

NLWJC - KAGAN

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[10/16/1998 - 10/19/1998]

Withdrawal/Redaction Sheet

Clinton Library

| DOCUMENT NO. AND TYPE | SUBJECT/TITLE | DATE | RESTRICTION |
|--------------------------|--|------------|-------------|
| 001. email | Maureen Shea to Christopher Jennings & Elena Kagan re: US Catholic Conference [partial] (1 page) | 10/16/1998 | P6/b(6) |

COLLECTION:

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

FOLDER TITLE:

[10/16/1998 - 10/19/1998]

2009-1006-F
eh222

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-OCT-1998 12:34:32.00

SUBJECT: did you talk to erskine? bruce 66262

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

READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-OCT-1998 01:53:22.00

SUBJECT: home health care fix

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

TEXT:

Last night (Thursday), the Congressional Republicans, on a bicameral basis, agreed on a compromise proposal designed to address concerns about the impact of BBA home health reimbursement reforms on the industry. They are asking that we agree to expedite review of their proposal, support it, and agree to place it on the omnibus spending bill. We need to develop our response to their proposal as soon as possible (sometime early today), so that we cannot be blamed for holding up or killing an extremely popular health policy initiative.

Background. Responding to the home health care industry has been the number one health care priority of numerous Members of Congress. Without question, the White House, OMB and HHS has received more direct inquiries from Members of Congress on this issue than any other health care issue -- including the Patients' Bill of Rights. Democrats have been even more aggressive about addressing this problem than have Republicans. In addition, besides a massive campaign by the home health care industry, the aging advocates are starting to raise concerns about potential access problems to beneficiaries. In short, the Congress feels great pressure to act and members of both parties want it "fixed" before they leave town.

Last week, over 400 House Members voted out a Ways and Means Committee proposal that, by any definition, was severely flawed policy and included severely problematic financing. It used as its sole offset for the \$2 billion policy fix to raise the BBA-set income limits on Roth IRA rollovers. Although this proposal paid for the 5-year, \$2 billion cost, it lost over \$10 billion in the second 5 years (as more higher income individuals were assumed to benefit from the tax-free treatment of future withdrawals.)

The Senate Finance Committee -- on a bipartisan basis -- agreed on an alternative home health package that was better policy, dropped the Roth IRA financing mechanism, and used more palatable savings proposals. (It did have a \$300 million paygo problem, however.) At any rate, despite trying to bring this bill up to try to initiate a joint House/Senate conference, Senator Gramm (and perhaps others) objected to bringing the bill up under a U.C. agreement. As a result, the Senate Republican Leadership grew increasingly frustrated that they were going to be blamed for letting this die on their footsteps.

In response, Lott ordered his Republican Finance Committee Members yesterday to work out an agreement with the House Republicans (Thomas and Bilirakis). It was (and apparently still is) his hope to work with the White House to place their work product on the omnibus spending bill. At worst, he wants to be able to blame the White House for opposing a viable option that has every potential to gain large support from the home health agencies and advocates, as well as many Democratic Members of Congress.

The Republican Alternative. The alternative the Republicans produced last

night is administratively workable and generally defensible home health policy. It delays by one year the implementation of the new prospective payment system and its 15 percent payment cut, and it helps address geographic disparities that have been viewed as unfair. The proposal's major problem relates to its reliance on a three-part financing mechanism, particularly those two dealing with revenue raisers. The first and most acceptable financing source is a 5-year, \$900 million cut in the out-year payments for home health care. Second, the Republicans propose to include a version of the McCreary gambling provision, which reportedly raises \$250 million by modifying the tax treatment of prizes and awards. (Although this proposal has some notable bipartisan support, it is flawed because it is a revenue loser in the second 5 years.) And finally, and most controversial, is their proposal to reinstate a modified (and more modest) Roth IRA 5-year \$500 million proposal.

On a policy basis, the Treasury Department, OMB, NEC, DPC and others continue to strongly oppose the Roth IRA provision. Not only does it violate last year's carefully constructed BBA compromise, it loses revenue in the out-years, it benefits only the wealthy, and sets a likely and unstopable precedence for future modifications to the BBA Roth IRA agreement.

It is important to point out, however, that unlike the original House proposal, the newest Republican Roth IRA alternative does not lose any revenue until the 7th year and over 10 years appears to lose about only 10 percent of the original proposal -- about \$1.7 billion. This revenue loss is offset by the outyear savings associated with the home health payment cut, leaving the proposal budget neutral over 10 years. (After 10 years, the proposal almost inevitably will not be budget neutral.)

Democrats Reaction to Republican Proposal. Not surprisingly, the Democratic Leadership and Committees, who were completely excluded from the development of the Republican alternative, do not support the Republican alternative. They -- like us -- have particular problems with the Roth IRA provision. They do believe, however, that we must produce a viable alternative if we explicitly oppose the Republican proposal. As such, we developed one last evening that retains the Republicans' home health policy. However, it also drops the two Republican revenue raisers and substitutes a 100,000 participant cap on the Medicare Medical Savings Account (MSA) demonstration. (This raises about \$800 million over 5 years.) We talked about other options, but the offsets were either politically unrealistic or too small to deal with the problem.

Potential Political Problem with Democratic Alternative. Although the Democratic Leadership supports the alternative we developed last night, they cannot and would not give any commitment that even a majority of Democrats would be supportive of this effort. (This is a particular problem in the House.) Many of their rank and file members truly do not want to leave town without a home health care fix and they might well support the Republican alternative for two reasons. First, they may well not particularly mind the downsized Roth IRA provision; it will look to them that it is much more modest than what they previously supported and it raises money for home health care by "lowering" taxes. Second, they and their home health care validators may conclude that our alternative -- although more fiscally responsible -- is not viable politically and is simply political cover for a policy that can never pass. As a consequence, the President -- (who has said he would like to address the home health care concerns) -- could be blamed by members of our own party and certainly the home health care community for not responding to an "urgent health care crisis."

Options/Dilemmas. Because of the Democratic interest in being proactive on home health care (and the Republicans' desire to blame us for not producing), we need to move quickly to develop our strategy to respond to the Republican proposal. It appears likely that we will not want to immediately accept the Republican alternative. We certainly could counter with the Democratic "MSA" proposal we developed last night. However, we should recognize it will likely be rejected as unrealistic and partisan. Any subsequent discussion (that is viewed as credible and sincere) might well lead to something close to what the Republicans want. (This is because the potential Democratic and home health care support they may attract may well give them more leverage than us to advocate for a final agreement.) Conversely, if we do not engage with them on this issue at all, it may be all the more easy for them to label us as the "terminators" of the "desperately needed" home health care fix.

As always, however, time may be on our side. One option could be to offer our alternative and start a negotiating process that we commit to staying at until we can work out an acceptable agreement. The downsides of this approach are that omnibus spending bill would probably not be viable and virtually anyone could kill it on almost any other conceivable legislative vehicle.

Sorry I offer no easy solutions. Hope this background is helpful. We await your guidance. Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jeanne Lambrew (CN=Jeanne Lambrew/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:16-OCT-1998 21:13:37.00

SUBJECT: Status of Medicare Home Health

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

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

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

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

TEXT:

From Chris Jennings & Jeanne

As you all know, the Republicans have been pushing us to accept their proposal to fix the Medicare home health payment system problem with a set of offsets that includes increasing the income limits on Roth IRA rollovers. Per the senior staff discussion this morning, we were told that the Roth IRA provision is totally unacceptable. We subsequently worked with Treasury to develop several alternative financing packages to offer the Republicans as a substitute for the Roth IRA financing. We developed three packages, in consultation with Hill Democratic leadership and authorizing committtee staff:

1. "Cats and Dogs": This includes 7 relatively non-controversial tax offsets that have appeared in other bills and have not yet been used.
2. Limiting enrollment in the Medicare MSA demonstration: This is basically free money, since no one is signing up for this demonstration that the Republicans insisted on including in the BBA.
3. Limiting MSA plus some cats and dogs: This option increases the amount of savings that can be spent on helping home health agencies a little more. (While the home health fixes are generally accepted, some members from rural state (e.g., Grassley) are unhappy with the proposal -- extra funds can help solve this problem).

Chris and John Tallisman from Treasury briefed Bill Thomas and key Republican staff on these alternatives, and expressed our opposition to their offset. The conversations went well, but as predicted, Mr. Thomas said that the MSA provision was to him what the Roth IRA provision is to us. However, he was open to considering the cats and dogs. He did push

us on whether we could support their other tax offset: a provision that changes the tax treatment of winnings from gambling and the lottery. This is a short term saver, but, depending on how it is structured, can cost in the out years. Treasury has not yet developed a position on this policy, but it looks like a compromise may involve this particular offset.

Thus, the ball is back in the Republicans' court. Mr. Thomas was going to canvas the House Ways & Means committee, and the Senate Finance tax people were going to closely look at the offsets. Meanwhile, our Democrats appear pleased with the way this process has unfolded to date and have been supportive of our objection to the Roth IRA. As a note, the major home health agency organization wrote a letter today objecting to the offset as well.

We will let you know if we have any news over the weekend.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Adrienne C. Erbach (CN=Adrienne C. Erbach/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:16-OCT-1998 16:06:46.00

SUBJECT: Briefing on Omnibus

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

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

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

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

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

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

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

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

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

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

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

CC: Melissa J. Prober (CN=Melissa J. Prober/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

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

TEXT:

All deputies are invited to a 5 pm briefing on the Omnibus bill with Sylvia Mathews.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Richard Socarides (CN=Richard Socarides/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:16-OCT-1998 14:38:45.00

SUBJECT: Thanks.

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

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

TO: gregory.king (gregory.king @ usdoj.gov [UNKNOWN])
READ:UNKNOWN

TO: Shay.Bilchik (Shay.Bilchik @ usdoj.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: Julie_green (Julie_green @ ed.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: Sara_Strizzi (Sara_Strizzi @ ed.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: Bill_Modzeleski (Bill_Modzeleski @ ed.gov @ inet [UNKNOWN])
READ:UNKNOWN

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

TO: Ansley Jones (CN=Ansley Jones/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

TO: Mona G. Mohib (CN=Mona G. Mohib/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: Emory L. Mayfield (CN=Emory L. Mayfield/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

TO: Trooper Sanders (CN=Trooper Sanders/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

TO: Charles.a.simon (Charles.a.simon @ usdoj.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: Ricki.l.seidman (Ricki.l.seidman @ usdoj.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: Ann_O'Leary (Ann_O'Leary @ ed.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: Kevin_sullivan (Kevin_sullivan @ ed.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: lisa.wetzl (lisa.wetzl @ mail.va.gov [UNKNOWN])
READ:UNKNOWN

TO: Kelley L. O'Dell (CN=Kelley L. O'Dell/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TEXT:

Thanks to everyone who helped make the School Safety Conference a great success. I know that the President, the First Lady and the Vice President appreciated our efforts. Not to single anyone out, but I especially want to note our great partnership with our colleagues at DOJ and DOEd, the fantastic job our social office did and the OEOB Press Office for getting us so much great attention on one of the busiest news day of the year.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-OCT-1998 11:00:33.00

SUBJECT: President's Trip to California

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

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

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

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

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

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

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

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

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

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

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

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TO: John Podesta (CN=John Podesta/OU=WHO/O=EOP @ EOP [WHO])
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TO: Jennifer M. Palmieri (CN=Jennifer M. Palmieri/OU=WHO/O=EOP @ EOP [WHO])
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TO: Minyon Moore (CN=Minyon Moore/OU=WHO/O=EOP @ EOP [WHO])
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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: Cynthia M. Jasso-Rotunno (CN=Cynthia M. Jasso-Rotunno/OU=WHO/O=EOP @ EOP [WHO])

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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: Carolyn E. Cleveland (CN=Carolyn E. Cleveland/OU=WHO/O=EOP @ EOP [WHO])
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])
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TO: Dana C. Strand (CN=Dana C. Strand/OU=WHO/O=EOP @ EOP [WHO])
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TO: Jonathan M. Young (CN=Jonathan M. Young/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Kelley L. O'Dell (CN=Kelley L. O'Dell/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

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

TO: Marsha Scott (CN=Marsha Scott/OU=WHO/O=EOP @ EOP [WHO])
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TO: Robin Leeds (CN=Robin Leeds/OU=WHO/O=EOP @ EOP [WHO])
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TO: Barbara D. Woolley (CN=Barbara D. Woolley/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: 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])
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TO: Daniel Wexler (CN=Daniel Wexler/OU=WHO/O=EOP @ EOP [WHO])
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TO: Dorian V. Weaver (CN=Dorian V. Weaver/OU=WHO/O=EOP @ EOP [WHO])
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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

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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: 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: 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

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

TEXT:

On Tuesday, October 20, the President will travel to Los Angeles, California to attend a lunch for Janice Hahn, a mix-and-mingle for Barbara Boxer, and a dinner for Barbara Boxer. On Wednesday, October 21, he will travel to Sacramento, California for a State Legislature breakfast, then to San Francisco for a message event and a Barbara Boxer lunch. Deadlines for the President's Trip Book are as follows:

Background Memos (CA): DUE SUNDAY, OCT. 18, 6:00 P.M.

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

Event Memos: DUE MONDAY, OCT. 19, 6:00 P.M.

- Janice Hahn Lunch (L.A.)
- Barbara Boxer Mix-and-Mingle; Dinner (L.A.)
- State Legislature Breakfast (Sacramento)
- Message Event (tentative) (San Francisco)
- Barbara Boxer Lunch (San Francisco)

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah A. Bianchi (CN=Sarah A. Bianchi/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:16-OCT-1998 20:58:25.00

SUBJECT: one additional weekly insert on PA DSH

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

READ:UNKNOWN

TEXT:

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D51]MAIL49804809S.226 to ASCII,
The following is a HEX DUMP:

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Health Care -- Pennsylvania DSH Payments. The entire Pennsylvania Congressional delegation is aggressively lobbying the Administration to waive administratively potentially hundreds of millions of dollars that HCFA's fiscal intermediaries have concluded that the state's hospitals owe as a result of inappropriate Medicare DSH payments. The Congressional delegation, the state, and the hospitals have taken the position that they were unaware that billing for these DSH payments was problematic. Some even argue that their interpretation of the law is that the payments are legal. The delegation decided not to pursue a legislative fix in this area because CBO scores such an intervention as costing the Treasury and the Medicare Trust Fund over \$300 million. They are, instead, advocating for HCFA to step in administratively and place a moratorium on their FI's collections of past (and future) liabilities for a long enough period to fight HCFA in court or for Congress to intervene legislatively next year. Particularly because of the strong Democratic interest in this area and because it appears that HCFA has been inconsistently been applying the reimbursement rules, we are urging HCFA to be responsive as possible. We have been informed that HCFA will probably be able to announce a temporary moratorium late next week. We will make sure the roll-out is done to reflect the interest of the Members.

Automated Records Management System
Hex-Dump Conversion

October 17, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

Automated Records Management System
Hex-Dump Conversion

RE: DPC Weekly Report

Education -- Budget Deal: While your victory on class size reduction and your other education initiatives was remarkable, a number of key pieces of your education agenda remains unfinished. In addition to school modernization, there are two key areas we will focus on in the near term. First, the final provision on national standards allows some test development work to continue (while banning pilot testing or implementation), and calls on NAGB and NAS to conduct additional studies in anticipation of possible Congressional consideration of this issue when NAEP is reauthorized in the next Congress.

Because the likelihood of ever getting full Congressional support is so slim, we will develop a number of additional options for how to best continue to press for national standards. Second, as we work with the Education Department on a proposal for the reauthorization of the Elementary and Secondary Education Act, we will ensure that the concepts in the Education Opportunity Zones are fully reflected in that proposal and remain a central part of our education agenda.

Health Care -- Kennedy-Jeffords Legislation: Despite our efforts, the Work Incentives Improvement Act (Kennedy-Jeffords) did not make into the final Omnibus budget appropriations bill. This bipartisan legislation, that you endorsed at the commemoration of the Americans with Disabilities Act (ADA) last July, enables people with disabilities to go back to work by providing an option to buy into Medicaid and Medicare, as well as other pro-work initiatives. The disability community believes this is the most significant legislation since the ADA. Although this bill was on the list of top Administration priorities throughout the final budget negotiations and received broad-based bipartisan support, it was rejected by Republicans because they did not want to have significant health expansions and because they thought it was too late in the process to approve such a significant piece of legislation. However, the disability community as well as the AIDS community and others are extremely appreciative that the Administration fought so hard to pass this legislation.

Health Care -- AIDS Issues in the Budget: The Omnibus bill included significant new funding for HIV/AIDS. In particular, it included \$110 million for funding to address the critical AIDS problem in the minority community. This increase, plus an additional \$20 million that HHS has agreed to allocate from existing funds, meets the Congressional Black Caucuses' full

funding request for this problem. In addition to this important victory, the Ryan White Program which provides a range of treatment and services for people with HIV/AIDS, also received a \$250 million -- or nearly 30 percent increase. The AIDS community and the CBC are quite pleased with this remarkable outcome. However, there is disappointment regarding the inclusion in the final bill of a needle exchange provision that prevents the District of Columbia from using their own funds for needle exchange programs. **We strongly opposed this provision because it strips federal funds from community-based agencies trying to stop the spread of HIV through needle exchange programs.**

Health Care -- Race and Health in the Budget: The Congress has taken a critical first step in investing in your multi-year proposal to eliminate racial health disparities in six health areas, including HIV/AIDS, cancer, diabetes, and immunizations. As you know some of these disparities are startling. For example, African Americans under the age of 65 have twice the rate of heart disease as whites, and Native Americans suffer from diabetes at nearly three times the average rate. The budget gives sufficient funding to finance the \$80 million you included in your budget request, including new grants for communities to develop new strategies to address these disparities.

Health Care -- Historic Increases in Biomedical Research. The Congress agreed to fund your proposal to increase biomedical research at the NIH with a \$2 billion expansion of NIH research funding --a 14-percent increase. This increase will enable scientists to pursue a wide range of important new breakthroughs in critical diseases, from Alzheimers to AIDS to genetic discoveries. In addition, the Centers for Disease Control also received your requested increases for new research to improve prevention efforts, including fighting emerging infectious diseases and combating new resistance to anti-biotics, and the Agency for Health Care Policy Research (AHCPR) received your requested increases to improve quality outcomes. For example, overuse of antibiotics has been shown to lead to resistance and cost as much as \$7.5 billion a year. AHCPR's development and dissemination of guidelines for the appropriate use of antibiotics will result in better patient care and significant health care savings.

Tobacco -- Medicaid Recoupment: During negotiations over the omnibus appropriations bill, the Republican Leadership proposed including language which would have waived our right to the federal share of state tobacco recoveries. They would not, however, agree to conditions requiring states to spend a portion of the funds on a menu of items and the language was therefore not included in the bill. We plan to tell the states and others that we are willing to consider this issue next year, but only if **the federal share of settlement funds to a list of specified activities along the lines of the menu negotiated in the McCain bill and preferably including tobacco control activities.**

Crime -- Prison Drug Testing/Treatment: In the budget agreement we succeeded in including legislative language to allow states to use up to 10% of federal prison funds to implement drug testing and treatment plans for prisoners and parolees. As you know, you called for this change in law in a directive on coerced abstinence that you signed last year.

Crime -- Brady Implementation: The final budget agreement ensures that the Brady National Instant Criminal Background Check System (NICS) will go on-line as planned at the end of next month. While the final compromise does not allow the FBI to charge a user fee, it appropriates 42 million dollars to pay for these checks and, more importantly it does not require the immediate destruction of records. This latter provision would have delayed implementation of the NICS by 6-8 months.

Community Empowerment -- Final Budget Agreement: The final budget agreement included almost all of the major initiatives proposed in your State of the Union and FY99 Budget. Some of the highlights include: 1) 50,000 new Welfare-to-Work Housing Vouchers; 2) the first year funding for the Round II Empowerment Zones; 3) a 19 percent increase in the Community Development Financial Institution Fund budget; 4) enactment of the landmark public housing reform legislation; 5) extension of the Work Opportunity Tax Credit (WOTC) and the Welfare-to-Work Tax Credit (WTWTC); 6) an 18 percent increase in homeless assistance; 7) a 33 percent expansion of HUD's Fair Housing programs that are part of your One America Initiative; 8) full funding for EPA's Brownfield's program; 9) and the creation of a new program to provide Individual Development Accounts (IDA) to empower individuals to save for a first home, post secondary education, or to start a new business. The enactment of the IDA legislation means that you have fulfilled, at some level, all of the promises made in *Putting People First* in the area of community empowerment.

The one initiative which Congress was unwilling to consider as part of the tax extenders legislation was your proposal to expand the Low-Income Housing Tax Credit (LIHTC). However, we believe that the ground work has been laid to secure Congressional approval next year for the LIHTC and a longer extension of the WOTC and the WTWTC. Over the next several weeks, DPC, NEC, and the Office of the Vice President will be finalizing a set of new proposals for your FY2000 budget and State of the Union that will build on the victories we achieved in this year's budget.

Welfare Reform -- Teen Birth and Pregnancy Rates: Two recent reports show continued good news regarding teen birth and pregnancy rates. CDC announced preliminary data showing a 3 percent drop in the teen birth rate from 1996 to 1997, the sixth annual decline in a row and a drop of 15 percent since 1991. The latest rate, for 1997, is 52.9 births per 1,000 girls between 15 and 19 years old. Teen birth rates declined for all racial groups, though the rate of decline for blacks was slightly less than for other groups. A new report from the Alan Guttmacher Institute shows the teen pregnancy rate dropped nearly 13 percent from 1991 to 1995 and now stands at the lowest level since 1975, at 101 pregnancies per 1,000 15- to 19-year-old girls. Researchers attribute the drop in pregnancy rates to a decline in sexual activity among teens and improved use of contraceptives. The teen pregnancy data lag several years behind the teen birth data because the pregnancy data depend on abortion data which take longer to collect. In several months, CDC will produce its own estimate of the teen pregnancy rate which will

show a similar trend but will be estimated using a slightly different methodology. CDC's report will also contain teen pregnancy rates by race and ethnicity.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-OCT-1998 17:41:08.00

SUBJECT:

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

READ:UNKNOWN

TO: 4429 (4429 @ WHCA [UNKNOWN])

READ:UNKNOWN

TEXT:

OPM will fix interpretation and communicate to anyone they have indicated otherwise to -- sarah.b

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-OCT-1998 11:15:15.00

SUBJECT: Draft Housing Vouchers Directive for possible signing on Monday

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

FYI

----- Forwarded by Paul J. Weinstein Jr./OPD/EOP on
10/16/98 11:15 AM -----

Paul J. Weinstein Jr.
10/16/98 11:13:23 AM

Record Type: Record

To: jacquie_m._lawing @ hud.gov @ inet

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

Subject: Draft Housing Vouchers Directive for possible signing on Monday

Due to the President's tight schedule next week, Bruce Reed doesn't think we can do a major bill signing event on the HUD/VA--Housing Reform Bill. Therefore, he would like to have the President sign the bill in the Oval Office early next week (it has to be signed before COB on the 21st) and have some still photos taken. In addition, the President would sign the attached directive on housing vouchers. We would do a press release, and then have Secretary Cuomo and Bruce do a briefing in the White House Press Briefing Room.

What is the Secretary's schedule like on Monday, Tuesday, and Wednesday?

Also, please review the attached memorandum and get comments back to me by 5:00 today.

Bob, can you also please review.

Thanks.

----- Forwarded by Paul J. Weinstein Jr./OPD/EOP on
10/16/98 11:05 AM -----

Cynthia A. Rice
10/16/98 11:01:46 AM
Record Type: Record

To: Paul J. Weinstein Jr./OPD/EOP, Jonathan Orszag/OPD/EOP, Michael Deich/OMB/EOP, Francis S. Redburn/OMB/EOP

cc: Andrea Kane/OPD/EOP

Subject: Draft Housing Vouchers Directive for possible signing on Monday

Message Copied

To: _____

Cynthia A. Rice/OPD/EOP

Andrea Kane/OPD/EOP

Michael Deich/OMB/EOP

Jonathan Orszag/OPD/EOP

Christa Robinson @ EOP @ LNGTWY

Francis S. Redburn/OMB/EOP

Robert G. Damus/OMB/EOP

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

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

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DRAFT 10/16 10:00 a.m.

MEMORANDUM FOR THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

SUBJECT: Competition for 50,000 New Welfare-to-Work Housing Vouchers

We now have a critical new tool to help families moving from welfare to work. This year, for the first time, 50,000 families who need to move closer to a new job or obtain more stable housing in order to move from welfare to work will be able to obtain housing vouchers to help them. This is the first time that housing vouchers have been targeted for families moving from welfare to work and this is the largest increase in housing vouchers in XX years. I am pleased that the Congress has joined me in recognizing the critical connection between housing and welfare reform and has fully funded my \$283 million request.

For some families, having decent, affordable housing located near employment is essential to getting a job in the first place; for other families, such housing is critical to keeping that job and succeeding in the workforce. In many places jobs are being created far from where most welfare recipients live. Currently, about two-thirds of new jobs are being created in the suburbs, but three of four welfare recipients live in rural areas or central cities. Some families on welfare live in overcrowded, unstable, or unsafe conditions that make it difficult to get to work each day on time and perform their best. One of the first things many parents who move from welfare to work do is relocate to a neighborhood that is better for their family and more convenient to their job. These housing vouchers complement the new Access to Jobs transportation funds we obtained in the Transportation Equity Act for the 21st Century (TEA-21), which will assist states and localities to develop flexible transportation alternatives for welfare recipients and other low income workers.

These vouchers will be made available to communities on a competitive basis, in order to foster local innovation and partnership. It is critical that all sectors of society join together to help families move from welfare to work, and this competitive process will require housing agencies to consult with welfare and workforce development agencies in developing their plans. Several communities around the nation -- in California, Connecticut, Georgia, Illinois, Kentucky, and New Jersey -- have already shown that this can be done.

We must put in place this important new effort as soon as possible. Thereby, I direct you to:

- (1) Immediately disseminate information about this new competition, as well as promising models and best practices, through the World Wide Web and other methods.
- (2) Develop and publish guidelines for this grant competition within 60 days.

(3) In developing these guidelines, consult widely with state, local, and tribal housing, welfare, and employment officials and their national organizations, as well as key policy and research organizations, private and community-based organizations, and families who would benefit from these welfare-to-work housing vouchers as well as other federal agencies involved in implementing welfare to work initiatives, including the Departments of Health and Human Services, Labor, and Transportation.

(4) Ensure that the guidelines provide maximum flexibility to allow local areas to align their housing, welfare and employment policies to promote the successful movement of families toward self-sufficiency, require strong local coordination among key welfare to work partners, and reward well-designed, collaborative and innovative approaches.

Through this effort, we will continue to provide those willing to work hard and play by the rules the tools they need to succeed.

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Withdrawal/Redaction Marker Clinton Library

| DOCUMENT NO. AND TYPE | SUBJECT/TITLE | DATE | RESTRICTION |
|--------------------------|--|------------|-------------|
| 001. email | Maureen Shea to Christopher Jennings & Elena Kagan re: US Catholic Conference [partial] (1 page) | 10/16/1998 | P6/b(6) |

COLLECTION:

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

FOLDER TITLE:

[10/16/1998 - 10/19/1998]

2009-1006-F
ch222

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

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

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

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

RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Maureen T. Shea (CN=Maureen T. Shea/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:16-OCT-1998 18:06:09.00

SUBJECT: USCatholic Conference

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

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

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

TEXT:

I have received calls from them worried about the drafting of the conscience language in the Lowey amendment. I have consulted with Martha Foley, who also spoke with them, and explained that this was policy/OMB issue. I know you are overwhelmed and I apologize for bugging you on this, but it does seem to be a real concern to them. Martha has explained some of the politics to me, but I simply told them it was policy/OMB and I would try to get you to call them.

The two issues, as you might have guessed, are:

language says religious plans not religious beliefs

and concerns that doctors don't always prescribe contraceptive devices - IUDs etc. and they also give out pills in their office

The person is Richard Doerflinger
Office is 202-541-3171
Home is P6/(b)(6)

[001]

As you know, I have dueling constituencies on this and therefore whatever you do, I'll end up with unhappy people - perfect!

October 17, 1998

MEMORANDUM FOR THE PRESIDENT

Automated Records Management System
Hex-Dump Conversion

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

Education -- Budget Deal: While your victory on class size reduction and your other education initiatives was remarkable, a number of key pieces of your education agenda remains unfinished. In addition to school modernization, there are two key areas we will focus on in the near term. First, the final provision on national standards allows some test development work to continue (while banning pilot testing or implementation), and calls on NAGB and NAS to conduct additional studies in anticipation of possible Congressional consideration of this issue when NAEP is reauthorized in the next Congress.

Because the likelihood of ever getting full Congressional support is so slim, we will develop a number of additional options for how to best continue to press for national standards. Second, as we work with the Education Department on a proposal for the reauthorization of the Elementary and Secondary Education Act, we will ensure that the concepts in the Education Opportunity Zones are fully reflected in that proposal and remain a central part of our education agenda.

Health Care -- Kennedy-Jeffords Legislation: Despite our efforts, the Work Incentives Improvement Act (Kennedy-Jeffords) did not make into the final Omnibus budget appropriations bill. This bipartisan legislation, that you endorsed at the commemoration of the Americans with Disabilities Act (ADA) last July, enables people with disabilities to go back to work by providing an option to buy into Medicaid and Medicare, as well as other pro-work initiatives. The disability community believes this is the most significant legislation since the ADA. Although this bill was on the list of top Administration priorities throughout the final budget negotiations and received broad-based bipartisan support, it was rejected by Republicans because they did not want to have significant health expansions and because they thought it was too late in the process to approve such a significant piece of legislation. However, the disability community as well as the AIDS community and others are extremely appreciative that the Administration fought so hard to pass this legislation.

Health Care -- AIDS Issues in the Budget: The Omnibus bill included significant new funding for HIV/AIDS. In particular, it included \$110 million for funding to address the critical AIDS problem in the minority community. This increase, plus an additional \$20 million that HHS has agreed to allocate from existing funds, meets the Congressional Black Caucuses' full funding request for this problem. In addition to this important victory, the Ryan White Program

which provides a range of treatment and services for people with HIV/AIDS, also received a \$250 million -- or nearly 30 percent increase. The AIDS community and the CBC are quite pleased with this remarkable outcome. However, there is disappointment regarding the inclusion in the final bill of a needle exchange provision that prevents the District of Columbia from using their own funds for needle exchange programs. We strongly opposed this provision because it strips federal funds from community-based agencies trying to stop the spread of HIV through needle exchange programs.

Health Care -- Race and Health in the Budget: The Congress has taken a critical first step in investing in your multi-year proposal to eliminate racial health disparities in six health areas, including HIV/AIDS, cancer, diabetes, and immunizations. As you know some of these disparities are startling. For example, African Americans under the age of 65 have twice the rate of heart disease as whites, and Native Americans suffer from diabetes at nearly three times the average rate. The budget gives sufficient funding to finance the \$80 million you included in your budget request, including new grants for communities to develop new strategies to address these disparities.

Health Care -- Historic Increases in Biomedical Research. The Congress agreed to fund your proposal to increase biomedical research at the NIH with a \$2 billion expansion of NIH research funding --a 14-percent increase. This increase will enable scientists to pursue a wide range of important new breakthroughs in critical diseases, from Alzheimers to AIDS to genetic discoveries. In addition, the Centers for Disease Control also received your requested increases for new research to improve prevention efforts, including fighting emerging infectious diseases and combating new resistance to anti-biotics, and the Agency for Health Care Policy Research (AHCPR) received your requested increases to improve quality outcomes. For example, overuse of antibiotics has been shown to lead to resistance and cost as much as \$7.5 billion a year. AHCPR's development and dissemination of guidelines for the appropriate use of antibiotics will result in better patient care and significant health care savings.

Health Care --Pennsylvania DSH Payments. The entire Pennsylvania Congressional delegation is aggressively lobbying the Administration to waive administratively potentially hundreds of millions of dollars that HCFA's fiscal intermediaries have concluded that the state's hospitals owe as a result of inappropriate Medicare DSH payments. The Congressional delegation, the state, and the hospitals have taken the position that they were unaware that billing for these DSH payments was problematic. Some even argue that their interpretation of the law is that the payments are legal. The delegation decided not to pursue a legislative fix in this area because CBO scores such an intervention as costing the Treasury and the Medicare Trust Fund over \$300 million. They are, instead, advocating for HCFA to step in administratively and place a moratorium on their FI's collections of past (and future) liabilities for a long enough period to fight HCFA in court or for Congress to intervene legislatively next year. Particularly because of the strong Democratic interest in this area and because it appears that HCFA has been inconsistently been applying the reimbursement rules, we are urging HCFA to be responsive as

possible. We have been informed that HCFA will probably be able to announce a temporary moratorium late next week. We will make sure the roll-out is done to reflect the interest of the Members.

Tobacco -- Medicaid Recoupment: During negotiations over the omnibus appropriations bill, the Republican Leadership proposed including language which would have waived our right to the federal share of state tobacco recoveries. They would not, however, agree to conditions requiring states to spend a portion of the funds on a menu of items and the language was therefore not included in the bill. We plan to tell the states and others that we are willing to consider this issue next year, but only **if the federal share of settlement funds to a list of specified activities along the lines of the menu negotiated in the McCain bill and preferably including tobacco control activities.**

Crime -- Prison Drug Testing/Treatment: In the budget agreement we succeeded in including legislative language to allow states to use up to 10% of federal prison funds to implement drug testing and treatment plans for prisoners and parolees. As you know, you called for this change in law in a directive on coerced abstinence that you signed last year.

Crime -- Brady Implementation: The final budget agreement ensures that the Brady National Instant Criminal Background Check System (NICS) will go on-line as planned at the end of next month. While the final compromise does not allow the FBI to charge a user fee, it appropriates 42 million dollars to pay for these checks and, more importantly it does not require the immediate destruction of records. This latter provision would have delayed implementation of the NICS by 6-8 months.

Community Empowerment -- Final Budget Agreement: The final budget agreement included almost all of the major initiatives proposed in your State of the Union and FY99 Budget. Some of the highlights include: 1) 50,000 new Welfare-to-Work Housing Vouchers; 2) the first year funding for the Round II Empowerment Zones; 3) a 19 percent increase in the Community Development Financial Institution Fund budget; 4) enactment of the landmark public housing reform legislation; 5) extension of the Work Opportunity Tax Credit (WOTC) and the Welfare-to-Work Tax Credit (WTWTC); 6) an 18 percent increase in homeless assistance; 7) a 33 percent expansion of HUD's Fair Housing programs that are part of your One America Initiative; 8) full funding for EPA's Brownfield's program; 9) and the creation of a new program to provide Individual Development Accounts (IDA) to empower individuals to save for a first home, post secondary education, or to start a new business. The enactment of the IDA legislation means that you have fulfilled, at some level, all of the promises made in ***Putting People First*** in the area of community empowerment.

The one initiative which Congress was unwilling to consider as part of the tax extenders legislation was your proposal to expand the Low-Income Housing Tax Credit (LIHTC). However, we believe that the ground work has been laid to secure Congressional approval next year for the LIHTC and a longer extension of the WOTC and the WTWTC. Over the next

several week, DPC, NEC, and the Office of the Vice President will be finalizing a set of new proposals for your FY2000 budget and State of the Union that will build on the victories we achieved in this year's budget.

Welfare Reform -- Teen Birth and Pregnancy Rates: Two recent reports show continued good news regarding teen birth and pregnancy rates. CDC announced preliminary data showing a 3 percent drop in the teen birth rate from 1996 to 1997, the sixth annual decline in a row and a drop of 15 percent since 1991. The latest rate, for 1997, is 52.9 births per 1,000 girls between 15 and 19 years old. Teen birth rates declined for all racial groups, though the rate of decline for blacks was slightly less than for other groups. A new report from the Alan Guttmacher Institute shows the teen pregnancy rate dropped nearly 13 percent from 1991 to 1995 and now stands at the lowest level since 1975, at 101 pregnancies per 1,000 15- to 19-year-old girls. Researchers attribute the drop in pregnancy rates to a decline in sexual activity among teens and improved use of contraceptives. The teen pregnancy data lag several years behind the teen birth data because the pregnancy data depend on abortion data which take longer to collect. In several months, CDC will produce its own estimate of the teen pregnancy rate which will show a similar trend but will be estimated using a slightly different methodology. CDC's report will also contain teen pregnancy rates by race and ethnicity.

Health Care -- Home Health Care Fix: On Friday, the Congressional Republicans, on a bicameral basis, agreed on a compromise proposal to address concerns about the impact of BBA home health reimbursement reforms and have asked to include it in the omnibus spending bill. Without question, the White House has received more inquiries from Members of Congress, aging advocates, and the home health industry on this issue than any other health care issue this year. Many Democrats and Republicans in Congress are under great pressure to devise a home health fix, and the Republicans are hoping either to work out a compromise or blame the White House for opposing their viable alternative.

The new Republican alternative is generally workable and defensible home health policy. It delays the implementation of the new prospective payment system and its 15 percent payment cut by one year. However, its three-part financing mechanism is problematic, particularly its revenue raisers. The first and most acceptable financing source is a 5-year, \$900 million cut in the out-year payments for home health care. Second, the Republicans propose to include a version of the McCreary gambling provision, which reportedly raises \$250 million by modifying the tax treatment of prizes and awards. Their third proposal to reinstate a modified (and more modest) Roth IRA 5-year \$500 million proposal is strongly opposed by Treasury, OMB, NEC, DPC and others because it: violates last year's carefully constructed BBA compromise: loses revenue in the out-years: benefits only the wealthy: and sets a likely and unstoppable precedence for future modifications to the BBA Roth IRA agreement.

Our strategy has been to oppose this financing mechanism but to offer a workable alternative so that we are not perceived as the hold up for this popular policy. We have offered Republicans three alternative financing options: (1) the home health offsets plus limiting participation in Medicare Medical Savings Accounts from 300,000 to 100,000 (\$1 billion over 5 years); (2) fewer home health offsets plus the MSA limit as well as a series of cats and dogs tax offsets that Treasury believes are relatively non-controversial; and (3) home health offsets plus slightly more controversial tax cuts. The Republicans have already informed us that they will strongly oppose limiting MSAs as an offset. However, we are working with them over the weekend to determine if we can agree to the third alternative or something close to it. Regardless, there is no question that there is now a perception that we have made a good faith effort to resolve this problem.

Automated Records Management System
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Charles E. Kieffer (CN=Charles E. Kieffer/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:17-OCT-1998 15:18:42.00

SUBJECT: food safety

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Sally Chadbourne (Obey) called this afternoon to report that the majority has changed the allocation of our \$23 million food safety addback. Tim Sanders (Skeen) and Sally report that FDA told them that they can not spend the \$9.9 million in the original allocation on food safety and that if they get it they would propose to reprogram it to other activities later in the year.

Needless to say, Tim decided to reduce the \$9.9 million to \$5 million (allocating the balance to various USDA agencies). Their current plan is to allocate the \$23 million as follows:

FDA \$5

FSIS \$8m

Cooperative State Res, Ed and extension \$3.9 million

ARS\$3.6

AMS \$2.8

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:19-OCT-1998 10:54:44.00

SUBJECT: food safety

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

----- Forwarded by Thomas L. Freedman/OPD/EOP on 10/19/98
10:53 AM -----

Mark A. Weatherly

10/19/98 09:33:29 AM

Record Type: Record

To: Thomas L. Freedman/OPD/EOP

cc:

Subject: food safety

The final bill that we read through yesterday had only the \$5 m. more for FDA. As you can see in the e-mail below, the House clerks allegedly talked to FDA and got the impression that FDA was "drowning" in food safety money. Dan Mendelson talked later to FDA, who denied saying that, but the damage was done.

----- Forwarded by Mark A. Weatherly/OMB/EOP on 10/19/98
09:19 AM -----

----- Forwarded by T J. Glauthier/OMB/EOP on 10/18/98
10:58 AM -----

Charles E. Kieffer

10/17/98 03:18:29 PM

Record Type: Record

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

cc:

Subject: food safety

Sally Chadbourne (Obey) called this afternoon to report that the majority has changed the allocation of our \$23 million food safety addback. Tim Sanders (Skeen) and Sally report that FDA told them that they can not spend the \$9.9 million in the original allocation on food safety and that if they get it they would propose to reprogram it to other activities later in the year.

Needless to say, Tim decided to reduce the \$9.9 million to \$5 million

(allocating the balance to various USDA agencies). Their current plan is to allocate the \$23 million as follows:

FDA \$5

FSIS \$8m

Cooperative State Res, Ed and extension \$3.9 million

ARS\$3.6

AMS \$2.8

Message Sent

To: _____

Jacob J. Lew/OMB/EOP

Sylvia M. Mathews/OMB/EOP

Daniel N. Mendelson/OMB/EOP

Elena Kagan/OPD/EOP

T J. Glauthier/OMB/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:19-OCT-1998 15:24:20.00

SUBJECT: Draft immigration paper

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

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

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

TEXT:
Attached is a draft of immigration accomplishments.

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D72]MAIL404832291.226 to ASCII,
The following is a HEX DUMP:

FF575043C8040000010A02010000000205000000601500000002000007AE42C0947D625E76C4E0B
8D25EAA41C92BF8727140EAE268FF72226CEFAF7374F199E0AE0A5E934B38E9AB6EFEEDA3F4429
D2262F79AA120EA26AE26309093357936AC57A95DEE5238DB2F0833AAE37180AF57EF38349EE11
C0C1E33B1F4C4CF8BF18F230047BCFF7901A209F166A450C4D97DB7841EE3E1E65CB0169937663
2B91AC04C0F26926763A15EB27AD3AE382F20B3E899689DFCF65A14DDA92F7A98F385E596D9ACD

**PRESIDENT CLINTON AND CONGRESSIONAL DEMOCRATS
WIN IMPORTANT VICTORIES FOR THE IMMIGRANT COMMUNITY
October 19, 1998**

Reducing the Naturalization Backlog. The President's FY99 budget included \$827 million in funding from the Examination Fee Account and \$486 million from the User Fee Account dedicated to providing immigration benefit and inspection services. A recent estimate of INS fee receipts has resulted in a significant reduction in anticipated fee revenue to support the Examination Fee Account and insufficient resources to address the two-year backlog of pending naturalization applications at the INS. As a result, the Administration sought an infusion of \$171 million in new resources to support naturalization activities. The Administration urged the conferees to ensure that immigration fees are used to reduce the backlog of pending citizenship applications, as well as to approve the reprogramming request. The final Omnibus appropriations package includes approval of the full \$171 million in reprogramming and does not divert any money from the INS's Exams Fee account for unrelated expenses.

Protecting U.S. Farmworkers. The Administration strongly urged the conferees to delete provisions in the Senate-passed CJS bill that would create a new agricultural guestworker program. These provisions would likely increase illegal immigration to the U.S., reduce job opportunities for legal U.S. farmworkers, and depress wages and work standards for U.S. farmworkers. We fought hard, and were successful, at getting these provisions removed from the Omnibus appropriations package.

Defeated Efforts to Dismantle the INS. Some Republicans in Congress made an effort to attach legislation to the Omnibus appropriations bill that would drastically reorganize the INS over the next six months. Though we support efforts to reform the INS and promote greater effectiveness and efficiency, we opposed going forward with such a major reorganization of this important agency without the benefit of hearings by the Judiciary Committee and consideration by the House and Senate. We strongly opposed this legislation, and successfully defeated it.

Deportation Relief for Haitians. Last year we were disappointed that Haitians were excluded from the relief granted Central Americans and Eastern Europeans in the Nicaraguan Adjustment and Central American Relief Act (NACARA). Last December, the President temporarily suspended deportation of certain Haitians for one year and called on Congress to address, through legislation, the circumstances of this group. The Haitian provisions included in the final appropriations bill will allow thousands of Haitians who were paroled into this country after the 1991 overthrow of President Aristide or who applied for asylum prior to 1996, to become legal residents of the U.S.

Visas for High-Tech Workers and Protection for U.S. Workers. The Administration and Congress reached a compromise on legislation that temporarily increases the number of H-1B visas; reforms the H-1B program to ensure that employers do not replace U.S. workers with temporary foreign workers and requires employers to recruit U.S. workers; and provides for a

user fee that will generate approximately \$250 million over three years in new investments for training and educational opportunities to U.S. workers.

Enhancing Enforcement at the Border. The final budget agreement includes the Administration's request to hire 1,000 additional Border Patrol agents, as well as funds to provide improved technology to detect illegal aliens along the Southwest Border.

Automated Records Management System
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:19-OCT-1998 18:24:52.00

SUBJECT: Daily Update for Senior Staff Mtg. from Chris

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Bruce and Elena:

Health Care -- Status of FDA Commissioner Confirmation: If all goes according to plan, Jane Henney should be confirmed as the first woman and the first oncologist FDA Commissioner. Senator Nickles has indicated that he will do everything possible to clear any remaining hurdles prior to Congressional adjournment. I thought you may want to advise Senior staff tomorrow and consider whether you may want to release a POTUS & VPOTUS statement tomorrow afternoon.

Health Care -- Home Health Care Update: The Republicans agreed to drop the Roth IRA financing provision and instead fund the roughly \$1.7 billion, five year home health fix through savings equally divided from Medicare, primarily from a home health care payment reimbursement reduction, and through the gambling tax provision we discussed earlier. Although the industry and the Democrats are not completely thrilled with the home health care policy, they believe that we did everything we could to improve it and seemed to be placing most of the blame for the shortcomings of the provisions squarely at the feet of the Republicans. And certainly between doing nothing and this, our Democrats and the home health care industry opted for the compromise.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:19-OCT-1998 17:30:03.00

SUBJECT: Class Size Chart

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

TEXT:

Attached is the final version of the chart comparing the final class size bill with our original.

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D5]MAIL43705429H.226 to ASCII,
The following is a HEX DUMP:

FF575043FF0C0000010A02010000000205000000783900000002000099EB721673831C64C1A03A
A87380DFD2397E03BF796DBF8E4E214F0062823A3A6142E94E8A4237277876B7E67CC915D43A83
A724BBC91E2F3E5E9C39054F5B0A66C459C9CE412B6889E247E94DCD2E96EC2904DD54DDEC7B24
90C0DC2BC9680DB54CED695CDDC0DE53B89B2350ECE132FD2E96935C94A69E8883FE6FD6BB7D1D
325C00B70F3E45F4323554F484522683F946E19F827C8F264C205F7015A51E177FE3E4020282DD

CLINTON VICTORY ON SMALLER CLASSES WITH QUALITY TEACHERS

| PRESIDENT CLINTON'S GOAL | ADMINISTRATION'S PROPOSAL | FINAL AGREEMENT IN OMNIBUS APPROPRIATIONS BILL | PRESIDENT'S GOAL MET |
|--|---|---|-----------------------------|
| CLEAR PURPOSE | Reduce class size to 18 in the early grades | Reduce class size to 18 in the early grades | - |
| FIRST STEP TOWARD HIRING 100,000 TEACHERS | \$1.1 billion in first year Help school districts hire more than 30,000 teachers in the first year of a seven year-initiative to hire 100,000 teachers | \$1.2 billion in first year Help school districts hire more than 30,000 teachers in the first year. | - |
| TARGETING NEEDIEST STUDENTS | Targeted to high poverty students using Title 1 formula | Targeted to high poverty communities, with 80% of funds allocated by poverty and 20% by population count | - |
| GETTING DOLLARS TO LOCAL SCHOOL DISTRICTS | 99.4% of funds to local school districts; 0% for federal administration 0.5% for costs to state of program administration and testing of new teachers or evaluation | 100% to local school districts 0.0% for federal administration 0.0% for costs to state of program administration and testing of new teachers 0.0% for evaluation | - |
| ENSURING TEACHER QUALITY | Requires that local school districts spend at least 10% of funds on improving teacher quality New teachers must meet state certification requirements New teachers must pass state-selected competency test | Establishes 15% cap for local school district expenditures on improving teacher quality New teachers must meet state certification requirements School districts may use funds for teacher competency tests | - |
| ACCOUNTABILITY FOR RESULTS | Must produce annual school report card to parents and the public on student | Must produce annual school report card to parents and the public on student achievement and class size | - |

| PRESIDENT CLINTON'S GOAL | ADMINISTRATION'S PROPOSAL | FINAL AGREEMENT IN OMNIBUS APPROPRIATIONS BILL | PRESIDENT'S GOAL MET |
|-------------------------------------|--------------------------------------|---|---------------------------------|
| | achievement and class size | | |

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:19-OCT-1998 20:34:34.00

SUBJECT: CBC Complaint

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

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

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

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

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

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

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

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

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

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

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

TEXT:

Congresswoman Water's office called to let me know that the Budget Message Document, "President Clinton, Vice President Gore, and the Congressional Democrats Win on the Budget, But There Is Still More Work To Do," does not indicate or reflect the Black Farmers win in the bill for the CBC nor does it reflect that the AIDS package for minorities was a CBC priority targeted for African Americans. Donna Cruise indicated that the Congresswoman and other CBC members felt strongly that since there is a reference to the Hispanic Education Initiative there should be some similar reference to accomplishments targeted for African Americans. Can we update our current document or will there be an effort to do summary sheets for different wins in the bill targeted to different groups? I thought I saw a draft document targeted for women. Should we

do something similar for African Americans and Hispanics? Please advise.
JM

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:19-OCT-1998 15:49:35.00

SUBJECT: Rough Budget Schedule

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

TEXT:

This is the rough schedule. I will keep working to get the more agency specific information.

----- Forwarded by Paul J. Weinstein Jr./OPD/EOP on
10/19/98 03:49 PM -----

Charles R. Marr
10/19/98 03:37:56 PM
Record Type: Record

To: Melissa G. Green/OPD/EOP, Paul J. Weinstein Jr./OPD/EOP
cc:
Subject: Rough Budget Schedule

Agencies have submitted budgets.

Next week -- Director's Reviews begin -- go through November.

Monday before Thanksgiving -- Passback.

Monday after Thanksgiving -- Appeals begin.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:19-OCT-1998 20:36:10.00

SUBJECT: Miscellany

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:

EK:

This isn't too substantive, but it has some good general examples...jc3

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D80]MAIL44088529Y.226 to ASCII,

The following is a HEX DUMP:

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"CLEARANCE FATIGUE SYNDROME"

1. Administration Position on Child Access Prevention (CAP) Laws. On July 8, 1998, the President stood up with Suzann Wilson -- the mother of a student slain in the Jonesboro school shooting -- and called on Congress to pass federal CAP legislation that would hold adults who allow children easy access to firearms accountable for their actions. But this announcement, which received wide media attention, was almost killed by the Treasury and Justice Departments the night before the event. Despite having had more than a month to review the CAP legislation; having already recommended that states pass their own CAP laws; and having told the Rahm that the Administration could generally support a federal CAP, as long as there was room to negotiate the final language -- the Justice and Treasury Departments insisted that they would not support federal CAP legislation. Chief of Staff Bowles had to speak with Secretary Rubin just to keep this event from falling off the schedule.

2. Granting COPS Waivers for Distressed Communities. On May 29, 1998, the President announced a new COPS initiative that would target funds to high-crime, high-need neighborhoods by waiving the federal match for them. This initiative also almost never came to pass. Although the 1994 Crime Act grants the Attorney General broad waiver authority -- and a DPC-led working group had repeatedly recommended invoking this waiver authority over the past year -- the Justice Department opposed granting any waivers unless Congressional appropriators signed off first. Finally, with the help of some prominent mayors -- and a year's worth of complaining -- the Justice Department relented. Similar waivers have now been granted to different cities and to help hire police to work in schools.

3. Report on School Discipline. Several times, in anticipation of his July 98 speech to the AFT, the President asked us for a status report on the school discipline issues that he supported during the '96 campaign -- uniforms, curfews and anti-truancy programs. Despite weeks of hostile meetings with the Departments of Education and Justice, we were unable to get them to produce anything for the President's speech.

4. Recommendation on Crack Sentencing Policy. When the U.S. Sentencing Commission released its revised recommendations on crack sentences in April of '97, the President issued a statement calling on ONDCP and Justice to review these recommendations and report back to him within 60 days. However, before ONDCP and Justice could agree, General McCaffrey publicly expressed his own views and refused to work with members of the WH staff to develop a consensus Administration response to the Sentencing Commission's report. In the end, ONDCP and Justice were a month late in reporting back to the

President, and the legislative battle to build support for reasonable changes to crack sentencing policies was lost before it even started.

5. Directive on Modified Assault Weapons. On November 14, 1997, after much disagreement with the Treasury and Justice Departments, the President signed a directive asking the Treasury Department to review whether or not certain modified assault weapons could continue to be legally imported. Both agencies strongly resisted taking this action; thought the Administration would lose in court; delayed in producing the final report and recommendations; and were dead wrong. After 6 months of doing battle with Justice and Treasury, the President's decision on modified assault weapons has been strongly supported by the public, law enforcement, most of Congress -- and not challenged in federal court.

6. Southwest Border Reorganization. For more than a year now, General McCaffrey has been issuing reports and holding press conferences on how the Southwest Border needs to be overhauled -- with huge increases in border patrol agents, technology resources, and the appointment of a Senate-confirmed Border Czar. None of these proposals are official Administration policy, and they are strongly opposed by Secretary Rubin and the Attorney General. However, McCaffrey has refused to work with us and other WH staff in helping to determine a formal Administration position on these issues.

7. Teen Drug Testing and Drivers' Licenses. During the '96 campaign, the President signed a directive asking certain Cabinet Members to report back with recommendations on what the Administration could do to support drug testing for teenagers applying to get their drivers' licenses. In early '97, ONDCP and the Department of Transportation (DOT) replied that the Administration should fund a demonstration program for interested states. However, Congressional appropriators prohibited DOT from funding such demonstration program before they could get it off the ground. We have since tried to get Justice and ONDCP to fund such a demonstration with their discretionary funds, but they have been unwilling cross the appropriators and dedicate any of their funds for this purpose.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:19-OCT-1998 13:34:38.00

SUBJECT: gary black

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

TEXT:

Settlement Update: Congress Fails To Put Icing On The Cake. Deal Likely
To Slip Past Election Day.

Gary Black (212) 756-4197
Jon Rooney (212) 756-4504

October 16, 1998

HIGHLIGHTS

- 1.The failure by the states to secure a waiver from the federal government permitting states to keep all funds from any new tobacco settlement is a modest negative, but doesn't materially change our view that substantially all the states will embrace the deal. Republican leaders Lott, Armey, and Gingrich balked at White House demands on how the states should spend the money. The spending bill agreed to yesterday contained no language clarifying the federal government's ability to bring Medicare claims.
- 2.We now expect the industry will wait until after the election (November 3) to announce the new AG accord, to ensure that tobacco stays off the radar screen as a potential campaign issue. Because anti-tobacco officials will likely tout the new AG accord as too lenient on the industry, Republicans could be hurt as voters are reminded about the death of the much tougher McCain bill.
- 3.We expect all small manufacturers except Liggett to embrace the new deal. We expect states who sign the deal to pass legislation requiring renegades to make payments into a trust equal to what these renegades would have paid under the proposed deal.. Unlike the proposed settlement, trust payments would not offer a carve-out for last year's share, and not be tax

deductible

(owner-ship retained by the renegades). Liggett can argue that its agreements

with 41 states exempt Liggett from payment requirements.

4. We are less concerned than we were that states might double-cross the industry (i.e., embrace the deal, obtain consent decrees, then pass statutes

imposing licensing fees that do not give credits to signatories). We have been

told that the industry can make the deal contingent upon actions of third

parties (i.e. legislators), and void the deal if states take actions that violate the terms.

5. While investors may view the failure by states to secure a federal waiver on

Medicaid recovery and a further delay in timing as reason to take profits, we

would use today's weakness as another buying opportunity, particularly on

Philip Morris. The Philip Morris buyback should begin after the opt-in period

(7-14 days from announcement of the deal). Spinoff speculation will follow.

6. We reiterate outperform ratings on Philip Morris (price target \$60), RJR (\$40), and UST (\$40).

ADDITIONAL DETAILS

1. Failure by states to get federal waiver doesn't change odds of deal. The

failure by the White House and Senate Republicans to agree on a provision that would have permitted the states to keep all tobacco settlement money (feds have right to recover 50-80% of settlement proceeds) followed White House demands that a substantial chunk be spent on public health initiatives found in McCain's failed tobacco bill. This does not materially change our outlook for a new settlement between the industry and the AGs. With the exception of four states that we have previously flagged as unlikely to embrace the deal (MD, trial begins in January; MA, trial begins in February; MI, WI) we expect substantially all the AGs to embrace the new accord. We have been told that the deal may be held up until after Election Day (11/3). Republicans appear to be nervous that any new accord will be attacked by the anti-tobacco crowd as too sweet for the industry, causing the media to remind voters -- in the prime of the Election season-- how Republicans killed the much tougher McCain bill. At this juncture, it might be prudent to wait until after Election Day.

In talking with negotiators, we are struck by the powerful synergies of the renegade provisions in the new accord: One, renegade credits (multiplier set at 3x) are paid only by states who don't pass legislation requiring non-signatories to pay into trust at least what the signatories pay; as the number of states without these provisions dwindles, each non-conforming state

pays more. Two, the renegade carve-out permits smaller players to pay nothing as long as their share remains below base 1997 levels. The smaller players would clearly be better off embracing the deal than making payments to the states; if they don't embrace the deal, renegades would make payments on all share (not just the increase over 1997 share), and payments would be non-tax-deductible.