

**NLWJC - KAGAN**

**EMAILS RECEIVED**

**ARMS - BOX 038 - FOLDER -002**

**[09/23/1998]**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 19:49:43.00

SUBJECT: S. 2176 - Federal Vacancies Reform Act of 1998

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TEXT:

Below is the draft SAP for S. 2176 - Federal Vacancies Reform Act of 1998. The SAP reiterates the position released in the 7/28/98 Bowles letter: Senior Advisers would recommend veto (please call me @5-9136 if you need a copy). The Senate is expected to hold a cloture vote on the motion to proceed to the bill tomorrow morning (Thurs. @9:30am). We aim to get the SAP to the Hill later in the morning. Please provide comments/clearance by 11:00am. Thank you.

DRAFT - NOT FOR RELEASE

September 23, 1998  
(Senate)

S. 2176 - Federal Vacancies Reform Act of 1998  
(Sen. Thompson (R) TN and 6 cosponsors)

The Administration cannot support S. 2176 as reported by the Senate Governmental Affairs Committee. If the bill is not amended to address the Administration's concerns, the President's senior advisers would recommend that he veto the bill. S. 2176 would revise the process set forth in the Vacancies Act for filling vacancies in positions that are subject to Presidential appointment and Senate confirmation.

Making the Vacancies Act the exclusive governing statute for appointing acting officers, as S. 2176 does, would largely address the concerns that Senators have raised. S. 2176, however, goes well beyond that, and in doing so, threatens the ability of the Executive branch to fulfill its statutory and constitutional obligations. This threat arises, in particular, because the bill would: (1) too narrowly limit who can serve in an "acting" capacity; (2) provide no safety valve for instances in which the bill might interfere with critical duties pertaining to national security, criminal law enforcement, public health and safety, the stability of financial markets, and the oversight of financial institutions; and (3) provide insufficient time to fill positions, especially at the beginning of an Administration.

The Administration understands the Senate's genuine interest in passing legislation in this area and would be willing to support a fair and workable bill. It is troubling, however, that the Senate would so severely restrict the Administration's ability to fill vacant positions and do the people's business while at the same time confirming the President's nominees at an astonishingly slow pace. The Administration simply cannot support a bill that would have such a severe and damaging impact on the Government's ability to function.

\* \* \* \* \*

(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy (SAP) was developed by the Legislative Reference Division (Elmore). White House Counsel (Weiner) and White House Legislative Affairs (Ballentine) concur with the position. VAPD (Kogut) and the White House Executive Clerk (Saunders) have no objection. Deputy Director for Management (DeSeve) has no comment.

The Department of Veterans Affairs (Hall) concurs with this position. The following agencies have no objection: the Departments of Justice (Jones), the Treasury (Dorsey), Commerce (Dowell), and the Office of Personnel Management (Wolf), and the Agency for International Development (Miller). The following agencies have no comment: the Departments of Agriculture (Julie) and the Interior (Schwartz), the Corporation for National and Community Service (Sofer), Environmental Protection Agency (Schneider), General Services Administration (Ratchford), National Aeronautics and Space Administration (Jarrel), Office of National Drug Control Policy (Rivait), Small Business Administration (Hontz), and Social Security Administration (Chesser).

OMB/LA Clearance: \_\_\_\_\_

S. 2176 was introduced on June 16, 1998, and reported by the Senate

Governmental Affairs Committee on July 15, 1998.

#### Administration Position to Date

On July 28, 1998, the White House Chief of Staff transmitted a letter to Senator Lott stating that the "Administration cannot support S. 2176 in its present form. If the bill is not amended to address the Administration's concerns, the President's senior advisers would recommend that he veto the bill." In addition, several agencies have responded to questions from Senator Glenn regarding the bill's expected effects on their respective agencies. In these letters, the agencies have almost uniformly expressed their strong opposition to the bill and have referred to the senior advisers' veto threat in the Chief of Staff's letter. This SAP is consistent with the position and concerns stated in the July 28th letter.

#### Summary of S. 2176 (Based on the Committee Report)

S. 2176 would provide that upon the death, resignation, or inability of an Executive agency officer to serve in a position requiring Presidential appointment and Senate confirmation, the first assistant to the officer would become the acting officer, for a period beginning on the date the vacancy occurs and not to exceed 150 days. (Currently, the acting officer may serve for 120 days.) As an alternative to this arrangement, the President would be able to direct that a person who has already received Senate confirmation could be made the acting officer in lieu of the first assistant. The bill also would require that a first assistant who has not received Senate confirmation, but who is nominated to fill the office permanently, could be made the acting officer only if he or she has been the first assistant for at least 180 days in the year preceding the vacancy. If a first or second nominee were withdrawn, or rejected or returned by the Senate, the acting official would be able to serve until 150 days after the withdrawal, rejection, or return of that nomination.

S. 2176 would apply to most vacancies in Senate-confirmed positions in Executive agencies, but there would be a few exceptions. First, those laws that expressly provide that they supersede the Vacancies Act would do so. Second, current laws (numbering approximately 41) that provide for the President or the head of an Executive department to designate an officer to perform the functions and duties of a specified office in an acting capacity would be maintained, as would those statutes that themselves stipulate who shall serve in a specific office in an acting capacity. Statutes that only generally permit agency heads to delegate or reassign duties within their agencies would be specified not to constitute statutes that provide for the temporary filling of particular offices.

S. 2176 contains an enforcement provision that would require that an office be vacant if, 150 days after the vacancy arises, the President has not submitted a nominee to the Senate. In such cases, for offices other than the heads of agencies, the functions and duties specifically to be performed by the vacant office would be required to be performed only by the agency head. Such duties would include duties established by regulation for the office during any part of the 180 days before the vacancy occurred, notwithstanding subsequent regulations that purported to limit those duties. The sanction could be ended if the President were to submit a nominee after the 150-day period, at which time the acting officer could resume service. Actions taken in violation of this vacant office provision would have no effect and could not be ratified by anyone else.

S. 2176 would extend for an additional 90 days the 150-day period for submitting nominations for vacancies that exist when a new President swears or affirms the oath of office as President or that arise in the 60 days thereafter. In addition, the bill would maintain holdover provisions in current law that apply to single-member independent agencies and would exempt members of multi-member independent agencies altogether, as the Vacancies Act does currently.

The bill also would require the heads of Executive agencies to report to the General Accounting Office the existence of vacancies, persons serving in an acting capacity, the names of any nominees, and dates of disposition of such nominees. The Comptroller General then would report to the Congress, the President, and the Office of Personnel Management the existence of any violations of the Vacancies Act.

S. 2176 would apply to any office that becomes vacant after the date of enactment. In addition, it would apply to offices that are vacant on the date of enactment; however, the bill would apply to those offices as though they first became vacant on the date of enactment.

#### Pay-As-You-Go Scoring

According to VAPD (Kogut), S. 2176 would not affect direct spending and receipts; therefore, it is not subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. CBO concurs.

LEGISLATIVE REFERENCE DIVISION DRAFT  
September 23, 1998 - 6:36 p.m.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 13:57:23.00

SUBJECT: Elena left me voice mail asking if I'd added DPC to the bankruptcy memo

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

TEXT:

Yes I had. Here's the latest as of last night showing DPC agreeing with First Lady's office, etc.

----- Forwarded by Cynthia A. Rice/OPD/EOP on 09/23/98

01:56 PM -----

Sarah Rosen

09/22/98 07:04:48 PM

Record Type: Record

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

cc:

Subject: REVISED (AGAIN) BANKRUPTCY MEMO

This time we tried to eliminate discussion of that about which we agree and crystalize the disagreement between the parties. I think this is clearer and crisper. Thanks to Rob and Joe, I eliminated many extra words and now hang over the 3 page limit I got from Staff Secretary by only a paragraph. Any help to eliminate a few more lines would be appreciated.

Treasury -- Note that on your last paragraph, re how shifting to chapter 13 helps child support and alimony payment, HHS asked us to qualify that to be clear that it only helps IF we move the right people. IF they fail in chapter 13, then go back to 7, there are fewer assets and more, not less, to pay the kids.

This draft is going to Gene tonight. Final comments due at 10:00 tomorrow morning. We expect the final vote on passage tomorrow afternoon.

Message Sent

To:

Sally Katzen/OPD/EOP

Shannon Mason/OPD/EOP

Melissa G. Green/OPD/EOP

Roger S. Ballentine/WHO/EOP

fran.m.allegre @ usdoj.gov @ inet

mark.mcclellan @ treas.sprint.com @ inet

Sarah Rosen/OPD/EOP

David W. Beier/OVP @ OVP

Douglas W. Elmendorf/CEA/EOP  
Nicole R. Rabner/WHO/EOP  
Cynthia A. Rice/OPD/EOP  
Theodore Wartell/OMB/EOP  
Alan B. Rhinesmith/OMB/EOP  
Joseph J. Minarik/OMB/EOP  
Alice Veenstra/OMB/EOP  
Robert N. Weiner/WHO/EOP  
Maria Echaveste/WHO/EOP  
Marjorie Tarmey/WHO/EOP  
Maureen T. Shea/WHO/EOP  
Rebecca M. Blank/CEA/EOP  
Sarah Rosen/OPD/EOP  
jean\_veta @ ed.gov @ inet  
jean.veta @ ed.gov @ inet

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

TEXT:  
Unable to convert ARMS\_EXT:[ATTACH.D85]MAIL469737560.226 to ASCII,  
The following is a HEX DUMP:

FF575043A70A0000010A02010000000205000000FA3800000002000017C4E63F3A67CBB3223D73  
EFFF213FEF54A986845D7A2DFF42733294E6F55C97B5292694D7D3D6391C956AD5202467C143E5

September 22, 1998 -- DRAFT

**MEMORANDUM FOR THE PRESIDENT**

**FROM: GENE SPERLING**

**RE: BANKRUPTCY REFORM LEGISLATION**

This memorandum seeks your guidance on whether we should take a very firm stance regarding the upcoming bankruptcy conference, threatening a veto if many of our conditions are not met, or whether we should be more willing to accept a bill meeting some of our goals and offering no harm to child support and alimony but without key aspects of the administration proposal.

**Background**

In June, you approved an Administration bankruptcy reform proposal. Today, the Senate passed, \_\_\_ - \_\_\_, a bankruptcy bill that reflects almost all the major elements of our proposal. While further improvements could be made, the Senate bill reflects a significant step toward balanced bankruptcy reform, dealing with abuses by both debtors and creditors.

The House bill has some desirable features too, but overall is far more problematic. That bill, which passed by a veto-proof majority over the Administration's strong opposition, uses a rigid formula to exclude certain debtors from Chapter 7's full discharge of unsecured debt, creates new nondischargeable debts that will compete with child support and alimony post-bankruptcy, and addresses perceived abuses by debtors but not by creditors.

**Administration Proposal**

The key aspects of our proposal, incorporated into the Senate bill, are:

- (1) ***A Discretionary and More Targeted "Means Test"*** -- a discretionary approach to, and higher thresholds for, shifting borrowers from Chapter 7 to Chapter 13, instead of the House's rigid, arbitrary approach to determining whether a debtor can use Chapter 7;
- (2) ***Elimination of New, Nondischargeable Debts*** -- eliminate new provisions that could pit, post-bankruptcy, credit card debt against child support, alimony, educational loans, and taxes, except for debt incurred with an intent to defraud;
- (3) ***Balanced Reforms Affecting Creditors, as well as Debtors*** -- include balanced provisions that ask both debtors and creditors to behave more responsibly, including:
  - (a) adequate protection against coercive reaffirmations; and

- (b) disclosure requirements to ensure that consumers get the information that they need to manage their budgets.

### **Prospects for Conference**

Work on compromising the two bills will begin immediately. The most likely outcome is a bill between the House and Senate approaches, with key Administration provisions watered down or omitted. Senator Grassley will fight hard to preserve the Senate approach, but Chairman Hatch expects the Senate approach to be compromised in conference. House Republicans have said that they will not compromise on key issues with the Senate.

On the other hand, the legislative calendar works in our favor. A more extreme approach in conference risks trouble on the Senate floor and a direct or pocket veto from you. Some Democratic Senators supported the Senate bill because of its balance and moderation. In the face of your strong opposition, the Senate [could, but is not certain to,] override your veto of a House-like final bill. [NEED TO SEE FINAL VOTE ON PASSAGE BEFORE DECIDE ON VIEW HERE.]

At best, conference will produce the minimum the Republicans think they need to give in order to get your signature. At worst, the conference will stick largely with the House approach, as Republicans may not believe you would veto a bill with such strong bipartisan support or may believe a veto could be overridden. Legislative Affairs recommends a clear message about what you would sign and what you would veto, if we hope to have any influence over the conference.

Staff have agreed on a letter to conferees laying out our position, but the language disguises a core disagreement on the bottom line. A clearer message could be sent with your guidance.

### **OPTION 1: INSIST ON INCLUSION OF THE ADMINISTRATION'S MODERATING AND BALANCED PROPOSALS, AS IN THE SENATE BILL.**

**Proponents:** NEC, OLA, CoS (Echaveste), OVP, OMB, WH Counsel, DPC, OFL, OPL (Women's Office), Commerce, OTS, USDA and DoJ.<sup>1</sup>

The majority of your advisors will recommend that you veto a bill that deviates substantially from the Senate bill -- i.e., that: (1) retains the arbitrary House "means test" instead of the more flexible Senate approach; (2) creates categories of nondischargeable debt that compete with child support, alimony, educational loans, or taxes; or (3) fails to include some balance in the form of enhanced disclosures and consumer protections.

---

<sup>1</sup> Education prefers this approach, but would not recommend a veto unless an issue within their jurisdiction is implicated -- specifically, unless new nondischargeable debts are created that compete with educational loans.

These advisors feel strongly that we should not sanction a rigid “means test” that does not adequately consider the unique circumstances of individual debtors. Any test that excludes from Chapter 7 those able to repay significantly changes our bankruptcy system. We should be cautious in that change, lest we deny access to bankruptcy to those who need it most. We have offered an alternative between the House and Senate view that we could accept.

We all know that you will not accept any provisions that create new nondischargeable debts to compete with child support and alimony. But these advisors feel that, even if child support and alimony are untouched, no sufficient case has been made that certain credit card debt should be given the same protection that we give to educational loans or taxes, for example.

Finally, these advisors believe you must insist on balance -- curbing abuse by creditors as well as debtors. We are seeing more competition and dramatic changes in how creditors grant credit. While beneficial for some, these changes increase the number of consumers who can get in over their heads and dictate that we improve disclosures and enhance protections against coercion, especially if we are going to foreclose access to a “fresh start” for some who make a mistake.

**OPTION 2: ACCEPT, IF NECESSARY, LESS IDEAL COMPROMISE AS AN IMPROVEMENT OVER THE STATUS QUO.**

**Proponents:** Treasury and CEA.

Treasury and CEA believe that bankruptcy reform short of some Administration goals -- the likely outcome -- would still markedly improve the current system. While they would not support signing the House bill in current form, they do believe you should sign a bill with any reasonable compromise between the House and Senate approaches, if it meets our goals for the protection of child support and alimony payments.

Treasury and CEA emphasize that the House means-test formula would affect only 10% of filers, all with above-median income. Currently, these debtors escape their obligations, even though many likely can repay at least part of what they owe. Reducing their debt charge-offs would lower the cost of credit for all consumers -- a particular benefit for lower- and middle-income Americans who depend on consumer credit for significant household purchases.

Finally, Treasury and CEA argue that any compromise bill will likely improve payment of child support and alimony (provided that it creates no new post-bankruptcy obligations competing with these payments). Under the bill, more debtors will enter Chapter 13 court-supervised repayment plans, where child support and alimony receive first priority, and court supervision and other authorities make payment of these obligations more likely, provided that the means test used shifts the right people to Chapter 13.

**Decision**

While we seek no final judgement now regarding the bill to be produced by the conference, your response to this memorandum will allow staff to negotiate with a clear sense of your objectives.

**OPTION 1 -- INSIST ON INCLUSION OF SENATE BILL PROVISIONS \_\_\_\_\_**

**OPTION 2 -- ACCEPT, IF NECESSARY, LESS IDEAL COMPROMISE \_\_\_\_\_**

**LET'S DISCUSS \_\_\_\_\_**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 17:59:41.00

SUBJECT: Revised Final CHC remarks -- changes in bold

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

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

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

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

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

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

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

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

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

TEXT:

Draft 9/23/98 6:00pm

Jordan Tamagni

PRESIDENT WILLIAM J. CLINTON

REMARKS FOR CONGRESSIONAL HISPANIC CAUCUS INSTITUTE DINNER

WASHINGTON, DC

September 23, 1998

Acknowledgments: SBA Administrator Alvarez; Sec. Richardson; Sec. Caldera ; Sec. Riley; Sec. Herman; Sec. Cuomo; Sec. Daley; Sec. Shalala; Sec. Slater; ONDCP Dir. McCaffrey; AG Reno; Members of the Hispanic Caucus; other Members of Congress.

Before we begin, I want to say a word about Hurricane Georges [zhorzhe]. In Puerto Rico, the U.S. Virgin Islands, Haiti, and the Dominican Republic, businesses and homes have been swept away, and, tragically, lives have been lost. Tonight, our thoughts and prayers are with the victims of this terrible storm. FEMA Director James Lee Witt has told me that we are already assisting in the clean up effort, and helping the people of Florida to prepare for the hurricane. And will be there every step of the way to help families and communities to rebuild.

Now, I'd like to pay tribute to the two men we are honoring here tonight -- Rep. Henry Gonzalez, and Rep. Esteban Torres. With his

stubborn insistence on standing on the House floor and standing up for principle, Henry B he has been more than a pioneer -- he has been a conscience for the Congress and the country. Esteban Torres was not content merely to walk on a trail blazed by leaders like Henry -- he has widened it. From his days as a UAW shop steward to his days as chair of this caucus, he has fought tirelessly to make certain that economic growth benefits all working people, not only of this country but of Mexico as well.

For six years in a row, I have looked forward to coming here -- to join in the energy and the drive and the dedication of the fastest growing community in America. I know that the Vice President was with many of you at the Hispanic Heritage Awards. In so many ways, that rich heritage -- its values of family and faith, community and commitment -- is America's heritage, too. That legacy is at the heart of everything the Hispanic Caucus stands for -- and I have been honored to work alongside you. I'd like to reflect on all we have accomplished together.

Together, we expanded the Earned Income Tax Credit and helped cut taxes for 15 million hard-working families -- including more than 1 million Hispanics. When the Republicans tried to slash it we said no. Together, we increased the minimum wage to give 10 million Americans -- including nearly 2 million Hispanic Americans -- a well-deserved raise. Now, I think it's time to increase the minimum wage again, and I am disappointed that yesterday the Senate voted against doing just that. We value families -- we should raise the value of the minimum wage.

Together we fought for and won the biggest increase in children's health care in more than three decades, to insure up to 5 million uninsured children across this country. We expanded the Head Start program to help our children get off on the right foot. We passed the Family and Medical Leave Act that gave millions of people the chance to take time off from work to care for an ailing parent or a newborn child.

Together, we have opened the doors of higher education with the HOPE Scholarship, with more Pell Grants, with tax credits for all higher education, with deductible student loans. Because of our efforts, everyone who is willing to work hard can go to college.

Together with the Vice President's leadership, we created more than 100 empowerment zones and enterprise communities, established community development banks, doubled small business loans to minorities and tripled them to women. In fact, businesses owned and operated by Hispanic women are the fastest growing category of small business in America today. Together we shaped and passed the historic crime bill that is taking guns off our streets, putting more police on our streets and more prevention to keep our children out of trouble in the first place.

Together, we have built a stronger America: nearly 17 million jobs ... the lowest unemployment rate in 28 years ... the lowest Hispanic unemployment rate in a generation ... the fastest real wage growth in 20 years ... a record number of new small businesses every year ... violent crime down a record six years in a row ... and the lowest crime rate in 25 years. None of this could have happened without the leadership, the friendship, the ideas of the CHC.

I also want to give much-deserved credit to my staff [Maria Echaveste, Mickey Ibarra, Janet Murguia, Maritza Rivera, Estela Mendoza, to name only a few]. One of my proudest accomplishments has been assembling the most diverse administration in history. We are not successful in spite of our

diversity -- we are successful because of it.

□,

Now, we must decide what we should do with this moment of prosperity and progress -- how can we use the resources it is producing and the self-confidence it is generating -- to build a brighter future for all our people?

Some people think that now is the time to kick back and relax. But there is an old Mexican proverb that says: □&El que no siembra, no levanta□8 [ell kay no see-EM-bra no leh-VAHN-tah] -- □&He who doesn□,t sow, doesn□,t get a crop.□8 We must use this time to sow the seeds of the future, and build the America we want for our children. And we cannot afford to rest.

I say we cannot rest until we save Social Security for the 21st Century. In a few days, we will have the first balanced budget and surplus in 29 years. I believe we must not squander one penny of that surplus until we have saved Social Security. Some say we should use the surplus to pay for a tax cut. My balanced budget proves that we can reserve the surplus, save Social Security, and still have targeted tax cuts for education, the environment, school construction, and child care. And every one of those tax cuts is paid for in my balanced budget.

We cannot rest until all children in all communities have a world-class education. My balanced budget will help to hire 100,000 more teachers ... to reduce class size in the early grades to 18 ... to build or modernize 5,000 schools ... to hook up all our classrooms, even in the poorest neighborhoods, to the Internet ... to reward school districts for undertaking the kind of sweeping reforms we□,ve seen in cities like Chicago ...to hire 35,000 more teachers to teach in the inner city and other struggling communities.

You and I know that education is the key to opportunity. But you also know that far, far too many Hispanic young people are not getting the education they need to succeed. That is why I established the Presidential Advisory Commission on Educational Excellence for Hispanics. And that is why I have proposed a \$600 million Hispanic Education Action Plan: to transform schools with high dropout rates ...to support Hispanic colleges ... to help adults who want to learn English or go back and get a diploma ... to help all Latinos, young and old, to reach for their dreams.

And you and I know our children must master English. That is why I fought for and won a 35% increase in bilingual education funding in the balanced budget agreement. This will help 1,000 school districts all across America to improve teacher training and add extra classes for students who have not yet mastered English. And I am proposing that we double that investment in teacher training this year, and help communities to train 20,000 teachers to help children with limited English.

Let me be clear: I believe that being able to speak more than one language is a gift -- but unless our children learn English, they will never reach their full potential. We shouldn□,t have to fight divisive political battles to do what is right for our children.

I say we cannot rest until we protect our families with a strong, enforceable Patients□, Bill of Rights. Managed care can help make health care more affordable for more families. But with 160 million Americans in managed care today, we must say to these plans: Don□,t turn people away from an emergency room. Don□,t turn people away from a specialist. Do n□,t let an accountant make decisions only a doctor should make.

Traditional care or managed care, every American deserves quality care.

We cannot rest while our communities are segregated by income and by race. The Federal Government should lead the way both in words and in deeds. I have asked Sec. Cuomo to crack down on unfair housing practices by doubling the number of housing discrimination cases. I have also directed Secretary Cuomo to work with you to undertake a major legislative overhaul so our public housing admissions policies help deconcentrate poverty, mix incomes, and thereby mix people of all races and ethnicities. We cannot live together as a nation if we don't live together in our communities. Let's work together on this.

We cannot rest until every community, every neighborhood, every family can reap the benefits of our economic growth. That is why we must fund the empowerment initiatives the Vice President and Secretary Cuomo have worked so hard for, from expanding funding for community development banks and revitalizing urban brownfield areas, to restoring summer jobs for our young people, and providing housing assistance for people moving from welfare to work.

We should all be proud that we have the smallest percentage of our people on welfare in 29 years -- with nearly 4 million fewer people since I signed the welfare reform bill into law. We should all be proud that we made good on our promise to restore some benefits to legal immigrants. But we know that there is much to be done.

The pressures to move from welfare to work are intense, and the transition can be especially difficult for Hispanic women, many of whom lack language as well as job skills. I am committed to working with you to ensure that every individual has the tools to make this transition. That's why I fought for a \$3 billion Welfare to Work fund in the balanced budget, and \$50 million more for Welfare to Work transportation. And that is why I have proposed a \$21 billion child care initiative, to add to the \$4 billion we fought for in the Welfare bill. We can do this -- but we cannot rest.

I say we cannot rest until every American's voice can be heard in the halls of power -- that is one very good reason why we must ensure a fair and accurate Census. Some in Congress would have us ignore the best scientific methods for ensuring the most accurate count. This is unacceptable. In 1990, 5 percent of Hispanics were not counted; nearly 70,000 Hispanic children in Los Angeles County alone were left out. In the year 2000, we can -- and must -- do better. This is a fundamental issue, a crucial civil rights issue. Every American counts. We must count every American.

And while we're at it -- let's give the 4 million people of Puerto Rico the right to choose their own status. In December, they will go to the polls. The Senate Republican leaders say they will consider the results of that referendum -- and work to implement the choice the Puerto Rican people make. Puerto Ricans are U.S., and nationhood, statehood, or status quo, the decision must be theirs to make.

We cannot rest until we contain economic turmoil in Russia and Asia and help spur economic growth throughout the world. Growth at home depends upon growth abroad. Many of you came with me when I traveled to Latin America earlier this year, and we saw the spirit of entrepreneurship that is making Latin America one of the world's fastest growing economies. I have urged the major industrial economies to stand ready to use the \$15

billion in emergency IMF funds to help stop the financial contagion from spreading to Latin America and elsewhere. And we must further help the IMF by paying our fair share.

We know that expanding trade is good for our economy, but we must not lose sight of the fact that some communities are not sharing fully in benefits of trade. I have proposed a significant expansion of funds for the development bank that helps these communities. We need to work together to ensure that we get these funds. Trade is good for America -- we need to make sure that it is good for every American.

Finally, we cannot rest until we solve the oldest, most stubborn, most painful challenge of our nation -- the lingering problems and limitless possibilities of our growing diversity. Last week, for the final time, I met with my Advisory Board on Race and received their report. I am proud of their work, the guidance they have given us for policy, for dialogue, for specific practices in every community in this country. But we know we have only just begun a work that will take a lifetime; only just begun to find ways finally to lift the burden of racial and ethnic discrimination, and redeem the full promise of America.

More than any other nation on earth, America has drawn our strength from our diversity, as wave after wave of immigrants have come here in search of a better life. Today, we are the most ethnically and racially diverse democracy in the history of the world. With nearly one million people coming legally to America every year from countries all over the world, we must ask ourselves: will these changes strengthen and unite us, or weaken and divide us?

I believe that immigration is not only good for America -- it is America. It is our history -- it is our heritage -- and it is our hope for the future. As ethnic conflicts tear countries and families apart around the world, we are proving that a diverse people can live together in peace, learning from each another, drawing on each other's strengths, building on one another's accomplishments.

We must welcome new immigrants, and do everything we can to encourage them to learn our language, embrace our way of life, and become full participants in our society by becoming citizens. That is why I have called on the INS to streamline and improve the naturalization process. My balanced budget would help reduce the backlog of applications and improve customer service. When people take responsibility to become citizens, we should do everything we can to help them -- whether they work in a Fortune 500 company, in a department store, or in the fields. They deserve a chance -- and we must give it to them.

America has always stood proud as a nation dedicated to widening the circle of opportunity, to deepening the meaning of our freedom, and to forming that more perfect union. One of the most passionate advocates for those ideals our country has ever known -- indeed, one of our greatest American heroes -- was Cesar Chavez. Thirty years ago, he met a kindred spirit in Robert Kennedy, who had traveled to California where Chavez lay, fasting in penance for the violence caused by the struggle for farm workers rights. That night, Bobby Kennedy and Cesar Chavez broke bread together in a Thanksgiving Mass. Someone read the words Chavez was too weak to speak -- words I would like to share with you tonight: "Our lives are all that really belong to us, so it is how we use our lives that determines what kind of people we are." That night, Robert Kennedy made up his mind to run for President.

□,

My friends, you and I are bound together by our commitment to use our lives to make this country a better place for all our people, to build a better world for our children. This is not a time to rest. It is time to work. I am honored to share this precious moment in time with all of you, and to work together to build that better world.

Thank you and God bless you all.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 17:55:54.00

SUBJECT: Key Challenges of Welfare-To-Work Grants in New Policy Brief

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

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

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

CC: Maureen H. Walsh ( CN=Maureen H. Walsh/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

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

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

TEXT:

I'd heard Urban had something in the works but didn't know it was imminent. I'm trying to get a copy.

----- Forwarded by Andrea Kane/OPD/EOP on 09/23/98 05:53 PM -----

Cinnamon Burnim <cburnim @ ui.urban.org>

09/23/98 06:19:01 PM

Please respond to CBURNIM@ui.urban.org

Record Type: Record

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

cc:

Subject: Key Challenges of Welfare-To-Work Grants in New Policy Brief

Assessing the New Federalism

Harold Leibovitz Phone: 202-261-5815

Communications Director Fax: 202-293-1918

E-mail: hleibovi@ui.urban.org

KEY CHALLENGES OF WELFARE-TO-WORK GRANTS OUTLINED IN NEW POLICY BRIEF

For More Information: Cinnamon Burnim Bowser, 202-261-5231

(Washington, DC; September 23, 1998) The main features and key challenges of implementing the \$3 billion Welfare-to-Work (WtW) Grants Program are discussed in a new policy brief from the Urban Institute's Assessing the New Federalism project.

The Welfare-to-Work Grants Program: A New Link in the Welfare Reform Chain, by Demetra Smith Nightingale and Kathleen Brennan, analyzes the latest component of federal welfare reform -- the only one to provide federal funds specifically designated for work-related activities for welfare recipients. WtW is designed to serve people with the greatest difficulty finding and keeping a job.

WtW shares the same overall objectives of the Temporary Assistance for Needy Families (TANF) program, but has some unique characteristics. Administrative responsibility rests with the U.S. Department of Labor (DOL) and local Private Industry Councils (PICs, which oversee workforce and training policies), not the U.S. Department of Health and Human Services (DHHS). It focuses on jobs with potential for upward mobility rather than quick placement in any job. WtW funds work-related services, not cash benefits. Finally, WtW targets a group of people not eligible for TANF benefits, including those who have reached their time limit and noncustodial parents of children on TANF.

The brief also describes the types of WtW grants available, requirements for receiving these grants, and challenges to using the funds. Three challenges to state implementation stand out. Since WtW money is not a permanent authorization, state and local initiatives must be mounted quickly. While DOL has primary responsibility for WtW, collaboration with DHHS and coordination with the TANF program will be critical. Finally, since WtW will increase the variation among work-related programs at the local level, local administrators will have to minimize duplication of effort and maximize services and resources.

###

Assessing the New Federalism is a multi-year project designed to analyze the shifting responsibility for social programs from the federal government to the states. The project, conducted by the Urban Institute in collaboration with Child Trends, Inc., analyzes changes in income support, social services, and health programs in child and family well being. For more information, visit the Urban Institute web site, <http://www.urban.org>.

The Urban Institute is a nonprofit, nonpartisan policy research organization established in Washington, D.C., in 1968. Its objectives are to sharpen thinking about society's problems and efforts to solve them, improve government decisions and their implementation, and increase citizens' awareness about important public choices.

Message Sent

To:

---

vjones @ napawash.org  
tweismil @ naswdc.org  
sdormanen @ handsnet.org  
jan @ benton.org  
rschneid @ saturn.vcu.edu  
rfield @ voa.org  
akap @ welfareinfo.org  
sgolonka @ nga.org

srelkin @ ajr.umd.edu  
dbeless @ cswe.org  
kimb @ spokesman.com  
bewig @ astho.org  
slanders @ naswdc.org  
mjacobson @ newshour.org  
bowman1 @ shns.com  
ropear @ nytimes.com  
ellen.ross @ msnbc.com  
info @ policy.com  
dwong @ globe.com  
mikel @ aecf.org  
kkennedy @ handsnet.org  
bschlott @ naco.org  
sfox @ carma.com  
kidscount @ peach.ease.lsoft.com  
urbanco @ mtn.org  
fdkramer @ welfareinfo.org  
Lori\_Ahmady @ ed.gov  
mdeily @ epe.org  
merrillk @ meta3.net  
jdresang @ onwis.com  
artd @ coxnews.com  
bfrerking @ aol.com  
Andrea Kane/OPD/EOP  
goodwill @ bellsouth.net  
redwilde @ bostonabcd.org  
mgallagh @ STORM.EOP.GOV  
genevaoh @ aol.com  
jmweiss @ ix.netcom.com  
mgrey @ ssic.org  
reddick @ facsnet.org  
davis @ facsnet.org  
hku @ dhs.state.hi.us  
nackerud @ arches.uga.edu

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 14:54:12.00

SUBJECT: Tobacco

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

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

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

TEXT:

I have been briefed on the current terms being discussed by the AGs and 2 Tobacco Companies - which the AGs believe will be agreed to over the weekend.

If you haven't been briefed by others let me know.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 22:27:16.00

SUBJECT: The H-1B Deal

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TEXT:  
To All:

As you know, we (finally!) reached an agreement with Sen. Abraham

tonight. Attached are the agreed upon changes to the Abraham-Smith proposal. There is a chance that the bill will reach the House floor tomorrow (Thursday), but we're trying to get it moved to Friday to give us more time to look over legislative language.

-- Ceci

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

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D21]MAIL47837366J.226 to ASCII,  
The following is a HEX DUMP:

FF57504317050000010A02010000000205000000271D00000002000001BD7A290CBF56E27B93A71  
059F40F803E1CFF3815AFBE4C41139D392A761A275E38599859D240A9F6227F9FCE6A9EAFEE38A  
692A4A3433BE5A798AE139379D177AC3E8CE65DD8A8D5551E4B58AD55D4C47EC8D2923CA2F48A0

September 23, 1998

**Changes to Abraham-Smith Proposal**

1. Requires a \$500 fee for each nonimmigrant for which an application is filed or renewed. Fee to fund training provided under JTPA Title IV (approx. 65%) and a percentage for a NSF scholarship and mentoring programs for minority students (approx. 30%). In addition, a portion of these revenues would fund the administration of the H-1B visa program, including the cost of enforcement (approx. 5%).
2. Defines H-1B-dependent employers as:
  - a. Employers with fewer than 25 employees and more than 7 H-1B workers; and
  - b. Employers with 26-49 employees and more than 12 H-1B workers; and
  - c. Employers with more than 50 workers where at least 15% of their workforce is H-1B.
3. The recruitment and no lay-off attestations applies to: (1) H-1B dependent employers; and (2) any employer who, within the previous 5 years, has been found to have willfully violated its obligations under this law.
4. H-1B dependent employers attests they will not place an H-1B worker with another employer, under certain employment circumstances, where the other employer has displaced or intends to displace a U.S. worker during the period beginning 90 days before and ending 90 days after the date the placement would begin.
5. DOL has the authority to investigate compliance either: (1) pursuant to a complaint by an aggrieved party; or (2) if the Secretary receives specific credible information, provides reasonable cause to believe that a willful violation, or pattern or practice of violations, or serious violations affecting multiple employees (or job applicants) may have occurred.
6. Appropriate sanctions for violations of "whistleblower" protections.
7. Closes loopholes in the attestations:
  - a. Strikes the provision that "[n]othing in the [recruitment attestation] shall be construed to prohibit an employer from using selection standards normal or customary to the type of job involved." Substitute with "[n]othing in the [recruitment attestation] shall be construed to prohibit an employer from using legitimate selection criteria relevant to the job that are normal and customary to the type of job involved, provided that the criteria are not applied in a discriminatory manner." Plus report language that this provision is not intended to subvert the recruitment attestation.
  - b. Clarifies that job contractors can be sanctioned for placing an H-1B worker with

an employer who subsequently lays off a U.S. worker within the 90 days following placement.

- c. Does not exempt H-1B workers with at least a master's degree or the equivalent from calculations of the total number of H-1B employees; and does not exempt workers who earn at least \$60,000.
  - d. Rather than defining lay-off based on termination for "cause or voluntary termination," adds "Nothing herein is intended to limit an employee's rights under collective bargaining agreements or other employment contracts."
8. Maintains status quo with regard to LCA approval and petition processes.
  9. Makes more explicit that the definition of U.S. workers does not include other H-1B workers for purposes of this bill.
  10. Includes a provision that prohibits unconscionable contracts (with civil fines).
  11. Includes a "no benching" requirement that an H-1B nonimmigrant in "non-productive status" for reasons such as training, lack of license, lack of assigned work, or other such reason (not including when the employee is unavailable for work) be paid for a 40 hour week or a prorated portion of a 40 hour week during such time.
  12. Increases the annual cap on H-1B visas to 115,000 in FY 1999, 115,000 in FY 2000, and 107,500 in FY 2001. After FY 2001, the visa cap returns to 65,000.
  13. Eliminates the 7500 cap on the number of non-physician health care workers admitted under the H-1B program to make the bill consistent with our obligations under the GATS agreement.
  14. Amends 212(n)(2)(C) (willful violations) to specify \$5000 penalty and 2 year debarment. Amends the new penalty section for willful violations plus layoff to specify \$35,000 penalty and 3 year debarment.
  15. Permanently broadens the definition of prevailing and actual wages to include other forms of compensation and benefits.
  16. Transfers administration of the arbitration process to the Attorney General.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 15:57:05.00

SUBJECT: Daily Updates for Senior Staff Mtg.

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

READ:UNKNOWN

TEXT:

----- Forwarded by Laura Emmett/WHO/EOP on 09/23/98 03:55 PM -----

Paul J. Weinstein Jr.  
09/16/98 10:12:44 AM

Record Type: Record

To: Laura Emmett/WHO/EOP

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

Subject: Re: Daily Updates for Senior Staff Mtg.

please keep in mind the purpose of daily updates. this is not like the weekly. one should submit a daily update only if their is "important and substantial" information that bruce or elena need to provide to senior white house staff at the morning meetings. this could include a congressional vote on a presidential initiative, or a front page story on an important issue related to the administration. the information provided should be no more than three sentences, maximum.

only page bruce or elena if you are unable to get the info to laura by 6:30 pm. if you can, provide the info in the page itself. remember, there are two morning meetings, 7:45 am and 8:15 am. do not page either bruce or elena during those meetings.

Message Copied

To:

- 
- Sarah A. Bianchi/OPD/EOP
  - Michael Cohen/OPD/EOP
  - Thomas L. Freedman/OPD/EOP
  - Christopher C. Jennings/OPD/EOP
  - Jennifer L. Klein/OPD/EOP
  - Jeanne Lambrew/OPD/EOP
  - Cathy R. Mays/OPD/EOP
  - Nicole R. Rabner/WHO/EOP
  - Cynthia A. Rice/OPD/EOP
  - Christa Robinson/OPD/EOP
  - Leanne A. Shimabukuro/OPD/EOP
  - Jose Cerda III/OPD/EOP
  - Mary L. Smith/OPD/EOP
  - Tanya E. Martin/OPD/EOP
  - Essence P. Washington/OPD/EOP
  - Julie A. Fernandes/OPD/EOP
  - Andrea Kane/OPD/EOP

Neera Tanden/WHO/EOP  
Jonathan H. Schnur/OPD/EOP  
Cynthia Dailard/OPD/EOP  
Teresa M. Jones/OPD/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 20:18:08.00

SUBJECT: H-1B -- deal

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

We have reached a deal with Abraham on the H-1B bill. The bill includes:

- (1) a \$500 fee for each visa (including a fee for renewals); money to be used by JTPA; minority scholarships; increased DOL enforcement.
- (2) a recruitment and a no lay-off attestation for H-1B dependent employers (those with a workforce that is more than 15% H-1B; with an additional carve-out from some small businesses)
- (3) a three year increase in the visas (FY99 = 115,000; FY 2000 = 115,000; FY 2001 = 107,500)
- (4) changes the definition of the prevailing wage to include total compensation
- (5) does not permit job shops to place H-1B workers with end-employers who have just laid off a comparable U.S. worker.
- (6) increases penalties for violations (up to 3-year debarment and \$35,000)

What we lost on the last round:

- (1) DOJ administers the process for receiving a complaint from an individual that the employer failed to comply with the recruitment attestation (we wanted DOL to administer)
- (2) DOL enhanced enforcement authority is temporary -- sunsets with the visa increase (we wanted it to be permanent)

Those are the highlights. You will see a draft of the SAP, plus a more detailed description of the bill, in the morning. The bill is scheduled to be the last thing that the House considers tomorrow.

julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 14:48:21.00

SUBJECT: SAP on Vacancies Reform Act--Comment by 4:30PM TODAY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TO: Kate P. Donovan ( CN=Kate P. Donovan/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: Lisa B. Fairhall ( CN=Lisa B. Fairhall/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

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

CC: Josie R. Dade ( CN=Josie R. Dade/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

CC: Vanna J. Shields ( CN=Vanna J. Shields/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

CC: Abigail C. Smith ( CN=Abigail C. Smith/OU=WHO/O=EOP@EOP [ WHO ] )  
READ:UNKNOWN

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

TEXT:

Following is LRM ID: SGE197, a draft SAP on S2176, the "Federal Vacancies Reform Act of 1998." Please read and respond to it by 4:30 p.m., TODAY, Wednesday, September 23. The draft SAP, which closely follows Chief of Staff Bowles' 07/28 letter to Senator Lott, is attached at the end of this e-mail.

Please see important comments in RED following the LRM header.

Unless you make a special request to me, you will not receive a paper copy of this LRM.

----- Forwarded by Stephen G. Elmore/OMB/EOP on 09/23/98  
02:35 PM -----  
Total Pages: \_\_\_\_\_

LRM ID: SGE197  
EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
Washington, D.C. 20503-0001

Wednesday, September 23, 1998

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Janet R. Forsgren (for) Assistant Director for Legislative Reference

OMB CONTACT: Stephen G. Elmore  
PHONE: (202)395-3924 FAX: (202)395-6148

SUBJECT: Statement of Administration Policy on S2176: Federal Vacancies Reform Act of 1998

DEADLINE: 4:30 p.m., TODAY, Wednesday, September 23, 1998

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: The Senate may begin consideration of S2176 tomorrow, Thursday, September 24. This statement closely follows the July 28 letter that White House Chief of Staff Erskine Bowles sent to Senator Lott.

DUE TO THE LIMITED TIME AVAILABLE FOR CLEARING THIS STATEMENT, YOU MAY NOT RECEIVE A REMINDER TO COMMENT. Please comment now.

You may access the text of this bill, as reported in the Senate, from the Thomas Web site: <http://thomas.loc.gov/>.

DISTRIBUTION LIST

AGENCIES:

7-AGRICULTURE - Marvin Shapiro - (202) 720-1516  
8-US Agency for International Development - Jan W. Miller - (202) 712-5843  
19-Council on Environmental Quality - Judy Jablow - (202) 456-6448  
24-Corporation for Natl and Community Service - Gene Sofer - (202) 606-5000  
25-COMMERCE - Michael A. Levitt - (202) 482-3151  
29-DEFENSE - Samuel T. Brick Jr. - (703) 697-1305  
30-EDUCATION - Jack Kristy - (202) 401-8313  
32-ENERGY - Bob Rabben - (202) 586-6718  
33-Environmental Protection Agency - John Reeder - (202) 260-5414  
39-Federal Emergency Management Agency - Ernest B. Abbott - (202) 646-4105  
51-General Services Administration - William R. Ratchford - (202) 501-0563  
52-HHS - Sondra S. Wallace - (202) 690-7760  
54-HUD - Allen I. Polsby - (202) 708-1793  
59-INTERIOR - Jane Lyder - (202) 208-4371  
61-JUSTICE - L. Anthony Sutin - (202) 514-2141  
62-LABOR - Robert A. Shapiro - (202) 219-8201  
69-National Aeronautics & Space Administration - Ed Heffernan - (202) 358-1948  
89-Office of National Drug Control Policy - John Carnevale - (202) 395-6736  
92-Office of Personnel Management - Harry Wolf - (202) 606-1424  
103-Peace Corps - Nancy H. Hendry - (202) 606-3114  
107-Small Business Administration - Mary Kristine Swedin - (202) 205-6700  
110-Social Security Administration - Judy Chesser - (202) 358-6030  
114-STATE - Paul Rademacher - (202) 647-4463  
117 and 340-TRANSPORTATION - Tom Herlihy - (202) 366-4687  
118-TREASURY - Richard S. Carro - (202) 622-0650  
123-US Information Agency - Ronna Freiberg - (202) 619-6828  
128-US Trade Representative - Fred Montgomery - (202) 395-3475  
129-VETERANS AFFAIRS - John H. Thompson - (202) 273-6666

EOP:

G. E. DeSeve  
Bruce D. Long  
Lisa B. Fairhall  
Raymond P. Kogut  
Robert G. Damus  
Steven D. Aitken  
Kate P. Donovan  
John Podesta  
Bob J. Nash  
Dorian V. Weaver  
Robert N. Weiner  
Tracey E. Thornton  
Roger S. Ballentine  
G. Timothy Saunders  
Michelle Peterson  
Julie A. Fernandes

Elena Kagan  
James J. Jukes  
Janet R. Forsgren  
LRM ID: SGE197 SUBJECT: Statement of Administration Policy on S2176:  
Federal Vacancies Reform Act of 1998

RESPONSE TO  
LEGISLATIVE REFERRAL  
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
- (2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Stephen G. Elmore Phone: 395-3924 Fax: 395-6148  
Office of Management and Budget  
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: \_\_\_\_\_ (Date)  
 \_\_\_\_\_ (Name)  
 \_\_\_\_\_ (Agency)  
 \_\_\_\_\_ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

- \_\_\_\_\_ Concur
- \_\_\_\_\_ No Objection
- \_\_\_\_\_ No Comment
- \_\_\_\_\_ See proposed edits on pages \_\_\_\_\_
- \_\_\_\_\_ Other: \_\_\_\_\_
- \_\_\_\_\_ FAX RETURN of \_\_\_\_\_ pages, attached to this response sheet

DRAFT -- NOT FOR RELEASE

24, 1998

September  
(Senate)

S. 2176 - Federal Vacancies Reform Act of 1998  
(Sen. Thompson (R) TN and 6 cosponsors)

The Administration cannot support S. 2176 in its present form. If the bill is not amended to address the Administration's concerns, the President's senior advisers would recommend that he veto the bill. S. 2176 would revise the process set forth in the Vacancies Act for filling vacancies in positions that are subject to Presidential appointment and Senate confirmation.

While certain provisions of S. 2176 are acceptable, several others are extremely problematic. In particular, the bill would (1) too narrowly limit who can serve in an acting capacity; (2) jeopardize critical duties pertaining to national security, criminal law enforcement, public health and safety, and the stability of financial markets; and (3) provide insufficient time to fill positions at the beginning of an Administration.

The Administration understands the Senate's genuine interest in passing legislation in this area and would be willing to support a fair and workable bill. The Administration cannot, however, support a bill that would have a severe and damaging impact on the government's ability to do the people's business.

\* \* \* \* \*

(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Elmore) in consultation with VAPD (\*\*\*) . . .

\*\*\* (\*\*) and \*\*\* (\*\*) concur with this position. The following agencies have no objection: \*\*\* have no comment.

OMB/LA Clearance: \_\_\_\_\_

S. 2176 was introduced on June 16, 1998. On June 17, 1998, the Senate Governmental Affairs Committee amended S. 2176 and ordered it reported. This position is based on Senate Report 105-250.

Administration Position to Date

On July 28, 1998, the White House Chief of Staff transmitted a letter to Senator Lott in which he expressed that the Administration cannot support S. 2176 in its present form and indicated that, if the bill is not amended to address the Administration's concerns, the President's senior advisers would recommend that he veto it. In addition, several agencies have responded to questions from Senator Glenn regarding the bill's expected effects on their respective agencies. In these letters, the agencies have almost uniformly expressed their strong opposition to the bill and have referred to the senior advisers' veto threat.

Summary of S. 2176

S. 2176 would provide that upon the death, resignation, or inability to serve of an officer of an Executive agency (including the Executive Office of the President and other than the General Accounting Office), the first assistant to the officer would become the acting officer, for a period

beginning on the date the vacancy occurs and not to exceed 150 days. (Currently, the acting officer may serve for 120 days.) As an alternative to this arrangement, the President would be able to direct that a person who has already received Senate confirmation could be made the acting officer in lieu of the first assistant. The bill also would require that a first assistant who has not received Senate confirmation, but who is nominated to fill the office permanently, could be made the acting officer only if he or she has been the first assistant for at least 180 days in the year preceding the vacancy. If a first or second nominee were withdrawn, or rejected or returned by the Senate, the acting official would be able to serve until 150 days after the withdrawal, rejection, or return of that nomination.

S. 2176 would apply to most vacancies in Senate-confirmed positions in Executive agencies, but there would be a few exceptions. First, those laws that expressly provide that they supersede the Vacancies Act would do so. Second, current laws (numbering approximately 41) that provide for the President or the head of an Executive department to designate an officer to perform the functions and duties of a specified office in an acting capacity would be maintained, as would those statutes that themselves stipulate who shall serve in a specific office in an acting capacity. Statutes that only generally permit agency heads to delegate or reassign duties within their agencies would be specified not to constitute statutes that provide for the temporary filling of particular offices.

S. 2176 contains an enforcement provision. The provision would require that an office be made vacant if, 150 days after the vacancy arises, the President has not submitted a nominee to the Senate. In such a case, for offices other than the heads of agencies, the functions and duties specifically to be performed by the vacant officer would be required to be performed only by the agency head. Such duties would include duties established by regulation for the officer during any part of the 180 days before the vacancy occurred, notwithstanding subsequent regulations that purported to limit those duties. The sanction could be ended if the President were to submit a nominee after the 150-day period, at which time the acting officer could resume service. Actions taken in violation of the vacant officer provisions would be of no effect and would not be permitted to be ratified by anyone else. The shifting of duties to the agency head would not apply to vacancies in the positions of general counsel to the National Labor Relations Board or the Federal Labor Relations Authority or to Senate-confirmed inspectors general, given the specific goal Congress established for those positions of independence from the agency heads.

The bill also would require the heads of Executive agencies to report to the General Accounting Office the existence of vacancies, persons serving in an acting capacity, the names of any nominees, and dates of disposition of such nominees. The Comptroller General then would report to the Congress, the President, and the Office of Personnel Management the existence of any violations of the Vacancies Act. The 150-day period for submitting nominations would be extended for an additional 90 days for vacancies that exist when a new President swears or affirms the oath of office as President or that arise in the 60 days thereafter. In addition, the bill would maintain holdover provisions in current law that apply to single-member independent agencies and would exempt members of multi-member independent agencies altogether, as the Vacancies Act does currently.

S. 2176 would apply to any office that becomes vacant after the date of enactment. In addition, it would apply to offices that are vacant on the date of enactment; however, the bill would apply to those offices as

though they first became vacant on the date of enactment.

Pay-As-You-Go Scoring

According to VAPD (\*\*\*) and BASD (\*\*\*), S. 2176 would not affect direct spending and receipts; therefore, it is not subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. CBO concurs.

LEGISLATIVE REFERENCE DIVISION DRAFT

September 23, 1998/2:30 p.m.===== ATTACHMENT 1 =====

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D43]MAIL40631166X.226 to ASCII,  
The following is a HEX DUMP:

FF575043C2060000010A02010000000205000000AD2C00000002000002F0D389941CF0E4E7F7DCE  
B0EA9D5D33F6134CBEF150D293CF0C1AE8110D76509B455C6CBE5BDCE3870967556891DDD4BBEB

**DRAFT -- NOT FOR RELEASE**

September 24, 1998  
(Senate)

**S. 2176 - Federal Vacancies Reform Act of 1998**  
(Sen. Thompson (R) TN and 6 cosponsors)

**The Administration cannot support S. 2176 in its present form. If the bill is not amended to address the Administration's concerns, the President's senior advisers would recommend that he veto the bill. S. 2176 would revise the process set forth in the Vacancies Act for filling vacancies in positions that are subject to Presidential appointment and Senate confirmation.**

While certain provisions of S. 2176 are acceptable, several others are extremely problematic. In particular, the bill would (1) too narrowly limit who can serve in an "acting" capacity; (2) jeopardize critical duties pertaining to national security, criminal law enforcement, public health and safety, and the stability of financial markets; and (3) provide insufficient time to fill positions at the beginning of an Administration.

The Administration understands the Senate's genuine interest in passing legislation in this area and would be willing to support a fair and workable bill. The Administration cannot, however, support a bill that would have a severe and damaging impact on the government's ability to do the people's business.

\* \* \* \* \*

**(Do Not Distribute Outside Executive Office of the President)**

This Statement of Administration Policy was developed by the Legislative Reference Division (Elmore) in consultation with VAPD (\*\*\*), . . .

\*\*\* (\*\*\*) and \*\*\* (\*\*\*) concur with this position. The following agencies have no objection: \*\*\* have no comment.

OMB/LA Clearance: \_\_\_\_\_

S. 2176 was introduced on June 16, 1998. On June 17, 1998, the Senate Governmental Affairs Committee amended S. 2176 and ordered it reported. This position is based on Senate Report 105-250.

**Administration Position to Date**

On July 28, 1998, the White House Chief of Staff transmitted a letter to Senator Lott in which he expressed that the Administration cannot support S. 2176 in its present form and indicated that, if the bill is not amended to address the Administration's concerns, the President's senior advisers would recommend that he veto it. In addition, several agencies have responded to questions from Senator Glenn regarding the bill's expected effects on their respective agencies. In these letters, the agencies have almost uniformly expressed their strong opposition to the bill and have referred to the senior advisers' veto threat.

**Summary of S. 2176**

S. 2176 would provide that upon the death, resignation, or inability to serve of an officer of an Executive agency (including the Executive Office of the President and other than the General Accounting Office), the first assistant to the officer would become the acting officer, for a period beginning on the date the vacancy occurs and not to exceed 150 days. (Currently, the acting officer may serve for 120 days.) As an alternative to this arrangement, the President would be able to direct that a person who has already received Senate confirmation could be made the acting officer in lieu of the first assistant. The bill also would require that a first assistant who has not received Senate confirmation, but who is nominated to fill the office permanently, could be made the acting officer only if he or she has been the first assistant for at least 180 days in the year preceding the vacancy. If a first or second nominee were withdrawn, or rejected or returned by the Senate, the acting official would be able to serve until 150 days after the withdrawal, rejection, or return of that nomination.

S. 2176 would apply to most vacancies in Senate-confirmed positions in Executive agencies, but there would be a few exceptions. First, those laws that expressly provide that they supersede the Vacancies Act would do so. Second, current laws (numbering approximately 41) that provide for the President or the head of an Executive department to designate an officer to perform the functions and duties of a specified office in an acting

capacity would be maintained, as would those statutes that themselves stipulate who shall serve in a specific office in an acting capacity. Statutes that only generally permit agency heads to delegate or reassign duties within their agencies would be specified not to constitute statutes that provide for the temporary filling of particular offices.

S. 2176 contains an enforcement provision. The provision would require that an office be made vacant if, 150 days after the vacancy arises, the President has not submitted a nominee to the Senate. In such a cases, for offices other than the heads of agencies, the functions and duties specifically to be performed by the vacant officer would be required to be performed only by the agency head. Such duties would include duties established by regulation for the officer during any part of the 180 days before the vacancy occurred, notwithstanding subsequent regulations that purported to limit those duties. The sanction could be ended if the President were to submit a nominee after the 150-day period, at which time the acting officer could resume service. Actions taken in violation of the vacant officer provisions would be of no effect and would not be permitted to be ratified by anyone else. The shifting of duties to the agency head would not apply to vacancies in the positions of general counsel to the National Labor Relations Board or the Federal Labor Relations Authority or to Senate-confirmed inspectors general, given the specific goal Congress established for those positions of independence from the agency heads.

The bill also would require the heads of Executive agencies to report to the General Accounting Office the existence of vacancies, persons serving in an acting capacity, the names of any nominees, and dates of disposition of such nominees. The Comptroller General then would report to the Congress, the President, and the Office of Personnel Management the existence of any violations of the Vacancies Act. The 150-day period for submitting nominations would be extended for an additional 90 days for vacancies that exist when a new President swears or affirms the oath of office as President or that arise in the 60 days thereafter. In addition, the bill would maintain holdover provisions in current law that apply to single-member independent agencies and would exempt members of multi-member independent agencies altogether, as the Vacancies Act does currently.

S. 2176 would apply to any office that becomes vacant after the date of enactment. In addition, it would apply to offices that are vacant on the date of enactment; however, the bill would apply to those offices as though they first became vacant on the date of enactment.

#### Pay-As-You-Go Scoring

According to VAPD (\*\*\*) and BASD (\*\*\*), S. 2176 would not affect direct spending and receipts; therefore, it is not subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. CBO concurs.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: David R. Goodfriend ( CN=David R. Goodfriend/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:23-SEP-1998 12:51:15.00

SUBJECT: President's Trip to Illinois, California, and Texas

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

TO: Anne M. Edwards ( CN=Anne M. Edwards/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: Laura K. Capps ( CN=Laura K. Capps/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: 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:

The President will be in Chicago on Friday, September 25 for an "America Reads" event and a Glenn Poshard lunch. Also on Friday, he will travel to San Jose, California for a DNC dinner. On Saturday, September 26, he will travel to San Diego for a DNC luncheon, then to Los Angeles for a Unity dinner. On Sunday, September 27, he will travel to San Antonio, Texas for a reception, then to Houston for a Garry Mauro dinner. Deadlines for the President's trip book are as follows:

Background Memos (IL, CA, TX): DUE THURSDAY, SEPT. 24, NOON

- Political Memos
- CEQ Hot Issues
- Cabinet Affairs Hot Issues
- Accomplishments

Event Memos (IL, CA, TX): DUE THURS., SEPT. 24, 6:00 P.M.

- America Reads (Chicago)
- Poshard Lunch (Chicago)
- Radio Address (Chicago)
- DNC Dinner (San Jose)

- DNC Luncheon (San Diego)
- Unity Dinner (Los Angeles)
- Reception (San Antonio)
- Garry Mauro Dinner (Houston)

If you have any questions, please e-mail or call me (6-2702).

--David Goodfriend

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 10:10:50.00

SUBJECT: single sex schools update

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:

Here's what Scott Fleming learned since our meeting yesterday:

1. Kennedy's goal is to draft an amendment that he can use to "get back" the women Dem's who voted with Hutchinson the last time, and then go with them to Hutchinson to work out a deal (Scott and I think this is a very unlikely scenario). While Kennedy's education staff (Donica Petrovich) says that Kennedy feels strongly about this, it appears that he is mainly being moved by the women's groups. Donica admitted that she is having a hard time getting the women Dem's very interested in this issue.
2. Patty Murray's staff (Murray voted and worked against Hutchinson the last time) also reports that there is little interest among women Dem's on this amendment. And while he confirmed Murray's opposition, she doesn't feel that strongly about this either.
3. In short, as we suspected yesterday, the women's groups are the big issue here. In all likelihood, if they weren't pushing this one, there would not be much opposition among Dems. So, a meeting with them still seems like a necessary step. Any word from Podesta on this issue?
4. In addition, I continue to think it might be helpful if Kennedy, the female Dems and Dems on the Ed and Labor committee had good information on the NYC school. This won't directly help with the women's groups, but may give the Dems some addition comfort if they decide to part ways with them on this issue.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 20:40:23.00

SUBJECT: Need clearance: Agriculture Approps. conferees letter

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

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

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

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

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

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

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

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

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

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

TO: Clifford J. Gabriel ( CN=Clifford J. Gabriel/OU=OSTP/O=EOP@EOP [ OSTP ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

TEXT:

Below is the conferees letter for the Agriculture FY99 Appropriations bill. Conference action is expected Friday (9/25); therefore, we aim to get the letter out midday tomorrow (Thurs, 9/24). Please note that the veto position is open for discussion pending further consultation. Please provide your comments/clearance by noon tomorrow. Thank you.

The Honorable Bob Livingston  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

This letter provides the Administration's views on H.R. 4101, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, FY 1999, as passed by the House and by the Senate. As the conferees develop a final version of the bill, your consideration of the Administration's views would be appreciated.

The Administration welcomes congressional efforts to accommodate the President's priorities within the 302(b) allocation. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by providing savings through user fees and certain mandatory programs to help finance discretionary spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. In addition, this year, as in the past, such mandatory offsets have been approved by the House and Senate in other appropriations bills. We want to work with the Congress on mutually-agreeable mandatory and other offsets that could be used to increase high-priority discretionary programs in this bill. In addition, we urge the Congress to consider again the user fee proposals included in the President's budget, either adopting or modifying them to enable more resources to be directed to important initiatives such as those proposed for food safety, nutrition programs, rural development, agriculture research, and conservation.

The Administration's specific concerns with the bill as passed by the House and the Senate are discussed below. We look forward to working with you to resolve these concerns.

Food and Drug Administration

The Administration strongly opposes the House-passed provision that would prohibit FDA from using funds for the testing, development, or approval of any drug for the chemical inducement of abortion. The determination of safety and effectiveness is the cornerstone of the consumer protection established by the Federal Food, Drug, and Cosmetic Act and must continue to be based on the scientific evidence available to FDA. Prohibiting FDA from reviewing applications for particular products

could deprive patients of new therapies that are safer and more effective than those currently approved. Additionally, this provision could conceivably put women at risk because it might allow clinical trials of such drugs to proceed without FDA supervision. If the bill were presented to the President with this House provision, his senior advisors would recommend that he veto it.

In addition, the Administration strongly urges Congress to provide the full \$1,251 million in resources to fund the program level proposed for the Food and Drug Administration (FDA) in the President's budget. The Administration is deeply disappointed and concerned that neither the House nor the Senate has funded the President's request for FDA's tobacco enforcement activities. This funding is vital to the Administration's plan to reduce youth smoking. Failure thus far to pass comprehensive tobacco legislation should not prevent the Congress from providing adequate resources for these critical public health activities.

#### Food Safety Initiative

The Administration is deeply concerned that neither the House nor the Senate has fully funded the President's request for Food And Drug Administration (FDA) and USDA activities to enhance food safety, providing only \$16.8 million and \$68.9 million, respectively, of the \$96 million the President has requested for these activities. American consumers enjoy the world's safest food supply, but too many Americans get sick, and in some cases die, from preventable food-borne diseases. The President's initiative would expand food safety research, risk assessment capabilities, education, surveillance activities, and food import inspections. The Administration will work with Congress to explore options to offset the additional cost needed to fully fund the President's request.

#### Disaster Assistance

It is of critical importance that the Federal Government provide emergency funds to farmers facing the worst agricultural crisis in a decade. On September 22nd, the Administration submitted its request for \$2.3 billion in emergency assistance, including supplemental crop insurance indemnity payments, additional farm operating loans, and other vitally important programs. Although this request did not include income assistance to farmers for low commodity prices, Secretary Glickman communicated the Administration's support for such assistance through Senators Daschle and Harkin's proposal to remove the cap on marketing loan rates for 1998 crops. The Administration urges the Congress to provide assistance to address this urgent crisis.

#### Women, Infants, and Children

The President requested a funding increase in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), to reflect inflation adjustments and projected increases in participation. Based on new data indicating declining food package costs and stable WIC participation, it now appears that the Senate or lower House funding level will be sufficient to support the revised 7.4 million year-end participation level going into FY 1999. We commend the House and Senate for their hard work on this issue and if the conferees approve the House level, we urge that the additional resources in the Senate bill be reallocated to priorities detailed in this letter.

#### Civil Rights

The President is personally committed to righting any wrongs committed by USDA employees in years past. Therefore, the Administration strongly supports the provision passed in both the House and the Senate that waives the statute of limitations for individuals who have previously filed a discrimination claim against USDA. The Administration prefers the Senate version because it applies to both USDA farm and housing loans.

However, in a number of areas, the House and Senate have reduced funds to assist the most needy farmers and residents of rural communities. Neither the House nor the Senate has provided the requested increase for the Outreach for Socially Disadvantaged Farmers program, which was a key recommendation of the USDA Civil Rights Action Team (CRAT) report last year. With the additional \$7 million requested, USDA could support 35 projects to assist 10,000 small family farms and stem the decline in the number of minority farmers and ranchers. We urge the conferees to provide the full request.

The CRAT report also recommended increasing the amount of farm ownership loans, a portion of which are targeted to minority and beginning farmers. The Administration urges the conferees to provide an additional \$3 million requested for this program by the President, which would permit another 290 limited-resource farmers to finance real estate purchases.

#### Rural Development Funding

The Administration strongly objects to the provision in both bills that blocks FY 1999 spending in the mandatory Fund for Rural America. The Fund provides additional resources for rural development and innovative agricultural research that are vitally needed to improve the quality of life in rural America and increase the productivity of U.S. farmers. Congress created the Fund in 1996 to boost the overall Federal investment in these activities, not as a source of savings to offset discretionary spending. Moreover, Congress recently extended the authority for the Fund and increased its resources. The Administration urges the conferees to strike this provision.

In addition, the Senate bill does not fully fund the President's request for the Rural Community Advancement Program (RCAP), under-funding direct loans for water and wastewater and for community facilities. These loans provide the community infrastructure to improve the quality of life of rural Americans, and they often finance the vital ingredient for diversifying the rural economy. The Senate bill would fund 35 fewer water and wastewater facilities, serving 50,000 rural residents, as well as fewer rural health clinics, police and fire stations, and health care facilities than the President's request. We urge the conferees to adopt the House position, but to strike the House language that would limit the flexibility of USDA to transfer funds among programs, in order to allow the program to operate as intended and permit resources to be tailored to meet unique local needs.

#### Agriculture Research

Both the House and Senate have included over \$50 million in unrequested earmarks for low-priority research while funding competitive grants through the National Research Initiative (NRI) at \$30 million and \$35 million, respectively, below the President's request. Rejecting additional funds for competitive research grants for national and regional priorities in favor of earmarked grants for local interests fails to support the highest priority needs of American agriculture and consumers,

and the Administration urges the conferees to reverse this policy. We also believe that the conferees should reduce the unrequested increases in the Agricultural Research Service's buildings and facilities program and redirect these resources to higher priority programs.

The Administration strongly objects to the House's elimination of the \$120 million in competitively-awarded research funds authorized in the Agricultural Research, Extension and Education Reform Act of 1998. These funds would finance vital investments in food and agricultural genome research, food safety and technology, human nutrition, and agricultural biotechnology. We urge the conferees to support these important research efforts by restoring funds to the level requested.

#### Climate Change and Clean Water Initiatives and Conservation Programs

Neither the House nor the Senate has provided the \$7 million increase requested for research to support the Administration's Climate Change Technology Initiative. These funds would support high-priority research to reduce greenhouse gas emissions caused by agricultural practices, develop improved feedstocks that can generate energy, and improve techniques to convert agricultural products to biofuels. The Administration urges the conferees to restore funding to the requested level.

In addition, neither the House nor the Senate has included the Administration's requested increase of \$23 million for the Natural Resources Conservation Service (NRCS) to implement the President's Clean Water Action Plan to help State and local organizations hire watershed coordinators, document baseline conditions, and target resources to farmers requesting assistance. The Plan, developed by USDA and EPA, outlines a strategy on how to correct water quality problems, including polluted run-off, across the Nation. The Administration urges the conferees to provide these necessary funds to the NRCS.

The Administration strongly opposes House and Senate actions reducing or eliminating funding for several key mandatory USDA conservation programs, including the Environmental Quality Incentives Program, Wetlands Reserve Program, Wildlife Habitat Incentives Program, and Conservation Farm Option. These programs are essential for enhanced water quality, wildlife habitat, and soil conservation on American farms and throughout rural America and should be adequately funded.

#### Language Provisions

The Administration strongly objects to the House provision that would provide funding for research on nutrition programs within the Economic Research Service. Research on nutrition programs should occur in the context of the program's administration, and the Administration urges the conferees to provide funding for these activities within the Food and Nutrition Service, as requested and as included in the Senate bill.

The Senate bill purports to prohibit USDA personnel from preparing or submitting appropriations language regarding unenacted user fees unless the budget also identifies additional spending reductions should the user fees proposals not be enacted by an identified time. The Justice Department advises that this provision would violate the Recommendations Clause of the Constitution under which Congress can neither require nor prohibit that the President make legislative or policy recommendations to Congress. Because the funding restriction would undermine the President's ability to fulfill his constitutional duty under the Recommendations

Clause, it would be unconstitutional.

The Administration objects to the provision in the House and Senate versions of the bill that would limit Executive Branch review of USDA responses to congressional inquiries. The Administration urges the conferees to delete these provisions.

The Administration objects to a Senate provision that would prohibit the FDA from consolidating laboratory operations. The proposed consolidation offers the opportunity for better efficiency and mission coordination, and it is part of FDA's overall streamlining goals. The Senate provision would force FDA to spend funds on infrastructure that could otherwise be used more directly to protect public health. The Administration urges the conferees to drop this provision.

The Administration objects to section 741 of the House-passed bill that would allow Federally tax-exempt financing in conjunction with rural multi-family housing guarantees. Guarantees of tax-exempt obligations are an inefficient way of allocating Federal credit. Assistance to borrowers, through the tax exemption and the guarantee, provides interest savings to the borrower that are smaller than the tax revenue loss to the Government, and the cost to the taxpayer is, therefore, greater than the benefit to the borrower.

The Administration objects to the addition of Title XI to the Senate bill, would amend the alternative-fuel provisions of the Energy Policy Act of 1992. The amendment makes numerous changes to definitions and compliance credits, with the nominal intent of increasing demand for "biodiesel" -- a fuel derived from oil seeds such as rapeseed. The real effect, however, would be to gut most of the existing alternative-fuel requirements and policies. The amendment creates loopholes that would allow Federal agencies and other fleet operators to ignore, effectively, most alternative fuels, such as ethanol, natural gas, and electric vehicles. These loopholes would be easier for Federal agencies to exploit than for many private or State fleets. If the Energy Policy Act is to be amended, such action should be pursued through the energy authorization committees.

#### Other Issues

The Administration urges the conferees to provide additional funds for the farm labor housing program to improve the living conditions of many farm labor families. The House and Senate levels, \$20 million and \$16 million, respectively, are more than 35 percent below the Administration's request and would result in at least 230 fewer housing units being built compared with the request. The Administration urges the conferees to increase funding to assist these needy members of our society.

The House reduces by \$10 million and the Senate by \$20 million the President's request for the mandatory Emergency Food Assistance Program (TEFAP), which purchases commodities for individuals greatly in need of assistance. Given reported increases in need for food assistance through food banks and soup kitchens, the Administration is concerned that this reduction from the authorized level would mean less food will reach the most vulnerable Americans. In addition, food rescue and gleaning is a priority area that deserves additional funding in the USDA budget. The budget proposes \$20 million for this initiative to encourage greater private sector and community based involvement in food rescue.

Under the 1996 Food Quality and Protection Act, USDA has added

responsibilities to assist EPA with its re-registrations of pesticides and to develop new technologies for integrated pest management systems. Both bills fail to provide the requested additional funding to meet these urgent needs and, as a result, re-registrations may be based on incomplete understanding of actual pesticide use and exposure, jeopardizing the continued viability of current crop production patterns.

The House has provided only \$2 million of the requested \$22 million increase for the Inspector General as part of the Administration's law enforcement initiative, and the Senate has not provided any of the requested funds. The USDA initiative would save taxpayers millions of dollars lost through fraud in the food and nutrition programs as well as in USDA disaster, multi-family housing, and other programs. The initiative would also improve the integrity of many USDA programs. The Administration urges the conferees to increase funds for this important initiative.

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

Sincerely,

Jacob J. Lew  
Director

Identical Letter Sent to The Honorable Bob Livingston,  
The Honorable David R. Obey, The Honorable Joseph Skeen,  
and The Honorable Marcy Kaptur, The Honorable Ted Stevens,  
The Honorable Robert C. Byrd, The Honorable Thad Cochran,  
and The Honorable Dale Bumpers

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 17:31:54.00

SUBJECT: DPC Staff Meeting

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

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

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

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

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

TO: Jonathan H. Schnur ( CN=Jonathan H. Schnur/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: Tanya E. Martin ( CN=Tanya E. Martin/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

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

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

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

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

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

TO: WEINSTEIN\_P@A1@CD@VAXGTWY ( WEINSTEIN\_P@A1@CD@VAXGTWY @ VAXGTWY [ UNKNOWN ] ) (O  
READ:UNKNOWN

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

TEXT:

Tomorrow's DPC staff meeting is CANCELLED.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 09:46:22.00

SUBJECT: H-1B -- deal afoot?

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

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

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

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

TEXT:

I just heard from DOL that Gene is meeting with Abraham today at 12 noon,  
with the expectation that we will have a deal by 2pm. I will keep you  
posted.

julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 09:55:40.00

SUBJECT: Harkin/charter schools

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Riley and Harkin finally talked last evening. Scott Fleming reports that Harkin told Riley that "he would be cooperative if he were the only obstacle to moving the bill" but if others proposed amendments to the UC, he would propose his as well.

Scott was a little tentative with this report--he was not with Riley when the conversation occurred, and got this report from Riley's assistant. Scott will nail this down with Riley later this morning, and I'll let you know when Scott gets back to me.

Assuming this is accurate, I think its decent news. I don't believe we need a POTUS call to Harkin. I'll work with Scott and Broderick to explore how and when it would be best to get Kennedy and Coats to hotline this for a UC.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 14:09:33.00

SUBJECT: Draft education bill of rights

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

READ:UNKNOWN

TEXT:

This hasn't been vetted with OMB, ED or anyone else except my co-conspirator Shireman.===== ATTACHMENT 1 =====

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D2]MAIL46655756Y.226 to ASCII,  
The following is a HEX DUMP:

FF5750430C060000010A020100000002050000005A230000000200000B655800748A096ED26916E  
05CED4202E1E3A192CE959ED6210D247AC54AD1FADA76388F9254EEF2B7DACC1C43D0E4659329F  
EB72BD8AE2AE23562377F0D9CFC45144C86DEB100B52E4F16026CF36ACF7F7D2553E5134979FD2

**Draft**

## **EDUCATION BILL OF RIGHTS**

**Every American family has the right to send their children to public schools with:**

### **1. Small classes**

**Congress must:**

- **Pass the Class Size Reduction and Teacher Quality Act**
- **Provide funding for reducing class size through Title 1 appropriations**

### **2. Well-prepared teachers**

**Congress must:**

- **Pass the Teacher Preparation and Recruitment initiative in Higher Education Act**
- **Pass the Class Size Reduction and Teacher Quality Act**
- **Provide funding requested by the President for LEP Teacher Professional Development (bilingual)**
- **Provide funding requested by the President for Technology Teacher Training**
- **Continue to support the work of the National Board for Professional Teaching Standards**

### **3. Modern school facilities**

**Congress must:**

- **Pass the School Modernization Act**
- **[note: Harkin is pushing an alternative school construction proposal--that we do not want to support--through the appropriations process)**

### **4. High standards and accountability**

**Congress must:**

- **Provide funding for Goals 2000**
- **Pass and provide funding for Education Opportunity Zones**
- **Support continued development of Voluntary National Standards and tests**

### **5. Safe, disciplined, and drug-free learning environments**

**Congress must:**

- **Provide funding as requested by President for middle-school drug coordinators**
- **Support President's proposal to strengthen accountability for the Safe and Drug Free Schools Program**
- **Extend Brady law to violent juveniles**
- **Enact Child Access Prevention bill to keep guns away from kids**

### **6. Quality after-school and summer school programs**

**Congress must:**

- **Provide funding requested by the President for 21st Century Community Learning Centers program**

**7. Public School Choice**

**Congress must:**

- **Pass the charter schools bill and provide funding requested by the President for the charter schools program**

**8. Programs to give students a solid foundation in the basic skills and preparation for college**

**Congress must:**

- **Pass and fund the Early Literacy bill**
- **Provide funding requested by the President for Title 1**
- **Pass and fund the High Hopes program**

**9. Help young children arrive at school ready to learn**

**Congress must:**

- **Pass and fund President's Early Learning Fund**
- **Pass and fund Head Start improvements and expansion**
- **Provide funding requested by the President for the Child Care Development Block Grant**
- **Pass and fund the President's child care standards enforcement fund**

**10. 21st century technology**

**Congress must:**

- **Provide funding requested by the President for the Technology Literacy Challenge Fund**
- **Provide funding requested by the President for Technology Teacher Training**
- **Support implementation of the e-rate**

*Automated Records Management System  
Hex-Dump Conversion*

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Ingrid M. Schroeder ( CN=Ingrid M. Schroeder/OU=OMB/O=EOP [ OMB ] )

CREATION DATE/TIME:23-SEP-1998 09:43:25.00

SUBJECT: LRM #IMS428 - Statement of Administration Policy on S2392 Year 2000 Inform

TO: Anthony J. Gibson ( CN=Anthony J. Gibson/OU=OSTP/O=EOP [ OSTP ] )

READ:UNKNOWN

TO: David Y. Stevens ( CN=David Y. Stevens/OU=OSTP/O=EOP [ OSTP ] )

READ:UNKNOWN

TO: congress.affairs ( congress.affairs @ arch2.nara.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: cftclrm ( cftclrm @ cftc.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: toby.costanzo ( toby.costanzo @ hq.nasa.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: cla ( cla @ sba.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: llo ( llo @ nrc.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: frbcongressional ( frbcongressional @ frb.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: ferc\_lrm ( ferc\_lrm @ ferc.fed.us @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: oliafcc ( oliafcc @ fcc.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: agc.llr ( agc.llr @ treas.sprint.com @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: rademachpr ( rademachpr @ ssonwpob.us-state.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: justice.lrm ( justice.lrm @ usdoj.gov @ inet [ UNKNOWN ] ) (OA)

READ:UNKNOWN

TO: HUD-LRM ( HUD-LRM @ hud.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: ca.legislation ( ca.legislation @ gsa.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: ogc\_legislation ( ogc\_legislation @ ed.gov @inet [ UNKNOWN ] )

READ:UNKNOWN

TO: cpsc-cr ( cpsc-cr @ cpsc.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: vancell ( vancell @ usda.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

TO: Jim Kohlenberger ( CN=Jim Kohlenberger/O=OVP@OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

TO: laffairs ( laffairs @ ustr.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: legis ( legis @ fema.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: lrm ( lrm @ nsf.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: ssa.lrm ( ssa.lrm @ ssa.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: seclegis ( seclegis @ sec.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: lmiller ( lmiller @ ftc.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

TO: fdiclrn ( fdiclrn @ fdic.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: valrm ( valrm @ mail.va.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: dot.legislation ( dot.legislation @ ost.dot.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: dol-sol-leg ( dol-sol-leg @ dol.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: ocl ( ocl @ ios.doi.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

TO: energy.gc71 ( energy.gc71 @ hq.doe.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: dodlrs ( dodlrs @ osdgc.osd.mil @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: clrm ( clrm @ doc.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

TO: Phyllis Kaiser-Dark ( CN=Phyllis Kaiser-Dark/OU=WHO/O=EOP@EOP [ WHO ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

TEXT:  
Total Pages: \_\_\_\_\_

LRM ID: IMS428  
EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
Washington, D.C. 20503-0001

Tuesday, September 22, 1998

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Jeffrey A. Weinberg (for) Assistant Director for Legislative Reference

OMB CONTACT: Ingrid M. Schroeder  
PHONE: (202)395-3883 FAX: (202)395-3109

SUBJECT: Statement of Administration Policy on S2392 Year 2000 Information Disclosure Act

DEADLINE: COB Thursday, September 24, 1998

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect

direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: S. 2392 is based on the Administration's bill transmitted to Congress on 7/27/98.

## DISTRIBUTION LIST

## AGENCIES:

7-AGRICULTURE - Marvin Shapiro - (202) 720-1516  
25-COMMERCE - Michael A. Levitt - (202) 482-3151  
27-Consumer Product Safety Commission - Robert J. Wager - (301) 504-0515  
29-DEFENSE - Samuel T. Brick Jr. - (703) 697-1305  
30-EDUCATION - Jack Kristy - (202) 401-8313  
32-ENERGY - Bob Rabben - (202) 586-6718  
51-General Services Administration - William R. Ratchford - (202) 501-0563  
52-HHS - Sondra S. Wallace - (202) 690-7760  
54-HUD - Allen I. Palsby - (202) 708-1793  
59-INTERIOR - Jane Lyder - (202) 208-4371  
61-JUSTICE - L. Anthony Sutin - (202) 514-2141  
62-LABOR - Robert A. Shapiro - (202) 219-8201  
76-National Economic Council - Sonyia Matthews - (202) 456-6630  
114-STATE - Paul Rademacher - (202) 647-4463  
117 and 340-TRANSPORTATION - Tom Herlihy - (202) 366-4687  
118-TREASURY - Richard S. Carro - (202) 622-0650  
129-VETERANS AFFAIRS - John H. Thompson - (202) 273-6666  
36-Federal Communications Commission - Sheryl Wilkerson - (202) 418-1900  
37-Federal Deposit Insurance Corporation - Alice C. Goodman - (202) 898-8730  
40-Federal Energy Regulatory Commission - Don Chamblee - (202) 208-0870  
33-Environmental Protection Agency - John Reeder - (202) 260-5414  
47-Federal Reserve System - Donald J. Winn - (202) 452-3456  
49-Federal Trade Commission - Lorraine C. Miller - (202) 326-2195  
82-Nuclear Regulatory Commission - Trip Rothschild - (301) 415-1611  
95-Office of Science and Technology Policy - Jeff Smith - (202) 456-6047  
108-Securities and Exchange Commission - Kaye F. Williams - (202) 942-0014  
107-Small Business Administration - Mary Kristine Swedin - (202) 205-6700  
110-Social Security Administration - Judy Chesser - (202) 358-6030  
69-National Aeronautics & Space Administration - Ed Heffernan - (202) 358-1948  
84-National Science Foundation - Lawrence Rudolph - (703) 306-1060  
20-Commodity Futures Trading Commission - Tom Erickson - (202) 418-5075  
39-Federal Emergency Management Agency - Ernest B. Abbott - (202) 646-4105  
68-National Archives and Records Administration - John A. Constance - (301) 713-7340  
128-US Trade Representative - Fred Montgomery - (202) 395-3475

## EOP:

Robert N. Weiner  
Elena Kagan  
Paul J. Weinstein Jr.  
Jim Kohlenberger  
Lisa M. Brown  
Lisa M. Kountoupes  
Sarah Rosen  
Janet B. Abrams  
Phyllis Kaiser-Dark  
John A. Koskinen  
Donald R. Arbuckle  
Bruce W. McConnell  
Jefferson B. Hill

Peter N. Weiss  
 Kenneth L. Schwartz  
 David J. Haun  
 Alan B. Rhinesmith  
 Edward A. Brigham  
 Barry T. Clendenin  
 Bruce D. Long  
 Barry White  
 David H. Morrison  
 Kathleen Peroff  
 Ronald M. Cogswell  
 G. E. DeSeve  
 Mathew C. Blum  
 Allan E. Brown  
 Robert G. Damus  
 Steven D. Aitken  
 Randolph M. Lyon  
 Michelle Peterson  
 Kate Donovan

LRM ID: IMS428 SUBJECT: Statement of Administration Policy on S2392  
 Year 2000 Information Disclosure Act

RESPONSE TO  
 LEGISLATIVE REFERRAL  
 MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
- (2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Ingrid M. Schroeder Phone: 395-3883 Fax: 395-3109  
 Office of Management and Budget  
 Branch-Wide Line (to reach legislative assistant): 395-3454

FROM: \_\_\_\_\_ (Date)  
 \_\_\_\_\_ (Name)  
 \_\_\_\_\_ (Agency)  
 \_\_\_\_\_ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

\_\_\_\_\_ Concur  
 \_\_\_\_\_ No Objection

\_\_\_\_\_ No Comment

\_\_\_\_\_ See proposed edits on pages \_\_\_\_\_

\_\_\_\_\_ Other: \_\_\_\_\_

\_\_\_\_\_ FAX RETURN of \_\_\_\_\_ pages, attached to this response sheet

DRAFT -- NOT FOR RELEASE .  
September 22, 1998  
(Senate)

S. 2392 - Year 2000 Information Disclosure Act  
(Bennett (R) Utah and 4 cosponsors)

The Administration strongly supports Senate passage of S. 2392 which would encourage organizations to share year 2000 (Y2K) information by limiting liability for good faith information disclosures. The bill is based on an Administration proposal.

As the President stated on September 18, 1998, enactment of this important legislation will help businesses and government agencies work through the Y2K problem. The legislation must be enacted this year to be effective in helping our Nation prepare its computer systems for the new millenium.

\* \* \* \* \*

Calendar No. 584

105th CONGRESS

2d Session

S. 2392

A BILL

To encourage the disclosure and exchange of information about computer processing problems and related matters in connection with the transition to the year 2000.

September 17, 1998

Reported with an amendment and an amendment to the title

S 2392 RS

Calendar No. 584

105th CONGRESS

2d Session

S. 2392

To encourage the disclosure and exchange of information about computer processing problems and

related matters in connection with the transition to the year 2000.

IN THE SENATE OF THE UNITED STATES

July 30, 1998

Mr. BENNETT (by request) (for himself, Mr. DODD, Mr. MOYNIHAN, Mr. KOHL, and Mr. ROBB) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

September 17, 1998

Reported by Mr. HATCH, with an amendment and an amendment to the title

A BILL

To encourage the disclosure and exchange of information about computer processing problems and related matters in connection with the transition to the year 2000.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Year 2000 Information and Readiness Disclosure Act'.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS- Congress finds the following:

(1) (A) At least thousands but possibly millions of information technology computer systems, software programs, and semiconductors are not capable of recognizing certain dates in 1999 and after December 31, 1999, and will read dates in the year 2000 and thereafter as if those dates represent the year 1900 or thereafter or will fail to process those dates.

(B) The problem described in subparagraph (A) and resulting failures could incapacitate systems that are essential to the functioning of markets, commerce, consumer products, utilities, government, and safety and defense systems, in the United States and throughout the world.

(C) Reprogramming or replacing affected systems before the problem incapacitates essential systems is a matter of national and global interest.

(2) The prompt, candid, and thorough disclosure and exchange of

information

related to year 2000 readiness of entities, products, and services--

(A) would greatly enhance the ability of public and private entities to improve their year 2000 readiness; and

(B) is therefore a matter of national importance and a vital factor in minimizing any potential year 2000 related disruption to the Nation's economic well-being and security.

(3) Concern about the potential for legal liability associated with the disclosure and exchange of year 2000 readiness information is impeding the disclosure and exchange of such information.

(4) The capability to freely disseminate and exchange information relating to year 2000 readiness, solutions, test practices and test results, with the public and other entities without undue concern about litigation is critical to the ability of public and private entities to address year 2000 needs in a timely manner.

(5) The national interest will be served by uniform legal standards in connection with the disclosure and exchange of year 2000 readiness information that will promote disclosures and exchanges of such information in a timely fashion.

(b) PURPOSES- Based upon the powers contained in article I, section 8, clause 3 of the Constitution of the United States, the purposes of this Act are--

(1) to promote the free disclosure and exchange of information related to year 2000 readiness;

(2) to assist consumers, small businesses, and local governments in effectively and rapidly responding to year 2000 problems; and

(3) to lessen burdens on interstate commerce by establishing certain uniform legal principles in connection with the disclosure and exchange of information related to year 2000 readiness.

### SEC. 3. DEFINITIONS.

In this Act:

(1) ANTITRUST LAWS- The term `antitrust laws'--

(A) has the meaning given to it in subsection (a) of the first section of the Clayton Act (15 U.S.C. 12(a)), except that such term includes section 5 of the Federal Trade Commission Act (15 U.S.C. 45) to the extent such section 5 applies to unfair methods of competition; and

(B) includes any State law similar to the laws referred to in subparagraph (A).

(2) CONSUMER- The term `consumer' means an individual who acquires a consumer product other than for purposes of resale.

(3) CONSUMER PRODUCT- The term `consumer product' means any personal property or service which is normally used for personal, family, or household purposes.

(4) COVERED ACTION- The term `covered action' means any civil action of any kind, whether arising under Federal or State law, except for any civil action arising under Federal or State law brought by a Federal, State, or other public entity, agency, or authority acting in a regulatory, supervisory, or enforcement capacity.

(5) MAKER- The term `maker' means each person or entity, including a State or political subdivision thereof, that issues or publishes any year 2000 statement, or develops or prepares, or assists in, contributes to, or reviews, reports or comments on during, or approves, or otherwise takes part in the preparing, developing, issuing, approving, or publishing any year 2000 statement.

(6) REPUBLICATION- The term `republishing' means any repetition, in whole or in part, of a year 2000 statement originally made by another.

(7) YEAR 2000 INTERNET WEBSITE- The term `year 2000 Internet website' means an Internet website or other similar electronically accessible service, clearly designated on the website or service by the person or entity creating or controlling the content of the website or service as an area where year 2000 statements concerning that person or entity are posted or otherwise made accessible to the general public.

(8) YEAR 2000 PROCESSING- The term `year 2000 processing' means

the

processing (including calculating, comparing, sequencing, displaying, or storing), transmitting, or receiving of data from, into, and between the 20th and 21st centuries, and during the years 1999 and 2000, and leap year calculations.

(9) YEAR 2000 READINESS DISCLOSURE- The term 'year 2000 readiness disclosure' means any written year 2000 statement, clearly identified on its face as a year 2000 readiness disclosure inscribed on a tangible medium or stored in an electronic or other medium and retrievable in perceivable form and issued or published by or with the approval of an entity with respect to year 2000 processing of that entity or of products or services offered by that entity.

(10) YEAR 2000 STATEMENT-

(A) IN GENERAL- The term 'year 2000 statement' means any communication or other conveyance of information by a party to another or to the public, in any form or medium--

(i) concerning an assessment, projection, or estimate concerning year 2000 processing capabilities of any entity, product, or service, or a set of products and services;

(ii) concerning plans, objectives, or timetables for implementing or verifying the year 2000 processing capabilities of an entity, a product, or service, or a set of products or services;

(iii) concerning test plans, test dates, test results, or operational problems or solutions related to year 2000 processing by--

(I) products; or

(II) services that incorporate or utilize products; or

(iv) reviewing, commenting on, or otherwise directly or indirectly relating to year 2000 processing capabilities.

(B) NOT INCLUDED- The term does not include for the purposes of any action brought under the securities laws, as that term is defined in section 3(a)(47) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(47)), any document or material filed with the Securities and Exchange

Commission,  
 12(i) of the or with Federal banking regulators, pursuant to section  
 disclosure or Securities Exchange Act of 1934 (15 U.S.C. 781(i)), or any d  
 offer or sale of writing that when made accompanied the solicitation of an  
 securities.

#### SEC. 4. PROTECTION FOR YEAR 2000 STATEMENTS.

(a) EVIDENCE EXCLUSION- No year 2000 readiness disclosure, in whole  
 or in part,  
 shall be admissible against the maker of the disclosure to prove the  
 accuracy or truth of  
 any year 2000 statement set forth in that disclosure, in any covered  
 action brought by  
 another party except that--

(1) a disclosure may serve as the basis for a claim for  
 anticipatory breach or  
 repudiation or a similar claim against the maker, to the extent  
 provided by  
 applicable law; and

(2) the court in any covered action shall have discretion to  
 limit application of  
 this subsection in any case in which the court determines that  
 the maker's use of  
 that disclosure amounts to bad faith, or fraud, or is otherwise  
 is beyond what is  
 reasonable to achieve the purposes of this Act.

(b) FALSE, MISLEADING AND INACCURATE YEAR 2000 STATEMENTS- Except as  
 otherwise provided in subsection (c), in any covered action, to the  
 extent that such  
 action is based on an allegedly false, inaccurate, or misleading year  
 2000 statement, the  
 maker of that year 2000 statement shall not be liable under Federal  
 or State law with  
 respect to that year 2000 statement unless the claimant establishes,  
 in addition to all  
 other requisite elements of the applicable action, by clear and  
 convincing evidence,  
 that--

(1) the year 2000 statement was material; and

(2) (A) to the extent the year 2000 statement was not a  
 republication of a year  
 2000 statement originally made by a third party, that the maker  
 made the year  
 2000 statement--

false,  
 (i) with actual knowledge that the year 2000 statement was  
 inaccurate, or misleading;

(ii) with intent to deceive or mislead; or

(iii) with a reckless disregard as to the accuracy of the year 2000 statement; or

(B) to the extent the year 2000 statement was a republication of a year 2000 statement originally made by a third party, that the maker of the republication made the year 2000 statement--

false, (i) with actual knowledge that the year 2000 statement was inaccurate, or misleading;

(ii) with intent to deceive or mislead; or

(iii) without notice in that year 2000 statement that--

(I) the maker has not verified the contents of the republication; or

(II) the maker is not the source of the republished year 2000 information or republished statement. statement, the republished statement is based on information supplied by another person or entity, and the notice statement identifies the source of the republished statement.

(c) DEFAMATION OR SIMILAR CLAIMS- In a covered action arising under any Federal or State law of defamation, trade disparagement, or a similar claim, to the extent such action is based on an allegedly false, inaccurate, or misleading year 2000 statement, the maker of that year 2000 statement shall not be liable with respect to that year 2000 statement, unless the claimant establishes by clear and convincing evidence, in addition to all other requisite elements of the applicable action, that the year 2000 statement was made with knowledge that the year 2000 statement was false or made with reckless disregard as to its truth or falsity.

(d) YEAR 2000 INTERNET WEBSITE-

(1) IN GENERAL- Except as provided in paragraph (2), in any covered action, other than a covered action involving personal injury or serious physical damage to property, in which the adequacy of notice about year 2000 processing is at issue, the posting, in a commercially reasonable manner and for a commercially reasonable duration, of a notice by the entity charged with giving such notice on the year 2000 Internet website of that entity shall be deemed to be an adequate

mechanism for providing that notice.

(2) EXCEPTION- Under paragraph (1) the notice shall not be adequate if the trier of fact finds that the use of the mechanism of notice--

(A) is contrary to express prior representations made by the party giving notice;

(B) is materially inconsistent with the regular course of dealing between the parties; or

(C) occurs where there have been no prior representations regarding the mechanism of notice and no regular course of dealing exists between the parties and where actual notice is clearly the most commercially reasonable means of providing notice.

(3) CONSTRUCTION- Nothing in this subsection shall--

(A) alter or amend any Federal or State statute or regulation requiring that notice about year 2000 processing be provided using a different mechanism;

(B) create a duty to provide notice about year 2000 processing;

(C) preclude or suggest the use of any other medium for notice about year 2000 processing or require the use of an Internet website; or

(D) mandate the content or timing of any notices about year 2000 processing.

(e) LIMITATION ON EFFECT OF YEAR 2000 STATEMENTS-

(1) IN GENERAL- In any covered action, a year 2000 statement shall not be interpreted or construed as an amendment to or alteration of a contract or warranty, whether entered into by or approved for a public or private entity.

(2) NOT APPLICABLE-

(A) IN GENERAL- This subsection shall not apply--

(i) to the extent the party whose year 2000 statement is alleged to have amended or altered a contract or warranty has otherwise agreed in writing to so alter or amend the contract or

warranty;

the formation (ii) to a year 2000 statement made in conjunction with  
of the contract or warranty; or

provides for its (iii) if the contract or warranty specifically  
2000 amendment or alteration through the making of a year  
statement.

(B) RULE OF CONSTRUCTION- Nothing in this subsection is  
intended to affect applicable Federal or State law in effect as of the  
date of enactment of this Act with respect to determining the extent to which  
a year 2000 statement within the scope of clause (i), (ii), or (iii) of  
subparagraph (A) affects a contract or warranty.

(f) SPECIAL DATA GATHERING-

(1) IN GENERAL- A Federal entity, agency, or authority may  
expressly designate a request for the voluntary provision of information relating to  
year 2000 processing, including year 2000 statements, as a special year  
2000 data gathering request made pursuant to this subsection.

(2) SPECIFICS- A special year 2000 data gathering request made  
under this subsection shall specify a Federal entity, agency, or authority,  
or with the consent of the designee, another public or private entity, agency or  
authority, to gather responses to the request.

(3) PROTECTIONS- Except with the express consent or permission  
of the provider of information described in paragraph (1), any year  
2000 statements or other such other information provided by a party in response to  
a special year 2000 data gathering request made under this subsection--

(A) shall be exempt from disclosure under subsection (b)(4)  
of section 552 of title 5, United States Code, commonly known as the  
'Freedom of Information Act' ;

(B) shall be prohibited from disclosure to any third party;  
and

(C) may not be used by any Federal entity, agency, or  
authority or by any third party, directly or indirectly, in any civil action

arising under any  
Federal or State law.

(4) EXCEPTIONS-

(A) INFORMATION OBTAINED ELSEWHERE- Nothing in this subsection shall preclude a Federal entity, agency, or authority or any third party from separately obtaining the information submitted in response to a request under this subsection through the use of independent legal authorities, and using such separately obtained information in any action.

(B) VOLUNTARY DISCLOSURE- A restriction on use or disclosure of information under this subsection shall not apply to any information disclosed to the public with the express consent of the party responding to the request or disclosed by such party separately from a response to a special year 2000 data gathering request.

SEC. 5. TEMPORARY ANTITRUST EXEMPTION.

(a) EXEMPTION- Except as provided in subsection (b), the antitrust laws shall not apply to conduct engaged in, including making and implementing an agreement, solely for the purpose of--

(1) facilitating responses intended to correct or avoid a failure of year 2000 processing in a computer system, in a component of a computer system, in a computer program or software, or services utilizing any such system, component, program, or hardware; or

(2) communicating or disclosing information to help correct or avoid the effects of year 2000 processing failure.

(b) APPLICABILITY- Subsection (a) shall apply only to conduct that occurs, or an agreement that is made and implemented, after the date of enactment of this Act and before July 14, 2001.

(c) EXCEPTION TO EXEMPTION- Subsection (a) shall not apply with respect to conduct that involves or results in an agreement to boycott any person, to allocate a market or fix prices or output.

(d) RULE OF CONSTRUCTION- The exemption granted by this section shall be construed narrowly.

## SEC. 6. EXCLUSIONS.

(a) EFFECT ON INFORMATION DISCLOSURE- This Act does not affect, abrogate, amend, or alter the authority of a Federal or State entity, agency, or authority to enforce a requirement to provide or disclose, or not to provide or disclose, information under a Federal or State statute or regulation or to enforce such statute or regulation.

## (b) CONTRACTS AND OTHER CLAIMS-

(1) IN GENERAL- Except as may be otherwise provided in subsections (a) and (e) of section 4, this Act does not affect, abrogate, amend, or alter any right established by contract or tariff between any person or entity, whether entered into by a public or private person entity, under any Federal or State law.

(2) OTHER CLAIMS- In any covered action brought by a consumer, this Act does not apply to a year 2000 statement expressly made in a solicitation, including an advertisement or offer to sell, to that consumer by a seller, manufacturer, or provider of a consumer product.

(3) RULE OF CONSTRUCTION- Nothing in this Act shall be construed to preclude any claims that are not based exclusively on year 2000 statements.

## (c) DUTY OR STANDARD OF CARE-

(1) IN GENERAL- This Act shall not impose upon the maker of any year 2000 statement any more stringent obligation, duty, or standard of care than is otherwise applicable under any other Federal law or State law.

(2) ADDITIONAL DISCLOSURE- This Act does not preclude any party from making or providing any additional disclosure, disclaimer, or similar provisions in connection with any year 2000 readiness disclosure or year 2000 statement.

(3) DUTY OF CARE- This Act shall not be deemed to alter any standard or duty of care owed by a fiduciary, as defined or determined by applicable Federal or State law.

(d) INTELLECTUAL PROPERTY RIGHTS- This Act does not affect, abrogate, amend, or alter any right in a patent, copyright, semiconductor mask work,

trade secret, trade name, trademark, or service mark, under any Federal or State law.

(e) INJUNCTIVE RELIEF- Nothing in this Act shall be deemed to preclude a claimant from seeking temporary or permanent injunctive relief with respect to a year 2000 statement.

#### SEC. 7. APPLICABILITY.

##### (a) EFFECTIVE DATE-

(1) IN GENERAL- Except as otherwise provided in this section, this Act shall become effective on the date of enactment of this Act.

(2) APPLICATION TO LAWSUITS PENDING- This Act shall not affect or apply to any lawsuit pending on July 14, 1998.

(3) APPLICATION TO STATEMENTS AND DISCLOSURES- Except as provided in subsection (b)--

(A) this Act shall apply to any year 2000 statement made on or after July 14, 1998 through July 14, 2001; and

(B) this Act shall apply to any year 2000 readiness disclosure made after the date of enactment of this Act through July 14, 2001.

##### (b) PREVIOUSLY MADE READINESS DISCLOSURE-

(1) IN GENERAL- For the purposes of section 4(a), a person or entity that issued or published a year 2000 statement after January 1, 1996, and before the date of enactment of this Act, may designate that year 2000 statement as a year 2000 readiness disclosure if--

(A) the year 2000 statement complied with the requirements of section 4(b) when made, other than being clearly designated on its face as a disclosure;

(B) within 45 days after the date of enactment of this Act, the person or entity seeking the designation provides notice--

(i) by individual notice that meets the requirements of paragraph (2) to all recipients of the applicable year 2000 statement; and

(ii) a prominent posting notice that meets the requirements of paragraph (2) on its year 2000 Internet website, commencing prior to

the end of the 45-day period under this subparagraph  
and extending  
for a minimum of 45 consecutive days and also by using  
the same  
method of notification used to originally provide the  
applicable year  
2000 statement.

(2) REQUIREMENTS- A notice under paragraph (1) (B) shall--

(A) state that the year 2000 statement that is the subject  
of the notice is  
being designated a year 2000 readiness disclosure; and

(B) include a copy of the year 2000 statement with a legend  
labeling the  
statement as a 'Year 2000 Readiness Disclosure'.

(c) EXCEPTION- No designation of a year 2000 statement as a  
disclosure under  
subsection (b) shall apply with respect to any person or entity that--

(1) proves, by clear and convincing evidence, that it relied on  
the year 2000  
statement prior to the receipt of notice described above and it  
would be  
prejudiced by the retroactive designation of the year 2000  
statement as a  
disclosure; and

(2) provides to the person or entity seeking the designation a  
written notice  
objecting to the designation within 45 days after receipt of  
individual notice  
under subsection (b) (2) (B) (i), or within 180 days after the date  
of enactment of  
this Act, in the case of notice provided under subsection  
(b) (2) (B) (ii).

#### SEC. 8. NATIONAL INFORMATION CLEARINGHOUSE AND WEBSITE.

(a) NATIONAL WEBSITE-

(1) IN GENERAL- The Administrator of General Services shall  
create and  
maintain a national year 2000 website, and promote its  
availability, designed to  
assist consumers, small business, and local governments in  
obtaining information  
from other governmental websites, hotlines, or information  
clearinghouses about  
year 2000 Processing of computers, systems, products and  
services, including  
websites maintained by independent agencies and other departme  
nts.

(2) CONSULTATION- In creating the national year 2000 website, the  
Administrator of General Services shall consult with--

(A) the Director of the Office of Management and Budget;

- (B) the Administrator of the Small Business Administration;
- (C) the Consumer Product Safety Commission;
- (D) officials of State and local governments;
- (E) the Director of the National Institute of Standards and Technology;
- (F) representatives of consumer and industry groups; and
- (G) representatives of other entities, as determined appropriate.

(b) REPORT- The Administrator of General Services shall submit a preliminary report to the Committees on the Judiciary of the Senate and the House of Representatives and the Committee on Governmental Affairs of the Senate and the Committee on Government Reform and Oversight of the House of Representatives not later than 60 days after the date of enactment of this Act regarding planning to comply with the requirements of this section.

Amend the title so as to read: 'To encourage the disclosure and exchange of information about computer processing problems, solutions, test practices and test results, and related matters in connection with the transition to the year 2000.'

END

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 17:02:57.00

SUBJECT: H.R. 4579 - Taxpayer Relief Act of 1998

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TO: Dario J. Gomez ( CN=Dario J. Gomez/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: Elizabeth Gore ( CN=Elizabeth Gore/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

The House Rules Committee also plans to take up H.R. 4579 - Taxpayer Relief Act of 1998 tomorrow with House floor action possible Friday, 9/25. Position: POTUS will Veto. Please review and provide changes/clearance to me by 11am tomorrow. Many thanks.

DRAFT --- NOT FOR RELEASE

September xx, 1998

(House)

H.R. 4579 - Taxpayer Relief Act of 1998

(Archer (R) Texas)

The Administration strongly opposes H.R. 4579. If the bill were presented to the President, he would veto it.

H.R. 4579 would cut taxes by \$85 billion over five years and \$176 billion over 10 years. Virtually none of the bill's costs have been paid for. This blatantly violates the pay-as-you-go fiscal discipline of the Budget Enforcement Act -- discipline which has been an essential component of our remarkable economic revival. The President will veto any tax cut or spending bill that undermines fiscal discipline by changing the budget rules.

In addition, by draining billions out of projected budget surpluses, this bill violates the President's unwavering commitment to save Social Security first. None of the projected surpluses should be touched until the long-term solvency of Social Security has been fully secured. We must not squander this unique opportunity to save Social Security.

Last February in the FY 1999 Budget, the President proposed tax cuts targeted to help American families -- and proposed offsets to fully pay for the tax cuts. The Administration urges the Congress to consider tax cuts only if we can do so in a manner that adheres to the budget rules, maintains fiscal discipline, and meets the President's commitment to reserve the entire surplus until we have strengthened Social Security.

Pay-As-You-Go-Scoring

H.R. 4579 would affect revenues; therefore it is subject to the pay-as-you-go requirement of the Budget Enforcement Act. Under the Budget Enforcement Act, OMB would be required by law to impose automatic spending cuts on Medicare and other non-exempt mandatory spending programs in amounts sufficient to offset the revenue losses projected for FY 1999. In the absence of offsetting legislation, these automatic budget cuts would be triggered again in each of the following four years. These automatic cuts would affect: the special milk program, vocational rehabilitation, Stafford loans, foster care and adoption assistance, Medicare (up to four percent), and could also affect CCC, Child Support Enforcement, Social Services Block Grants, Immigration Support, Crop Insurance, Veterans

Education and Readjustment Benefits, and others. [Note: the last sentence in this paragraph may need to be revised or deleted following Rules Committee action.]

\* \* \* \* \*

(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Jones), in consultation with the Departments of the Treasury (Dorsey), Justice (Jones), the Social Security Administration (Chesser), the Council of Economic Advisers (Elmendorf), OMB Economic Policy (Minarik), and BASD (Lind, Barth).

The National Economic Council, the Office of White House Counsel, White House Legislative Affairs, OMB GC, HTFD, and OIRA did not respond to our request for comments on the draft SAP.

OMB/LA Clearance:

The House Committee on Ways and Means ordered H.R. 4579 reported by a vote of 23-15, on Sept. 17, 1998.

Administration Position to Date

The President, in a speech to the International Brotherhood of Electrical Workers on September 17th, stated that he would veto any bill "that squanders the surplus on tax cuts before we save social security."

Summary of H.R. 4579

The principal provisions of H.R. 4579, as reported, are described below.

-- Tax Provisions

Reduce the so-called "marriage penalty" by increasing the standard deduction couples can claim from approximately \$7,200 to \$8,600 (effective for tax years beginning after December 31, 1998);

Make the increase from \$625,000 to \$1 million of the unified estate tax and gift tax exclusion effective after December 31, 1998. Currently, that exclusion is to increase gradually to \$1 million in 2006;

Eliminate Federal income taxes on the first \$400 of interest income for couples and \$200 for singles (effective for tax years beginning after December 31, 1998);

Allow certain nonrefundable personal tax credits (e.g., child credits, HOPE and lifetime learning credits) to offset an individual taxpayer's minimum tax liability as well as their regular tax liability. (Current law permits these credits to be applied only against the regular tax liability);

Make health insurance costs for self-employed individuals fully deductible, retroactive to January 1, 1998. Current law would make these costs fully deductible for tax years beginning January 1, 2007;

Extend the research tax credit (expired 7/1/98), the Work Opportunity tax credit (7/1/98), and the Welfare-to-Work tax credit (4/30/99) to February 29, 2000; and

Increase the maximum amount of annual investment in qualified property by a small business to \$25,000 for taxable years beginning after December 31, 1998. Current law phases in an increase from the current maximum of \$18,500 to \$25,000 over five years;

Designate 20 [renewal communities] and make businesses in these areas eligible for various forms of tax relief;

Permit private higher education institutions to establish tax-free prepaid tuition programs (Currently, only public institutions may establish such programs);

-- Trade and Tariff Provisions

Extend the Generalized System of Preferences (GSP), which expired on June 30, 1998, to February 29, 2000;

-- Revenue Offsets

Include in the income of certain shareholders dividends distributed to liquidate a real estate invest trust or regulated investment company.

-- Social Security Provisions

Increase to \$37,941 in 2008 the amount a social security recipient between the age of full retirement (currently 65) and 70 years old can earn before their benefit amount is reduced. Currently, that amount is \$14,500.

Delay the recomputation of benefits for social security recipients who continue to work after normal retirement age until January 1st of the second year following the year of the earnings.

Pay-As-You-Go Scoring

According to BASD (Barth) and the Treasury, H.R. 4579 would affect receipts; and therefore, it is subject to the pay-as-you go rules of the Omnibus Budget Reconciliation Act (OBRA) of 1990. H.R. 4579 would result in net budget costs of \$10.6 billion in FY 1999 and \$85.5 billion over FYS 1999-2003. The Joint Committee on Taxation estimates that the bill will reduce revenues by \$6.6 billion in FY 1999 and \$80.1 billion over FYS 1999-2003.

LEGISLATIVE REFERENCE DIVISION

September 23, 1998 - 11:30 AM

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Paul D. Glastris ( CN=Paul D. Glastris/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:23-SEP-1998 23:06:55.00

SUBJECT: Draft of Friday's ed speech in Chicago--comments back ASAP please

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

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

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

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

TEXT:

Draft 9/23/98 11.00 pm

Paul Glastris

REMARKS BY PRESIDENT

WILLIAM J. CLINTON

AT JENNER ELEMENTARY SCHOOL

CHICAGO, IL

September 25, 1998

Acknowledgments: Mayor Richard Daley; Sec. William Daley; Chicago School Board Ch. Gery Chico; Chicago schools CEO Paul Vallas; Jenner principal Sandra Satinover; tk tk

I'd like to talk to you today about my abiding faith that public schools in America can and will be made dramatically better. It is a faith that I confess is not universally shared. There are many who believe that public education is in a permanent and irrevocable state of decline.

Yet when I was elected president six years ago, I recall many of those same people believed that the whole country was in a permanent decline--or at least that there was nothing government could do to help. Look around you today. America is back. We have the lowest unemployment rate in 28 years, with 16.7 million new jobs; the lowest crime rate in 25 years; the smallest percentage of people on welfare in 29 years; the lowest African American poverty rate since statistics have been kept; the lowest inflation in 32 years; the highest home-ownership in history; and in just tk days, for the first time in 29 years, all that red ink on the government's budget will turn to black.

How did all this happen? Because the American people worked hard, and because we in Washington worked hard, too, to give the American people the tools they needed to improve their lives. We cut taxes for 15 million hard-working families through the earned income tax credit. We increased the minimum wage to give 10 million Americans a well deserved raise. We fought for and won the biggest increase in children's health care in more than three decades. We expanded the Head Start program to help our children get off on the right foot. We made it possible for nearly 2 million more women and infants to get the nutritional care they need.

With the Family and Medical Leave Act, we gave millions of people the chance to take time off from work to care for an ailing parent or bond with a newborn child. We opened the doors of higher education with the HOPE Scholarship, with more Pell Grants, with tax credits for all higher education, with the deductibility of student loans. We created more than 100 empowerment zones and enterprise communities, established community development banks, doubled small business loans to minorities and tripled them to women. When people wanted to scrap affirmative action we said: mend it, don't end it. We banned the importation of assault weapons, put more police on the streets, and expanded prevention efforts to help keep kids out of trouble.

Like you, we've worked hard to make this a better country, and like you, we've prayed hard, too. And the Lord has been kind. He has blessed us with a stronger economy, stronger communities, and stronger families.

But our efforts cannot slacken just because things have gotten better. When the Lord gives you the good times you prayed for, He does not mean it as an invitation to stop going to church.

We must redouble our efforts especially to make sure every America child, regardless of race, ethnicity, or income, has access to the finest public elementary and secondary schools in the world. That's a demanding agenda, but we live in demanding times. In the new information economy, prosperity goes to countries with the best-educated workforces. We have no choice but to do more.

We must do more to promote the kind of actions that have made Jenner Elementary School a better center of learning. Twice as many students at Jenner are reading at grade level this year than last. One reason for that dramatic improvement is the extra help these children have been given by extraordinary group of volunteer tutors. I want to extend my personal thanks to those volunteers. I also want to thank WITS, the non-profit group that organizes these volunteers, as well as the corporate entities such as EVEREN Securities, which not only donate money to this effort, but allow their employees time off to help these children.

I believe we in Washington should also do our part to support efforts like WITS, and I am cautiously optimistic that we will. Right now, members of my administration are working with leaders in Congress on a measure that could mean federal dollars for WITS and other volunteer child literacy efforts. I applaud that spirit of bipartisanship, and I hope Congress will pass a bill before the end of the congressional session, so that its impact will be felt very soon, right here at Jenner School.

But let's be honest. No one program, all by itself, can seriously improve a complex enterprise like American public education. The tutoring helped here at Jenner. But so did a dozen other actions. Scores are up at Jenner, in part because attendance is up. And attendance is up in part because of a new safety program in which parents and volunteers escort the children to and from school. The truth is, there is no magic pill to cure what ails the schools. But a number of pills, taken all at once, will work. That is the lesson of Jenner. That is the lesson of school reform in Chicago. That is the lesson incorporated in my education agenda. And that is the lesson Congress must learn, by passing my each and every item of my education agenda, all at once, now.

Chicago schools are working better not because the mayor tried one idea, then another, then another; but because the mayor and Gery Chico and Paul Vallas took a range of bold actions, all at once. They required

school uniforms. They cracked down on truancy. They wrote tough new academic standards. They ended social promotion. They put under-performing schools on probation and reconstituted others with new principals and faculty.

Now, if you're going to raise the basketball hoop, as Rev. Jesse Jackson says, you better make sure the players have gym shoes. Mayor Daley has not only raised the hoop, he provided new gym shoes. He raised standards, but also offered support for students to meet those standards. Chicago schools now provide academically-enhanced summer school classes to struggling students; enriched afterschool care to children with working parents; preschool for the very young; even training for parents before children are even born.

Students won't come to school if they feel unsafe. Chicago schools today are safer inside and out. Students won't respect themselves, or their school, if the schools look as if no one respects them. Today, over a third of Chicago schools have been newly renovated, and every window in every school now gets cleaned at least once a year.

By doing all these things simultaneously, the Chicago schools, once considered hopeless, have begun to turn around. Reading and math scores are up. Attendance and graduation rates are up. And, interestingly, the schools with the most comprehensive reforms have done the best. Of the first 40 schools that raised standards and began offering afterschool tutoring and a hot dinner to poor students who need it, 39 have shown dramatic gains in student learning.

If Chicago can do it, America can do it. That's why, earlier this year, I submitted to Congress an education agenda that has all the components that have worked in Chicago, plus others that would benefit Chicago. In my education agenda, I call for more responsibility, more accountability, tougher standards--and more opportunity for students and teachers to meet those standards. I call for smaller classes in the early grades with the help of 100,000 new teachers. I call for voluntary national tests for 4th grade reading and 8th grade math. For schools that agree to end social promotion, I call for help in providing afterschool and summer school to students who need it. I call for safer schools through more partnerships with local law enforcement. I call more charters schools; more training and certifying of master teachers; and better rewards for our most committed teachers. I call for every classroom and school library to be hooked up to the Internet by the year 2000. I call for a child literacy program to provide enough tutors so that every child in America can read a book independently by third grade. I call for tax breaks that will help fund the construction of 5000 new schools. [modernization of old schools?] And I offer a way to do all this within the balanced budget, without touching a dime of the surplus.

Yes, this is an ambitious agenda. But it can all be done. And it must all be done simultaneously if we are to seriously improve public education in America.

Unfortunately, Congress is moving forward on only one of these agenda items: child literacy. I am grateful for that help. But Congress must do much more. To save America's public schools, Congress must act on my entire agenda, all at once, now, before the congressional session ends and the moment of opportunity slips away.

With a better-educated workforce, we can continue the economic prosperity that has made America the envy of the world. Yet instead of

acting on my education agenda, Congress has been fiddling with tax cuts that will drain the surplus before it even shows up on the government's books. That could put at risk the fiscal discipline that has given us our prosperity. Instead of risking the economy, Congress right now could be saving public schools, strengthening the environment; passing campaign finance reform and a real patients bill of rights.

America needs Congress to act now, on the right priorities. And if Congress won't, America needs a new Congress. You, all have a chance to make that happen in November.

Thank you and God bless you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 18:56:19.00

SUBJECT: What new CPS numbers tell us about employment of welfare recipients

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

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

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

TEXT:

Thanks to good cooperation from Census staff and hard work on the part of Richard Bavier at OMB, we've been able to take a preliminary look at what the March 1998 CPS data show on employment of welfare recipients. The news looks good -- the percentage of people receiving welfare in 1997 who reported they were working in March 1998 continues to grow, even while caseloads continue to fall dramatically. Even as we get to the harder part of the caseload, we are not yet seeing any slowdown in people to move from welfare to work

FYI, the increase between 97 and 98 is not nearly as dramatic as the "nearly 30% increase" between 96 and 97 that the President talked about at the August 4th event and is reported in the TANF Report to Congress. I don't think we're ready to talk about the numbers yet -- but here they are for your information.

What was in TANF report to Congress and POTUS announcement 8/4

	March 96	March 97	% Change
Previous yr AFDC recipients employed the following			
March	24.6%	31.5%	28%

March 98 CPS numbers, using slightly different series to account for change in question

	March 96	March 97	% Change	March 98	% Change
Previous yr cash welfare recipients in families w/ kids	26.5%	31.8%	20%	33.8%	6%

We need to do some more work to figure out what's going on, and how to talk about it. It could partly reflect a change in the way Census asked the question. Also, the CPS experts say you can't conclude much from relatively small year to year jumps due to the relatively small sample (several thousand people) -- rather what's important is the trend.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 12:05:16.00

SUBJECT: next steps on charters

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Harkin's staff has confirmed our understanding of the Riley/Harkin conversation. Next steps are proceeding along two tracks.

1. We learned from Kennedy's staff the there is now an effort to preconference this bill. They expect to see the House offer this afternoon; if it is close to the Senate bill, Kennedy will join the effort and work to get a preconferenced version done ASAP. We suspect the House will indeed come close to the Senate version, but don't know for sure.

2. At the same time, Coats is prepared to go to Lott and try to get the bill up for a vote this week. If it looks like a preconference agreement is possible, he will wait until that is done; if not, he's likely to try to push for a vote sooner rather than later and then deal with conference afterwards.

I'll keep you posted on developments as they occur

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 16:55:02.00

SUBJECT: Re: Chiles

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

READ:UNKNOWN

TEXT:

- (1) not historically, but sadly, increasingly so.
- (2) indeed not! (but a liittle more wouldn't hurt!)

I briefed Bruce on what I'd learned on tobacco.

I've asked Charly Salem to try and build a coalition of states to come back to us and make the request again on the menu approach.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 15:47:14.00

SUBJECT: Education bill of rights 2

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

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

TEXT:

Attached is a revised draft that I have also forwarded to OMB and ED for comment. It reflects most of the edits Bruce suggested, and one additional appropriations item (Eisenhower Professional Development) so that it fully tracks the K-12 appropriations issues we and/or ED has raised since the House approps bill was marked-up.

I'll forward any revisions after I get feedback from OMB and ED. In addition, this will need further editing. But it should work well now to convey the substance we need,===== ATTACHMENT 1 =====

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D32]MAIL469871661.226 to ASCII,  
The following is a HEX DUMP:

FF5750430C060000010A02010000000205000000A122000000020000037716357E57A5BBA260368  
EC73CBC74D1EE026F0AB6CCA288BB65CAD1AAD54D22E4B4D07750500AA9562E011CDA3BCFD3D7C

Draft 2

## EDUCATION BILL OF RIGHTS

Every American family has the right to send their children to public schools with:

### 1. Small classes

Congress must:

- Pass the Class Size Reduction and Teacher Quality Act
- Provide funding for reducing class size through Title 1 appropriations

### 2. Talented teachers

Congress must:

- Pass the Teacher Preparation and Recruitment initiative in Higher Education Act
- Pass the Class Size Reduction and Teacher Quality Act
- Provide funding requested by the President for the Eisenhower Professional Development program
- Provide funding requested by the President for LEP Teacher Professional Development
- Provide funding requested by the President for Technology Teacher Training
- Continue to support the work of the National Board for Professional Teaching Standards

### 3. Modern school facilities

Congress must:

- Pass the School Modernization Act

### 4. High standards and accountability

Congress must:

- Provide funding requested by the President for Goals 2000
- Pass and provide funding for Education Opportunity Zones
- Support continued development of voluntary national standards and tests

### 5. Safe, disciplined, and drug-free learning environments

Congress must:

- Provide funding as requested by President for middle-school drug coordinators
- Support President's proposal to strengthen accountability for the Safe and Drug Free Schools Program
- Extend Brady law to violent juveniles
- Enact Child Access Prevention bill to keep guns away from kids

### 6. Quality after-school and summer school programs

Congress must:

- Provide funding requested by the President for 21st Century Community Learning Centers program

**7. Public school choice**

**Congress must:**

- **Pass the charter schools bill and provide funding requested by the President for the charter schools program**

**8. Extra efforts to give students a solid foundation in the basic skills and prepare them for college**

**Congress must:**

- **Pass and fund the Early Literacy bill**
- **Provide funding requested by the President for Title 1**
- **Pass and fund the High Hopes program**

**9. Programs to ensure young children arrive at school ready to learn**

**Congress must:**

- **Pass and fund President's Early Learning Fund**
- **Pass and fund Head Start improvements and expansion**
- **Provide funding requested by the President for the Child Care Development Block Grant**
- **Pass and fund the President's child care standards enforcement fund**

**10. 21st century technology**

**Congress must:**

- **Provide funding requested by the President for the Technology Literacy Challenge Fund**
- **Provide funding requested by the President for Technology Teacher Training**
- **Support implementation of the e-rate**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 17:49:31.00

SUBJECT: WOMEN"S MTG CANCELLED

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TEXT:

The Women's Meeting will be cancelled this week. However, Ann will be travelling to New Mexico for the second Women's History Commission meeting.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-SEP-1998 15:59:47.00

SUBJECT: Draft SAP: H.R. 4578 - Save Social Security Act of 1998

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

TEXT:

The House Rules Committee plans to meet tomorrow with floor action scheduled Friday, 9/25 regarding H.R. 4578 - Save Social Security Act of 1998. Please review the draft SAP with the position, Senior Advisers Veto Recommendation and provide comments/clearance by 10am tomorrow morning. Thank you.

DRAFT - NOT FOR RELEASE

September

23, 1998

(Hou

H.R. 4578 - Save Social Security Act of 1998  
Rep. Archer (R) TX

H.R. 4578 violates the President's pledge to save Social Security first. It calls for tens of billions of dollars to be drained out of projected budget surpluses before any action has been taken to strengthen Social Security for the long term or those surpluses happen. The President firmly believes that none of the projected surpluses should be touched until the long-term solvency of Social Security has been fully secured.

The unique opportunity to save Social Security must not be squandered. The Administration, therefore, strongly opposes H.R. 4578. If the bill were presented to the President in its current form, he would veto it.

\* \* \* \* \*

(Do Not Distribute Outside the Executive Office of the President)

This Statement of Administration Policy (SAP) was developed by the Legislative Reference Division (Haskins) in consultation with Director Lew, Associate Directors Chow and Minarik, Assistant Director Emery, EIML (Smalligan/Sauer), OIRA (Chenok), BASD (Lind/Kilpatrick/ Locke), OMB-LA (Konigsberg), and BRCD (Rea/Moran) as well as the White House Office of Policy Development (Rice) and the National Economic Council (Orszag/Marr/Liebman). The Departments of Health and Human Services (Wallace), Justice (Jones), Labor (McCarthy), the Treasury (Dorsey) and the Social Security Administration (Chesser) concur in this position.

OMB/LA clearance:

## Background

In his January 27, 1998, State of the Union Address, the President proposed that 100 percent of the Social Security surplus be reserved "until we have taken all the necessary measures to strengthen the Social Security System for the 21st century." He announced his schedule for achieving Social Security reform, inviting every American to participate in the reform process. The President called for nonpartisan regional forums followed by a White House Conference on Social Security in December 1998. In addition, the President declared that he would convene the leaders of Congress to draft "bipartisan" Social Security reform legislation in January 1999.

## Summary of H.R. 4578

H.R. 4578 was introduced on September 16, 1998, and ordered reported, as amended, by the House Committee on Ways and Means on September 17, 1998.

Within ten days of enactment, H.R. 4578 would require the Secretary of the Treasury, in consultation with the OMB Director, to project the estimated total Federal budget surplus during each of FYs 1998 through 2008. At the end of each of those fiscal years, the bill would require the Treasury Department to transfer funds from the General Fund into a special reserve account, the "Protect Social Security Account", an amount totaling 90 percent of the Federal budget surplus projected by the Department for that period. As under current law, the funds would be invested in non-marketable securities.

H.R. 4578 would define "total" Federal budget to include all spending and receipt accounts of the United States Government that are designated as "on-budget" or "off-budget" accounts.

According to OMB's Budget Review Division:

-- The 90 percent of the surplus for FYs 1998-2008 that is to be transferred to the Treasury "Protect Social Security" account would increase the debt subject-to-limit. Based on the estimates in the Mid-Session Review, H.R. 4578 would require that the debt limit be raised during the fall of 2000, two years earlier than under existing law.

-- Other than raising the debt subject-to-limit, the account has no effect on the budget totals and the "lock-box" does not prevent the Government from spending more than ten percent of the surplus for tax cuts or other purposes.

-- The Joint Committee on Taxation estimates that H.R. 4579, the Taxpayer Relief Act of 1998, would cost slightly more than ten percent of the cumulative surpluses even before considering the additional debt service costs associated with the tax cuts. If the current surplus projections were to be optimistic, the amounts available to protect Social Security would be well below the ninety percent that H.R. 4578 would place in reserve.

## Pay-As-You-Go

According to the Income Maintenance Branch (Sauer), H.R. 4578 would not affect direct spending or receipts; therefore, it is not subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990.

LEGISLATIVE REFERENCE DIVISION  
September 23, 1998 - 12:05 p.m.