

**NLWJC - KAGAN**

**EMAILS RECEIVED**

**ARMS - BOX 037 - FOLDER -004**

**[09/08/1998]**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Melissa N. Benton ( CN=Melissa N. Benton/OU=OMB/O=EOP [ OMB ] )

CREATION DATE/TIME: 8-SEP-1998 11:47:53.00

SUBJECT: Reminder--comments on LRM MNB221, EDUCATION Amendments on HR6 Higher Educa

TO: Winifred Y. Chang ( CN=Winifred Y. Chang/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: Daniel J. Chenok ( CN=Daniel J. Chenok/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

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

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

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

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

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

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

TO: Brian S. Mason ( CN=Brian S. Mason/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: Daniel I. Werfel ( CN=Daniel I. Werfel/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

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

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

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

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

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

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

READ:UNKNOWN

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

TEXT:

This is a reminder that your comments on the subject draft legislation are due.

Please provide your comments or concurrence no later than 2 p.m. today.  
If I do not hear from you, I will assume you have no comments.

Please call (5-7887) if you have any comments or questions. Thanks!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Tanya E. Martin ( CN=Tanya E. Martin/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 8-SEP-1998 14:07:22.00

SUBJECT: Press paper for 9/9 Event

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

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

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

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

TEXT:

Draft attached for tomorrow's event in Orlando.===== ATTACHMENT 1 =  
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D14]MAIL40681115L.226 to ASCII,  
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## PRESIDENT CLINTON: STRENGTHENING PUBLIC EDUCATION

September 9, 1998

\*DRAFT\*

Today, in remarks to students, parents and teachers at Hillcrest Elementary School in Orlando, Florida, President Clinton called on Congress to act immediately to pass his education initiatives to strengthen public education; and announced the release of a report on the trends in reading and math achievement scores of 4th graders in high-poverty schools, and of \$16 million in federal school safety grants to enable schools to partner with law enforcement to improve safety and discipline in schools.

**4TH GRADE MATH AND READING ACHIEVEMENT.** The U.S. Department of Education released a report on student achievement in high poverty schools on the 4th grade math and reading on the National Assessment of Education Progress (NAEP). The report analyzes the most-recently available math and reading scores. Student achievement data reveal that students in schools with concentrated poverty tend to begin school academically behind their low-poverty peers and are often unable to close this gap as they progress through school. The report examines trends in this long-standing gap in academic performance between students in high-poverty and low-poverty schools.

- Math scores show significant achievement gains in for 4th grade students across all levels of school poverty from 1992-1996. In high-poverty schools, the percentage of 4th graders that scored at least at the basic level was 42 percent in 1996, up from 26 percent in 1992. Twenty-seven states showed significant gains for 4th grade math students in high-poverty schools.
- Achievement gap in math narrowing. In 1996, students in high-poverty schools scored an average of 22 points below their peers in low-poverty schools -- this is down from a 28 point gap in 1992 and a 24-point gap in 1994.
- 4th Grade Reading scores remained relatively flat from 1992-1994. Five states demonstrated significant gains in reading for 4th grade students in high-poverty schools.
- Achievement gap in reading shows slight improvement. The average difference in reading achievement between high poverty and low poverty schools is higher than in math -- the gap was 38 points in 1996, but it is down from a gap of 40 points in 1994.

### **GIVING SCHOOLS THE TOOLS TO HELP EVERY CHILD MEET HIGH STANDARDS..**

President Clinton reiterated his call on Congress to pass his education agenda and will fight for full funding for programs and new initiatives to help all children reach challenging academic standards, strengthen accountability, provide access to technology, improve the quality of teaching, expand Head Start and after school programs, and make our schools safe and drug free.

*Voluntary National Standards and Tests* President Clinton is calling for voluntary national standards and tests in 4th grade reading and 8th grade math, to help students master the basic skills and to give parents, communities and educators accurate information on how well our students perform. In order to close the achievement gap, we have to set the same high standards for all children.

*Education Opportunity Zones.* President Clinton is urging Congress to strengthen schools in high poverty communities by providing funds to school districts that are raising student achievement and implementing accountability for results by ending social promotions and requiring students to meet

academic standards at key transition points; rewarding outstanding teachers and fairly and quickly removing ineffective teachers; and turning around failing schools.

*Reduce Class Size* The President is pressing Congress to enact his proposal to reduce class size to a national average of 18 in grades 1-3, by helping local schools hire an additional 100,000 well-prepared teachers. Research shows that smaller classes increase student achievement and have the greatest impact on the academic achievement of disadvantaged students.

*Helping Every Eight-Year Old Learn To Read* President Clinton is continuing to work with Congress to enact a child literacy bill to ensure that children receive quality instruction from well-trained teachers and have opportunities to develop their reading skills with trained tutors after-school and on the weekend.

*Strengthening And Expanding Charter Schools* President Clinton is working with Congress to pass bipartisan legislation to strengthen federal support for the growing charter school movement.

**Teacher Preparation and Recruitment.** President Clinton is urging Congress to pass the Reauthorization of the Higher Education Act, including his initiative to strengthen teacher preparation programs and recruitment of well-prepared teachers for underserved high-poverty schools.

*Modernizing Our Schools* The President is calling for federal tax credits to help renovate, modernize, and build over 5,000 public schools nationwide.

**Extra Support for Students in High Poverty Schools (Title I).** The President is pressing forward with his request for additional support to help 520,000 students in high poverty schools meet challenging academic standards. The House bill cuts the President's request by \$392 million, the Senate bill adds \$301 million over FY 1998, but remains \$91 million below the President's request.

#### ***LEADING AN EFFORT TO KEEP OUR SCHOOLS SAFE***

New resources to create safer schools The President will highlight \$16.4 million in grants to 155 law enforcement agencies released earlier today by the Justice Department COPS Office under the new School-Based Partnerships grant program. The School-Based Partnerships grants will be used by policing agencies to work with schools and community-based organizations to address crime at and around schools.

Bringing community policing to combat and prevent school crime. The School-Based Partnerships program emphasizes using principles of community policing and problem-solving methods to address the causes of school-related crime. The grants will help to forge or strengthen partnerships between local law enforcement and schools to focus on school crime and disorder problems such as drug dealing and use on school grounds, assaults, threats, vandalism, and other student safety issues.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-SEP-1998 12:05:28.00

SUBJECT: Reactions to Edley's paper

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

TEXT:

Overall I think Chris' education section is ok, for as far as it goes. I have the following observations/reactions, based on my quick reading:

1. As we insisted, Chris has coupled efforts to close the achievement gap with efforts to closing the opportunity gap. As I read his discussion, it hit me that for message purposes we have to be clear about what it means to close the achievement gap: we should mean that race/ethnicity would no longer be a significant predictor of achievement, though there would still continue to be individual differences in achievement. Often the rhetoric about closing achievement gaps is misunderstood to mean that all kids will now achieve at the same level--a goal that will be accomplished either by holding down the performance of high achievers, or by lowering standards and then ignoring performance that is above the standard.

2. Chris has included the idea of an Education Bill of Rights. Good enough for now, though I assume there will be a lively debate over what level of government, if any, funds and guarantees these rights. In addition, there are several things left off his list that we should insist be added. In particular-- (1) after-school and summer-school programs to provide kids who need it with extra help; and, (2) small classes with qualified teachers. There are several items on Chris' list that I have concerns about. (1) equitably funded schools and (2) the right to choose racially and ethnically schools. With regard to equitable funding--what makes funding important is what it buys--small classes, good teachers, after-school programs, a well rounded instructional program, safe schools, etc. If the bill of rights "guarantees" these opportunities, then I don't think we also need to get into finance equity, and there are many down sides for going down that road. With regard to choice--I think we want to guarantee parents the right to choose good public schools. Its ok if they choose diverse, integrated schools, but we can do a whole lot more to guarantee that there is a good supply of high quality schools from which to choose, than we can guarantee schools that are racially integrated. In many places, geography and demographics will simply make that impossible.

3. Under his accountability section, Chris raises the issue of governance and accountability. I believe what he is getting at here is: if, in order to guarantee finance equity or racially integrated schools we must get rid of local districts and local school boards, we should do so. While I find this an intriguing idea (I actually raised it in one of our brainstorming sessions), it has the potential to create a needless controversy that may not be central to accomplishing most of what we want to get done. It's ok with me if Chris wants to raise this in the memo,

but I think he should be far more explicit about what he has in mind.

4. The emphasis in the education section is overwhelmingly on K-12. In the main, this is right--we won't solve access to higher education concerns unless we fix the schools that minority students attend. That notwithstanding, I think there needs to be somewhat greater attention to higher education (particularly to show recognition of the affirmative action issues) and to pre-school, because the kids we are most concerned about need help starting as early as possible.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-SEP-1998 14:46:00.00

SUBJECT: Race/Crime Outline

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

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

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

TEXT:  
Elena:

My comments/edits to the Crime section of Edley's document:

1. Overemphasizes "fairness issues," underemphasizes "victimization." The truly "bold" approach to Race/Crime is not to focus so much on those issues that are already part of Washington's polarized debate on Race/Crime (i.e., police brutality, death penalty disparities), but on clearly defining and making the case for how the criminal justice system "underserves" minority communities. While there is much less literature and data on how minority communities are underprotected, there is ample evidence of its existence -- and the President's One America report could be the document that finally energizes leaders at all levels, and from all races, to come together on take on the issue of crime in minority neighborhoods.

2. Should include discussion of firearms violence in victimization section. Guns and the high victimization rates for young minority males go hand-in-hand, and offer a powerful example of how the Race/Crime discussion does not always include critical issues.

3. Discussion of responsibility, adults and non-governmental response to keeping young minorities out of the criminal justice system. The introduction of Chris' memo talks about the importance of non-federal and non-governmental challenges that should be included in the report. I would suggest that this section is perfect for such suggestions. For instance, what more can communities, local leadership, minority leadership, business, etc., be doing to keep young minorities from coming into contact with the criminal justice system. This might also be a good opportunity to discuss the Chicago Study, which found that communities of all races with certain informal social controls -- i.e., adults intervening to reinforce certain behaviors/standards -- had 40% lower rates of violent crime. How can non-government entities strengthen and support these social controls -- and, thus, reduce crime, violence and the number of minority kids coming into contact with the criminal justice system.

4. Think about toning down language on racial profiling, police brutality and misconduct. It seems to me that Chris' language here may be problematic. First, this issue deserves serious thought and action, but I don't see how we propose "zero tolerance" against these practices when there is little consensus on what all of these terms mean. We should by

all means be tough on brutality, but misconduct and racial profiling are much broader categories that means different things to different people. We need to think about exactly what law enforcement will be prohibited from doing before we propose "zero tolerance. "

5. Miscellany. I think it's a great idea to talk about a "right" to community safety, as Chris suggests. I think "coerced abstinence" -- or drug testing and treatment -- is worth talking about in the incarceration section. And my reaction is that most of what needs to be done in this section will fall on state and local governments, not the feds.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-SEP-1998 12:38:34.00

SUBJECT: Team Leaders Mtg

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

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

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

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

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

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

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

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

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

CC: Chantell S. Long ( CN=Chantell S. Long/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

CC: Essence P. Washington ( CN=Essence P. Washington/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TEXT:

The Team Leaders will meet tomorrow, September 9, at 11:00 a.m. in Bruce's office -- a discussion of budget new ideas.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-SEP-1998 14:32:26.00

SUBJECT: Edley Report

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Two Possible additions:

1. Native Americans-- This seems to be missing and Mary will contact Julie F. to suggest achievements and tasks.
2. Civil Rights Backlog-- the report mentions the backlog but does not devote even a bullet to our Civil Rights Enforcements Initiative.

below is the bullet's we used...

Civil Rights Enforcement Initiative. The Administration proposed in its Fiscal Year 1999 budget a package of civil rights enforcement initiatives that places new emphasis on prevention and non-litigation remedies for discrimination and strengthens civil rights agencies, ability to enforce anti-discrimination law. The plan promotes prevention by providing increased resources for compliance reviews and technical assistance, and offers an alternative to expensive litigation by funding a dramatic expansion of alternative dispute resolution (ADR) mechanisms. The plan also sets specific performance goals for the Equal Employment Opportunity Commission (EEOC) to speed processing of complaints and reduce case backlog, and provides for greater coordination across federal agencies and offices. The Clinton Administration's Fiscal Year 1999 balanced budget contains \$602 million for civil rights enforcement agencies and offices -- an increase of \$86 million, or more than 16 percent, over last year's funding.

Reforming and Strengthening the EEOC. The centerpiece of this initiative expands the EEOC's ADR program over three years to allow as many as 70 percent of all complainants to choose mediation, rather than the lengthy process of investigation and litigation. In the first year of this expansion, the EEOC will provide ADR in a projected 16,000 cases -- 20 percent of all incoming cases and double the number currently sent to mediation. The Administration's budget also sets specific performance goals for the EEOC to reduce its backlog. Through a combination of the increased use of mediation, improved information technology, and an expanded investigative staff, the EEOC will reduce the average time it takes to resolve private sector complaints from over 9.4 months to 6 months, and reduce the backlog of cases from 64,000 to 28,000, by the year 2000. In total, the budget requests \$279 million for the EEOC for FY 1999 -- \$37 million or 15 percent more than the enacted 1998 budget. More than one-third of the proposed increase (\$13 million) goes to expansion of the agency's ADR program.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Tanya E. Martin ( CN=Tanya E. Martin/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 8-SEP-1998 18:19:15.00

SUBJECT: Q&A for 9/9 event

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

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

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

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

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

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

TEXT:

===== ATTACHMENT 1 =====  
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**Q&A on Orlando Hillcrest Elementary School Event  
September 9, 1998**

**Q. What is the Department of Education report on School Poverty and Academic Performance?**

The Department of Education released a report to day that examines student achievement in the context of school poverty in the United States. The report presents analyses of recent and long-term data from the National Assessment of Educational Progress (NAEP) assessment results in reading and math for 4th grade students in high- and low- poverty schools. Student achievement data reveal that students in schools with concentrated poverty tend to begin school academically behind their low-poverty peers and are often unable to close this gap as they progress through school. The report examines trends in this long-standing gap in academic performance between students in high-poverty and low-poverty schools. The key findings of the report are:

**Math**

- Math scores show significant achievement gains in for 4th grade students across all levels of school poverty from 1992-1996. In high-poverty schools, the percentage of 4th graders that scored at least at the basic level was 42 percent in 1996, up from 26 percent in 1992. Twenty-seven states showed significant gains for 4th grade math students in high-poverty schools.
- Achievement gap in math narrowing. In 1996, students in high-poverty schools scored an average of 22 points below their peers in low-poverty schools -- this is down from a 28 point gap in 1992 and a 24-point gap in 1994.

**Reading**

- 4th Grade Reading scores remained relatively flat from 1992-1994. Five states demonstrated significant gains in reading for 4th grade students in high-poverty schools.
- Achievement gap in reading shows slight improvement. The average difference in reading achievement between high poverty and low poverty schools is higher than in math -- the gap was 38 points in 1996, but it is down from a gap of 40 points in 1994.

**Q. How many schools face the problems with poverty and academic achievement?**

Overall, 34% of the nation's schools have student populations where half or more of the students come from low-income families. Urban communities, in particular, are faced with dense concentrations of poverty that pose formidable challenges for schools. In Baltimore, for example, more than 80% of the schools have populations where more than half the students fall below the poverty line.

**Q. What education disadvantages are faced by children in poverty?**

The effects of poverty on learning is severe. On an individual level, poverty correlates to many experiences that impair learning, including family instability, neglect, abuse, poor health, crime, limited parental involvement, fewer well-prepared teachers, enrollment in less challenging courses and increased probability of dropping out of school. The effects are not isolated to individual students -- research shows that achievement levels of both poor and non-poor students decline as poverty levels of schools increase.

**Q. What steps is the administration taking to address the impacts of poverty on academic performance?**

President Clinton's is calling on Congress for immediate funding for programs and new initiatives to help all children reach challenging academic standards, strengthen accountability, provide access to technology, improve the quality of teaching, expand Head Start and after school programs, and make our schools safe and drug free. We are targeting specific resources to better address the needs of students attending schools with high concentrations of poverty.

Education Opportunity Zones. President Clinton's Education Opportunity Zones initiative will strengthen public schools and help students master the basics where the need is the greatest: in high poverty urban and rural communities where low expectations, too many poorly prepared teachers, and overwhelmed school systems create significant barriers to high achievement. The Education Department will select approximately 50 high poverty urban and rural school districts that agree to: (1) end social promotion and turn around failing schools; (2) prevent students from falling behind by ensuring quality teaching, challenging curricula, and extended learning time; and (3) use high standards and tests of student achievement to identify and provide help to students, teachers and schools who need it. The President's initiative will invest \$200 million in FY99, and \$1.5 billion over 5 years, to raise achievement and share lessons learned with school districts around the country.

Title I (Education for the Disadvantaged). President Clinton is pushing Congress to fund the title I program at the level in his budget request. Title I provides approximately \$7.5 billion in federal assistance to improve learning for students in economically disadvantaged communities who are at risk of educational failure. Resources are distributed to schools where needs are greatest -- and encourage the adoption of schoolwide programs to improve teaching and learning to help children master the basics. The House bill cuts the Presidents request for Title I by \$392 million, denying additional help to nearly 520,000 students in high-poverty communities. The Senate bill adds \$301 million over FY 1998, but remains \$91 million below the President's budget.

**School Safety**

**Q. Are these school-based partnerships grants new? And how are they different from other actions the President has recommended with regard to putting more law enforcement in schools?**

- A. The \$16.4 million in grants released earlier today are the first ever to go out under the COPS School-Based Partnerships grant program. The President first highlighted the program in March, when the Justice Department announced the availability of the funds. The new initiative not only encourages partnerships between local police departments and schools, but also emphasizes using community policing principles to help prevent and combat school crime.

The President has also called on Congress to pass legislation introduced by Representative James Maloney (D-CN) to help provide for the hiring of more school safety officers through the COPS program. The COPS Office has already provided funds for localities to hire school safety officers -- including Jonesboro, Arkansas which last month received a grant to hire 15 school safety officers.

**Q. What else is the Administration doing on school safety?**

- A. In addition to continuing to challenge the Congress to pass his comprehensive youth violence strategy to address the overarching problem of juvenile crime, the President has taken many actions to address the safety of our nation's schools:
- **White House Conference On School Safety.** In July, the President announced a White House Conference on School Safety, and proclaimed October 15, 1998, National School Safety Day. The White House Conference will be linked by satellite to communities and schools across the country, including those communities affected by the recent wave of school shootings.
  - **Early warning guide.** Last month, the President released a guide he directed the Attorney General and Secretary of Education to develop -- for teachers and principals identify and respond to the early warning signs of troubled youth that can lead to school violence. Last week, copies were sent to every school in the country for the start of the school year.
  - **First Annual Report on School Safety.** In December, the President called for the development of an Annual Report on School Safety, which will be released on School Safety Day, October 15. The report will include: an analysis of all existing national school crime data and an overview of state and local crime reporting; examples of schools and strategies that are successfully reducing school violence, drug use, and class disruption; actions that parents can take locally to combat school crime, including a local safety checklist; and resources available to schools and communities to help create safe, disciplined, and drug-free schools.
  - **Safe and Drug-Free Schools.** President Clinton expanded the Drug-Free Schools Act into the Safe and Drug-Free Schools Act of 1994, making violence prevention a key part of

this program, and has proposed to increase funds for the program by \$50 million in FY 99. The Safe and Drug-Free Schools Program provides support for violence and drug prevention programs to 97 of the nation's school districts.

- *Zero Tolerance for Guns in Schools.* In October 1994, President Clinton signed into law the Gun-Free Schools Act, and issued a Presidential Directive later that month to enforce "zero tolerance" for guns in schools -- if a student brings a gun to school, that student will be expelled for a year. In 1997, over 6,000 students were expelled for bringing guns to schools.
- *School Uniforms.* School uniforms have been found to be a promising strategy to reduce violence while promoting discipline and respect in school. Because of this, the Clinton Administration has encouraged schools to consider adopting school uniform policies by sharing with every school district a school uniforms manual prepared by the Department of Education in consultation with local communities and the Department of Justice.
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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-SEP-1998 11:59:39.00

SUBJECT: Family Report

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

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

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

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

TEXT:

I talked to Becky Blank who thinks the report is less far off than I think it is. She thinks the findings support extending FMLA and child care. She'd like to come in and talk with you about the draft report and how we might utilize the report. She'll call your offices to try and set up a meeting.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-SEP-1998 08:44:37.00

SUBJECT: school mod 1 -pager

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TEXT:

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D79]MAIL496133059.226 to ASCII,  
The following is a HEX DUMP:

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132CDE7DB1BF2544A76B6E7CF8EF0903EA8E3377BFCB5757B7CB48BDD979600B8F90C072D1E0FE

## PRESIDENT CLINTON ANNOUNCES NEW RECORD SCHOOL ENROLLMENT AND CALLS ON CONGRESS TO HELP IMPROVE, MODERNIZE SCHOOLS

*"The ultimate national security of any country rests in the strength of its own citizens. And for us, that means we have got to prove that no matter how diverse we are, we can still offer a world-class education to every single American child." -President Clinton, August 31, 1998*

**"Baby Boom Echo" Yields 52.7 Million Schoolchildren this Fall.** Joined by roughly 50 Members of Congress, and education, community and business leaders in more than 80 cities across the United States, President Clinton on Tuesday, September 8, will release a new Department of Education report -- the third annual Report on the Baby Boom Echo. The findings include:

- 52.7 million children attend public and private elementary and secondary schools in America today -- the highest school enrollment ever.
- 2.2 million teachers will need to be hired over the next ten years.
- A record 14.6 million students will attend college this year.

The report includes current and projected data on specific states, as well as data on recent growth in selected suburban communities across the country.

**Communities Cite Needs, Successes on National School Modernization Day.** According to a recent GAO Report, about 14 million students attend schools that need extensive repair or replacement of one or more buildings. Almost 60 percent of America's schools reported at least one major building feature in disrepair. In communities across the country, elected officials, parents, business leaders and others will gather to hear the President's remarks, and discuss their own communities' strategies for school construction and renovation, achieving smaller class sizes with well-qualified teachers, and taking advantage of new technologies. These local forums are part of National School Modernization Day on September 8.

**President Clinton Calls for Immediate Action by Congress.** The President will urge Congress to help America address these pressing needs by enacting -- in the next month before leaving Washington -- the education agenda that he first proposed in the State of the Union address, including:

- **BUILDING AND RENOVATING OVER 5,000 SCHOOLS.** The President has proposed School Modernization Tax Credits to help provide all students with safe, state-of-the-art school buildings. The proposal would use Federal tax credits to pay interest on nearly \$22 billion in bonds.
- **HIRING 100,000 TEACHERS TO REDUCE CLASS SIZE.** President Clinton is committed to helping local schools provide smaller classes with well-prepared teachers in the early grades. The initiative would provide \$12.4 billion over seven years to reduce class size in grades 1-3 to a nationwide average of 18 and help make sure that every child receives individual attention, gets a solid foundation for further learning, and learns to read independently and well by the end of third grade.
- **HARNESSING TECHNOLOGY FOR EDUCATION.** The Clinton Administration has made an unprecedented commitment to bring technology into the classroom and ensure that all children are technologically literate by the dawn of the 21st century. However, the House appropriations bill cuts the President's request for educational technology by \$180 million, while the Senate cuts it by \$98 million. They eliminate \$75 million for technology teacher training, which would help new teachers learn to use technology effectively to strengthen instruction and enhance student learning, and they also cut \$50 million from the President's request for the Technology Literacy Challenge Fund, which would deny funding to 400 school districts to provide students and teachers with access to classroom computers, training and the latest educational software and telecommunications technology. The President will also continue to strongly oppose any effort by the Congress to repeal or delay the e-rate -- an expansion of universal service to provide

discounted Internet access and telecommunications services to schools and libraries.

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-SEP-1998 18:57:52.00

SUBJECT: new Q&A

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

This is a revised document===== ATTACHMENT 1 =====

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D22]MAIL40661315U.226 to ASCII,

The following is a HEX DUMP:

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9FDFD24C175653CABAC783B41D03BE8878258A70FD2AFFD26F2A379F3041DE9522DCFBAD0347E3

**Q&A on Orlando Hillcrest Elementary School Event  
September 9, 1998**

**Q. What is the Department of Education report on School Poverty and Academic Performance?**

The Department of Education released a report today that examines the relationship between school poverty and student achievement, comparing trends in the performance of 4th graders in high- and low-poverty schools on reading and math tests from the National Assessment of Educational Progress (NAEP). The report shows that students generally do less well if they attend a school where the majority of students are from disadvantaged circumstances. While this is a long-standing and continuing trend, though the report also shows that students in high poverty schools are making progress in math.

**Q. What is a "high poverty school?"**

In this report, a school in which half or more of the students come from low-income families are considered to be high-poverty. Overall, 34% of the nation's schools fit this definition. In urban communities, more than 3/4 of the schools are often high poverty schools.

**Q. If high poverty schools have lower achievement, shouldn't the Administration's efforts be focused on reducing poverty instead of on the schools themselves?**

One of the reasons that students in high poverty schools have poor achievement is because the schools have fewer educational resources--they tend to have fewer well-prepared teachers, larger classes, lower standards and weaker curriculum. The Administration's education proposals are designed to turn those conditions around.

**School Safety**

**Q. Are these school-based partnerships grants new? And how are they different from other actions the President has recommended with regard to putting more law enforcement in schools?**

A. The \$16.4 million in grants released earlier today are the first ever to go out under the COPS School-Based Partnerships grant program. The President first highlighted the program in March, when the Justice Department announced the availability of the funds. The new initiative not only encourages partnerships between local police departments and schools, but also emphasizes using community policing principles to help prevent and combat school crime.

The President has also called on Congress to pass legislation introduced by Representative James Maloney (D-CN) to help provide for the hiring of more school safety officers through the COPS program. The COPS Office has already provided funds for localities to hire school safety officers -- including Jonesboro, Arkansas which last month received a grant to hire 15 school safety officers.

**Q. What else is the Administration doing on school safety?**

A. In addition to continuing to challenge the Congress to pass his comprehensive youth violence strategy to address the overarching problem of juvenile crime, the President has taken many actions to address the safety of our nation's schools:

- **White House Conference On School Safety.** In July, the President announced a White House Conference on School Safety, and proclaimed October 15, 1998, National School Safety Day. The White House Conference will be linked by satellite to communities and schools across the country, including those communities affected by the recent wave of school shootings.
- **Early warning guide.** Last month, the President released a guide he directed the Attorney General and Secretary of Education to develop -- for teachers and principals identify and respond to the early warning signs of troubled youth that can lead to school violence. Last week, copies were sent to every school in the country for the start of the school year.
- **First Annual Report on School Safety.** In December, the President called for the development of an Annual Report on School Safety, which will be released on School Safety Day, October 15. The report will include: an analysis of all existing national school crime data and an overview of state and local crime reporting; examples of schools and strategies that are successfully reducing school violence, drug use, and class disruption; actions that parents can take locally to combat school crime, including a local safety checklist; and resources available to schools and communities to help create safe, disciplined, and drug-free schools.
- **Safe and Drug-Free Schools.** President Clinton expanded the Drug-Free Schools Act into the Safe and Drug-Free Schools Act of 1994, making violence prevention a key part of this program, and has proposed to increase funds for the program by \$50 million in FY 99. The Safe and Drug-Free Schools Program provides support for violence and drug prevention programs to 97 of the nation's school districts.
- **Zero Tolerance for Guns in Schools.** In October 1994, President Clinton signed into law the Gun-Free Schools Act, and issued a Presidential Directive later that month to enforce "zero tolerance" for guns in schools -- if a student brings a gun to school, that student will be expelled for a year. In 1997, over 6,000 students were expelled for bringing guns to

schools.

- ***School Uniforms.*** School uniforms have been found to be a promising strategy to reduce violence while promoting discipline and respect in school. Because of this, the Clinton Administration has encouraged schools to consider adopting school uniform policies by sharing with every school district a school uniforms manual prepared by the Department of Education in consultation with local communities and the Department of Justice.
- ***Cracking Down on Truancy.*** Truancy prevention initiatives have been shown to keep more children in school and dramatically reduce daytime crime. The President, through the Education Department, issued a guidebook to the 15,000 school districts nationwide which outlines the central characteristics of a comprehensive truancy prevention policy and highlights model initiatives in cities and towns across the country.

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-SEP-1998 19:50:38.00

SUBJECT: Race memo

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

READ:UNKNOWN

TEXT:

So, I thought when you asked for the 4:00 race memo meeting to be changed because you hadn't had a chance to read the material, that the meeting would we pushed back, not moved up to 3:00!

Any updates on the shape of the education portion of the memo?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jacinta Ma ( CN=Jacinta Ma/OU=PIR/O=EOP [ PIR ] )

CREATION DATE/TIME: 8-SEP-1998 08:56:59.00

SUBJECT: PIR Weekly Report

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

TO: Patrick Aylward ( CN=Patrick Aylward/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: John M. Goering ( CN=John M. Goering/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: David K. Chai ( CN=David K. Chai/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

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

TO: Evelina Mosby ( CN=Evelina Mosby/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Lin Liu ( CN=Lin Liu/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Claire Gonzales ( CN=Claire Gonzales/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Michael J. Sorrell ( CN=Michael J. Sorrell/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Cedra D. Eaton ( CN=Cedra D. Eaton/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Danielle B. Glosser ( CN=Danielle B. Glosser/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

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

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

TO: Eric Y. Kim ( CN=Eric Y. Kim/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

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

TO: Suzanne M. Hodges ( CN=Suzanne M. Hodges/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Jane T. Price-Smith ( CN=Jane T. Price-Smith/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Lauren M. Stevenson ( CN=Lauren M. Stevenson/OU=PIR/O=EOP @ EOP [ PIR ] )

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TO: Ananias Blocker III ( CN=Ananias Blocker III/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Laura K. Capps ( CN=Laura K. Capps/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Emil E. Parker ( CN=Emil E. Parker/OU=OPD/O=EOP @ EOP [ OPD ] )  
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TO: Laura K. Demeo ( CN=Laura K. Demeo/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Cheryl D. Mills ( CN=Cheryl D. Mills/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Robert B. Johnson ( CN=Robert B. Johnson/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Lynn G. Cutler ( CN=Lynn G. Cutler/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Sidney Blumenthal ( CN=Sidney Blumenthal/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Beverly J. Barnes ( CN=Beverly J. Barnes/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Peter Rundlet ( CN=Peter Rundlet/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Elisabeth Steele ( CN=Elisabeth Steele/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Trooper Sanders ( CN=Trooper Sanders/O=OVP @ OVP [ UNKNOWN ] )  
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TO: Ruby Shamir ( CN=Ruby Shamir/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Laura Emmett ( CN=Laura Emmett/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Mickey Ibarra ( CN=Mickey Ibarra/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Marjorie Tarmey ( CN=Marjorie Tarmey/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Andrew J. Mayock ( CN=Andrew J. Mayock/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Julie A. Fernandes ( CN=Julie A. Fernandes/OU=OPD/O=EOP @ EOP [ OPD ] )  
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TO: Richard Socarides ( CN=Richard Socarides/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Kevin S. Moran ( CN=Kevin S. Moran/OU=WHO/O=EOP @ EOP [ WHO ] )

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

TO: Alexander L. Boyle ( CN=Alexander L. Boyle/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: David Campt ( CN=David Campt/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

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

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

TO: Scott R. Palmer ( CN=Scott R. Palmer/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Ana Lopez ( CN=Ana Lopez/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Audrey M. Hutchinson ( CN=Audrey M. Hutchinson/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Randy D. Ayers ( CN=Randy D. Ayers/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Michele Cavataio ( CN=Michele Cavataio/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Lydia Sermons ( CN=Lydia Sermons/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Michelle R. Waldron ( CN=Michelle R. Waldron/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: D. Bambi Kraus ( CN=D. Bambi Kraus/OU=PIR/O=EOP @ EOP [ PIR ] )  
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TO: Matthew J. Roper ( CN=Matthew J. Roper/OU=PIR/O=EOP @ EOP [ PIR ] )  
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TO: Lonell Hamlett ( CN=Lonell Hamlett/OU=PIR/O=EOP @ EOP [ PIR ] )  
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TO: Bruce Andersen ( CN=Bruce Andersen/OU=PIR/O=EOP @ EOP [ PIR ] )  
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TO: Drew W. Holzapfel ( CN=Drew W. Holzapfel/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Daphne Ann Pringle ( CN=Daphne Ann Pringle/OU=PIR/O=EOP @ EOP [ PIR ] )  
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TO: Janet Murguia ( CN=Janet Murguia/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Robert N. Weiner ( CN=Robert N. Weiner/OU=WHO/O=EOP @ EOP [ WHO ] )

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TO: Michael Waldman ( CN=Michael Waldman/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Dawn M. Chirwa ( CN=Dawn M. Chirwa/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Bob J. Nash ( CN=Bob J. Nash/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Doris O. Matsui ( CN=Doris O. Matsui/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Mona G. Mohib ( CN=Mona G. Mohib/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

TO: Minyon Moore ( CN=Minyon Moore/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Thurgood Marshall Jr ( CN=Thurgood Marshall Jr/OU=WHO/O=EOP @ EOP [ WHO ] )  
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TO: Susan M. Liss ( CN=Susan M. Liss/O=OVP @ OVP [ UNKNOWN ] )  
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

TO: edley ( edley @ law.harvard.edu @ INET @ LNGTWY [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

TO: Oliver G. McGee ( CN=Oliver G. McGee/OU=OSTP/O=EOP @ EOP [ OSTP ] )  
READ:UNKNOWN

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

TEXT:

Attached is the PIR weekly report for the week of August 29 - September 4.=====

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

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## **MEMORANDUM TO THE PRESIDENT**

**FROM:** JUDITH A. WINSTON

**THROUGH:** ERSKINE BOWLES  
MARIA ECHAVESTE

**DATE:** SEPTEMBER 4, 1998

**SUBJECT:** PRESIDENT'S INITIATIVE ON RACE WEEKLY REPORT  
AUGUST 29 - SEPTEMBER 4

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### **ADVISORY BOARD ACTIVITIES**

**Race in Hawaii.** Angela Oh spent August 27 to August 31 in Hawaii meeting with Native Hawaiians and other residents to discuss race issues facing Hawaiians and to learn about promising practices that might serve as a model for the country. She met with a number of people, including educators, government officials, religious leaders, students, and leaders of a center for troubled youth.

**Recommendations on Health and Immigration.** Attached to this report are two letters that John Hope Franklin wrote to you on behalf of the Advisory Board. The letters include recommendations based on health and immigration meetings attended by Board members.

### **OFFICE OF THE EXECUTIVE DIRECTOR**

**Promising Practices.** We posted another 53 promising practices on our website this week, bringing the total number of promising practices to 271.

**Czech Republic and Race.** On September 1, a member of the senior Initiative staff met with visitors from the Czech Republic who wanted to learn more about the work of the Initiative. The visitors are on a three-week visit to the United States sponsored by the USIA, and wanted to discuss the development of a program to address discrimination against the Roma population (Gypsies) in the Czech Republic.

**Nevada State Legislatures.** On September 4, Mickey Ibarra and a member of the senior

Initiative staff spoke about Administration accomplishments and the Initiative at the Conference of the Southern Nevada Hispanic Employment Program in Las Vegas, Nevada.

**America Online (AOL) Dialogue on Race.** On September 4, members of the Initiative staff met with representatives from AOL to discuss AOL's plan to organize an on-line dialogue on race -related issues and provide suggestions for how to carry out the dialogue.

## **FEDERAL AGENCY ACTIVITIES**

### **Department of Justice**

**Florida Voting Changes.** On August 14, DOJ interposed an objection under Section 5 of the Voting Rights Act to portions of a state statute changing Florida's voting procedures. While DOJ precleared many provisions aimed at reducing election fraud, it objected to certain restrictions in absentee voting that appeared to have a discriminatory effect for minority voters. These included requirements to list the last four digits of the voter's social security number on the absentee voting certificate and that absentee ballots be witnessed by a notary or by a registered Florida voter. DOJ's analysis revealed that during the limited time in which the state implemented these unprecleared absentee voting requirements, proportionately more minority voters' ballots were rejected for not complying with the new requirements than were white voters' ballots. In addition, DOJ's analysis indicated that minority voters are more likely to utilize the absentee balloting system.

### **Department of Agriculture**

**Cherokee Nation.** On August 25, Secretary Glickman signed a cooperative agreement that will provide the Cherokee Nation with technical assistance and information to manage the delivery of USDA programs.

### **Department of Commerce**

**National Minority Enterprise Development (MED) Week.** Department of Commerce officials are planning and participating in regional activities commemorating National Minority Enterprise Development Week (September 20-26). On Sept. 9, Deputy Secretary Mallett will be a keynote speaker at a Dallas regional MED Week event. The National MED Week Conference will be held in Washington, DC, September 20-23, at the Marriott Wardman Park Hotel.

## **Department of Labor**

**Native American Welfare.** On September 9, DOL plans to announce the final eight Native American Welfare-to-Work grants for fiscal year 1998. The grants, totaling \$780,348 will be awarded to Confederated Tribes of the Colville Reservation (WA), Inter-Tribal Council of Nevada, Inc. (NV), Kiowa Tribe of Oklahoma, Lummi Tribe (WA), Maniilaq Manpower (AK), Nooksak Indian Tribe (WA), Cliff Band of Lake Superior Chippewa (WI), and Tohono Odham Reservation (AZ).

## **Department of Health and Human Services**

**Surgeon General Address.** On August 31, Surgeon General Satcher addressed the United South and Eastern Tribes board of directors in Cambridge, MA. He spoke about racial and ethnic disparities and his priorities as Surgeon General, including mental health, smoking, diabetes, and suicide prevention.

## **Department of Housing and Urban Development**

**“Healing Neighborhoods” Conference.** On September 27-29, HUD will sponsor the “Healing Neighborhoods” Conference as a follow-up to the White House Hate Crimes Conference held in November, 1997. The conference theme is Overcoming Racial and Cultural Conflicts. It will feature a series of high profile plenary sessions, opportunities for small group discussion, and workshops on topics such as: victim assistance, the law and prosecution of hate activities, designing responses to hate activities, and special initiatives of federal agencies.

**One America Training.** Cultural diversity training, developed under an agreement between HUD and the National Association of Realtors began throughout the country on August 24. Real estate agents who take this one-day course and a refresher every two years will be authorized to use the trademarked One America logo on letterhead and business cards, in advertising, and in other ways specified in the agreement, provided they remain free of fair housing violations. HUD plans to enter into a similar agreement with the National Association of Real Estate Brokers in September.

## **Small Business Administration**

**Hispanic Partnerships.** On August 29, SBA signed a partnership agreement in Columbus, OH with four Hispanic Chambers of Commerce during the first-ever Hispanic Small Business recognition dinner. To date, 23 national Hispanic organizations have agreed to sign a partnership agreement with SBA at the signing ceremony during Hispanic Heritage Month.



RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-SEP-1998 11:26:04.00

SUBJECT: Air Bags

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

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

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

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

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

TEXT:

If POTUS does not do the Air Bag announcement, perhaps the VP can do an event w/ Slater on Thursday. The VP has an opening right now.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-SEP-1998 12:12:24.00

SUBJECT: State deal might be near

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

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

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

TEXT:  
HIGHLIGHTS

1.Sources close to negotiations between the eight AGs, Philip Morris, and Lorillard suggest that a new AG settlement could be announced by end of next week. Terms are likely as follows --

Payments at high end of expected \$180-\$200 billion range; marketing restrictions similar to

Minnesota, with additional bans on sponsorships and cartoons; renegade multiplier of 3x with

credits split by market share. The industry will not cede authority to the FDA or be subject to youth lookback penalties.

2.Our sense is that RJR and BAT □) the latter which has been given the green light by a UK

court to separate tobacco from non-tobacco □) will continue their game of chicken with Philip

Morris until after the state opt-in period closes, but ultimately embrace the new deal. RJR□,s

Board and institutional shareholders are highly unlikely to bet the company on trials in

Washington or Massachusetts to get a few market share points □) particularly if Philip Morris□,

stock price is flying, and theirs isn□,t.

3.RJR and B&W continue to insist that renegade credits be split up among those who lose

share, rather than be split evenly by overall share. Philip Morris cannot accept a deal whereby

those who lose share get rewarded with a rebate that could exacerbate any bout of pricing

instability. It is one thing for renegade players with a collective 1% share to have a \$.40/pack

price advantage; it is another for RJR□,s #2 Doral or B&W□,s #3 GPC brands to roll up

company renegade credits to produce a \$.40/pack discount.

4.We believe that virtually all of the 46 states will opt in to the new PM/Lorillard agreement

Having the industry split actually increases odds of all states opting in, since it allows the AGs

to receive more than half their money from PM and Lorillard, and still talk tough in demanding

that RJR & B&W comply with the public health provisions agreed to by

the others  or go to trial.

5. Two other events should help bring all the states in: 1) The Idaho ruling essentially gutted that state's case, on the heels of the Indiana ruling dismissing Indiana's AG claims last month; 2)

We have heard talk that Republicans may try to clarify statutory language to effectively disallow the federal government from recovering their share of Medicaid damages received by the states.

6. BAT's spinoff should give investors renewed confidence that U.S. courts would similarly reject challenges by plaintiffs that the distribution of corporate assets represents a fraudulent conveyance by the tobacco companies. To succeed, plaintiffs must show:

Tobacco subsidiaries cannot satisfy all current and unmatured claims  which seems remote with an AG deal, in light of the growing paper trail by courts dismissing personal injury class actions, and the industry's still perfect track record at trial; Assuming these claims succeed, tobacco subs cannot take pricing to offset these claims, which is inconsistent with the record The parent is an "alter ego" of the sub, and therefore, the parent's assets can be used to satisfy the judgments against the sub. This requires a showing of various veil-piercing tests -- same Board, common use of facilities, sub has inadequate capital, etc.

#### INVESTMENT CONCLUSIONS

We reiterate outperform ratings on Philip Morris, RJR, and UST. We expect tobacco stocks to continue to outperform going into the new AG settlement (relative performance since McCain bill died 6/16: MO +26%, UST +17%, BATS +15%, LTR +8%, RN +3%). This reflects the sharp favorable turn in the litigation landscape, and the general perception that tobacco stocks, with their non-cyclical businesses, depressed multiples, and rich relative yields, will hold up well in this bear market. We expect investors to bid up tobacco multiples in anticipation of a new deal, and then, as occurred last June, sell off once the deal is announced. This may be even more true here, with a likely 30-day opt-in period for all states to decide whether to embrace the deal, and the uncertainty associated with RJR and B&W not being at the table. Key events: Resumption of Philip Morris's buyback and UST's recap (October); announcement of new proxy fight by Icahn/LeBow against RJR (end of October); Congressional elections (valuations increase if Republicans pick up seats); Maryland class action ruling (any day); Engle Phase I finding of fact (year-end). We expect spinoffs of corporate assets to begin by mid-next year, after the Florida Supreme Court overturns Engle.

UST remains a prime takeout candidate by MO or LTR.

#### ADDITIONAL DETAILS

1. New deal next week. By the end of next week, we expect a new AG settlement to be announced along the lines of what we have articulated for two months (\$180 - \$200 billion in payments, Minnesota marketing restrictions, plus ban on sponsorships and cartoons, renegade multiplier of 3x on the share lost to discount players, no FDA or lookback provisions). We had hoped that RJR and B&W would be back at the table for the finale, but now expect they will wait until the close of the state opt-in period before choosing to end their game with Philip Morris to negotiate better terms on renegade credits and the upfront payment (see our piece dated 8/28/98 "The Renegade Rift: Why RJR and B&W Will Come Back To The Table.").

With tobacco stocks having risen smartly over the past month in anticipation of this deal, the real investment issue now is not getting the deal inked, but convincing at least 40 of the remaining 46 states to opt in to the deal, and getting RJR and B&W back to the table. With the ruling in Idaho effectively gutting that case this week, on the heels of the Indiana case being tossed out last month, many AGs who may have favored going to trial will now be forced politically to take the deal. Turning down potentially billions of dollars for their respective states, and going to trial despite what increasingly look like weak cases, would put these AGs' political careers at serious risk if their case ultimately gets thrown out or gutted in such a way that they cannot win.

Specific terms of the new deal are likely to be as follows:

Payments: Closer to high end of \$180-\$200 billion range over 25 years for remaining 46 states; this would require an additional price increase of about \$.35- \$.40/pack over five years.

Marketing restrictions: Minnesota terms (bans on billboards, branded merchandise and product placements in movies) plus concessions for brand sponsorships, and cartoons in ads.

We doubt PM or Lorillard conceded human images in ads or outdoor signage at retail; the latter is important for gas and convenience chains, efforts to use premium cigarettes to draw traffic which will help the Big 4 in their efforts to limit renegade share growth.

Renegade provisions: The industry will get a credit for share lost to non-signatories, equal to the % share lost, multiplied by some factor, which we believe will be

3x (example: 5pp share

loss to renegades, with a 3x multiplier, would reduce industry payments that year by 15%, split by market share). The AGs may also agree on a best efforts basis to pursue claims against

manufacturers who do not consent to the deal, and pursue actions against retailers who carry product made by non-signatories.

MFN clauses: PM and Lorillard will get MFN clauses (most favored nations clauses) that if

RJR and B&W negotiate more favorable terms, Philip Morris and BAT would get the same

deal. Politically, it would be impossible for the AGs to give better terms to RJR/BAT, since

they would then have to match those terms for MO/Lorillard. In addition, there are likely to be

affiliate provisions in the agreement to prevent RJR or B&W from spinning off discount brands

as separate companies, etc.

Access, FDA, lookback penalties: Industry unlikely to give any concessions on these issues.

1. Will Philip Morris and Lorillard sign even if RJR and B&W won, t? We believe that

RJR and B&W misjudged their positions in walking away from the talks over how to split up

renegade credits. Philip Morris cannot allow RJR, with a 24% share, and B&W with a 16%

share, to arm themselves with a \$.10- \$.15/pack corporate cost advantage (much higher if

rolled up against a single brand) simply because they lose share in a given year. We believe

RJR and B&W would use those funds to recoup their share losses -- which might have

occurred anyway □) which would further disrupt pricing . We point out that Liggett and

Commonwealth, with 2.2% of the total 3.0% renegade share, have always followed the Big

4□,s price increases. The other 0.8% share held by renegades is highly unlikely to change much

no matter how aggressively the renegades price, given spotty broker distribution networks,

weak balance sheets with the exception of Japan Tobacco, and the vast sums of program

money given to the trade to encourage both wholesalers and retailers to push big 4 brands.

We believe that the mindset of

"let□,s-win-in-Washington-so-that-we-can-get-a-better-AG-deal-later" is short-sighted; the

AGs certainly aren□,t going to negotiate a deal after they lose Washington (late-December

timing); but instead wait until after the Massachusetts trial, where they may have some

leverage. Finally, we ponder this: Del Webb, who represents Philip Morris, was supposed to

run the Washington trial for the industry. Two weeks before the trial, is RJR really willing to

change quarterbacks in a trial that could result in a multi-billion dollar loss? \

2. Tobacco stocks as defensive plays. While we expect continued

improvement on the

litigation front to drive litigation discounts down further,

investors can also view Philip Morris□,

stock as a good hedge during this period of high market turbulence.

On average, Philip Morris

has outperformed the market by +13pp annualized during periods

recognized as bear markets

(market down at least 20% from peak). All tobacco stocks offer yields

that add 2.5-6.0pp to

their relative performance:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-SEP-1998 12:05:26.00

SUBJECT: Press ofc is paging me re: welfare Q&A--is it ok with you? Cynthia 62846

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

READ:UNKNOWN

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

READ:UNKNOWN

CC: 4697 ( 4697 @ WHCA [ UNKNOWN ] )

READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-SEP-1998 17:12:04.00

SUBJECT: REVISED LIST OF NEW IDEAS FOR TOMORROW'S MEETING

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

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

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

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

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

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

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

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

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

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

TEXT:  
BRING THIS TO TOMORROW'S MEETING.

===== ATTACHMENT 1 =====  
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C7FC08F8974C9989777DC9385E37BF4FCD73C58066D90975986150CB1929511760F5951104B841

September 8, 1998

**MEMORANDUM FOR BRUCE REED  
ELENA KAGAN**

**FROM: Domestic Policy Council Staff**  
**SUBJECT: Compilation of Preliminary New Ideas**

**CHILDREN AND FAMILIES**

- 1. Child Care.** While this is not a new idea, we must maintain our support for our child care initiative in order to have credibility on the rest of a new “families first” agenda.
- 2. Paid Parental Leave.** Funding for paid-parental leave for the purpose of looking after a newborn baby, or a newly-adopted child for 12 weeks (although we may reduce the length of time, depending on costs). A leave initiative may be targeted to families whose incomes are below a certain level.
- 3. Home Visitation.** Funding for programs that counsel and support parents in the parenting process. These programs are often conducted by trained professionals, such as nurses and counselors, and they tend to dramatically decrease levels of abuse, which in turn decreases rates of delinquency and crime amongst children and youth.
- 4. Child Welfare.** Additional funding and improvements of independent living. (Specifics to follow.)
- 5. Child Tax Credit.** Double the Child Tax Credit, from \$500 per child to \$1000, for parents of children aged 0 to three.
- 6. Home Office Tax Deduction.** Expand the allowable expenses for those who work out of their home.
- 7. Flex-Time.** Offer tax incentives for companies that offer flexible work hours for their employees, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended parental leave.
- 8. After-School Programs.** Support after-school programs in both school-based and non-school-based settings, with a priority to those programs that are tailored to work hours.

## CIVIL RIGHTS

**1. Enhance the CRS program at Justice.** The Community Relations Service at Justice has been a significant force in cooling racial tensions in communities all over the country. Since the 1980s, their budget has been decimated. This initiative could (1) enhance CRS's ability to provide mediation services to resolve community civil rights concerns as an alternative to litigation; and (2) provide CRS conflict resolution training and technical assistance to communities. The CRS is very popular with the AG and she often talks of wanting it strengthened.

**2. Inter-Agency Task force on Discrimination.** This initiative would create an inter-agency task force (headed by the Civil Rights Division at Justice) to expand research on the extent of racial discrimination in the country. The research would focus on developing uniform testing protocols in housing, employment, and access to capital and then using these tools to assess the nature and extent of discrimination in these areas. This effort could be linked to agency compliance and/or enforcement work.

**3. Improve Civil Rights Information Sharing.** This proposal would provide funds to establish and maintain a system that links the data bases of agencies with civil rights enforcement responsibilities -- thus allowing, for example, OCR at Education to have better access to work being done by the Education Section at Civil Rights.

**4. Becoming an American.** A national effort to focus on easing the transition to the U.S. for new immigrants. We could provide grants to community-based organizations that fund English and civics classes for new immigrants. Also, we could encourage the development of programs that provide practical transition-type help to new immigrants -- such as understanding the public education system; understanding the housing system, etc. According to the INS, there is a bit of this being done on the community level, but they do not fund any of it. Also, some of the education bits are done by the Dept. of Ed. (adult education and/or literacy), but not in a coordinated way. HHS funds some transition work for refugees. This general idea was first talked about by the Jordan Commission.

**5. Sweat-Shop Initiative.** Expand enforcement against labor abuses in "sweatshops" and on farms that employ migrant farm laborers. Many of the wage & hour laws in place to protect low-wage workers are not adequately enforced by the Department of Labor, in part because of dramatic reduction in funding for these efforts during the 1980s. These workplaces often serve

as places of gateway employment for new immigrants, and thus the abuses disproportionately affect Latinos and Asians.

**6. Equal Pay.** A program that could be run by the EEOC and DOL to increase outreach to businesses to educate them about the legal requirements for paying equal wages, provide technical assistance, improve training for EEOC employees and resources for increases in enforcement capabilities.

## COMMUNITY EMPOWERMENT

### *1. Access To Capital For All Americans.*

- *CDFI Tax Credit.* In 1996, we proposed a tax credit for investors in CDFIs. We could re-propose this \$100 million non-refundable tax credit. The maximum amount of credit allocable to a particular investment would be 25 percent of the amount invested.

- *Voluntary CRA.* Launch a bully pulpit effort to encourage non-bank financial institutions to develop and implement principles for community investment.

- *Micro-Enterprise.* Provide authorization and funding for CDFI Fund to provide technical assistance to micro enterprise organizations and micro-entrepreneurs (PRIME Act, Kennedy-Domenici).

- *Secondary Market.* Develop coordinated administration initiative to take first steps towards secondary market for community development loans, including data collection, education, standardization, regulatory review, and the creation of a loan loss reserve fund to back pools of community development loans pooled and sold by the private sector.

- *Fair Lending.* Continue to push the Fed to permit collection of data on race and income of small business borrowers; consider legislation if this fails.

- *Capital Access Programs.* Push to give the CDFI Fund authorization to launch small business capital enhancement program to back state-run loan loss reserve funds that permit banks to make more difficult small business loans.

### *2. Sustainable Development.*

- *Environmental Activity Bonds.* In response to the growing needs of urban areas, an environmental bond would help cities meet the environmental goals set by the Clinton Administration. EPA has identified three areas which would be candidates eligible to receive funding: brownfields, drinking water, urban river/waterfront cleanup, and the

creation of parks and other public spaces. Drinking water (as cities need to improve infrastructure to meet the requirements of the Safe Drinking Water Act) and brownfields are two areas that cities continue to seek assistance for financing. Our preference is to be more inclusive and allow municipalities increased flexibility to identify their priorities. However, there should be attention paid to how this financing would intersect with other Administration initiatives like the Clean Water Action Plan, Drinking Water Revolving Loan Fund, and TEA-21.

• ***Urban River Corridors and Wetlands Restoration Projects.*** EPA proposes urban river corridor and wetlands restoration efforts tailored to improve the human health and economic opportunities in urban communities. To date, EPA has made small grants to a number of cities and municipalities for these types of projects. With additional grants to local communities, the Agency could provide the necessary funding for projects to improve community water resources. These projects would provide employment opportunities for residents, benefit the economic welfare and technical competence of local residents, and empower the community to build for a better future. Restored areas can serve to attract and sustain business as well as provide outlets for recreation.

• ***Community Preference and Visualization Tools.*** Building the social capital necessary to change transportation and land-use policies to create more livable communities also requires tools that the average citizen can use to understand the implications of major policy choices. EPA proposed to act as a catalyst in the development and use of such innovative decision making tools. The types of tools would include: 1) Community Preference Surveys, which show communities pictures of different neighborhood types, and help the community reach a consensus about the types of development that are desirable; 2) simulation tools, which would get a community "development ready" or help a community experiment with alternatives that have been proposed; and 3) new software, accessible to the public as well as urban planners, to view and evaluate alternative urban designs for any community.

• ***Asthma Initiatives.*** Through better implementation and new investments, EPA believes the Federal government can take action that will show immediate and long term results to reduce asthma rates among children.

• ***Air Quality Credits.*** EPA proposes to provide incentives to transportation planning by developing protocols for potential air quality credits toward state attainment plans for locally-initiated strategies and projects that create less auto-dependent communities. Similarly, the Agency proposes to create the next generation of the Clean Air Brownfields Partnership Pilot by continuing and expanding its ongoing efforts to link air quality goals and brownfields/infill redevelopment. After 2000, EPA proposes to partner with cities

that have a significant brownfield site in the decision-making phase of redevelopment, work with the city, state, and developer to come up with a project design that maximizes air quality benefits, and allow credit for these activities under the State Implementation Plan.

### *3. Job Creation in Distressed Communities.*

- ***Local Infra structural Improvement and Economic Revitalization Fund.*** Emil forwarded this idea to establish a Federal grant program to fund local Infra structural improvements. This would spark revitalization of declining or stagnant low-income areas by providing funds to upgrade local infrastructure. These Federal dollars could leverage State, local, and private funds for such Infra structural efforts.

- ***Community Revitalization Tax Credit.*** LISC proposes a Community Revitalization Tax Credit (CRTC) --similar to the Low-Income Housing Tax Credit --to help stimulate private-sector investment in commercial property in under served neighborhoods.

- ***Community Development Corporation Tax Credit.*** In 1993, we put in place a demonstration tax credit for investors in 20 CDCs. According to this report for Bruce Katz' shop at Brookings, this program has been effective. We could propose expanding this CDC tax credit to more areas. The author of this report also proposes some changes to make the tax credit more effective.

- ***Expand and Rationalize Employer-Side Tax Incentives.*** This includes EZs, Welfare to Work, WOTC, DC Jobs Credit.

- ***Working Ventures Fund.*** Fund one or more national non-profits to fund, evaluate, share best practices, develop networks, and link non-profits to their business community, in the job training and placement field, as LISC and Enterprise do in the housing

- ***Community Empowerment Fund.*** a) Include targeting for welfare to work projects; b) allow links to venture capital focused on minority-owned or small business in distressed areas; c) eliminate mandatory pledge of CDBG dollars for CEF loans.

- ***Metro Jobs/Community Development Corporation (CDC) Links.*** Would target job-poor but CDC-served central-city neighborhoods to create or strengthen a welfare-to-work infrastructure that is place-based but people-focused and regional in orientation (where the jobs are). Would build on HUD's Bridges to Work and complement DOL and HHS efforts, focusing on concentrations of assisted housing run by CBOs.

#### 4. *Low Income Savings.*

- *Asset Development for Section 8 Voucher Recipients.* Currently, an individual still sees the size of their subsidy reduced for each extra dollar he/she earns. This new idea from Liebman and Orszag would roll-over any savings --or a part of the savings --from an individual earning more money into an Individual Development Account (IDA). That is, if the size of a person's Section 8 voucher is reduced by about 30 cents for each extra dollar he/she earns, we could put this savings --up to 30 cents --in an IDA. We could also the capabilities created by EFT '99 to electronically transfer money to efficiently establish IDAs for more Americans.

- *Brownfields Meets Community Development.* Under this proposal, we would push banks to invest in brownfields as part of their CRA commitments.

#### 5. *Affordable Housing.*

- *Elderly Housing Initiative.* 1) Housing modernization grants to existing elderly housing projects for modernization, physical redesign, and/or conversion to assisted living; 2) Expanded and more flexible service coordinator grants to meet needs of increasingly frail population in public and assisted housing; 3) authority for PHAs to use vouchers for the housing component of assisted living costs.

- *Regional Affordable Housing Initiative.* Targeting regions with severe jobs-housing imbalance and established partnerships for regional collaboration, HUD would provide grants and loan guarantees to support planning, regulatory streamlining across jurisdictions, and development.

- *Vouchers.* An expanded request will focus on incrementals, welfare to work, and homeless.

#### 6. *Promoting Homeownership In Distressed Communities.*

- *Low-Income Homeownership Tax Credit.* Self-Help --a community group in North Carolina --proposes a tax credit for investors who provide second mortgages to low-income families. This could significantly reduce the barriers to homeownership among low-income families, who do not really benefit from the home mortgage interest deduction.

- *Increase Allocation of Mortgage Revenue Bonds.* Each state receives a supply of

tax-exempt mortgage revenue bonds. These bonds help low-income families become homeowners and help develop affordable rental housing. There are currently 53 co-sponsors of legislation in the Senate and 316 co-sponsors of legislation in the House to increase the allocation of mortgage revenue bonds by slightly more than 50 percent and then index it to the rate of inflation.

- *Expand Use of Mortgage Credit Certificates.* Mortgage Credit Certificates (MCCs) are credits against federal income tax equal to between 10 and 50 percent of mortgage interest (to a limit of \$2,000 per homeowner) issued by state governments. MCCs count *against* state's ability to issue mortgage revenue bonds. We could propose to expand the MCC program to allow the limit to be \$4,000 for homeowners in EZs or ECs. We could also propose allowing states to not have to count MCCs against their mortgage revenue bond base.

- *First-Time Homebuyer Tax Credit.* The 1997 tax law put in place a \$5,000 tax credit for first-time homebuyers in the District of Columbia. To boost homeownership in Empowerment Zones, we could propose allowing any first-time homebuyer in an EZ to take advantage of this tax provision.

- *Historic Homeownership Assistance Tax Credit.* The National Trust for Historic Preservation proposes a 20-percent tax credit to homeowners who rehabilitate or purchase a newly rehabilitated historic home and occupy it as a principal residence.

- *Homeownership Vouchers.* Already authorized, would apply rental subsidies to mortgage-related expenses for first-time homebuyers who were Section 8 tenants.

## EDUCATION

1. **Class Size Reduction.** Reintroduce President's proposal to reduce class size in grades 1-3 to an average of 18. Needs to be funded on the mandatory side. If necessary, we could combine this with a teacher quality/recruitment initiative, so that funds in the early years of the program are devoted to (1) incentives for people to enter teaching and/or (2) teacher training and professional development.

2. **School Modernization.** We've tried this on the mandatory side and we've tried this on the tax side. Assuming we don't get it this year, we've got to try again next year.

3. **School Discipline/Safety.** We are working on an overhaul of the Safe and Drug Free Schools Program, that will: (1) focus the program on comprehensive, proven approaches

to improve school discipline and safety; (2) better target the funds to schools/communities with the greatest needs; and, (3) improve data collection and reporting, including school report cards on safety/discipline issues. Because the program currently spreads (small amounts of) funds around to almost all school, and because of its initial emphasis on keeping schools drug-free, the politics of this program will probably require that any shift in emphasis on greater targeting will require additional resources.

**4. Teacher Supply and Quality.** Here are three initial ideas for improving teacher quality. The first two came out of our initial discussions on the President's race report. We can decide down the road whether to keep them focused on high poverty schools, or make them more universal. We can also break out particular pieces of them into separate initiatives if we want to:

- **Make sure there are qualified teachers in high poverty schools.** First, encourage and support state and local efforts to improve the preparation, certification, recruitment, selection, induction, retention, evaluation, reward and dismissal of teachers overall. Support necessary R&D on critical components of an upgraded system, such assessing teacher competence in the classroom. Second, work to end the practice of disproportionately placing and keeping unqualified teachers in high poverty schools. Require states to require prospective teacher to pass basic skills/subject matter tests (and help them develop more demanding assessments) in order to be licensed Prohibit school districts receiving Title 1 funds from staffing Title 1 funded classes (what about schoolwides???) with unqualified teachers, and bar those without an effective system for teacher evaluation (including removal of incompetent teachers) from receiving Federal (or just Title 1) funds. Require K-4 teachers in Title 1 schools to successfully complete training in teaching reading, and fund the training. Third, help attract and retain the best teachers for high poverty schools. Fund induction and continuing professional development programs in high poverty schools. Provide incentives for Board-certified teachers to teach in high poverty schools.

- **Recruit More Minority Teachers.** Many believe that a major factor influencing children's success in education is role models. Enhance current recruitment programs with effective incentives to attract more minorities to the teaching profession. Minority teachers, administrators, and school personnel serve as role models for minority students and can provide an important link between schools and parents.

- **Establish subject-specific teacher/administrator training institutes/academies/centers in every state.** There are crying needs to train existing teachers in key subject areas, such as reading, technology use, math/science and other academic subject. We should establish subject specific

**training centers in each state (or perhaps in geographic regions within states). The idea is to create a place, probably at a university, that has the subject-matter capacity and can work with school systems to develop and implement a strategy for ensuring that every teacher who needs it gets high quality, intensive and ongoing training in the subject and how to teach it. This could either substitute for or complement the current teacher training program (Eisenhower Professional Development Program), which provides funds to states and school districts on a formula basis, with broad discretion on how the funds can be used for professional development. We could also establish training centers for principals and other school leaders.**

· **Continuing the Troops to Teachers (TTT) program (due to phase out in Oct 1999). TTT provides stipends to encourage retired military personnel to teach and school districts to hire and train them. TTT attracts more minorities and men into the teaching profession than are traditionally represented, they have background in understaffed subjects such as math and science, and are more willing to teach in inner-city classrooms.**

**5. Recruiting and Training Principals.** Most states and communities lack good strategies for recruiting and preparing individuals with the knowledge and skills to provide the kind of leadership and management schools need right now. We could propose a competitive demonstration program to provide focus, leadership and effective models for the field. This would not be a big-ticket item.

**6. Urban/Rural Initiative.** This could take two forms. One would be some version of Education Opportunity Zones--a competitive grants program that rewards performance and requires accountability. A second would be to create local performance partnerships, in which local communities agree to create schools that are safe, have high standards and qualified teachers, after-school programs, tutors and other forms of extra help for kids, technology, etc. The districts would be responsible for creating schools with these opportunities, and would be accountable for improving achievement across the board (perhaps as measured against national standards). In return, the districts would (1) be able to combine funds from relevant ED and other programs, so they can figure out the best way to provide the learning opportunities; (2) get extra funding over and above the funding from the existing categorical programs; and (3) gain or lose additional funding based on performance (with some floor established to minimize the risk for districts).

**7. Choice Demonstration Program.** Establish a demonstration program to challenge states and school districts/cities to expand the range of high quality schools students and families can choose among, thereby enabling students in low performing schools to move to better ones. A variety of approaches should be encouraged, including:

· **Community College Enrollment.** High school students should be permitted to

enroll in community colleges, for high school level or college level courses. This step could provide inner city students with access to more qualified teachers, because most community colleges have faculty with subject matter expertise (whereas urban high schools often have teachers teaching out of field). It could also help boost minority enrollment in college. [see if this can build on existing tech-prep programs, or other articulation agreements.]

• **Contract School System.** Transform urban school systems from bureaucracies which operate large numbers of schools into systems in which the local governing body contracts out the operation of each school--to teachers, nonprofits, school management firms, etc. In effect every school becomes a charter school, with a distinct mission, control over its own staffing and budget, and accountable for results. The local school board is responsible for selecting the schools, identifying new types of schools that might be needed and soliciting proposals to operate the school, monitoring the performance of each school and holding it accountable. Under this approach, all schools would eventually be schools of choice.[see Paul Hill's work for background on this]

• **Schools located at large employers.** Encourage large employers to provide facilities on site for schools for children of their own employees, while the school district provides the teachers, curriculum, instructional materials, etc. Dade County's Satellite Learning Centers provide the model for this approach. Dade's experience shows that these schools can (1) be more diverse than other schools, because work sites are more diverse than residential neighborhoods (2) save the school districts the cost of new facilities (3) save employers costs associated with employee turnover and (4) increase parental involvement in the schools.

• **Expanding choice through smaller, schools-within-schools.** Transform large, impersonal schools into smaller schools-within-schools that would dramatically expand choices within public education for families without requiring students to leave their neighborhoods. Many parents want more choice in education but don't want to send their children to school far from home. This proposal would address that need and enable many more students to get the personalized learning attention that so many families want; it also may reduce discipline and violence problems. A grants program could support networks of schools or school districts to plan and implement this concept and provide information and counseling to help students and their families make good choices. This proposal could be linked or combined with the "contract" schools concept by creating a competitive process to award contracts to manage each school-within-a-school to teachers, non-profits, charter schools, etc.

**8. English Language Acquisition.** As part of the planned overhaul of the Bilingual Education Program, we should consider a number of initiatives:

• **Make every LEP child competent in English within 3 years of obtaining services. English language competency is the key to success in schooling and the economy. ESL and similar services should be made universally available to all students who need them. Federal funding can provide matching grants to States to do this. The requirement--including funding and accountability--for serving LEP kids and helping them become competent in English within 3 years should be built into the Title 1 program. Other programs, such as after-school and technology, should also be designed so that in schools with significant numbers of LEP kids, they are also focused on helping kids learn English within 3 years.**

• **Support English Plus. In addition to ensuring that all LEP students learn English, we should promote foreign language learning, starting in the early grades, for student's whose native language is English. The objective is to dramatically increase the number of students who leave school fluent in two or more languages, regardless of their native language.**

• **Support demonstrations of, and if effective greatly expand "Newcomer High Schools" for recently arrived immigrant students. Many school districts are facing an increasing number of secondary immigrant students who have low level English or native language skills, and in many cases, have had limited formal education in their native countries. In order to prevent these students from dropping out (and these children are a significant factor in the 40% Hispanic drop-out rate), these students must learn English, take the required content courses and catch up to their U.S. peers. Some district have developed Newcomer programs --either a separate school or a school-within-a-school. These programs typically educate students for a limited period of time (most for less than two years) before enrolling them in their home schools. Three such schools are 4-year high schools. The programs reach beyond the students themselves, providing classes to orient parents to the U.S. and 63% offer adult ESL classes. There are currently 75 such programs in 18 States and the Center for Applied Linguistics has sponsored an evaluation of their effectiveness.**

**9. Quality pre-school education. We can propose an initiative to make quality pre-school universally available, or at least universally available for poor kids. There should be two key components to this. One is to provide a number of funding streams to pay for it. Head Start should be the base, though we should also look at ways in which Title 1 could play a larger role. Second, we should provide incentives to both preschools and school districts that receive federal funds, to work together to help ensure that the preschools programs are focused on helping kids get ready for school, by requiring the schools to reach out to preschools and let them know what they expect kids to know and be able to do when they come to kindergarten, and by giving the**

preschools the help they need to provide an appropriate curriculum.

**10. Federal Matching Funds for AP courses and for AP and SAT/ACT Preparation.** The President has made universal access to two years of higher education a priority, and has created ways to alleviate the financial hurdles. A logical next step in improving the quality of access is to make all students more competitive by closing the gaps in advanced course availability as well as SAT and ACT test scores. The Federal government could establish funding matching mechanisms to encourage states to improve access to AP courses and preparation for AP tests in low-income schools; in areas where AP courses are not available, funds could be used for partnerships with community colleges that offer similar courses. Similarly, matched funds could be used to do one of a number of things for SAT/ACT preparation: pay for low-income youth to attend prep courses (e.g., Kaplan; Princeton Review); fund poor school districts to set up their own test prep programs; as in America Reads, waive the federal match for Work Study students who help prepare disadvantaged students for the tests.

**11. "High Hopes" for Adults.** While the President has made enormous progress in making available resources for higher education for people of all ages, the primary focus of Administration informational campaigns and initiatives like High Hopes have been to encourage young people to go to college. A new initiative could combine two efforts. First, the Administration could launch an informational campaign encouraging adults to go back to school and inform them of new resources available to help, including Lifetime Learning and Hope Scholarship Tax Credits, Individual Training Accounts under the new Workforce Investment Act, and Pell Grants (which apparently few realize can be used for part-time students). Second, a new "High Hopes" grants program targeted at adults, partly focused on encouraging minorities and women to go back to school, could support local partnerships of business, community colleges, labor unions, one-stop centers and others to provide the information and counseling needed to encourage and assist adults to enroll in courses and programs that will help them succeed in their local job market.

**12. Encourage High Schools to Offer/Require Service Learning.** We should consider expanding the service learning initiative (Learn and Serve) to encourage more school districts to incorporate service into their education programs. The service learning program could be expanded to provide a stronger infrastructure, e.g., service coordinators for high schools, in order to make the service experience both more rewarding and educational for students.

## **HEALTH**

## **1. Long-Term Care and Medicare Reforms for Elderly, Disabled and Their Families.**

· **Long-term care tax credit.** Along with the lack of coverage of prescription drugs, the poor coverage of long-term care represents a major cost burden for the elderly and their families. Long-term care costs account for nearly half of all out-of-pocket health expenditures for Medicare beneficiaries. This proposal would give people with two or more limitations in activities of daily living (ADL) or their care givers a tax credit of \$500 (or more, if affordable) to help pay for formal or informal long-term care. This initiative would be coupled with other long-term care policies (e.g., offering private long-term care insurance offering to Federal employees). (Cost: About \$4 billion over 5 years, offset by closing some tax loopholes, and would help about 3.4 million people).

· **Offering private long-term care insurance to Federal employees.** Since expanding Federal programs alone cannot address the next century's long-term care needs, the Federal government --as the nation's largest employer --could illustrate that a model employer should promote high-quality private long-term care insurance policies to its employees. Under this proposal, OPM would offer its employees the choice of buying differing types of high quality policies and use its market leverage to extract better prices for these policies. There would be no Federal contribution for this coverage. (Cost: Small administrative costs; OPM estimates about 300,000 participants).

· **Tax credit for work-related impairment expenses for people with disabilities.** Almost 75 percent of people with significant disabilities are unemployed; many of those within the population cite the cost of employment support services/devices, as well as the potential to lose Medicaid or Medicare coverage, as the primary barriers to seeking and keeping employment. This proposal, strongly advocated by your Task Force on Employment of Adults with Disabilities, would give a 50 percent tax credit, up to \$5,000, for impairment-related work expenses. It could be a stand alone proposal in the budget or packaged as a long-term care initiative if we decide to defer announcing the long-term care tax credit. (Cost: About \$500 million over 5 years, offset by closing tax loopholes, and would help about 300,000 people).

· **New Family Care giver "One-Stop-Shop" Support Program.** About 50 million people provide some type of long-term care to family and friends. Families who have a relative who develops long-term care needs often do not know how to provide such care and where to turn for help. This proposal would give grants from the Administration on Aging to states to provide for a "one-stop-shop" access point to assist families who care for elderly relatives with 2 or more ADL limitations and/or severe cognitive impairment. This assistance would include

**providing information, counseling, training and arranging for respite services for caregivers. (Cost: About \$500 -750 million over 5 years).**

**• Adding prescription drug coverage to Medicare (new policy). The lack of coverage for prescription drugs in Medicare is widely believed to be its most glaring shortcoming. Recognizing the medical community's reliance on prescriptions for the provision of much of the care provided to Americans, virtually every private health plan for the under-65 population has a drug benefit. Medicare's lack of coverage is largely responsible for the fact that drug costs are the highest out-of-pocket cost for three out of four elderly. This burden will only become more acute in the next century as the vast majority of advances in health care interventions will be pharmacologically-based. Responding to this fact, Republicans and Democrats on the Medicare Commission, as well as almost every health care policy expert, are consistently stating that reforming Medicare without addressing the prescription drug coverage issue would be a mistake. We are developing a wide variety of options, including a means-tested option, a managed care benefit only approach, and a traditional benefit for all beneficiaries. If desirable, a proposal could be included in the budget or coordinated with the March release of the Medicare Commission's recommendations. (Cost: Varies significantly depending on proposal, but could be \$1 -20 billion a year; assumed offset would be Medicare savings, which might more easily be achieved in context of a broader reform proposal).**

**• Cancer clinical trials demonstration (FY 1999 budget; not passed). Less than three percent of cancer patients participate in clinical trials. Moreover, Americans over the age of 65 make up half of all cancer patients, and are 10 times more likely to get cancer than younger Americans. This proposed three-year demonstration, extremely popular with the cancer patient advocacy community, would cover the patient care costs associated with certain high-quality clinical trials. (Cost: \$750 million over 3 years).**

**• Redesigning and increasing enrollment in Medicare's premium assistance program (extension of July executive action and new policy). Over 3 million low-income Medicare beneficiaries are eligible but do not receive Medicaid coverage of their Medicare premiums and cost sharing. Many more may not get enough assistance through the new, BBA provision that is supposed to help higher income beneficiaries. We are developing a range of proposals that build on the President's actions in this area to better utilize Social Security Offices to educate beneficiaries about this program, to reduce administrative complexity for states and to give them incentives to engage in more aggressive outreach efforts. (Costs vary depending on policies; probably about \$500 million to \$2 billion over 5 years).**

## **2. Health Insurance Coverage Expansions.**

• **Providing new coverage options for people ages 55 to 65 (FY 1999 budget; not passed).** Americans ages 55 to 65 have a greater risk of becoming sick; have a weakened connection to work-based health insurance, and face high premiums in the individual insurance market. This three-part initiative would: (1) allow Americans ages 62 to 65 to buy into Medicare, through a premium designed so that this policy is self-financed; (2) offer a similar Medicare buy-in to displaced workers ages 55 and over who have involuntarily lost their jobs and health care coverage; and (3) give retirees 55 and over whose retiree health benefits have been ended access to their former employers' health insurance. A proposal such as this would be minimally necessary for any serious consideration of proposals to raise Medicare's eligibility age. (Cost: About \$1.5 billion over 5 years, which would assist about 300,000 people).

• **Health coverage for the temporarily unemployed (FY 1997 and 1998 budgets; not passed).** Because most health insurance is employment based, job changes put families at risk of losing their health care coverage. Many families do not have access to affordable health insurance when they are between jobs because they work for firms that do not offer continuation coverage or cannot afford individual insurance. The proposal would provide temporary premium assistance for up to six months for workers between jobs who previously had health insurance through their employer, are in between jobs, and may not be able to pay the full cost of coverage on their own. (Costs depend on whether it is done as a demo (about \$2.5 billion over 5 years, which would help about 600,000 people) or nationwide (about \$10 billion over 5 years, which would cover about 1.4 million persons)).

• **Children's health insurance outreach (FY 1999 budget; not passed and new policy).** By the first anniversary of CHIP, we expect about 45 states to have CHIP plans approved. These new expansions have great potential to help uninsured children, but not if families do not know or understand the need for insurance. Moreover, over 4 million uninsured children are eligible for Medicaid today. Last year's budget included several policies to promote outreach, including allowing states to temporarily enrolling uninsured children in Medicaid through child care referral centers, schools, etc; and allowing States to access extra Federal funds for children's outreach campaigns. An additional proposal is to pay for a nationwide toll-free number that connects families with state eligibility workers. NGA is sponsoring this line for one year only; such a line is essential for the nationwide media campaign that we are planning to launch in January with the NGA and America's Promise (Colin Powell's group).

**(Cost: Between \$400 and \$1 billion over 5 years.)**

- **Parents of children on CHIP (new policy).** Since children who are uninsured usually have parents who are uninsured, an easy way to target uninsured adults is to extend eligibility for Medicaid or CHIP to parents of children covered by these programs. This has been done successfully in some states, through Medicaid 1115 waivers, and would be a logical next step to covering low-income adults. (Cost: Depends on the proposal and assumed take-up rates by the states).

- **Optional state coverage expansion through eligibility simplification (new policy).** In the wake of welfare reform, Medicaid eligibility rules have become even more complex since states must cover people who would have been eligible for AFDC under the old rules. Additionally, Medicaid law allows states to cover parents but not adults without children --even if they are very poor. This proposal would allow states to opt for a pure poverty standard for Medicaid eligibility for all people (like we do for children) rather than the old categorical eligibility categories. Not only would such an approach simplify the Medicaid program for families and states; it would provide an opportunity for significant coverage expansion. While any change in Medicaid almost always raises concerns amongst some advocates, this proposal would be strongly supported by the Governors and advocates such as the Center for Budget and Policy Priorities. (Cost: Depends on the proposal and projected coverage expansion take-up rates).

- **Voluntary purchasing cooperatives** (FY 1997, 1998, and 1999 budgets; not passed). Workers in small firms are most likely to be uninsured; over a quarter of workers in firms with fewer than 10 employees lack health insurance —almost twice the nationwide average. This results in large part because administrative costs are higher and that small businesses pay more for the same benefits as larger firms. This proposal would provide seed money for states to establish voluntary purchasing cooperatives. These cooperatives would allow small employers to pool their purchasing power to try to negotiate better rates for their employees. (Cost: about \$100 million over 5 years).

**3. Increase the Indian Health Service budget.** In order to reach more of the targeted population, we should provide a significant increase to the IHS budget in order to address areas such as substance abuse, elder health care, injury prevention, domestic violence and child abuse, and sanitation facilities.

## **HOMELESS**

**1. Homeless Veterans.** The National Coalition of Homeless Veterans estimates that there

are as many as 275,000 homeless veterans on any given night. According to the Department of Veterans Affairs, an approximately \$60 million increase in funding would constitute the single largest investment into breaking the cycle of homelessness among veterans. This proposal would seek to increase residential alternatives, community-based contracted care, job preparation activities, stand down activities (community-sponsored events that conduct one-stop service delivery programs for homeless veterans), the distribution of clothing, and long-term housing. The VA estimates that this proposal would positively impact approximately 100,000 to 150,000 veterans annually.

2. Allow VA to sell surplus property with 10 percent of proceeds going to homeless veterans. OMB proposes to amend the Property Act of 1949 to create a 5-year pilot project for the VA to sell off property with 10 percent of the proceeds going to local homelessness projects under the McKinney Act (with this 10 percent being earmarked for homeless veterans) and the other 90 percent going to the VA for capital funds (buildings, equipment, infrastructure, but not staff). Currently, the way the law works is that all the proceeds from surplus property goes to homelessness, but this has not provided an incentive to the agencies to sell property because they do not get to keep any of the proceeds. OMB states that since 1989, only one piece of property has been sold under this provision. OMB will be circulating their proposal within a couple of weeks. OMB would propose to permit VA to sell 25 pieces of property, but does not have a cost estimate yet.

3. Homelessness Demonstration Project Modeled after TANF. Funds could be set aside in the FY2000 budget to create a demonstration project so that one state, region, or locality could try to move persons from homelessness to self-sufficiency. The demonstration project should set up performance goals similar to TANF so that there is a measure of how many persons have been made self-sufficient. There could be a performance bonus for the demonstration project if the goal of the project is met.

4. Medicaid Outreach Project for Homelessness. A Medicaid outreach project could be set up, similar to the CHIP outreach project, that would reach out and cover homeless persons. We should develop a cost estimate to determine that, over time, dollars would be saved if persons are treated under Medicaid rather than on an as-needed basis in emergency rooms and clinics. This idea could be expanded to reach out to more than simply the homeless population to include all groups who are Medicaid-eligible.

## **CONSUMERS**

1. Consumer Bill of Rights. A consumer bill of rights could address a number of areas such as enforcement, notice to consumers, and dissemination of information. We could announce this bill of rights as a package, but then pull out separate pieces for separate events like we do in the Patients' Bill of Rights area. We could include a

number of different areas such as the following:

- **Auto Insurance Fraud.** Auto insurance fraud is a \$13 billion-a-year problem in America. We could propose significant funding for a Justice Department anti-auto insurance fraud. Since an estimated 13 percent of auto-insurance premiums go to pay for fraud, we could claim that this effort will help drive down auto-insurance premiums.
- **Slamming/Cramming.** Cramming, in which con artists add bogus charges to consumers' telephone bills, and slamming, the unwanted switching of long-distance telephone service from one carrier to another, and are the top two respective complaints reported to the National Fraud Information Center in 1998. In 1997, the FCC received more than 20,000 complaints from customers who were slammed. So far, the FCC has fined slammers, announcing a \$5.7 million fine this year, and announced voluntary guidelines for cramming that local telephone companies say they will follow. We could add money for enforcement to the FCC and/or DOJ. In May, the Senate overwhelmingly passed legislation that would impose new penalties on slammers and would eliminate common slamming methods, such as contest entry forms that, when signed by unsuspecting customers, authorize a switch of their long-distance carriers.
- **Telemarketing Fraud.** Telemarketing fraud is among America's worst white-collar crimes, robbing unsuspecting victims of an estimated \$40 billion per year. We could increase the FBI budget to increase investigations of this type of fraud. Recently, the Washington Post reported that volunteers from the American Association of Retired Persons (AARP) work undercover for the FBI, posing as potential victims to catch telemarketers on the prowl. Because telemarketing fraud often is targeted against the elderly, we could combine this piece with the elder abuse in a separate event.
- **ATM Proposal.** Weinstein proposes that Treasury publish an annual report on consumer financial issues, including ATM fees. In each report, Treasury would provide a list of insured financial institutions based on geographic divisions and size. Treasury would report on the following categories: (1) Fees charged to depositors at ATMs at their home branches; (2) Fees charged by institutions to depositors using other banks ATMs; (3) Fees charged by ATM networks; (4) ATM fees charged to non-member depositors by institutions; (5) Minimum deposit requirements for checking and savings accounts; (6) Fees for overdrafts; and (7) Checking account fees. We will need to develop categories which underscore the differences in types of accounts. If we just list checking account fees, the fees that aren't reported would increase.

## **TOBACCO**

**1. Tobacco Counter advertising.** Fund a \$200 million per year tobacco Counter advertising and education campaign, as proposed in the President's 1999 budget and McCain legislation. This campaign would develop Counter advertising and purchase enough media time to reach teens at least four times a week. The campaign would also fund an extensive school-and community-based anti-tobacco education campaign.

**2. Tobacco Cessation.** Each year, 20 million smokers attempt to quit, but only 1 million, or 5 percent, succeed. More than 90 percent smokers who attempt to quit do so on their own, and the vast majority fail within 2 to 3 days. However, research shows that effective cessation methods could raise success rates to 10-20 percent (over 2 million people annually). The Agency for Health Care Policy and Research (AHCPR) endorsed 5 smoking cessation methods that have been proven to be effective in helping people to quit: gum, patch, nasal spray, inhaler, and pill (Zyban). A full course of these treatments costs around \$200-300 (for a three months supply, without counseling). However, less than half of managed care organizations provide coverage of any AHCPR-approved therapies, and those that provide coverage may impose cost-sharing requirements that hinder access to treatment. In fact, a study of managed care in Washington State found that eliminating copayments for smoking cessation services significantly increased participation rates.

**3. Continued call for comprehensive legislation to stop children from smoking before they start.** Total combined cost of all these initiatives: \$855 million over 5 years. We could make a series of proposals, some part of the budget and some not: (1) Fall --announce new DOD anti-tobacco plan, and new DOL and OPM tobacco-free workplace programs; (2) Winter --propose Medicaid and Veterans coverage of cessation benefits through FY2000 Budget; and (3) Spring --tax coverage of cessation as a medical expense and expanded coverage of cessation benefits in FEHBP.

- **New Department of Defense anti-tobacco plan.** This plan is still being vetted at the agency but will likely include covering over-the-counter nicotine replacement therapies under military health care coverage as part of a comprehensive military-wide anti-tobacco plan. Cost: \$60 million per year.

- **Anti-tobacco workplace initiatives by DOL and OPM.** DOL could expand its drug-free workplace initiative to provide information to employers on steps they can take to reduce tobacco use among employees (cost: \$63,000 per year). OPM could disseminate a model workplace cessation program for all federal agencies (agencies would use existing appropriated funds).

- **Medicaid coverage.** Currently, smoking cessation prescription and non-prescription drugs are optional state benefits under the Medicaid statute.

**We could propose to require states to cover cessation, as the McCain bill did (CBO estimated cost: \$120 million over 5 years, HCFA estimated \$114 million). Alternatively, we could propose an enhanced federal matching rate for smoking cessation treatments, in order to offer the states an incentive to cover these services. The Hansen-Meehan bill establishes a 90 percent match rate for state costs of smoking cessation services at an estimated cost of about \$110 million over 5 years. Currently, 23 states cover Zyban, 6 states cover non-prescription treatments, and 5 states cover cessation counseling. A study by the Center on Addiction and Substance Abuse at Columbia University found that over 42 percent of Medicaid recipients smoke, as compared to 25 percent of the general population and that nearly 10 percent of all Medicaid hospital days are attributable to smoking.**

- **Veterans.** We should re-propose the plan from the President's 1999 budget which created a new discretionary program open to all veterans who began using tobacco products while in the service, regardless of their eligibility for other VA health care services (currently less than 15 percent of veterans receive their health care through the VA system because of statutory limits --veterans must be low income or have a service-related injury.) The VA would contract with private sector entities to furnish AHCPR-approved services to interested veterans. OMB estimates that this proposal would cost \$87 million for the first year, and \$435 million over 5 years. Thirty-six percent of the 25 million veterans in this country smoke.

- **Tax Treatment.** Currently, the cost of cessation treatment cannot be claimed as a deductible medical expense because the IRS does not recognize smoking or tobacco addiction as a "disease." The IRS has indicated in written opinions that an official medical authority classification of smoking as a disease would allow cessation to deduct these expenses. Treasury is interested in pursuing this in 1999. This would be done outside of the budget.

- **Federal Employees Health Benefit Program.** We could require enhanced coverage of smoking cessation services. One option is to raise coverage limits to more accurately reflect the cost of AHCPR-approved treatments, and to raise the number of treatments allowed per lifetime to account for the fact that the average smoker requires three to five cessation attempts before they successfully quit (i.e., require coverage of \$300-400 per treatment, with three maximum treatments covered per lifetime). Another option is to waive the deductible and copayment requirement for cessation benefits. Currently FEHBP fee for service plans, which cover 70 percent of beneficiaries, are required to provide only \$100 in smoking cessation benefits. Generally, this coverage does not kick in until after the calendar-year deductible has been met, and most plans restrict benefits to once per lifetime. Many plans only cover prescription drugs. HMO

coverage of smoking cessation benefits varies greatly. This would be done outside of the budget, but would have to occur in the spring as part of OPM's annual letter to contracting plans, establishing the terms for the following year of coverage.

## **WELFARE**

### **1. Helping the Hardest-to-Employ Get and Keep Jobs.**

- **Extend Welfare-to-Work Grants and Strengthen Focus on Fathers.** Funding for the \$3 billion grant program that the President fought for in the Balanced Budget Act ends in FY 1999. These funds are targeted at the hardest-to-place welfare recipients, and non-custodial parents of children on welfare, and at concentrated areas of poverty. 75% of the funds are allocated to states, who in turn pass them to local Private Industry Councils and 25% of the funds are available on a competitive basis. We expect DOL to propose extension of the grant program in their FY 2000 budget proposal. We should consider revising the statutory language to increase the focus on increasing employment of fathers. While there is a significant level of interest in serving this population, there is likely more we could do to increase the quantity and quality of services. This should also increase support from the Ways & Means committee as Shaw is very interested in fatherhood issues. Possible approaches include requiring states and communities to designate a minimum portion of WTW formula funds for fathers, setting aside a portion of competitive grant funds for this purpose, or earmarking funds for needed technical assistance and capacity building on this relatively new area. Other changes worth considering: shifting more funds toward competitive grants, increasing tribal set aside (currently 1%), and streamlining data collection requirements. Assuming level funding, this would cost \$1.5 billion annually.

- **Request Additional Welfare-to-Work Housing Vouchers.** We are unlikely to get the full 50,000 housing vouchers requested for FY 99. This approach continues to have merit, both in helping families move from welfare to work and as a catalyst for changing the way local housing authorities, and HUD, do business. Cost to fully fund 50,000 vouchers is \$283 million. Some, including Deich and Edley, have also suggested allowing housing authorities to convert Section 8 vouchers that are turning over to the more flexible approach of the WTW vouchers.

- **Invest in Increasing English Language and other Literacy Skills.** There is evidence that those with low education levels have a harder time leaving welfare. There is also emerging evidence that English language may be a barrier for

some minority welfare recipients, including immigrants. We may want to explore whether there is more the federal government could do to increase access to ESL and other basic education that is combined with work, though this does not necessarily have to be done with TANF funds. We need to first explore what is available, whether there are successful models that can be replicated, and what the demand is.

## **2. Helping New Workers Succeed in the Workforce/Achieve Self-Sufficiency.**

There are several ways to ensure people moving from welfare to work can get to their jobs:

- **Request full \$150 million authorized for Access to Jobs for FY 2000 (TEA-21 set guaranteed funding from the Highway Trust Fund at \$60 million for FY 2000). This would allow DOT to fund more competitive grants. Note these funds can be spent on current and former welfare recipients, as well as families up to 150% of poverty so they help the working poor as well.**
- **Donate surplus federal vehicles to welfare to work programs. These could be given, leased, or sold to current and former welfare recipients for whom public transit is not a viable option, including those living in rural areas. Cars could be allocated through community-based organizations or intermediaries. This could be modeled after the initiative to donate federal computers to schools.**
- **Help former welfare recipients access funds to purchase cars. In some areas, public transit is not a viable option for a family moving from welfare to work. In addition, owning a car is something many poor families aspire to, and something that helps them become part of the economic mainstream. Family Services of America, and other organizations, currently offer revolving loans for low income families to purchase cars. FSA's model currently operates in 20 sites and is scheduled to expand to 60 sites later this Fall, with partial funding from foundations and private financial institutions. They are also seeking federal funding to help with this expansion. Possible sources include: HUD, Treasury, DOL WTW grants, as well as existing federal and state TANF funds. Another option is to expand allowable uses of IDAs to include purchasing a car needed to go to work.**
- **Connection between TANF and Unemployment Insurance. There is growing interest in exploring the relationship between these two systems. Historically, few welfare recipients have qualified for UI, and some have essentially used AFDC as a form of unemployment insurance. As more welfare recipients joining the labor force, we need to consider the most appropriate way to provide income support to them between jobs. Various approaches include: (a) changing rules of the UI system that make it hard for former welfare recipients**

to qualify for UI once they go to work and in the event they lose a job and (b) creative uses of federal TANF or state MOE funds to provide income support to people in between jobs. Either approach should be accompanied by a strong effort to promote job retention and rapid re-employment. This could be considered as part of a more comprehensive UI reform initiative that NEC has been considering, but it would not depend on that. NOTE: NGA has a grant to explore this issue and several states are trying innovative approaches. While we do not have to frame the issue in terms of planning for economic downturns, it seems prudent to address this issue earlier rather than later.

- *Optional State Coverage Expansion Through Eligibility Simplification* (new policy).

In the wake of welfare reform, Medicaid eligibility rules have become even more complex since states must cover people who would have been eligible for AFDC under the old rules. Additionally, Medicaid law allows states to cover parents but not adults without children --even if they are very poor. This proposal would allow states to opt for a pure poverty standard for Medicaid eligibility for all people (like we do for children) rather than the old categorical eligibility categories. Not only would such an approach simplify the Medicaid program for families and states; it would provide an opportunity for significant coverage expansion. While any change in Medicaid almost always raises concerns amongst some advocates, this proposal would be strongly supported by the Governors and advocates such as the Center for Budget and Policy Priorities. (Cost: Depends on the proposal and projected coverage expansion take-up rates).

- **Transitional Medicaid.** Families can currently receive Transitional Medicaid for up to 12 months after leaving welfare, but only about 20 to 30 percent of eligible families are enrolled. The program has many procedural hurdles that make it more difficult to access than regular Medicaid coverage and the 12 months transitional period is too short for many families. The budget could eliminate some of the current prescriptive reporting requirements now in the law (that, for example, requires families to report earnings in the fourth, seventh, and tenth months of coverage and divides the 12 months of coverage into two 6 month segments with different co-pay and benefit rules) and allow states to provide a full 12 months of coverage without regard to changes in family circumstances, similar to the 12-month option for children that was adopted in the Balanced Budget Act. In addition, the budget could provide states the option of extending transitional Medicaid to 24 or 36. These ideas need to be fully discussed, vetted, and costed out. The current program reauthorization sunsets in 2001.

- **Extend the Work Opportunity Tax Credit and Welfare-to-Work Tax Credits** (WOTC has already expired and WTW will expire in 1999).

## **DISABILITY POLICY**

**1. Expanding the Defense Department's "CAP" program.** The Defense Department's Computer Accommodations Program ("CAP") purchases equipment for DOD employees with disabilities to allow them to keep working if they become disabled, or for new employees just joining the workforce. By using a central \$2 million fund for such purchases, individual offices do not have to bear the cost within their own budgets, and are less likely to be deterred from hiring a person with a disability. CAP is also able to get better prices on equipment through its bulk purchases and expertise. It has a showroom to help employees try out appropriate adaptive devices (CAP makes the decision on what equipment is purchased, not the employee). It has provided over 9,000 accommodations since its inception in 1990. This program is a good example of how employers and employees are taking advantage of new (and increasingly cheap) technology, such as computers for the blind that talk and listen, and alternative computer keyboards for people with dexterity problems, that allow people with disabilities to work. Expanding the program has the strong support of the Administration's appointees with disabilities, in particular for Tony Coelho, chair of the President's Committee on Employment of People with Disabilities.

Defense has estimated that it would cost \$8 million a year to expand CAP government-wide, but this is likely overstated since CAP now serves the entire Defense Department for \$2 million a year. A more realistic range is \$2 -5 million a year. While having DOD perform this service for all federal employees is a bit unusual, they have a great deal of expertise at this task and they are ready to take on the added responsibility.

**2. Tax Credit for Disability Related Expenses.** New tax credit for employers and/or individuals with disabilities with extraordinary disability-related expenses, such as assistive technology or a personal assistant. The proposed credit would allow a credit of 50 percent of the first \$10,000 of disability-related work expenses. [Need Treasury information on scoring.]

**3. New BRIDGE grant program.** This program would create interdisciplinary consortiums of service providers (employment, transportation, etc.) to better assist people with disabilities in going to work. NEC and DPC will receive revised proposal shortly from the President's Task Force on Employment of People with Disabilities and will evaluate and vet.

**4. Information and Communication Technologies for People with Disabilities.** NEC has developed draft proposals now being vetted to ensure that new technologies will be designed from the beginning to be accessible to people with disabilities. Ideas include

**leveraging federal government procurement, investing in R&D, funding industry consortia, training the next generation of engineers, etc. (Tom Kalil is working on this, coordinating with DPC and OMB).**