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**[06/24/1998-06/25/1998]**

# Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Minyon Moore to Elena Kagan and Bruce Reed. Subject: WH fellow (1 page)	06/25/1998	P6/b(6)

### COLLECTION:

Clinton Presidential Records  
Automated Records Management System (Email)  
OPD ([Kagan])  
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### FOLDER TITLE:

[06/24/1998 - 06/25/1998]

2009-1006-F

ke747

### RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:24-JUN-1998 17:45:42.00

SUBJECT: Latest on that other child support bill

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

The House will probably pass the child support incentives bill tomorrow morning, and the Senate may pass it Friday. (Another signing?)

In case we get asked what we think of it, we've drafted the following positive but vague response (we haven't actually seen the compromise yet, so we should be a bit careful). Laura, can you ask Elena to clear this?

While we have not yet had a chance to review the legislation just passed by the House, we are pleased that Congress appears to be moving toward passage of such a bill. We strongly support the bill's provisions to reward states based on their performance on key child support enforcement goals -- provisions that are based on an Administration proposal. We also support the bill's concept of an alternative penalty structure to guarantee that states face automatic and escalating penalties if they fail to automate their child support enforcement systems on time. We look forward to enactment of a bill that would accomplish these important goals.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:24-JUN-1998 19:28:12.00

SUBJECT: Dingell food safety bill

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Elena asked about the Dingell food safety bill and why he was offering a separate bill instead of the Administration bill, sponsored by Eschoo. One of the main reasons Dingell offered the bill was to provide a method for paying for the President's food safety initiative. Dingell has proposed authorizing FDA to collect a user fee on imported food which would raise approximately \$50 million. (Of the Administration's \$96 million food safety initiative for USDA and FDA, we received only \$16.8 million in the House full committee and only \$2.6 million in the Senate full committee. FDA received \$7 million in the House and nothing in the Senate.)

USTR is very adamant that because the user fees were only against imports and not domestic foods, they would violate the GATT. Therefore, OMB is not sending comments on the bill because of the trade problem. In the event that we actually do comment on the bill, OMB will circulate the comments.

Here are some of the main provisions of the bill:

1. Import Inspection User Fees. The Dingell bill authorizes FDA to collect a user fee of \$20 per line item of imported food.
2. Country of Origin Labeling. The Dingell bill mandates country-of-origin labeling of imported food subject to FDA regulation at the point such food is offered for retail sale.
3. Refusal of imports. One of the main differences between the Dingell bill and the Administration bill is that the Dingell bill mandates the refusal of imports if a country does not allow FDA inspections. Our bill ensures that FDA halts imports of fruits, vegetables, and other food products from any foreign country with food safety systems that do not provide the same level of protection required for U.S. products. Our bill only permits FDA to consider the refusal of inspections as one factor in deciding whether to halt imports.



RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:24-JUN-1998 14:51:48.00

SUBJECT: Possible tobacco announcement for tomorrow

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:

Jim O'Hara called with an idea for a small tobacco announcement for tomorrow -- we could issue a paper statement from us or from HHS saying "Today the Administration announced it will make available to all 50 states new anti-teen smoking ads being released today in Massachusetts."

Here's what this means. Massachusetts is unveiling three t.v. ads tomorrow and is offering to make them available to the CDC, who will make them available to other states. Normally, states that use other state's ads must pay a "talent" fee. In this case, CDC would offer to pay the fee.

The ads are hard-hitting ads based on the tobacco documents. While visually they focus on teens, they all repeat a mantra "It's Time We Made Smoking History" which could leave us open to the charge that we want to ban all tobacco.

Ad #1: Shows a 15 year old girl smoking with the words "The 14- to 18-year old group is an increasing segment of the smoking population. RJR must soon establish a successful new brand in this market if our position is to be maintained in the long term" citing a 1976 RJR document.

Then it closes with the phrase: "They Knew. They Always Knew. It's Time We Made Smoking History."

Ad #2: Shows an 11 year old girl smoking with the words "Happily for the tobacco industry, nicotine is both habituating and unique in its variety of physiological actions" citing a 1972 RJR memo.

Then it closes with the phrase: "They Knew. They Always Knew. It's Time We Made Smoking History."

Ad #3: Shows a 14 year old walking down the street with copy "If a young person's desire to be daring is part of the inclination to start smoking, the warning label on the package may be a plus" citing a 1973 RJR memo.

Then it closes with the phrase: "They Knew. They Always Knew. It's Time We Made Smoking History."

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Donna L. Geisbert ( CN=Donna L. Geisbert/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:24-JUN-1998 13:19:21.00

SUBJECT: Weekly Tobacco Strategy Meetings

TO: marti.thomas ( marti.thomas @ ms01.do.treas.sprint.com @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Grundman-Stacey ( Grundman-Stacey @ dol.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

TO: DAILARD\_C ( DAILARD\_C @ A1 @ CD @ VAXGTWY [ UNKNOWN ] ) (OPD)  
READ:UNKNOWN

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

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

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

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

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

TO: Jennifer.moore ( Jennifer.moore @ justice.usdoj.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

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

READ:UNKNOWN

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

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

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

TO: MARR\_C ( MARR\_C @ A1 @ CD @ VAXGTWY [ UNKNOWN ] ) (OPD)  
READ:UNKNOWN

TO: Charles F. Stone ( CN=Charles F. Stone/OU=CEA/O=EOP @ EOP [ CEA ] )  
READ:UNKNOWN

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

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

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

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

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

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

CC: haverkamp\_jennifer ( haverkamp\_jennifer @ ustr.gov @ INET @ VAXGTWY [ UNKNOWN ] )  
READ:UNKNOWN

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

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

CC: MURRAY\_MM ( MURRAY\_MM @ A1 @ CD @ VAXGTWY [ UNKNOWN ] ) (WHO)  
READ:UNKNOWN

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

CC: Dan J. Taylor ( CN=Dan J. Taylor/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

TEXT:

The Weekly Tobacco Strategy Meetings scheduled every Thursday at 2:45 in the OEOB will be suspended until further notice

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Audrey T. Haynes ( CN=Audrey T. Haynes/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:24-JUN-1998 16:34:54:00

SUBJECT: RU 486

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

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

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

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

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

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

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

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

TEXT:

Due to the House Vote, we thought we should try to get folks together to see about who should say something about this and exactly what should be said. Ann has offered up her office for 9:30am Thurs morning. If someone else besides you should be included, please pass this e-mail on. Let Tania or me know if this time does not work for you. thanks

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:24-JUN-1998 16:31:22.00

SUBJECT: Pls call CynthiaD at 67871. We have press Q's re House vote on RU-486. Tha

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

READ:UNKNOWN

TEXT:



June 23, 1998

**MEMORANDUM TO: SECRETARY RUBIN**  
**FROM: JONATHAN GRUBER**  
**RE: Call to Geoffrey Bible**

Action Forcing Event

Phillip Morris CEO Geoffrey Bible sent you a letter containing two critiques of the Administration's analysis of S.1415, the McCain bill. The analysis to which he refers was provided to the Senate Judiciary Committee on May 11, in response to a request from Chairman Hatch to Deputy Secretary Summers. In your return call, you reiterate the broad position that we presented in that analysis, while recognizing the uncertainties that underlie the study of this difficult topic.

Background

At his testimony before the Senate Judiciary Committee on April 30, Deputy Secretary Summers was directly challenged by Chairman Hatch to justify in detail the Administration's conclusions that the McCain bill would raise the price of cigarettes by \$1.10 per pack (in real terms) in 2003.

- Tax Policy and Economic Policy worked together to produce this analysis over the next 10 days, and it is attached as **Tab C**
- Subsequent to our analysis, the Joint Tax Committee issued an analysis which found that the price of cigarettes would actually rise by \$1.68 (constant 1998 dollars) in 2003. This difference was largely based on different assumptions about the baseline quantity of cigarettes consumed, the amount of smuggling that would arise from this legislation, the response of state taxes to this federally mandated price increase, and retail and wholesale mark-ups.
- In the wake of this news, the McCain bill was augmented by adding a "volume adjustment" which would lower the government receipts as cigarette volumes declined, to guarantee that the price would not rise by more than \$1.10 in 2003.

The letter that you received (attached as **Tab B**) contains two "independent" re-analyses of the letter that was sent to the Judiciary Committee.

- The letters contain a large amount of sharp rhetoric, but the cover note from Mr. Bible asks you to ignore this and focus on the analysis.

Hex-Dump Conversion

- Their analysis is fundamentally flawed or confused in some areas, and in others areas differ from Administration analysis because of honest scientific uncertainty. On some topics where there is some uncertainty, the administration has staked out a clear position.
- An example of the fundamental flaws in the analysis is the consideration of youth smoking. There is a clear scientific consensus that youth smoking is highly responsive to price, but this is ignored by both reviewers.
- An example of a confused point is the first reviewer's criticism of the Treasury price analysis. He argues that the analysis assumes the price elasticity falls as price rises, when the opposite is true. The price differences he attributes to differences in behavioral assumptions are actually due to his confusion between real and nominal prices.
- An example of the honest uncertainty is analyses of how the price responsiveness of smoking will change as the price rises by a large amount.
- An example of the last category is smuggling. There is some legitimate uncertainty about the impact of the McCain bill on smuggling. But we believe strongly, and have stated repeatedly in testimony, that smuggling will not be a significant problem given the impressive new enforcement regime that we are putting into place.

I attach as **Tab A** talking points for your call to Mr. Bible.

Recommendation

That you call Mr. Bible, relying on the attached talking points.

Yes             No             Let's Discuss

### Talking Points for Call to Geoffrey Bible

- Measuring the effect of comprehensive tobacco legislation on the price of cigarettes in the U.S. is an analytically difficult task that incorporates a large number of uncertainties. It is impossible to measure the effect of such legislation without making a number of assumptions and projections about an environment that is without historical parallel in the U.S.
- These types of scientific uncertainties lead to a number of the disagreements that your reviewers had with our analysis. On questions such as whether smokers are more or less responsive to small versus large price changes, there is no clear right answer. But in every such case we chose an assumption which was completely consistent with the extant scientific literature.
- In other important areas, we disagree quite strongly with your reviewers. Two such areas are the responsiveness of youth smoking to price, and the extent of smuggling that will arise from a comprehensive tobacco settlement such as the McCain bill.
- On the former, there is a clear scientific consensus that youths are very responsive to the price of cigarettes. This is confirmed by international evidence from Canada during the 1980s, where the price of cigarettes rose by 90% and youth smoking fell in half. Indeed, it is confirmed by analysis contained in internal documents from Phillip Morris and the other tobacco companies.
- On the latter, we believe quite strongly that the creation of a sound regulatory system – one that will close the distribution chain for tobacco products – will ensure that the diversion and smuggling of tobacco can be effectively controlled and will not defeat the purposes of comprehensive tobacco legislation.
- Thus, while we recognize the uncertainty that underlies this exercise, we stand by our analysis, and we would apply the same basic methodology to analyzing future bills on this topic that emerge from the Congress.
- We hope that we can work with you in trying to pass comprehensive tobacco legislation this year.

### Background - Specific Topics

Volume Adjustment: In the wake of an unfavorable score of the price per pack effects of the McCain bill by JCT, the bill was augmented by adding a “volume adjustment” which would lower the government receipts as cigarette volumes declined, to guarantee that the cost per pack to the manufacturer would not rise by more than \$1.10 (1998 dollars) in 2003. This volume adjustment takes as its base 80% of 1997 volumes, which is criticized by Mr. Bible.

But the reason for this is quite simple: the payment stream included in the McCain bill already

had an “implicit” volume adjustment built in, which had the payments decline over time to reflect the fact that we expected a fall in volume. The 80% adjustment was simply picked so that, given our assumptions on volume decline, we would guarantee cost per pack increase of \$1.10 real. This is indeed the cost per pack increase “score” provided by JCT on the revised bill.

The key point is that **with this volume adjustment, the manufacturer per pack cost increment due to the base payments in the bill is guaranteed to be no greater than \$1.10 real.** This seems to be misunderstood by both the reviewers and by Bible.

The Evolution of Price Responsiveness: Contrary to the statement by the first reviewer, our model assumes that the price responsiveness of smokers rises as the price rises. But because the model is slightly non-linear, it takes larger and larger absolute price increases to generate the same quantity reduction. It is in this sense that the model is consistent with the intuition that as the price rises, the market is composed of more and more committed smokers. Our model, moreover, is consistent with several influential empirical studies. The criticism of it offered by the first reviewer is without empirical or theoretical basis.

Smuggling: The regulatory regime we envision has three essential elements. First, all entities in the distribution chain for tobacco products – manufacturers, wholesalers, exporters, importers, distributors and retailers – should be required to hold a license or a permit. Licensing of retailers could be done at the state level. Licenses would be issued based on certain clearly specified criteria and could be revoked or suspended for certain specified violations. Those conducting business without a license would be subject to penalties. Licensed entities should only be authorized to sell tobacco products to other licensed entities. Second, legislation should require the marking, branding and identification of packages of tobacco products intended for domestic distribution and for export so that they may not be diverted or smuggled in circumvention of the legitimate channels of distribution. Third, any regulatory proposal should include penalty and administrative provisions that will allow for effective, efficient and uniform enforcement of controls over distribution.

With the necessary regulatory provisions in place to deal with potential smuggling, we assume there will not be an increase in smuggling for several reasons. First, the Aclosed@ distribution scheme would limit drastically smugglers’ ability to enter products into a legitimate distribution channel. Potential black marketeers will not be able to move products through legitimate wholesalers or distributors. Nor will they be able to sell products to retail consumers at the local convenience stores or other licensed retail outlets. Instead, without a way to place contraband products in the market legally, smugglers would have to sell cigarettes outside channels of legitimate distribution. This would be a risky proposition and one we do not believe will represent a significant problem. Second, U.S. cigarette manufacturers would have great incentives not to become complicit in any smuggling operation, as they would encounter enormous legal risks (such as the possibility of losing their license or, as the McCain bill provides, losing their cap on liability risk) and public opprobrium. Indeed, it is hard to imagine that large scale smuggling could occur without the manufacturers’ knowledge. Third, the U.S.

Customs Service has the expertise and the experience to deal with imported contraband products and has already made a substantial investment in the currently planned introduction of non-intrusive inspection systems and other equipment needed to detect smuggling of contraband. The organic nature of tobacco and the distinctive shape of cigarettes makes them readily detectable by equipment that Customs currently has in place.

Pass-Through to Price: The second reviewer disputes our assumption that these payments will be passed-through to prices. But this assumption is supported by a large empirical literature, and is commonly employed in outside analyses of this legislation, including those by CBO and JCT.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:24-JUN-1998 23:36:14.00

SUBJECT: OMB Legislative Report -- June 24, 1998

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

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 ] )  
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TO: sally katzen ( CN=sally katzen/OU=opd/O=eop@eop [ OPD ] )  
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TO: anna m. briatico ( CN=anna m. briatico/OU=omb/O=eop@eop [ OMB ] )  
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TO: donald r. arbuckle ( CN=donald r. arbuckle/OU=omb/O=eop@eop [ OMB ] )  
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TO: wendy a. taylor ( CN=wendy a. taylor/OU=omb/O=eop@eop [ OMB ] )

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TO: peter a. weissman ( CN=peter a. weissman/OU=opd/O=eop@eop [ OPD ] )  
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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: Adrienne C. Erbach ( CN=Adrienne C. Erbach/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@a1cd@vaxgtwy ( rudman\_m@a1cd@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. kazel ( CN=james b. kazel/OU=omb/O=eop@eop [ OMB ] )  
READ:UNKNOWN

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

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

TO: anita chellaraj ( CN=anita chellaraj/OU=omb/O=eop@eop [ OMB ] )

READ:UNKNOWN

TO: janet himler ( CN=janet himler/OU=omb/O=eop@eop [ OMB ] )  
READ:UNKNOWN

TO: douglas b. sosnik ( CN=douglas b. sosnik/OU=who/O=eop@eop [ WHO ] )  
READ:UNKNOWN

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

TO: todd stern ( CN=todd stern/OU=who/O=eop@eop [ WHO ] )  
READ:UNKNOWN

TO: weinstein\_d@a1 ( weinstein\_d@a1 @ cd @ lngtwy [ UNKNOWN ] )  
READ:UNKNOWN

TO: e. holly fitter ( CN=e. holly fitter/OU=omb/O=eop@eop [ OMB ] )  
READ:UNKNOWN

TO: constance j. bowers ( CN=constance j. bowers/OU=omb/O=eop@eop [ OMB ] )  
READ:UNKNOWN

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

TO: holstein\_e@a1 ( holstein\_e@a1 @ cd @ lngtwy [ UNKNOWN ] )  
READ:UNKNOWN

TO: james j. jukes ( CN=james j. jukes/OU=omb/O=eop@eop [ OMB ] )  
READ:UNKNOWN

TO: elisa millsap ( CN=elisa millsap/OU=who/O=eop@eop [ WHO ] )  
READ:UNKNOWN

TO: 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 24, 1998

SUBJECT: LEGISLATIVE REPORT

CONGRESS -- TODAY (6/24):

SENATE:

Passed (59-36) conference report on HR 2646, the Education Savings Act for Public and Private Schools (passed 6/18 in the House 225-197). This is 8 votes short of the 2/3 necessary for a veto override (Domenici and Specter were not voting).

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

Continued consideration of S. 2057 - DoD Authorization

[SAP sent, 5/14: Cites concerns; Cohen letter sent 6/19/98; cites strong concerns on Inhofe/Dorgan amendment]

Action occurred on the following amendments to S.2057:

- o Adopted (90-5) Thurmond amendment to express the sense of Congress regarding continued participation of U.S. forces in operations in Bosnia and Herzegovina.
- o Adopted (voice) McCain amendment to require the President to submit to Congress certain reports on the missions of United States forces in Bosnia and Herzegovina.
- o Adopted (voice) Kempthorne amendment in the nature of a substitute to title 29 to provide for the withdrawal of lands at the Juniper Butte Range, Idaho, from all forms of appropriation under the public land laws, including the mining laws and the mineral and geothermal leasing laws, and to reserve these lands for use by the Secretary of the Air Force.
- o Adopted (voice) Brownback amendment to require separate housing for male and female basic trainees, and to ensure after house privacy for basic trainees.
- o Adopted (56-37) Levin (for Snowe/Cleland) amendment to the Brownback amendment to require a moratorium on changes to gender-related policies and practices.
- o Tabled (65-31) Smith of NH amendment to limit the use of funds to support the continued deployment of ground combat forces in Bosnia pending a vote of Congress on the continuation of the deployment, and to require the President to submit to Congress a plan for withdrawing US forces from Bosnia if Congress does not so act by 3/31/99.

HOUSE:

Passed (voice) H.R. 3830 - Utah Lands Swap

Passed (373-48) H.R. 4101- Agriculture, Rural Development, FDA, & Related Agencies FY99 Appropriations.

[SAP sent 6/23]

Prior to passage, action occurred on the following amendments to the Agriculture Bill:

- o Passed (223-202) Coburn amendment to prohibit funding to the FDA to conduct research on chemical drugs for abortion
- o Failed (167-258) Miller amendment to reduce federal sugar price supports by lowering loan rates
- o Failed (118-307) Royce amendment to subsidize advertisements for American products overseas (Market Access Program)
- o Passed (voice) Sanders amendment to increase funding for seniors nutrition programs
- o Failed (192-232) Bass-DeFazio amendment to reduce livestock protection in Western States

Passed (358-61) H.R. 4103 Department of Defense FY99 Appropriations after the rule for consideration was passed (221-201). During consideration, the amendment requiring the President to obtain prior congressional authorization to initiate offensive military actions, was debated at length, but no one made an effort to strike the provision.

[Floor SAP sent 6/24, Rules SAP sent 6/23; National Security Advisors recommend veto on Skaggs Amendment]

CONGRESS -- TOMORROW (6/25)

SENATE

The Senate will resume consideration of S. 2057 - DoD Authorization [SAP sent, 5/14: Cites concerns; Cohen letter sent 6/19/98; cites strong concerns on Inhofe/Dorgan amendment]

HOUSE

The House will convene for Legislative Business at 10 am.

H.R. 4104 Treasury and General Government FY99 Appropriations

[Floor SAP sent, 6/24: Secretary of Treasury veto recommendation on provision to restrict use of ESF]

H.R. Legislative Branch FY99 Appropriations

H.R. 2676 - Internal Revenue Service Restructuring and Reform Act Conference Report

Friday, June 26th:

SENATE

H.R. 2676 - Internal Revenue Service Restructuring and Reform Act Conference Report (also includes the TEA-21 corrections)

Continue consideration of S. 2057 - DoD Authorization (if necessary) [SAP sent, 5/14: Cites concerns; Cohen letter sent 6/19/98; cites strong concerns on Inhofe/Dorgan amendment]

S.2160 Military Construction Appropriations Bill (Possible)

[SAP pending]

S.2137 Legislative Branch Appropriations Bill (possibly by unanimous consent)

[No SAP]

S. 2159 Agriculture FY99 Appropriations Bill [with tobacco legislation pending as an amendment] (Possible)

[SAP pending]

Product Liability: possible cloture vote later this week.

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

H.R. 2614 - Reading Excellence Act

[SAP under development; support Senate passage if amended]

S. 1882 - Higher Education Amendments of 1998

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

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

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

After Independence Day recess:

S. 1250 - NASA authorization bill

[SAP pending: support if amended]

The Senate is expected to recess from Monday, June 29th to Monday, July 6th.

HOUSE

Friday, June 26

The House will not be in session and will recess through July 13th.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:24-JUN-1998 16:18:44.00

SUBJECT: Naturalization

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

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

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

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

TEXT:

Elena/Maria:

FYI. Tomorrow morning, Steve Mertens and I are going to meet with budget folks from INS and DOJ to begin to get more specific budget information from them re: naturalization (how much money is generated for the exams-fees account; how is it spent; etc). We will also renew our request for them to develop the kind of outline for moving forward that Michael suggested (including performance measures, concrete steps, and a timeline).

julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:24-JUN-1998 11:22:34.00

SUBJECT: Re: NPR story on welfare reform studies

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

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

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

CC: mkharfen ( mkharfen @ acf.dhhs.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TEXT:

In case you didn't hear/see this...

----- Forwarded by Andrea Kane/OPD/EOP on 06/24/98 11:26  
AM -----

Mark A. Kitchens  
06/24/98 11:10:13 AM  
Record Type: Record

To: Andrea Kane/OPD/EOP  
cc:  
Subject: Re: NPR transcript

NPR ALL THINGS CONSIDERED  
Aired on JUNE 23, 1998

New Welfare Reform Numbers

LINDA WERTHEIMER, HOST: It's ALL THINGS CONSIDERED. I'm Linda Wertheimer.

NOAH ADAMS, HOST: And I'm Noah Adams.

States are successfully moving welfare clients into jobs, according to two studies released today by the U.S. Department of Health and Human Services.

NPR's Ina Jaffe has details about the studies, which looked at cities in five different states.

INA JAFFE, NPR REPORTER: The philosophy shared by all the welfare programs in the studies could be summarized as ``work first.'' That is, education and training in most cases took a backseat to job hunting. The Urban Institute compared the programs in Indianapolis, Indiana, Worcester, Massachusetts, Culpepper, Virginia, Portland, Oregon, and Racine,

Wisconsin.

Pamela Holcomb (ph), the author of the study, says the differences in the details of each state's program didn't seem to matter much. What was important, she says, was speed.

PAMELA HOLCOMB, AUTHOR OF STUDY OF WELFARE-TO-WORK PROGRAMS: It is important to get recipients into the program or the work-focus as quickly as possible; to sort of change the message from the beginning time that somebody walks in the door. That really does make a difference.

JAFFE: Still, the results did vary from state to state. The percentage of welfare clients who found work range from a low of 36 percent in Worcester, Massachusetts to a high of 66 percent in Culpepper, Virginia. But the city where the effects of the work-first approach could be seen most clearly was Portland.

That's because welfare clients required to participate in job search and work activities were compared with a control group who weren't required to do anything in exchange for their benefits.

After two years, the number of welfare clients who found work was 11 percent higher among those required to participate in job search. What's more, these Oregon welfare clients were told not just to find any job, but to look for a good job, with higher than minimum wages and opportunities for advancement. Gail Hamilton (ph) directed the Portland study for the Manpower Demonstration Research Corporation.

GAIL HAMILTON, DIRECTOR OF PORTLAND STUDY OF WELFARE-TO-WORK PROGRAM, MANPOWER DEMONSTRATION RESEARCH CORPORATION: You're

definitely seeing people with higher earnings, and some of this is due to people having better jobs. Now, it was a very good labor market out in Portland during this period. So that -- that probably helped facilitate this push to take a good job, but don't wait forever to find a good job and take it.

JAFFE: The studies also found, however, some unintended consequences of the new federal welfare law as a result of the way different components interact. For example, welfare clients are now encouraged to work, even if they don't earn enough to get off welfare completely. To make this more attractive, they're allowed to keep more of their salaries without substantially reducing their benefits.

But the Urban Institute's Pamela Holcomb points out during this time, while clients are working and doing everything else the law requires, they continue to use up their welfare time limit, which is five years under federal law. She says the State of Illinois has found one solution to this catch-22.

HOLCOMB: They will fund the benefits during those months when a family is combining work and welfare, out of state dollars. Therefore, those months don't count against those person's time limit.

JAFFE: Pamela Holcomb and Gail Hamilton both point out that while the work-first approach is moving welfare clients into jobs, it's the clients most ready to work who are finding employment. So in the future, they say, welfare rolls will have a greater percentage of people who are not ready, who may be facing such obstacles as domestic violence or substance abuse, and states will need to develop new strategies to help these clients succeed in the world of work.

Ina Jaffe, NPR News.

End



**Statement by the President**

Last week's PRIDE survey showed that we are changing the attitudes and behaviors of some of our children, and that is step in the right direction. But today's Pulse Check shows that we must continue to reinforce the message to all of our young people that drugs are dangerous, drug are wrong, and drugs can kill you. It shows that we must keep up tough drug enforcement and get hard drug users off the street and into treatment

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-JUN-1998 10:11:45.00

SUBJECT: Clinton wants tough hate-crime law

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:  
FYI.

----- Forwarded by Thomas L. Freedman/OPD/EOP on 06/25/98  
10:10 AM -----

Richard Socarides 06/25/98 10:05:32 AM

Record Type: Record

To: See the distribution list at the bottom of this message  
cc:  
Subject: Clinton wants tough hate-crime law

----- Forwarded by Richard Socarides/WHO/EOP on 06/25/98  
10:07 AM -----

Doug.Case @ sdsu.edu  
06/24/98 09:36:00 PM

Record Type: Record

To: Stuart D. Rosenstein, Richard Socarides  
cc:  
Subject: Clinton wants tough hate-crime law

Associated Press  
June 24, 1998

Clinton Wants Tough Hate-Crime Law

By SONYA ROSS

WASHINGTON (AP) - Citing the dragging death of a black Texas man, President Clinton urged Congress to pass a bill that would make it easier for federal prosecution of hate crimes.

Before leaving for China, Clinton sent a letter to House and Senate leaders

of both parties Wednesday urging that they pass the Hate Crimes Prevention Act, which would remove certain jurisdictional restrictions that keep Justice Department prosecutors from pursuing hate crimes.

For example, federal prosecutors now can pursue a hate crime case only if it occurs on federal property or while the victim was performing a federally protected act, such as voting.

The legislation also would make hate crimes based on gender, disability or sexual orientation federal offenses and authorize additional funds for hate crime prevention and additional law enforcers to help with state and local hate crime investigations. Current rules specify that federal hate crimes cover only incidents based on race, color, religion or national origin.

Congress did not act on the legislation after it was introduced last year. Clinton said the attack on James Byrd Jr., dragged to his death in Jasper, Texas, by three young white men driving a truck and other similar incidents argue that lawmakers must act this time.

"I know you were as troubled as I was by the vicious murder in Jasper, Texas, just two weeks ago," Clinton wrote. "This shocking event focused America's attention on the problem of hate crimes.

"Whether it is a gay American murdered as he walks home from work, or a Jewish American whose synagogue is desecrated by swastikas, such acts are not only examples of bias and bigotry. They are crimes," Clinton said. "That is why I believe now is the time for us to take strong and decisive action."

The House unanimously adopted a resolution to send its "heartfelt condolences" to Byrd's family. Members of the Congressional Black Caucus have urged that the three men charged with killing him be prosecuted under the federal hate crimes law, and the FBI and U.S. attorney's office were working with local authorities to determine whether state or federal prosecution was appropriate.

Using figures from local law enforcement agencies, the FBI reported 8,759 hate crimes in 1996. Of those, 5,396 were based on race, 1,401 on religion, 1,016 on sexual orientation, 940 on ethnic background and six for multiple reasons.

\*\*\*\*\*  
This message has been distributed as a free, nonprofit informational service, to those who have expressed a prior interest in receiving this information for non-profit research and educational purposes only. Please do not publish, or post in a public place on the Internet, copyrighted material without permission and attribution. (Note: Press releases are fine to reprint. Don't reprint wire stories, such as Associated Press stories, in their entirety unless you subscribe to that wire service.) Forwarding of this material should not necessarily be construed as an endorsement of the content. In fact, sometimes messages from anti-gay organizations are forwarded as "opposition research."

Message Sent

To:

---

Maria Echaveste/WHO/EOP  
 Marjorie Tarmey/WHO/EOP  
 Tracey E. Thornton/WHO/EOP  
 Thomas L. Freedman/OPD/EOP  
 Mary L. Smith/OPD/EOP

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

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.1-9 #29131)  
 id <01IYMM4GBQ8W00J8QC@PMDF.EOP.GOV>; Wed, 24 Jun 1998 20:38:27 EDT

Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDF V5.1-9 #29131)  
 with ESMTTP id <01IYMM4AKCYO00KS1C@PMDF.EOP.GOV>; Wed,  
 24 Jun 1998 20:38:19 -0400 (EDT)

Received: from mail.sdsu.edu ([130.191.25.1])  
 by STORM.EOP.GOV (PMDF V5.1-10 #29131)  
 with ESMTTP id <01IYMM3LXCHW0028ZM@STORM.EOP.GOV>; Wed,  
 24 Jun 1998 20:37:46 -0400 (EDT)

Received: from [130.191.242.121] ([130.191.242.121])  
 by mail.sdsu.edu (8.8.7/8.8.7) with ESMTTP id RAA04260; Wed,  
 24 Jun 1998 17:36:51 -0700 (PDT)

X-Sender: dcase@mail.sdsu.edu

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Karen Tramontano ( CN=Karen Tramontano/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:25-JUN-1998 12:21:14.00

SUBJECT: Health Care Bill of Rights

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

I know several of us talked this morning about how to drive home the difference between the R's HMO Bill of Rights and Ours --- one thought: i doubt the R's have the whistle blower protections in their bill -- and we have --thus far -- leaned away from this provision --- if we were to lean in to this provision we would have a natural constituency--the issue could be framed as a way to ensure quality --by health care workers who are the direct service providers

one last note to Chris -- the afl-cio has been in conversation w/ Kennedy and Daschle's folks about the remedy section of the bill --- the mutli-employer plans have concerns w/ the state court enforcement remedy section -- they are vetting a federal court enforcement --- I understand that one of the differences between the R's bill and ours is the remedy section -- I asked Gerry Shea to call you ASAP to discuss this -- my obvious concern is that we ramp up the differences on the remedy section and one of our strongest constituencies for the bill is trying to modify that section as you are writing --- gerry can be reached at 637-5237--because it's an issue for the multi-employer plans this is a labor/employer issue not just a labor one --

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
--------------------------	---------------	------	-------------

001. email	Minyon Moore to Elena Kagan and Bruce Reed. Subject: WH fellow (1 page)	06/25/1998	P6/b(6)
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### COLLECTION:

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

### FOLDER TITLE:

[06/24/1998 - 06/25/1998]

2009-1006-F  
ke747

### RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert N. Weiner ( CN=Robert N. Weiner/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:25-JUN-1998 11:19:25.00

SUBJECT: Draft Statement on Bragdon v. Abbott

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

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

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

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

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

TEXT:

Please provide comments on this asap.===== ATTACHMENT 1 =====  
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D75]MAIL48117567R.126 to ASCII,  
The following is a HEX DUMP:

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**DRAFT STATEMENT BY THE PRESIDENT**

"I am pleased that today's decision by the Supreme Court in *Bragdon v. Abbott* reinforces the protections offered by the landmark Americans With Disabilities Act for Americans living with HIV disease and AIDS. The ADA was enacted with strong bi-partisan support to protect Americans with disabilities from discrimination. The Administration filed a brief in this case arguing successfully that people with HIV are disabled whether or not they are symptomatic, and that the protections offered by the ADA therefore apply.

I want to assure all Americans with disabilities, including those living with HIV disease and AIDS, that this Administration is firmly committed to protecting them from discrimination. Today's decision will assist us in fulfilling that commitment."

RECORD TYPE: PRESIDENTIAL (NOTES·MAIL)

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

CREATION DATE/TIME:25-JUN-1998 17:14:50.00

SUBJECT: Agriculture meeting

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

READ:UNKNOWN

TEXT:

Elena should go to this since it is a Deputies meeting. Mary Smith will staff.

----- Forwarded by Paul J. Weinstein Jr./OPD/EOP on 06/25/98 05:13 PM -----

Shannon Mason

06/25/98 03:50:31 PM

Record Type: Record

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

cc: Dawn L. Smalls/WHO/EOP

Subject: Agriculture meeting

Please confirm attendance.  
Thanks

Message Sent

To:

- Charles F. Stone/CEA/EOP
- T J. Glauthier/OMB/EOP
- Mark A. Weatherly/OMB/EOP
- John Podesta/WHO/EOP
- Thomas L. Freedman/OPD/EOP
- Paul J. Weinstein Jr./OPD/EOP
- Charles M. Brain/WHO/EOP

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

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

TEXT:

Unable to convert ARMS\_EXT: [ATTACH.D8]MAIL48263867N.126 to ASCII,  
The following is a HEX DUMP:

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MEMORANDUM FOR NEC DEPUTIES WORKING GROUP

FROM: SALLY KATZEN

SUBJECT: Administration Agriculture proposals

The US is experiencing weak agricultural prices for many commodities, the prospect of generally lower farm income this year, and specific regional problems including those of the Northern and Southern Plains. We would like to convene an interagency meeting to review the situation and consider appropriate actions to be taken or proposed by the Administration.

We will meet on **Friday June 26th at 2:30 PM in Room 231** of the Old Executive Office Building. A paper will be provided by USDA that contains various proposals to address domestic income support, financing, and export promotion.

Please designate someone from your office to participate in this short process if you are unable to attend. Please call Shannon Mason at 456-2800 to confirm attendance and give clearance information.

USDA - Greg Frazier  
Treasury - David Wilcox  
CEA - Chad Stone  
OMB - TJ Glauthier, Mark Weatherly  
COS - John Podesta  
USTR - Peter Shear  
DPC - Tom Freedman, Paul Weinstein  
Leg Affairs - Chuck Brain  
State - Stu Eizenstat

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Leslie Bernstein ( CN=Leslie Bernstein/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:25-JUN-1998 12:49:51.00

SUBJECT: EEOC Mtg

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

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

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

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

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

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

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

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

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

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

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

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

TEXT:

The above meeting is scheduled for Friday, June 26th at 4pm in Room 472.

We are hosting this meeting to discuss the EEOC's use of employment testers and will discuss the nominations.

Also in attendance:

Wade Henderson/LCCR  
Judith Appelbaum/Natl Women's Law Center  
Tom Henderson/Lawyer's Comm for Civil Rights Under the Law  
Marisa Demeo/MALDEF  
Kate Engustian/ACLU  
Jocelyn Frye/Natl Partnership for Women & Families  
Gautam Rana/Natl Asian Pacific American Legal Consortium  
Michele Pollak/AARP

Todd Cox/NAACP Legal Defense Fund  
Nancy Zirkin/AAUW

Please forward any other outside attendee information to me.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-JUN-1998 10:44:34.00

SUBJECT: NEED CLEARANCE: C/J/S APPROPS LETTER

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: RUDMAN\_M@A1@CD@VAXGTWY ( RUDMAN\_M@A1@CD@VAXGTWY [ UNKNOWN ] ) (NSC)

READ:UNKNOWN

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

READ:UNKNOWN

CC: FARRAR\_J@A1@CD@VAXGTWY ( FARRAR\_J@A1@CD@VAXGTWY [ UNKNOWN ] ) (NSC)

READ:UNKNOWN

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

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

CC: Charles R. Marr ( CN=Charles R. Marr/OU=OPD/O=EOP@EOP [ OPD ] )  
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: 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: Jonathan Orszag ( CN=Jonathan Orszag/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: Emil E. Parker ( CN=Emil E. Parker/OU=OPD/O=EOP@EOP [ OPD ] )  
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

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TEXT:

The Senate Full Committee is scheduled to markup the C/J/S Appropriations bill today at 2pm. Therefore, we need comments/clearance on the attached committee letter no later than Noon. Thanks.

The Honorable Ted Stevens  
Chairman

Committee of Appropriations  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1999, as approved by the Senate Subcommittee. As the Committee develops its version of the bill, your consideration of the Administration's views would be appreciated. These views are based on incomplete information and are, therefore, necessarily preliminary.

The Administration appreciates efforts by the Subcommittee to accommodate certain of the President's priorities within the 302(b) allocation. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, critical programs are not funded or are underfunded.

The only way to achieve the appropriate investment level is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the recently enacted Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. We want to work with the Congress on mutually agreeable mandatory and other offsets that would be used to increase high-priority discretionary programs, including those funded by this bill. In addition, we hope that the Committee will reduce funding for lower priority and unrequested discretionary programs, such as the Local Law Enforcement Block Grant, and redirect funding to programs of higher priority.

Within the limited resources available, the Administration believes that the Subcommittee has produced a balanced, responsible bill. For example, we appreciate the Subcommittee's funding of law enforcement programs in general and the COPS program in particular. Funding COPS at the requested level of \$1.4 billion is consistent with the Balanced Budget Agreement and would enable us to achieve the goal of hiring 100,000 additional police officers by the year 2000. However, as the bill moves through the process, we urge the Congress to consider additional sources of mandatory savings that could be used to provide resources for other priority discretionary programs.

Below is a discussion of our specific concerns with the Subcommittee bill. We look forward to working with you to resolve these concerns as the bill moves forward.

Department of Commerce

Statistics. It is vitally important that Congress provide required funding to upgrade the Nation's core statistical infrastructure. The Administration appreciates the Subcommittee's full funding of the President's request for the Decennial Census, the Nation's single largest statistical operation and notes that the Subcommittee bill also includes funding for a non-sampling plan through March 1, 1999. We urge the Committee to provide additional funds to improve our current measurements of the Gross Domestic Product and Poverty Rate, fundamental economic

indicators crucial to sound private and public sector decision-making. Increased funding also is vitally important to maintain the full development of the Continuous Measurement program. This program will provide critical demographic data about the Nations's communities every year, rather than once every 10 years, and enable the Census Bureau to eliminate the long form from the 2010 Decennial Census.

National Institute of Standards and Technology. The Administration is disappointed that the Subcommittee has provided a flat funding level -- \$193 million -- for the Advanced Technology Program. This would result in a 40-percent cut below the requested new award grant level, thus reducing support for cutting-edge research proposals to only \$55 million. Finally, the Administration is concerned that the Subcommittee bill may allocate funds to non-competitive, unevaluated projects and that full funding for the new Advanced Measurement Laboratory is not provided. Absent full funding, NIST will not have sufficient funds to build this facility.

National Information Infrastructure Grants Program. The Administration urges the Committee to provide the full request for the National Information Infrastructure program (NII), and to exclude language limiting award eligibility. The NII program is meritorious, providing seed money for innovative projects that deploy, use, and evaluate advanced information technology. The program has generated over \$200 million in matching funds and continues to be in demand, as is evidenced by its 18 to 1 application-to-award ratio.

National Oceanic and Atmospheric Administration. While the Administration appreciates the Subcommittee's support for the National Oceanic and Atmospheric Administration (NOAA), we are concerned about reductions to the Clean Water and Polar Convergence initiatives and the substantial amount of funding for unrequested items. The Clean Water initiative will provide coastal States with technical support to address the critical environmental challenge of non-point source pollution and implement on-the-ground management measures to control polluted runoff in coastal areas. Convergence of the Departments of Commerce and Defense polar orbiting satellites will generate significant taxpayer savings, while improving weather warnings and forecasts. The Subcommittee's reduction would lead to contract delays and cutbacks in risk reduction activities, and may necessitate a restructuring of a complex and carefully negotiated multi-agency system. In total, the Subcommittee has provided a \$159 million more for NOAA than requested by the President, much of it earmarked for unrequested programs. We urge the Committee to reallocate these funds to priority programs within NOAA and elsewhere in the Department.

Economic Development Administration. We urge the Committee to restore funding for the Economic Development Administration (EDA) to a level closer to the Administration's request of \$398 million. A recent study of EDA's Public Works program indicates that EDA has achieved impressive results in creating jobs, leveraging private sector dollars, and increasing local tax bases. A reduction to EDA's Title IX (emergency relief) and defense conversion programs would adversely affect EDA's ability to help distressed communities deal with the burdens imposed by industry downsizing and international trade agreements.

#### Department of Justice

Drug Courts and Drug Testing and Intervention. While the Administration appreciates the \$40 million provided for drug courts, \$10 million over the request, we are disappointed by the Subcommittee's failure to provide any

of the \$85 million requested for the drug testing and intervention program. Systematic-drug testing is a proven, cost-effective means of using the coercive power of the criminal justice system to move non-violent offenders into drug treatment programs.

Immigration and Naturalization Service. The Administration's bipartisan border management and enforcement strategy is built upon incremental growth in the Immigration and Naturalization Service's (INS') enforcement and support personnel and infrastructure. The Subcommittee mark of \$2.4 billion -- \$350 million below the Administration's request -- is insufficient to support the managed growth of INS and may jeopardize the Administration's five-year border enforcement strategy. This level would not fund the annualization costs for the 1,000 Border Patrol agents and detention and investigative personnel that INS has hired in FY 1998 and would not allow INS to add the requested 1,000 new Border Patrol agents in FY 1999. In addition, the Subcommittee's funding level would prevent INS from increasing detention bed space to house apprehended illegal aliens pending deportation and from enhancing physical barriers and inspection technology along our borders.

The Administration is very concerned that the Subcommittee bill underfunds certain authorized discretionary programs -- such as the Executive Office of Immigration Review -- and uses mandatory funds from the immigration examination fee to support these discretionary programs. The Subcommittee's action commits mandatory receipts and unobligated balances that are essential to the processing and adjudication of benefits. The result would be insufficient resources to process pending naturalization applications, which would have a direct impact on INS' ability to reduce the citizenship application backlog.

Juvenile Justice Block Grant. The Administration appreciates the Subcommittee's desire to provide additional support for juvenile justice programs. However, we are concerned that the \$100 million block grant program may authorize a broad and unfocused range of spending. Rather than funding the block grant, we urge the Committee to provide funding: to establish a community prosecutors program, which is designed to increase the number of prosecutors who interact directly with the community; for prosecutorial initiatives, which will reduce backlogs and enable prosecutors to prosecute youth drug, gang, and violence problems more effectively; and, for youth violence courts, which will also improve the effectiveness and expediency of the juvenile justice system.

#### Protection Against Chemical and Biological Weapons

We appreciate the Subcommittee's support of the Administration's request to increase funding to combat terrorism involving the use of chemical and biological weapons. However, we note that the Subcommittee mark provides more than the requested level for first responder equipment, and less than the requested level for bomb squad equipment and for funding the development of Metropolitan Medical Strike Teams (MMSTs) by the Department of Health and Human Services. We continue to believe that the levels proposed in the budget amendment reflect the appropriate balance between all aspects of antiterrorism activities.

#### International Affairs Programs

The Administration appreciates the Subcommittee's support for the Department of State accounts that fund diplomatic and consular activities and, in particular, funding the request for the State Department's information technology modernization effort, including year 2000 (Y2K)

activities. However, the Subcommittee's cuts and unrequested earmarks in the Diplomatic and Consular Programs and Salaries and Expenses accounts, totaling over \$30 million, would prevent the Department from meeting expected wage and price increases, covering critical overseas staffing gaps, and addressing other infrastructure shortfalls.

While the Administration is encouraged by the Subcommittee's recognition of the Department's overseas facility requirements, we urge the Committee to restore the \$90 million reduction to the Security and Maintenance of United States Missions account and to provide full funding of the President's request for urgently needed embassy facilities in Beijing and Berlin. The Administration appreciates the Subcommittee's support for funding the Arms Control and Disarmament Agency's activities, particularly in light of recent events in South Asia.

Over the past several years, the Administration has worked with Congress to address a variety of issues relating to U.S. participation in the United Nations, U.N. peacekeeping, and other international organizations. Although these efforts have not yet resulted in solutions, there is considerable agreement on the direction of U.S. policy. In that light, the Administration appreciates the steps the Subcommittee has taken to fund the request for arrearage payments this year. The Administration wants to work with the Congress to ensure that these funds are available in a timely fashion to retain our influence in these organizations.

Unfortunately, the Subcommittee bill significantly underfunds, by about \$75 million, the annual assessed contributions to these organizations. This would increase arrears again, further inhibit chances for reforms we are all seeking, and seriously constrain the ability of the United States to address foreign policy interests through the mechanism of U.N. peacekeeping. In addition, we understand that the Subcommittee has imposed a number of certification requirements and conditions before payments by the United States to these organizations can be made. The consequence of these provisions would likely be the loss of vote of the United States in the United Nations and other international organizations.

The Administration is very concerned that funding for the United States Information Agency's overseas information and broadcasting programs has been reduced by \$80 million below the President's request. The funding level of \$427 million for International Information Programs is \$34 million below the President's request and \$24 million below the FY 1998 enacted level. However, due to a technical error, the level provided excludes \$24 million needed for administrative costs overseas under the new ICASS cost-sharing system. For broadcasting programs, the Subcommittee mark is \$46 million below the President's request. A reduction of this magnitude would require a personnel reduction-in-force, eliminate broadcast language services, and defer necessary capital and technical radio modernization improvements. We urge the Committee to provide funding for core information and broadcasting programs at the President's requested level. Finally, we request that the Committee remove earmarks placed on the Educational and Cultural Exchanges program.

The Administration is also concerned about the elimination of funding for the Asia Foundation; the low funding levels for International Commissions, which would limit the operations of the San Diego-Tijuana treatment plant and endanger other important bi-national environment objectives; and, cuts to the American Institute in Taiwan, which would result in staffing reductions and jeopardize critical Y2K upgrades.

#### Legal Services Corporation

The Administration commends the Subcommittee for increasing the funding level for the Legal Services Corporation (LSC) to \$300 million, \$13 million above the FY 1998 enacted level. However, we strongly urge the Committee to provide the full request of \$340 million. This level is needed to carry out LSC's mission to provide the Nation's poor with access to the judicial system. The Supreme Court recently ruled that interest on lawyer trust accounts (ILTAs) are the private property of clients, and cannot be used to generate resources for civil legal services. This eliminates a funding source that provided LSC programs with more than \$57 million last year and underscores the importance of Committee action to fully fund the President's request.

#### Small Business Administration

The Administration strongly objects to the Subcommittee mark of \$94 million to administer the Small Business Administration's (SBA's) Disaster Loan Program, a 43-percent cut from the President's request. Such a drastic reduction in funding to originate and service disaster loans would severely curtail SBA's ability to respond to the needs of the victims of natural disasters.

In addition, the Administration has serious concerns about the Subcommittee mark of \$265 million for SBA's Salaries and Expenses account. A cut of this magnitude could require SBA to reduce its staffing by up to 300 staff years and would require furloughs and/or reductions-in-force, jeopardizing SBA's ability to accomplish its mission.

#### Equal Employment Opportunity Commission

The Administration strongly urges the Committee to fully fund the President's request of \$279 million for the Equal Employment Opportunity Commission (EEOC), \$25 million above the Subcommittee mark. The additional resources are essential, and would allow EEOC to reduce the backlog of pending complaints and implement much-needed reforms in the way all complaints are managed, including an enhanced alternative dispute resolution program. We look forward to working with Congress to provide funding for EEOC and other programs included in the President's civil rights enforcement initiative.

We look forward to working with the Committee to address our mutual concerns.

Sincerely,

Jacob J. Lew  
Acting Director

Identical Letter Sent to The Honorable Ted Stevens,  
The Honorable Robert C. Byrd, The Honorable Judd Gregg,  
and The Honorable Ernest F. Hollings



### Review of Hatch Analysis

OMB and the Treasury Dept. disagree with the Hatch's analysis as shown in the table below:

	Hatch Estimate (25 year cost, real 1999\$)	OMB/Treasury Estimate (25 year cost, real 1999\$)
McCain Base Payment	\$574 billion	\$408 billion
McCain Lookback Surcharges*	\$132 billion	\$59 billion
Total McCain	\$706 billion	\$467 billion
Hatch Base Payment	\$408 billion	\$291 billion
Hatch Lookback Surcharges	\$204 billion	\$80 billion
Hatch Total	\$612 billion	\$371 billion

\* These figures are for the lookback surcharges before the Durbin amendment. With the Durbin amendment, Hatch thinks the surcharges raise \$236 billion and Treasury thinks they raise \$94 billion.

The Hatch analysis overstates the gross payments manufacturers will make by:

- Confusing real and nominal payments in their comparisons. For example, the equivalent of the proposed settlement's \$368 billion and Hatch's \$408 billion is \$516 billion for McCain, not \$574.
- Ignoring the effects of the volume adjustment and the price cap agreed to by McCain, which would reduce the 25-year payments from \$516 billion (in 1999 dollars) to \$408 billion.
- Ignoring the fact that net receipts available to the government will be reduced by lost income and excise taxes and other offsets. As a result, it overstates the funds that will be available under the Hatch/Feinstein proposal.

With the volume adjustments, OMB believes that Congressional scorekeepers would estimate the 25-year gross payments as \$267 billion for the proposed settlement (64 cents per pack) \$291 billion for Hatch (66 cents per pack) and \$408 billion for McCain (\$1.10 per pack).

There are several problems with Hatch's analysis of lookback surcharges. The most significant is that it assumes that the companies will pay the maximum lookback surcharge and that they will do so every year. Both we and CBO/JCT think that is extremely unlikely.

Also attached is a more detailed financial comparison prepared by OMB staff of the Hatch, McCain, and proposed settlement (excluding lookback surcharges), as well as a side-by-side summarizing the policy provisions of the three proposals.

**Comparison of the S. 1415, the AG/Company Proposal, and Hatch-Feinstein**  
 5-year totals in billions nominal \$, except where noted

	<u>S.1415</u>		<u>AG/Company Proposal</u>				<u>Hatch/Feinstein</u>			
	%	\$	Min Civil Judgments		Max Civil Judgments		Min Civil Judgments		Max Civil Judgments	
			%	\$	%	\$	%	\$	%	\$
<b>Estimated Net Receipts</b>		<b>59</b>		<b>40</b>		<b>40</b>		<b>46</b>		<b>46</b>
<b>Uses</b>										
<b>Judgments</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>33%</b>	<b>13</b>	<b>0%</b>	<b>0</b>	<b>36%</b>	<b>17</b>
<b>States</b>	<b>40%</b>	<b>24</b>	<b>66%</b>	<b>27</b>	<b>44%</b>	<b>18</b>	<b>42%</b>	<b>19</b>	<b>27%</b>	<b>12</b>
<b>Public Health</b>	<b>22%</b>	<b>13</b>	<b>25%</b>	<b>10</b>	<b>17%</b>	<b>7</b>	<b>21%</b>	<b>10</b>	<b>13%</b>	<b>6</b>
<b>Research/NIH</b>	<b>22%</b>	<b>13</b>	<b>9%</b>	<b>4</b>	<b>6%</b>	<b>2</b>	<b>20%</b>	<b>9</b>	<b>13%</b>	<b>6</b>
<b>Farmers</b>	<b>16%</b>	<b>9</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>17%</b>	<b>8</b>	<b>11%</b>	<b>5</b>
<b>Tax Cuts</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>
	<b>100%</b>	<b>59</b>	<b>100%</b>	<b>40</b>	<b>100%</b>	<b>40</b>	<b>100%</b>	<b>46</b>	<b>100%</b>	<b>46</b>
<b>Gross Payments (Billions 99\$, 25 yrs)</b>		<b>408</b>		<b>267</b>		<b>267</b>		<b>291</b>		<b>291</b>
<b>% Change from S. 1415</b>				<b>-35%</b>				<b>-29%</b>		
<b>Add'l Cost/Pack in 2003 ( 99\$)</b>		<b>\$1.10</b>		<b>\$0.64</b>		<b>\$0.64</b>		<b>\$0.66</b>		<b>\$0.66</b>
<b>% Change from S. 1415</b>				<b>-42%</b>				<b>-40%</b>		

**Assumptions**

Receipts are based on OMB's estimate of likely CBO/JCT scoring  
 Judgment payments limited to 1/3 of total and are paid first (AG/Company, Hatch).

**S. 1415:**

Excludes Gramm, Coverdell, Lugar, and Veterans amendments  
 Assumes price caps rising to \$1.10 per pack

**AG/Tobacco Company:**

Spending percentage based on Center on B&PP estimates

**Hatch/Feinstein:**

\$46 billion is spending for the first 5 years; the 25-year stream is \$408 billion

\$5.5 billion liability cap per year with a liability payment credit

Spending for farmers assumes higher payments in the first five years for Lugar.

In the maximum liability case, the amount of the liability credit is included in net revenues, gross payments, and cost per pack.

**Comparison of McCain, Hatch and Settlement**  
June 25, 1998

	<b>McCain</b>	<b>Hatch</b>	<b>Settlement</b>
<b>Total Payments over 25 Years* (real 99\$)</b>	\$408 billion (after volume adjustment). Payments continue after 25th year.	\$291 billion after volume adjustment (Originally reported as \$428.5 billion, and \$408 in bill, but these exclude volume adjustment). 25 years only.	\$267 billion after volume adjustment (\$368.5 billion if no drop in consumption). Payments continue after 25th year.
<b>Net Available Receipts* (nominal \$ over 5 years).</b>	\$59 billion (excludes Gramm, Coverdell, Lugar and Veterans amendments)	\$47 billion	\$40 billion
<b>Price Increase*</b>	\$1.10 per pack	66 cents per pack	64 cents per pack
<b>Lookback Surcharges: Industry</b>	\$40 million for the first five percentage points by which the industry misses the youth smoking reduction target, and \$120 million for each point missed thereafter. Penalties are capped at \$2 billion. (Durbin amendment).	<u><b>Years 1-5: \$100 million for each percentage point missed for the first five points missed, \$200 million for each percentage point missed (for 6-10 points missed), \$300 million for each percentage point missed (for 11 or more points missed). Surcharges are capped at \$5 billion per year.</b></u>  <u><b>After year 5: \$250 million for each percentage point missed for the first five points missed; \$500 million for each percentage point missed for 6 points missed or above. Surcharges are capped at \$10 billion per year.</b></u>  The proposal's so-called "double-counting adjustment" means that the actual surcharges imposed	\$80 million for each percentage point by which the industry misses the youth smoking reduction target. Penalties are capped at \$2 billion annually.

	<b>McCain</b>	<b>Hatch</b>	<b>Settlement</b>
		<p>are in most years substantially below the amounts per percentage point presented (e.g., the effective charge is about \$140 million per point not \$500 million).</p> <p>Companies may have these surcharges abated if they acted in good faith and complied with the law.</p>	
<b>Lookback Surcharges: Company Specific</b>	\$80 million per percentage point for the first 5 percentage points, and \$240 million per percentage point thereafter. This figure represents approximately 2.5 times the forgone profits for the first five percentage points, and about 7.5 times the forgone profits for the next 19 percentage points. Penalties are capped at \$5 billion. (Durbin amendment).	None.	None.
<b>Youth Smoking Reduction Targets</b>	Reduce youth smoking by 67% over 10 years.	Reduce youth smoking by 60% over 10 years.	Reduce youth smoking by 60% over 10 years.
<b>Full FDA Authority</b>	Provides full authority in a separate title.	Provides authority in a separate title with significant limitations. Bill contains many procedural hurdles and other barriers that would constrain FDA's ability to regulate tobacco products: congressional approval is required if FDA wants to reduce nicotine levels to zero or ban a tobacco product; FDA could not require manufacturers to modify products to make them safer; FDA would not have premarket approval authority for new or unconventional	Provides full authority in the device title. (However, FDA could not ban nicotine for 12 years and procedural hurdles such as formal rulemaking requirements would hinder FDA activity to modify tobacco products).

	<b>McCain</b>	<b>Hatch</b>	<b>Settlement</b>
		products.	
<b>Advertising and Access Provisions</b>	Codifies advertising and access provisions in the FDA rule and adds additional restrictions through a consent protocol.	Repeals advertising restrictions in 1996 Rule, but includes them in the consent protocol along with the additional restrictions contained in the settlement. (Because they are contained only in the protocol, they will apply only to manufacturers, but not to distributors or retailers). The bill reaffirms the youth access restrictions, but denies the FDA the authority to modify them. Denies FDA the authority to impose civil monetary penalties for retailer violations of access restrictions; provides only for injunctive relief and criminal penalties.	Codifies advertising and access provisions in the FDA rule and adds additional restrictions.
<b>Protections of Tobacco Farmers</b>	Includes Sen. Ford's LEAF Act which continues a price support program and includes compensation (buyout option) for producers (\$2.1 billion per year for 10 years; \$28.5 billion over 25 years). Also contains a competing proposal by Senator Lugar to end the tobacco program (\$18 billion over 3 years for buyout).	Ends the tobacco program along the lines of the Lugar bill, but over a longer period of time. Provides \$17.35 billion over 7 years (\$18.6 over 25 years) to compensate farmers and fund economic development programs.	None.
<b>Public Health</b>	\$13B over 5 years (22%) before taking into account Gramm and Coverdell and Vets amendments (even with these amendments, probably funding is probably higher than Hatch, although due to Coverdell, anti-drug uses compete with public health.)	\$6-\$10B over 5.	\$7-10B over 5.
<b>Research</b>	\$13B over 5 years (22%) before	\$6-\$9B over 5.	\$2-\$4B over 5.

	McCain	Hatch	Settlement
	taking into account Gramm and Coverdell and Vets amendments (even with these amendments, probably funding is probably higher than Hatch). Mostly NIH, but includes CDC/AHCPR.		
<b>State Funds</b>	\$24B over 5 before taking into account Gramm and Coverdell and Vets amendments (even with these amendments, probably funding is probably higher than Hatch). 50% restricted to menu of child care and other uses.	\$13-\$19B over 5. Forty percent of a state's funds are completely unrestricted. The other sixty percent is effectively unrestricted, although states must submit a plan showing how they will spend these funds on cessation and anti-smoking activities.	\$18-\$27B over 5. Unrestricted.
<b>Environmental Tobacco Smoke Provision</b>	Includes provisions to protect against environmental tobacco smoke; allows states to opt out only if they have state laws that are equally protective. Enforcement is by OSHA and civil actions. Exempts the hospitality industry (e.g., bars, restaurants).	Includes provisions to protect against environmental tobacco smoke. There is no Federal enforcement mechanism, only state enforcement. The bill exempts bars, but not restaurants.	Includes provisions to protect against environmental tobacco smoke. Exempts the hospitality industry (e.g., bars, restaurants).
<b>Liability Protections for Industry:</b>			
1. Liability Cap	None (Gregg amendment struck the \$8 billion cap).	\$5.5 billion per year.	\$5 billion per year.
2. Bar on Class Actions	None.	Yes.	Yes.
3. Bar on Punitive Damages	None.	Yes.	Yes.
4. Credit Against Base Payments	No.	Yes. 80% credit (could be 36% of all uses).	Yes. 80% credit.
<b>Antitrust Exemption</b>	No	Yes -- limited.	Yes.
<b>Anti-drug Provisions</b>	At their option, states could use their	None.	None.

	<b>McCain</b>	<b>Hatch</b>	<b>Settlement</b>
	restricted funds for Substance Abuse Treatment and Prevention programs and Safe and Drug Free Schools; authorizes a number of drug programs that will compete with public health funding for counteradvertising, smoking cessation, licensing and enforcement (Coverdell amendment).		
<b>Cap on Attorneys' Fees</b>	Set by court, but cannot exceed: \$4000 per hour for actions filed before 12/31/94, \$2000 per hour for actions filed between 12/31/94 and 4/1/97, \$1000 per hour for actions filed between 4/1/97 and 6/15/98, and \$500 for actions filed after 6/15/98.	Arbitration panel to determine attorneys' fees; total fees subject to cap of 5% of industry payments. Fees to be paid by manufacturers outside of the payments required under the bill.	None.
<b>Tax Cut</b>	Gramm amendment would provide tax relief to married couples earning less than \$50,000, and a health insurance tax cut for the self-employed. Cost: \$16 billion over 4 years, \$30 billion over following 5 years, and one-third of tobacco trust fund revenues (plus other non-tobacco funds) thereafter. (If youth smoking targets are met and youth smoking declines by 67% over the next decade, the tax cut can use a larger share of the tobacco trust fund dollars.)	None.	None.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-JUN-1998 13:19:44.00

SUBJECT: "Er" Hours and counting

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

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

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

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

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

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

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

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

TO: KERRICK\_D ( KERRICK\_D @ A1 @ CD @ VAXGTWY [ UNKNOWN ] ) (NSC)  
READ:UNKNOWN

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

TO: Thurgood Marshall Jr ( CN=Thurgood Marshall Jr/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

TO: Paul J. Weinstein Jr. ( CN=Paul J. Weinstein Jr./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:

TWO HOURS AND COUNTING... for Daily Report submissions.

(In Chinese the word for "two" is pronounced is pronounced "er."  
"Shr er" (ten-two) means "twelve". "Er shr" (two-tens) means "twenty".  
"Er shr er" (two-ten-two) means "twenty-two".)