business investment has increased 12.2 percent per year -- the fastest since John F. Kennedy was President.
- **Smallest Tax Burden Since 1976.** This year -- because of the tax cuts signed into law by President Clinton -- the typical middle-income family of four will face the smallest Federal tax burden in more than two decades (1976).

IT IS IMPORTANT TO MAKE IT SIMPLER FOR PEOPLE TO FILE THEIR TAXES, TO IMPROVE THE TAX CODE, AND TO REFORM THE IRS.

- **Cutting and Simplifying Taxes.** President Clinton proposed and signed into law 40 tax simplification measures. The balanced budget agreement ensures that 99 percent of homeowners will not pay capital gains tax on the sale of their home and over 90 percent of corporations, especially small businesses, do not have to worry about the alternative minimum tax.
- **Making It Easier to File Taxes.** The Administration is aggressively pushing its innovative programs to have people file their tax returns simply and easily by computer or telephone. For this year's filing season, 18.5 million taxpayers have filed electronically, up 29 percent from last year. Another 6 million taxpayers have filed by telephone this year, an increase of 27 percent compared to last year. The typical call takes about ten minutes.
- **Reforming the IRS.** The President signed into law a taxpayer bill of rights and has been urging the Congress to send him a responsible IRS reform bill as soon as possible.

THE PROPOSAL TO ELIMINATE THE TAX CODE, WITHOUT KNOWING WHAT THE REPLACEMENT SYSTEM WOULD BE, IS DANGEROUS AND WOULD CREATE TREMENDOUS UNCERTAINTY, THREATENING TO DERAIL THE ECONOMY FROM ITS SUCCESSFUL COURSE:

- **The Value of Family Homes Could Fall by Thousands of Dollars** because the future of the mortgage interest deduction would be completely unknown for the 30 million homeowners who claim it.
- **People's Health Insurance Could Be Threatened** because the exclusion from income for employer-provided health benefits would be in jeopardy. Over 165 million Americans are covered by employer-provided health benefits.
- **Family's Retirement Security Would be Less Solid with the Potential Elimination of Tax Incentives for Pensions, 401(k)s, and IRAs.** This would result in less employer-sponsored retirement savings and less promotion of retirement saving vehicles, which many believe would harm retirement income security. About 60 million Americans and retirees participate in employer provided pension plans structured around provisions in the income tax code and about 22 million have established IRAs.
- **Critical Enacted Tax Relief Would Be Threatened.** The balanced budget the President delivered provides a \$500 child tax credit to 26 million families and \$1,500 HOPE Scholarships to 5.8 million students. This proposal places these tax cuts at risk.
- **The Uncertainty Created Would Harm Business Investment Decisions.** Every plan to purchase a piece of equipment or build a factory has tax consequences. The uncertainty about the future of the tax system will raise interest rates, slow investment, and cost jobs. Moreover, there are over \$3 trillion in investment costs that have yet to be recovered. The proposal would make future recovery uncertain and would necessitate very complex transition rules.
- **The Proposal Would Create Tremendous Uncertainty for Charitable Institutions** of all types -- churches, cultural institutions, medical research institutes, colleges and universities, and relief organizations -- that rely on \$80 billion in deductible charitable contributions each year.

FOR MANY IN THE CONGRESSIONAL MAJORITY, SUNSETTING THE TAX CODE IS A DEVICE TO BE USED TO IMPOSE EITHER A NATIONAL SALES TAX OR A FLAT TAX. All of these proposals would either: undermine fiscal discipline and drain surpluses that could be critically important to saving Social Security first or raise taxes on tens of millions of working families.

President Clinton: Defending the Economy From a Reckless Scheme

As President Clinton has said:

“We put in place a three-part economic strategy rejecting these false choices from the past:

- **First, restoring fiscal discipline and conquering the deficits that hobbled growth, spiked interest rates, and robbed our economy of capital for investment throughout the 1980s.**
- **Second, investments in our people, in science and technology, in education and job training, and health care, so that everyone has a chance to reap the rewards of growing prosperity.**
- **And third, we responded to the global nature of the new economy by opening new markets to our goods and services.**

The strategy is clearly working. There is renewed confidence in the American economy. Its stability, its strength, its steady growth are the envy of the world.” [Speech to Mortgage Bankers Association, March 2, 1998]

The nation is enjoying the strongest economy in a generation: the lowest unemployment rate, 4.3 percent, in 28 years, the first surplus since 1969, and more than 16 million new jobs created. The reckless attempt to sunset the tax code poses a direct threat to our economic prosperity. As President Clinton has said:

“All that would be certain about this proposal is uncertainty. And again I say, as all of you in this room well know, uncertainty is the enemy of economic growth. We live in a world where there is a lot of change and unpredictability and uncertainty, by definition, in the nature of this new economy. But to do well, you have to at least know what the rules are.

Our economy is growing because consumer confidence and business investment are at record highs.... What people think is going to happen, as all of you know, in an economy, is just as important as what in fact is happening today. Almost every business investment has tax consequences. With no ability to predict the consequences, businesses might decide to postpone, cancel, or pare back on plans to buy new computers, build a new factory, hire new workers. How could you plan, construct, or finance a new apartment complex or shopping center if you couldn't calculate the return on investment because you couldn't determine the tax consequences?

Business growth would stall in that kind of uncertainty. And economic uncertainty is no friend to families. The scheme to abolish the tax code could threaten nearly every American family's best-laid plans for the future.” [Speech to Mortgage Bankers Association, March 2, 1998, emphasis added].

Broad Support for President Clinton's Stand Defending the Economy

- As **Chamber of Commerce** chief economist **Martin Regalia** said, "*It's more than a little dangerous*" [Commercial Appeal, 3/22/98, emphasis added].
- The **Tax Executive Institute**, a nonpartisan association that represents approximately 5,000 in-house tax professionals employed by 2,800 leading companies in the U.S. and Canada, has said:
 - the proposals "*illustrate the folly of making tax policy by sound bite and should be rejected.*"
 - "*a company that otherwise would invest millions of dollars in a multi-year expansion of its manufacturing facilities might well demur if the pending legislation were enacted because of uncertainty over whether or how, after December 31, 2001, it would be able to recover its costs. (There are an estimated \$ 3 trillion in unrecovered costs of existing property, and of course the current economic expansion is dependent on sustained future investments.)*"
 - *Similarly, individuals who would otherwise invest and save toward retirement might pause because of uncertainty over how their retirement earnings would be taxed. To repeal the Internal Revenue Code without specifying a replacement system – to exalt the exhilaration of 'doing it now' over the necessity of 'doing it right' – is to threaten major disruptions of the economy and the lives of the American people.*" [TEI letter to Chairman Archer and Roth, March 23, 1998, emphasis added]
- The President of the National Association of Realtors, **Layne Morrill**, denounced the sunset idea as "*disastrous for American home owners.*" [Commercial Appeal, 3/22/98, emphasis added].
- **Harvey Hirschhorn**, a portfolio manager and chief economist at the Chicago-based **investment house of Stein Roe & Farnham**, told Investors Business Daily that: "*If the Tax Code Termination Act were to pass, the markets would experience significant volatility,*" He also said that, "*there's no question about it. The stock market simply doesn't like uncertainty.*" [Investors Business Daily, 3/24/98, emphasis added].
- On March 5, 1998, **Bob Dole** said, "I'm not certain about saying we're going to sunset the IRS by the year 2001, unless you've got something to put in its place." [Tax Analysts' Highlights and Documents, March 6, 1998]
- **Joel Slemrod**, a tax expert at the University of Michigan Business School, has called sunsetting the tax code: "A crazy idea" [The Christian Science Monitor, March 9, 1998].
- Letter from former Commissioners, Democrats and Republicans, of the IRS to Roth and Archer: the sunset proposal "*does not meet the standards of reasoned and responsible legislation.*" [Letter from former Commissioners to Chairmen Roth and Archer, March 19, 1998, emphasis added].

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-JUN-1998 20:38:36.00

SUBJECT: Update of POTUS memo

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

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

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

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

TEXT:

Here is an update of the POTUS farmer talking points to include a sentence indicating early in the memo that Ford has now offered his motion to strike, and updating Lugar's counter-offer and Ford's reaction to it.=====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT: [ATTACH.D79]MAIL45384776P.126 to ASCII,
The following is a HEX DUMP:

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June 17, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: Talking Points for Telephone Calls to Senators Lugar & Ford re: Tobacco Bill Farmer Provision

Current Status

Senators Lugar and Ford have competing provisions relating to farmers that are each included in the tobacco bill. Senator Lugar's measure would end the tobacco program within 3 years and buy-out farmers at a cost of \$18 billion over those three years. Senator Ford's measure would continue the tobacco program, giving farmers the option of being bought out. It costs \$28.5 billion, but the cost is spread over 25 years. Late Tuesday, Senator Ford offered a motion to strike the Lugar provision from the bill and that motion is currently pending.

Senator Ford has previously communicated a possible compromise to Lugar: Ford would be willing to end the program in 15 years, offer the states the opportunity to institute state or regionally-run programs, scale back the cost of his program to \$22.5 billion, and accelerate payments to farmers as much is practicable. Senator Lugar said he did not want to accept a provision that would continue a production control program, even at a state level, unless there was a parallel free market that farmers could choose. This is unacceptable to Senator Ford who believes a free market cannot coexist with price controls. Senator McConnell has allied himself with Lugar, and has promised Kentucky voters that the \$18 billion will be forthcoming in three years. The continuation of the program and the speed of the payments are the key issues to resolve.

Talking Points for Call to Senator Lugar

- * I know that you are deeply concerned about youth smoking and that you want the Congress to pass a comprehensive bill that will really do something about this problem.
- * I also know that you have strong and principled views about the farmers piece of this legislation and that you have worked hard on a proposal to protect tobacco farmers, while moving toward a free market system.
- * The problem now is that the farmers issue could hold up the whole bill. I think we need to reach a compromise on this issue, so it is not divisive and does not give some senators

a way to put the entire bill in jeopardy.

- * I understand that Senator Ford has suggested a possible compromise -- a proposal to terminate the program over a number of years, while permitting states to put some pricing measures in place on their own. I hope you will work with him to come up with a plan you both could accept.
- * If I or Secretary Glickman can be of any help in promoting a compromise approach, we would be very glad to do so. We all have a common interest in solving this problem and moving the bill forward.

Talking Points for Call to Senator Ford

- * I want to thank you for your work in crafting the LEAF Act and in trying to gain bipartisan support for the measure.
- * As you know, I have insisted that any comprehensive tobacco legislation protect tobacco farmers and their communities, and I have expressed strong support for your proposal.
- * I have just talked to Senator Lugar and urged him to move in your direction. We should be able to agree on an approach that keeps the federal program going for more than three years and allows states to pick up where the federal program leaves off.
- * I'd like you to work with Lugar to fashion a compromise. I think we can reach a compromise that will protect farmers and will be politically acceptable to you. We shouldn't let the Republicans use the farmers issue to kill legislation that they don't like for other reasons. If Secretary Glickman or I can assist you in any way, you should let us know immediately.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-JUN-1998 16:51:18.00

SUBJECT: Education announcement

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

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

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

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

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

TEXT:

Below are some possible education announcements, as requested at the staff meeting this morning. We may have some additional suggestions tomorrow, as we get updated information from ED on grant awards and publications. Please note that several of these come from Jon, based on his outstanding work looking for announcement for the VP. Clearly our new partnership is paying off!

Possible small policy initiatives and other education announcements

1. Bilingual Education Directive: Direct the Education Department to produce a report that (1) highlights programs that help kids learn English within 3 years shows what makes them effective; (2) identifies international benchmarks of language training, identifying practices for teaching immigrants new languages, and teaching natives foreign languages.

We can do this relatively quickly if we need to.

2. Announce first grants of Comprehensive School Reform (Obey/Porter) Program: On June 19, the Education Department will be ready to announce the first grants under this program. Seven states (Illinois, Kansas, Maryland, Mississippi, New York, Pennsylvania and Wisconsin) will receive approximately \$33 million, enough to support reform in up to 650 schools. By July 1, there may be an additional 7 states that can receive approximately \$18.2 million.

3. Highlight Lifelong Learning Tax Credits: The Lifelong learning tax credits will kick in on July 1. We could underscore this by releasing state-by-state figures showing the number of students eligible for the tax credit as well as HOPE Scholarship (which started Jan 1.). The VP is tentatively slated to release these figures in Iowa on July 7.

4. Announce lower interest rates on student loans: On July 1, interest rates on student loans will drop almost a full percentage point--as proposed by the Administration last February. The lower rate was adopted as part of a temporary, 3-month measure included in the highway bill. The VP is also tentatively slated to make this announcement.

5. Launch the Education Department's Summer Reading Initiative: In early July 70 partnerships around the country will launch summer reading initiatives aimed at young kids. This could be used to highlight the America Reads initiative, which has a July 1 deadline for being enacted in order to secure \$240 million in FY 99 funds.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-JUN-1998 17:16:12.00

SUBJECT: BR: in response to your Q re: FL

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

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

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

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

TEXT:

----- Forwarded by Cynthia A. Rice/OPD/EOP on 06/17/98
05:15 PM -----

JOSHUA
GOTBAUM
06/17/98 03:35:58 PM

Record Type: Non-Record

To: Cynthia A. Rice/OPD/EOP
cc:
bcc:
Subject: Re: Question re: FL, TX, and MS \$\$

To: Joshua Gotbaum/OMB/EOP@EOP
cc: Richard J. Turman/OMB/EOP@EOP, Cynthia Dailard/OPD/EOP@EOP
Subject: Question re: FL, TX, and MS \$\$

Am I right in understanding that the bill does not currently have any formula by which the state funds would be apportioned?

Bruce was wondering if we know how TX, FL, and Mississippi would fare under their own settlements vs. the current bill. Without assuming a formula, I assume we couldn't figure that out?

The state of Florida believes they will get less money under the current bill than under their settlement. Florida, like TX and MS, has a clause in its settlement saying it will superceded by "substantially similar" federal legislation. Thus, they can't take advantage of the state opt-out now in the bill (though they could litigate whether the law is "substantially similar"). Minnesota, whose settlement gives the companies an explicit credit against federal tobacco-related payments, does not have seem to have this problem.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-JUN-1998 16:17:32.00

SUBJECT: EEOC

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Elena,

FYI. After a meeting today between civil rights enforcement agencies and the CBC, Eleanor Holmes Norton asked Bill White (leg. affairs from EEOC) why the EEOC had not made a deal with the Republicans on testers. Bill let her know that this was a WH issue. Rep. Norton then indicated that she may want to contact someone here to discuss.

As you know, the EEOC has worked out agreements with the Reps. on the other five points that Gingrich outlined in his testimony at the oversight hearing. Also, we (EEOC and us -- including Counsel's office and Leg. Affairs) have discussed offering a letter from EEOC to Fawell indicating that the agency would not use FY99 appropriated funds to employ testers. Ellen Vargyas (legal counsel EEOC) has had very preliminary discussions with Fawell's staff about this possibility. Also, Martha Foley and Broderick Johnson have been talking the Dems. over the past couple of days to better determine our strength on this issue.

Tomorrow morning (Thurs.) at 10am, Broderick, Martha, Eddie Correia, Susan Carr (OMB) and I are having a conference call to finalize where we are with the Dems. and Reps.

Julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-JUN-1998 18:39:34.00

SUBJECT: new developments in bilingual ed

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

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

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

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

TEXT:

Well, I'm revising the memo again, so you can go one more day without reading it!

We found out this afternoon that the Riggs bilingual bill will be added to the Labor-HHS-Education appropriations bill at mark-up next week. Subcommittee dem's are meeting tomorrow to figure out how they want to respond--we have no intelligence on where they are yet (mainly because they don't know where they are yet), but should know more tomorrow morning.

In addition to affecting the timing and changing some of the key players, attaching this bill to the approps bill complicates our options in a number of respects:

1. The issue could become lost in the larger fight over education funding. Because the underlying bill is going to be so clearly unacceptable to us and to Democrats (the funding level will be too low overall, key priorities such as technology and goals 2000 will be cut in real terms or funded at lower levels than our request; there will be other riders on testing and perhaps on block grants), we may want to frame the fight over other issues, and the bilingual issue could simply get lost in the larger battle.

2. There may not be a direct floor vote on bilingual ed. The dems could conceivably assume that the Senate and WH will take care of this issue in conference or through a veto, and decide to not try to strip or alter this provision on the floor. From their point of view, not having a floor vote could help avoid dividing the party, and strengthen the Senate's hand in conference. No hint that this is where they would come out, but it wouldn't surprise me.

As I rewrite the memo tonight and tomorrow morning based on what we learn from committee dems, I think we may well wind up with 3, rather than 2 options. These would be;

1. Send up our bill ASAP regardless of the views of the CHC and other Dems, as POTUS seems inclined to do.

2. Work with CHC and House Dems on need for, and timing of alternative -- the "let's keep the party unified" strategy (by the way, before we learned that Riggs would be included on the appropriations bill, Tim Roemer told

us he definitely wanted an alternative to Riggs when it came to the floor. We told him to round up his like-minded friends and get the message to the CHC.)

3. Threaten to veto the appropriations bill over a number of issues including Riggs, keep repeating our view of the right way to reform bilingual ed, and promise to propose legislation next year based on our principles.

This may all change tomorrow as we talk to the appropriators and others.

I'll get you a new memo ASAP tomorrow. We may still need to act quickly. Besides, I'm off all next week, and want to get this done before COB Friday.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-JUN-1998 12:53:52.00

SUBJECT: Executive director of disability task force

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

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

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

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

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

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

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

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

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-JUN-1998 09:46:59.00

SUBJECT: chiles

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

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

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

TEXT:

Tuesday June 16, 9:38 pm Eastern Time

Fla. gov urges opposition to national tobacco deal

TALLAHASSEE, Fla. June 16 (Reuters) - Gov. Lawton Chiles on Tuesday urged state senators to oppose a national tobacco settlement he says will cost Florida \$4 billion in lost revenue.

Eight months after landing a \$11.3 billion settlement with tobacco companies to offset costs of smoking-related illnesses, Chiles said in a letter that amendments to a federal tobacco deal could strip as much as 35 percent off the state's settlement.

Chiles said federal lawmakers, who in June 1997 reached a conceptual agreement with the industry on a national accord, are proposing a \$514 billion settlement that funnels money away from states to fund federal priorities.

In addition, there are no guarantees that states that have already struck deals will receive an amount equal to their individual settlements.

``I am even more concerned that these amendments are not related to the public health goals that were a fundamental part of the June 1997 agreement and Florida's individual state settlement,''
Chiles wrote.

Federal lawmakers are trying to forge a national settlement with the industry, which has been besieged by litigation and has during the past year opted for the first time in its history to settle claims.

The lawmakers are attempting to finalize a deal before they adjourn for the summer.

Mississippi, Texas and Florida have each reached out of court agreements with the industry.

Minnesota brought its case to court and in May signed a consent decree.

Though varying slightly, all states have argued that tobacco companies should reimburse state taxpayers for Medicaid costs incurred for smoking-related illnesses.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Eli G. Attie (CN=Eli G. Attie/O=OVP [UNKNOWN])

CREATION DATE/TIME:17-JUN-1998 19:42:47.00

SUBJECT: Latest draft of VP's CNP speech for tomorrow (Thursday) at noon

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

CC: Darby E. Stott (CN=Darby E. Stott/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

draft 6/17 7:30pm

REMARKS BY VICE PRESIDENT AL GORE

CENTER FOR NATIONAL POLICY

Thursday, June 18, 1998

You know, I've been getting a lot of grief because earlier in the week, after staying up very late to watch the Bulls-Jazz game and all the post-game coverage, I inadvertently confused the name Michael Jordan with Michael Jackson. I don't know how I could have done that. In fact, just this morning, I was talking with your President, George Steinbrenner...

Thank you for having me here today, to talk about a subject that is vital to any policy debate: how we keep our economy growing, and create more jobs and opportunities for the American people.

Nearly one year ago, I came before the Center for National Policy to make a simple case: that the new economic strategy President Clinton and I have pursued since 1993 was not only working, but that it represented something new in economic policy, and something new in our history; that it was helping to create a new economy -- but that we faced stiff challenges to that strategy, on every major front.

Back then, we were still fighting to balance the federal budget. We were still fighting for the strategic investments in training, in education, in technology and the environment that are so critical to growth. We were still fighting for American leadership and engagement in the world.

But above all, we were fighting those in the other party who simply refused to abandon the out-of-date dogmas of the past -- those who believed that the politics of raw ideology should take precedence over the policies that actually build and sustain prosperity.

We won those fights. In 1993, without a single Republican vote we enacted the new economic plan that virtually eliminated the budget deficit, and produced what many are now calling the strongest economy in our history. That laid the groundwork for the bipartisan balanced budget that helped us finish the job, and helped to keep our economy growing.

If there were any doubts then about the wisdom of our economic course, there should be none today. In the past 5 « years, our economy has significantly raised standards of living and added more than 16 million new jobs. We have the fastest real wage growth in 25 years, the lowest unemployment in 28 years, the smallest national government in 35 years, the highest rate of small business formation in history, and the highest rate of private home ownership in history -- all with the lowest inflation in 32 years. No wonder the Chairman of the Federal Reserve called today's economic performance «as impressive as any I have witnessed in my near half-century of daily observation of the American economy...it is possible that we have, in a sense, moved «beyond history.»,8

Actually, you could call it the law of intended consequences. We worked hard for these results. Of course, government didn't create all those new jobs and opportunities -- the American people did. But government helped lay the foundation. Ours was a three-part strategy, merging elements that had never been combined before: strict fiscal discipline, strategic investments in the future, and international engagement. And at the heart of the government's efforts was a new way of thinking. From our first day in office, we said: let's abandon the failed orthodoxies of the past, and build our economic strength on what actually works.

5 « years ago, you couldn't have described that as a traditional Democratic strategy, and certainly not a Republican strategy. But it has been a winning strategy. It has not only changed the political debate, it has changed America for the better.

Today, once again, our progress is threatened. Despite all the evidence that our economic strategy is working, some in the Congressional majority are determined to work against it. They would unravel our fiscal discipline -- even at the risk of raising interest rates, shattering confidence in our economy, and squandering the resources we need to finally close the generational deficit. They would squeeze down on our strategic investments in job training and education, and research and development. They would widen the opportunity gap instead of closing it, denying us the highly-skilled workforce we need for the 21st Century. Some would even compromise our leadership in the world -- holding hostage our ability to stabilize the world economy, and defend our economic and security interests abroad.

Worst of all, I fear that for some in the Congressional majority, they have become so blinded by politics that their primary goal has become not economic progress, but partisan conflict.

So I come here today to issue a warning: if we allow risky, partisan schemes to disrupt American economic policy, we could jeopardize our economic recovery. We could lose our best chance to shape the 21st Century into the most prosperous and productive time the world has ever known.

First, let us remember how far we have already come. When President Clinton and I took office, America's economy was reeling from years of flabby budgets, phony numbers, and flimsy investments. From 1981 to 1987, when the other party held both the White House and the Senate, they put in place the most reckless economic plan our nation has ever seen: irresponsible tax schemes, made-up numbers, and massive deficits. I know it's hard to imagine it today, but they actually quadrupled America's national debt in less than 12 years -- an act of breathtaking contempt for future generations.

The result was a vicious cycle, with faltering growth leading to bigger deficits, and bigger deficits causing higher interest rates -- crowding out the private investment that is the real engine of growth and jobs. By the early 90's, we had deficits at record levels, \$300 billion a year, stretching out as far as the eye could see. Every time businesses felt a little strength in the economy and borrowed money to invest and expand, the combination of their borrowing and the government's deficit financing would put pressure on interest rates and the recovery would stall.

For years, Americans heard there were only two choices: tax and spend, or cut and run. We knew there was a third way: invest and grow. As I said last month in Detroit, we replaced the vicious cycle with a virtuous cycle -- lower interest rates, more investment, more jobs, more growth -- which then fueled even greater investment in our future. And this is about more than spreadsheets and statistics -- it's about providing the opportunity that has always been the heart of the American dream. It's about giving every child a chance at a better, brighter future.

That is why, at every step of the way, we tried to reach across party lines -- to build what should have been a new bipartisan consensus on economic policy. It didn't quite work out that way -- and not just in 1993. In 1995 and '96, the other party shut down the government rather than agree to the strategic investments we believed our economy demanded. Chastened by the outrage of the American people, the Republican leaders were forced to accept President Clinton's priorities. Still, in 1997, it took months of intense negotiations to produce a bipartisan agreement based on those priorities to finally balance the federal budget. And it saddens me to say that we are seeing that partisanship again, on three major fronts:

First, there are some in the Congress who would risk our economy by allowing the first balanced budget in a generation to become our last balanced budget.

By trying to use the budget surplus before it even rolls in -- and by recklessly proposing the elimination of the entire tax code, with no way to replace it -- they would jeopardize everything we have fought for these past 5 « years: low interest rates, and a stable climate for investment. Our chance to tackle tough, long-term challenges like saving Social Security and Medicare. And the confidence of world financial markets, which could be damaged even before these risky plans come up for a vote -- simply because of the prospect of new deficits.

Our economic power comes from a vote of confidence in America, a vote cast in markets around the world that evaluate every government's policies every day, through billions of transactions. Today's economy operates on the information standard, not the gold standard. If investors think you're playing fiscal games, interest rates climb almost instantly.

That is why, barring an economic reversal, a national emergency, or a foreign crisis, I believe we should balance the budget this year, next year, and every year. Not through a Constitutional Amendment that would clog up the courts -- that was always just a cop-out for those who couldn't make the hard decisions to do it the right way -- but through the resolve of our national leaders.

Without that fiscal discipline, we will never cross the next great budgetary frontier -- saving Social Security for our children. So when President Clinton saw that we would have the first budget surplus in 30 years, he challenged leaders of both parties to reserve every penny of any surplus until we save Social Security first.

At first Congressional leaders embraced that pledge. And anyone who doubts the commitment of our own party to fiscal discipline and serious entitlement reform should note this fact: today, many of the most progressive Democrats have signed on to save Social Security first.

But in the Congressional majority, some have tried to back away --

proposing that the surplus be squandered on large, risky, and indiscriminate tax schemes, with no regard for our long-term fiscal future.

Last October, in testimony before the House Budget Committee, Speaker Gingrich was practically licking his chops over the first hint of a surplus -- proposing that it be used for everything from military projects and highways, reducing the debt, and a large tax cut to boot. Then, this April, before the House Ways and Means Committee, he announced that he'd seen the light, and said "I support the President's call to use every penny of the surplus to save Social Security."

The attacks came pretty quickly from within the GOP; one prominent Republican accused some in his party of "hiding behind a +wait-and-see+ posture" rather than calling for more tax cuts. And just two days later, in early May, the Speaker couldn't take the pressure from his right-wing anymore, so he changed his mind and said he wanted to go back to using half the surplus for tax cuts. Barely two weeks after that, the Speaker supported the President's pledge again. But two nights ago, at a Republican fundraiser, he went back again to the tax cut scheme. We need an unbreakable commitment to save Social Security first -- not every other day, but every day.

Ways and Means Chairman Bill Archer's position has been more consistent. He has said all along that a large part of the surplus should be spent on tax cuts, because "the surplus is surging out of control." Think about that: a surplus that's "out of control." At least that's better than a Congressional majority that's out of control.

I recognize that it is easy -- sometimes irresistible -- to squander every penny the moment it becomes available. Some would say it's good politics. But it is dangerous fiscal policy. We've solved the budget deficit, but closing the generational deficit will take even greater fiscal resolve.

Yesterday, in what may be the riskiest, most reckless act of economic policy ever envisioned, the Republican House voted to abolish the entire tax code, with no way to replace it. It was a vote to cut college scholarships, child care, and health care for millions who receive assistance through the tax code. It was a vote to raise the cost of home mortgages for struggling young families. It was a vote to make it impossible for any family or business to invest in the future with certainty or stability.

That may be why the non-partisan Tax Executive Institute said scrapping the code "illustrate[s] the folly of making tax policy by sound bite and should be rejected."

The Washington Post called it "a way to posture on the cheap in an election year...They've stopped producing bills in favor of producing bumper stickers."

The Chief Economist of the Chamber of Commerce calls the idea "more than a little dangerous." And now the National Association of Manufacturers is against it, too.

No wonder business thinks this idea is nutty -- because predictability and stability are essential for business planning. But then, stability is not a prized principle in today's Republican Party politics.

Let me be clear: we support tax reform -- which is why we have proposed the most sweeping set of IRS reforms and taxpayer rights since the tax code was first enacted. We support tax cuts -- tax cuts that are carefully targeted and fully paid for. Both of our major deficit reduction plans -- in 1993 and in 1997 -- contained targeted tax cuts. Today, taxes for middle-income families are the lowest they have been in two decades. But we do not support tax reform by wrecking ball. And we do not support using the budget surplus as a Congressional candy jar, which would only revive the runaway deficits of the past, and endanger the recovery we have worked so hard to sustain.

Let us join together, across party lines, to save Social Security first -- and let's keep that commitment until the problem is solved.

Our economy faces a second threat. There are some in the Congress who would cut the strategic investments that give us faster growth and safeguard our prosperity for the 21st Century.

Through lean fiscal management -- and because of our efforts to reinvent government, eliminating more than 200 outdated programs, reducing the federal workforce by more than 330,000, and saving \$137 billion -- President Clinton has proven that we can balance the budget and invest in the future at the same time. And I believe there are three kinds of priority investments for our future: investments in people; investments in places; and investments in productivity.

Especially in this New Economy and Information Age -- fueled by innovation, driven by new technology, shaped increasingly by minds and not just by matter -- we need an aggressive commitment to invest in our people. That starts with education and job training -- for the highly-skilled workforce that is already in short supply. According to one recent survey, over 60% of corporate leaders say that the number-one barrier to sustained economic growth is the lack of skilled workforce. We must invest more in a world-class education for every American -- from pre-school to college to job training and retraining. It includes quality health care, and a Patients Bill of Rights -- because a healthy workforce is a productive workforce. It includes measures to strengthen families, because that's where people find fulfillment and healing.

We must invest in the places where families live -- our cities, towns, and communities -- to make them safe, clean, sustainable places for economic growth. That means aggressive action to clean up our environment, and protect our precious open spaces. It means more police and safer streets. It means empowering communities, especially our poorest areas -- because we know they have the most untapped potential. It means metropolitan strategies for development -- encouraging regions to work together to create jobs, clean our environment, and prevent urban and suburban sprawl.

And we must make investments in productivity, by funding cutting-edge research and technology, to fuel innovation and expand electronic commerce. That is why we are investing in 21st Century scientific research; and in the Next Generation of the Internet, moving at speeds 1,000 times faster than today.

Last year, we struck a bipartisan agreement for strategic investments in America's future. But the budget resolution that has now passed the House breaks the spirit of that agreement. It would mean severe and unnecessary cuts in areas that are essential to our economic

future.

It could force deep cuts in job training and college scholarships. It could threaten Medicare and Medicaid, and even food safety. It could cut child care, and critical efforts to move people from welfare to work. It would cut efforts to ensure clean water and delay the clean-up of dangerous toxic waste sites. It could completely eliminate our 21st Century Research Fund, to invest in path-breaking scientific inquiry and new technology. It could even cut our efforts to put 100,000 police on the streets, all across America.

We don't know the full details of this smoke-and-mirrors budget; its savings and cuts are so vague, the New York Times concluded that it fails the basic integrity test. But here is what we know to be true: a budget scheme that cuts training and education means we will not have the skilled workforce we need for the 21st Century. A budget scheme that cuts police and the environment means we will not have safe, clean communities to attract new investment and jobs.

Don't take it from me. One respected budget expert went so far as to say that the House Republican budget is just a mockery. That was Senator Pete Domenici, Chairman of the Senate Budget Committee. I would guess that quite a few Republicans share that view.

There is another investment -- one that is especially important to me, and to our children's future -- that has fallen victim to partisan politics. And that is the fight against youth smoking. When the Senate Commerce Committee, the very committee on which I used to serve, considered this issue, an overwhelming bipartisan majority -- nineteen to one -- voted for a comprehensive bill to dramatically reduce youth smoking, save lives, and save our economy tens of billions of dollars. Then something happened: the mighty tobacco industry decided to kill it. That's when the partisan parlor games began.

The Republicans said they wanted a tax cut in the bill -- so a tax cut was included. They said the bill spent too much on social programs -- so the spending was cut. They said the lawyers' fees were too high -- so the fees were cut.

For too many Republicans, those complaints were nothing but a smokescreen. Even with all those changes, last night the Republican Senate tried to kill the tobacco bill. Of course, 14 courageous Republicans joined 43 of the 45 Senate Democrats in supporting the bill. But that was still three shy of the 60 we needed to move the bill along. America needs a comprehensive, bipartisan bill to reduce youth smoking. It's time to stop playing politics with American lives.

There is another reason why we must support all these strategic investments in our future. Only by making our economy work for everyone -- only by sharing and extending prosperity here at home -- can we build and sustain a consensus for open markets, for international engagement, and for aggressive leadership in the world.

There are some in the Congressional majority who would risk our economy by shutting out the world, instead of leading and engaging it.

Above all issues, American leadership used to be the greatest bipartisan preserve. Today, a dangerous and growing isolationism -- a willingness to play politics at home with our interests around the world -- could push our prosperity over the edge. It is an abandonment of a

great and longstanding internationalist tradition in the other party. And it is one of the single greatest threats to our continued economic strength.

We have seen this Congress drag its feet on IMF funding, while the Asian financial crisis deepens, affecting not only the markets of Europe, but also our own.

We have seen this Congress withhold our dues to the United Nations in order to play politics with a woman's right to choose. In the process, they are jeopardizing our progress in reforming the U.N., and potentially costing us our vote in the U.N. General Assembly at the end of this year.

Is that any way to honor the legacy of internationalism left by President Eisenhower, President Nixon, and President Bush?

We have had some open and honorable disagreements within the Democratic Party on the subject of international trade -- and we have agreed to disagree. But most do agree that with one-third of our growth tied to exports in the past five years, we must move forward in opening markets. In the past few months alone, we launched a new trade partnership with the European Union, and new trade talks with Latin America. A major agreement to keep global electronic commerce duty-free. A landmark international anti-corruption convention. And as you know, I believe we must do still more to open up markets.

We also believe, as the President told the World Trade Organization last month, that competition among nations must never become a race to the bottom -- in environmental protections, consumer protections, or labor standards. Our goal must be to help more people benefit from the enormous possibilities of the global economy.

But our entire party can agree on this: if we shut ourselves off from the world; if we give up our seat at the table of world affairs; if we walk away from the most urgent financial crises for the sake of politics, our own economy and our own workers will suffer. And we will lose the leverage to fight for freedom -- freely-elected governments, the free flow of ideas, the free movement of products and people -- which is the surest route to prosperity both at home and around the world.

Consider the IMF. One look at this morning's trade numbers shows why the Congressional majority is wrong to undermine it. When Asian economies are hurt -- when foreign customers can't buy our products -- when foreign currencies lose their value, and our competitors try to flood the marketplace with cheap, devalued goods -- we are the ones that are hurt. We need the IMF to work with countries that are at risk, before the risk spreads to us. The IMF needs reform of its own. But to cut off IMF support now is like shutting down the Fire Department when the house next door is on fire.

It is one of the great and tragic ironies of our history that we are sometimes prone to turn inward when our power is greatest, when our economy is strongest, when our interests are most secure. That is why it is so wrong for Republicans to retreat into isolationism at the very brink of a new American century -- and that is why we are grateful to those brave few in the other party who are fighting for the IMF, and for paying our dues to the U.N., and for engagement in the world. Today, our ability to lead and shape the world economy is at its peak. We waste that power at our own peril.

Taken together, the postures and positions taken by this Congressional majority are as astonishing as they are irresponsible: sunsetting the tax code and squandering the surplus. Squeezing down on the education and training our workers and businesses need. Blocking our efforts to stabilize the global financial markets that are essential to our economy. The Republican Party of 1998 has achieved the remarkable feat of being simultaneously anti-labor and anti-business.

For 5 « years, President Clinton and I have sought to build a new economic consensus in this country -- one that reaches beyond the false choices and rigid politics of the past. After so much success, why would we go back to failed old economic dogmas? Why would we unravel the strategy we worked so hard to build?

I am still hopeful that we can forge a bipartisan solution to our economic challenges, and put prosperity before partisanship, once and for all. I am still hopeful that we can appeal to the great, lost traditions of the other party -- of economic growth, of fiscal discipline, of international leadership. But with jobs and incomes at stake, hope is not enough. The American people must be on notice. It is, after all, their economy. After sixteen million new jobs, and year after year of unbroken economic growth, we owe it to them to keep it strong. Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-JUN-1998 17:42:02.00

SUBJECT: 2 Ds voted no: Robb, Ford

TO: CYNTHIA (Pager) #RICE (CYNTHIA (Pager) #RICE [UNKNOWN])
READ:UNKNOWN

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

TO: BRUCE N. (Pager) #REED (BRUCE N. (Pager) #REED [UNKNOWN])
READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-JUN-1998 17:41:53.00

SUBJECT: Vote 57-42. 14 Rs. voted aye: Abraham, Chafee, Jeffords, McCain, Snowe, Rot

TO: CYNTHIA (Pager) #RICE (CYNTHIA (Pager) #RICE [UNKNOWN])

READ:UNKNOWN

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

READ:UNKNOWN

TO: BRUCE N. (Pager) #REED (BRUCE N. (Pager) #REED [UNKNOWN])

READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-JUN-1998 16:18:28.00

SUBJECT: FICA/Workfare Meeting

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

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

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

TO: Emil E. Parker (CN=Emil E. Parker/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: William P. Marshall (CN=William P. Marshall/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

CC: Jason M. Dunn (CN=Jason M. Dunn/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

TEXT:

We are rescheduling this meeting on the FICA/Workfare ruling for Friday, June 19, at 2:00 p.m. (Bruce Reed's office). Please let me know if you have a conflict. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-JUN-1998 19:33:20.00

SUBJECT: URGENT: E&W Senate Floor SAP

TO: Jeffrey M. Smith (CN=Jeffrey M. Smith/OU=OSTP/O=EOP@EOP [OSTP])
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

TO: Kerri A. Jones (CN=Kerri A. Jones/OU=OSTP/O=EOP@EOP [OSTP])
READ:UNKNOWN

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

CC: Elizabeth Gore (CN=Elizabeth Gore/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

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

CC: Lisa Zweig (CN=Lisa Zweig/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

CC: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

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

TEXT:

Today, the Senate began floor consideration of Energy & Water Appropriations bill to continue debate tomorrow morning. Please provide comments or clearance (5-4790) by 9am tomorrow, Thursday, June 18. Thank you.

S. 2138 -- ENERGY AND WATER DEVELOPMENT

APPROPRIATIONS BILL, FY

1999

(Sponsors: Stevens (R), Alaska; Domenici (R), New Mexico)

This Statement of Administration Policy provides the Administration's views on S. 2138, the Energy and Water Development Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be

appreciated.

The Administration appreciates the challenges faced by the Committee in funding a wide array of needs within tight budgetary constraints. However, we are concerned that the \$566 million increase provided by the Committee for Army Corps of Engineers projects has come at the expense of other priority programs.

The Committee mark eliminates all of the Administration's requested increase for the solar and renewable energy program, including eliminating funding for valuable cost-shared projects with industry, and the Committee Report expresses misguided concerns about projects related to commercialization of new technologies. The Committee's funding level represents a reduction of about one-third -- over \$100 million -- in the President's requested increase for development of clean, non-greenhouse gas power sources. These changes would seriously undercut the Department of Energy's ability to continue some of the most promising research now underway, eliminate accelerated introduction of clean power sources, and restrict our ability to lower greenhouse gas emissions levels. The Administration strongly opposes these reductions and will work with the Congress to restore funding to this critical area.

We urge the Committee to fund fully the request for the California Bay-Delta program. The Committee's \$78 million reduction to the request could delay Federal and State efforts to restore this important ecosystem.

We commend the Committee for fully funding the construction costs of the Spallation Neutron Source (SNS) in FY 1999. The SNS will provide path-breaking research opportunities in the physical, biological, and medical sciences and will ensure continued U.S. pre-eminence in neutron sciences and their industrial and medical applications. Likewise, the Administration appreciates the Committee's support for the Stockpile Stewardship and Management Program and for funding TVA's non-power programs:

The Committee bill would prevent obligation of funds for design of a facility to dispose of plutonium contained in excess weapons until agreement is reached with Russia on a bilateral schedule for plutonium disposition. The Administration shares the Committee's view that the United States should dispose of excess plutonium only in parallel with Russia. However, we do not agree with the Committee's approach. The Administration will work with the Committee to find an alternative way of addressing our mutual concerns.

Finally, the proposed language in section 306 of the Committee bill would generally impair the Department of Energy's ability to ship transuranic waste to the Waste Isolation Pilot Plant (WIPP). In particular, this language would prevent closure of the Rocky Flats site by 2006, eliminate potential savings of up to \$1 billion, and potentially add costs of as much as \$60 million. In addition, transuranic waste at the Savannah River, Hanford, Mound, and Los Alamos sites could not be removed for disposal at WIPP.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa Zweig (CN=Lisa Zweig/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:17-JUN-1998 20:56:00.00

SUBJECT: Legislative Report - June 17, 1998

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

TO: jade l riley (CN=jade l riley/OU=who/O=eop@eop [WHO])
READ:UNKNOWN

TO: robert d. kyle (CN=robert d. kyle/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

TO: lisa m. kountoupes (CN=lisa m. kountoupes/OU=who/O=eop@eop [WHO])
READ:UNKNOWN

TO: gary c. reisner (CN=gary c. reisner/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: 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: 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: jake siewert (CN=jake siewert/OU=opd/O=eop@eop [OPD])
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: 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: 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: 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: 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: Lisa Zweig (CN=Lisa Zweig/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

TO: jack a. smalligan (CN=jack a. smalligan/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

TO: john a. gribben (CN=john a. gribben/OU=who/O=eop@eop [WHO])
READ:UNKNOWN

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: 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: 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: 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: charles r. marr (CN=charles r. marr/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: 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: 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: james b. kazal (CN=james b. kazal/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: 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: ACTING DIRECTOR JACK LEW
ACTING DEP. DIRECTOR FOR MANAGEMENT ED
DESEVE
EXECUTIVE ASSOCIATE DIRECTOR JOSH GOTBAUM

FROM: OMB LEGISLATIVE AFFAIRS

DATE: JUNE 17, 1998

SUBJECT: LEGISLATIVE REPORT

Tobacco: The Tobacco bill fell on a Budget Act point of order early this evening; it now automatically goes back to the Commerce Committee. The Daschle motion to waive the point of order failed 53-46 (7 short of the required 60). Earlier, the Senate again failed to invoke cloture 57-42 (3 votes short of the required 60).

Budget Resolution: While the Senate appointed conferees on the budget resolution earlier this week, the House is not expected to appoint conferees until after the Independence Day recess. (The House will be in recess June 26 through July 13.) The House Republican Leadership is delaying the formal appointment of conferees because that action would give Democrats an opportunity to get another vote on a motion to instruct. We expect that conferees will not be appointed until Kasich, Domenici, Lott and Gingrich come to an agreement.

Ed DeSeve testified today before the House Government Reform and Oversight Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs regarding implementation of the Congressional Review Act by OIRA.

The Senate Governmental Affairs Committee voted today to confirm Ed DeSeve's nomination (voice vote) to be Deputy Director for Management and Dee Lee's nomination (voice vote) to be Administrator of the Office of Federal Procurement Policy.

Deputy Director for Management Ed DeSeve is scheduled to testify on Y2K before the House Reform & Oversight Subcommittee on Government Management on Monday, June 22.

CONGRESS -- TODAY (6/17):
SENATE:

S. 1415, the Tobacco bill, was recommitted to Committee after falling on a section 302 Budget Act point of order. The following action occurred prior to the point of order:

- *Motion to invoke cloture failed 57-42 (3 votes short of the required 60)
- *Motion to waive the point of order failed 53-46 (7 votes short of the required 6)

Began general debate on of S.2138 - Energy & Water FY99 Appropriations Bill
[SAP pending]

HOUSE:

Passed (219-209) H.R. 3097-- the Tax Code Termination Act
[Treasury letter, (6/16/98) and SAP, (6/16/98 and 6/17/98): senior advisers veto recommendation]

Continued consideration of HR 2183 - the Bipartisan Campaign Integrity Act of 1997

[POTUS letter sent, 5/20: POTUS supports Shays/June/Meehan substitute]

CONGRESS -- TOMORROW (6/18)

SENATE:

Convene at 10 am.

Continue and attempt to complete consideration of Energy & Water FY99 Appropriations

[SAP under development]

HOUSE:

Convene at 10 am for legislative business.

Consideration of Conference report on HR 2646, the Education Savings Act for Public and Private Schools. Vote is expected.

[POTUS letter sent 6/16/98: POTUS will veto]

CONGRESS -- THIS WEEK&NEXT WEEK

SENATE

Friday, June 19 and Next Week:

If UC agreements can be reached, the Senate could consider any of the following measures:

S. 1882 - Higher Education Amendments of 1998

[SAP sent 6/16/98: strongly opposes in its current form]

S. 1250 - NASA authorization bill

[SAP pending: support if amended]

H.R. 2610 - National Narcotics Leadership Act of 1997 (ONDCP reauthorization)

[SAP sent 11/8/97: no objection but will seek amendments]

Agriculture FY99 Appropriations Bill

[SAP under development]

S. 2057 - DoD Authorization

[SAP sent, 5/14: Cites concerns; and cohen letter in clearance: veto threat on Inhofe/Dorgan amendment]

HOUSE

Friday, June 19 and Next Week

Legislative business will commence at 9 am on Friday.

Continue consideration of HR 2183 - the Bipartisan Campaign Integrity Act of 1997

[POTUS letter sent, 5/20: POTUS supports Shays/June/Meehan substitute]

H.Res. 463 - Establishing the Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China

[No SAP]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-JUN-1998 09:08:18.00

SUBJECT: FICA/Workfare meeting

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

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

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

TO: Emil E. Parker (CN=Emil E. Parker/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: William P. Marshall (CN=William P. Marshall/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

TEXT:

This morning's meeting on FICA/Workfare is being rescheduled for Friday morning. Please let me know your availability. Thanks.

----- Forwarded by Cathy R. Mays/OPD/EOP on 06/17/98
08:58 AM -----

Cathy R. Mays

06/16/98 03:28:28 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: Laura Emmett/WHO/EOP, Donna L. Geisbert/OPD/EOP, Jason M. Dunn/WHO/EOP
Subject: FICA/Workfare meeting

Today's meeting to discuss strategy on the FICA/Workfare ruling is rescheduled for tomorrow, June 17, at 10:00 a.m. in Bruce Reed's office. Sorry for any inconvenience.

Message Sent

To:

Elena Kagan/OPD/EOP

Fred DuVal/WHO/EOP

William P. Marshall/WHO/EOP
Karen Tramontano/WHO/EOP
Cynthia A. Rice/OPD/EOP
Diana Fortuna/OPD/EOP
Emil E. Parker/OPD/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-JUN-1998 14:52:38.00

SUBJECT: WOTC extension

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

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

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

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

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

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

TEXT:

In the course of meeting with Treasury, DOL, and OMB, and then also meeting with Bill Signer, the issue came up about whether the Administration should make a special push to extend WOTC, which expires 6/30. We proposed extending both WOTC and the WTW tax credit in our budget, so we're on record. Treasury expects WOTC to be included in an extenders package with other tax credits including R&C and Section 127, though the vehicle and timing are unclear at this point. Neither Treasury nor OMB think we should single out WOTC, since the other credits are also important to us. They also don't feel our help is really needed at this point-- Republicans are supportive of WOTC, as is Rangel. Signer says Gingrich is working to get a letter from Archer and Roth saying WOTC will be extended (probably retroactively). Do you think we should do anything more aggressive at this point?

Signer, the consultants, and businesses are also concerned about what happens during a 'hiatus' once the credit expires. They want to keep the momentum going from employers and want to make sure states don't just trash the paperwork employers send in during this period. DOL has met with them and appears to be putting reasonable guidance in place to states on how to proceed after 6/30. (Their lawyers say they can't force states to process a tax credit that has expired) t?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-JUN-1998 18:15:11.00

SUBJECT: From CR: Point of order failed 53-46; Rs voting to waive: Chafee, D'Amato,

TO: BARRY J. (Pager) #TOIV (BARRY J. (Pager) #TOIV [UNKNOWN])

READ:UNKNOWN

TO: CYNTHIA (Pager) #RICE (CYNTHIA (Pager) #RICE [UNKNOWN])

READ:UNKNOWN

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

READ:UNKNOWN

TO: BRUCE N. (Pager) #REED (BRUCE N. (Pager) #REED [UNKNOWN])

READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-JUN-1998 18:45:46.00

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: Mindy E. Myers (CN=Mindy E. Myers/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: Leslie Bernstein (CN=Leslie Bernstein/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: Cynthia A. Rice (CN=Cynthia A. Rice/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:17-JUN-1998 14:22:28.00

SUBJECT: Fax to Laura directly--she's inputting the changes now. CRice

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

READ:UNKNOWN

CC: CYNTHIA (Pager) #RICE (CYNTHIA (Pager) #RICE [UNKNOWN])

READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-JUN-1998 14:09:31.00

SUBJECT: Naturalization

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Elena,

FYI. I attended a meeting yesterday with Maria and OMB (Michael Deich and Steve Mertens) re: naturalization. Maria is interested in developing a "good government" plan to reform the naturalization process (as you know, there is now an almost 2 year backlog on naturalization applications). In the past, INS has asked for more appropriated funds for naturalization, but has been unable to come up with a plan for how to spend the \$ and how that spending would reduce the backlog or improve efficiency. Deich suggested that Maria ask us and OMB to work with INS over the next several weeks on a plan for moving forward with goals, steps and a timetable. Maria will likely call a meeting soon with INS, OMB and us to suggest this.

Julie