

NLWJC - KAGAN

EMAILS RECEIVED

ARMS - BOX 040 - FOLDER -002

[11/05/1998]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 19:26:01.00

SUBJECT: Welfare Studies

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

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

TEXT:

CEA is working on a WEB piece summarizing the Michigan study below and a study of San Bernadino's caseload. I'm taking a look at both studies, but didn't see a point in duplicating efforts by doing weekly items. Some of the data may be relevant for our FY 2000 ideas, though the sample is obviously limited. The Michigan study highlights domestic violence issue. HHS' FY 2000 budget includes a \$71 million initiative to improve and expand services for victims of domestic violence, though this is much broader than welfare reform.

----- Forwarded by Andrea Kane/OPD/EOP on 11/05/98 07:13 PM -----

Study spotlights barriers that keep women on welfare
November 4, 1998

BY WENDY WENDLAND, Free Press Staff Writer

Women who remain on welfare are more likely to be victims of domestic violence, suffer from clinical depression and have less than a high school education, according to a new study from the University of Michigan.

They are slightly less likely to be dependent on alcohol, and slightly more likely to be dependent on drugs, according to the report, "'Barriers to the Employment of Welfare Recipients."

The U-M study is believed to be the first in the nation to examine what is keeping welfare recipients from working. The report comes at a time when Michigan's welfare levels are at 1971 lows, when Gov. John Engler is advocating mandatory drug testing for welfare recipients and when the state's main welfare-to-work strategy has been a job search and readiness program, Work First. There were 108,144 welfare cases in August. Most families on welfare are headed by single women.

U-M researchers say they hope their findings will be used by policy makers in Michigan and elsewhere to adjust their plans to better reflect the barriers facing people who remain on welfare.

"The first wave of welfare reform has been, 'Let's get people off the rolls.' What this says is people who remain on the rolls are likely to be those who have substantial barriers," Sheldon Danziger, U-M professor of social work and public policy, said Tuesday. "This shows you shouldn't assume that anybody can go out and get a job."

The report, by the university's Poverty Research and Training Center in the School of Social Work, was based on interviews of 753 single mothers. The Michigan women were on welfare in February 1997 and interviewed

between September and December 1997. U-M officials plan to conduct follow-up interviews later this year and in early 2000.

One major problem welfare recipients face is domestic violence. Research has shown 48 percent to 63 percent of welfare recipients suffer from domestic violence sometime in their lives. This can affect their ability to show up to work, Richard Tolman, U-M associate professor of social work, said Tuesday.

The Family Independence Agency recently required all caseworkers who help welfare recipients find work to go through a one-day training. In Muskegon, the Work First agency screens welfare recipients for domestic violence and makes referrals to a program, Every Woman's Place. The program is getting about 12 referrals a month, said executive director Susan Johnson. The domestic violence program includes counseling, support groups and shelter.

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jennifer L. Klein (CN=Jennifer L. Klein/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-NOV-1998 16:01:57.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

We propose (as we, Senator Kohl, and the House Democrats did last year) to provide a tax credit to businesses that provide child care services for their employees by building or expanding child care facilities, operating existing facilities, training child care workers, or providing child care resource and referral services to employees. The credit covers 25% of qualified costs, but may not exceed \$150,000 per year. Cost: \$500 million over 5 years. To further build on this concept, we also propose to provide tax credits to businesses that provide on site schools, as described in the education section.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 10:48:28.00

SUBJECT: Crime Strategy Meeting

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

READ:UNKNOWN

TO: Charles A. Blanchard (CN=Charles A. Blanchard/OU=ONDCP/O=EOP @ EOP [ONDCP])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

CC: Patricia E. Romani (CN=Patricia E. Romani/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

TEXT:

There will be a Crime Strategy Meeting on Monday, November 9, at 3:00 p.m. in Bruce Reed's office (2 Floor, West Wing).

Agency folks attending: Jim Johnson and Ann Harkins.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 17:21:55.00

SUBJECT:

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

READ: UNKNOWN

TEXT:

----- Forwarded by Paul J. Weinstein Jr./OPD/EOP on
11/05/98 05:21 PM -----

Sarah A. Bianchi
11/05/98 05:18:32 PM
Record Type: Record

To: Paul J. Weinstein Jr./OPD/EOP
cc:
Subject:

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

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

TEXT:

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Public Health/Underserved Populations

- **Combating Resistance to Antibiotics (Super Bug).** Recent reports have indicated that resistance to antibiotics is increasingly becoming a public health crisis, causing prolonged illnesses and even death. For example, 500,000 Americans per year are infected with Staph (*Staphylococcus aureus*), a commonly-acquired, potentially lethal, hospital-based infection. The bacteria now only responds to vancomycin, and CDC has recently documented the first cases of resistance to this last resort drug. The hospital costs alone associated with treating antibiotic resistance total over \$600 million per year. This new initiative could address this critical emerging problem through: (1) a major health-warning outreach campaign involving hospitals, health professionals, and managed care organizations; (2) new research and surveillance efforts to understand where and why antibiotic resistance occurs and develop effective responses as well as to develop new vaccines that could help limit the occurrence of diseases where there is or will soon be increased antibiotic resistance; and (3) demonstrations that bring in a team of public health experts into a community to implement and test effective strategies to combat antibiotic resistance. (Cost: \$25 million per year).
- **Assuring Ability to Detect and Manage Bioterrorism.** Bioterrorism is becoming an increasing threat that has the potential to injure or kill millions of Americans through deadly diseases, such as anthrax. While law enforcement and intelligence agencies seek to thwart these kinds of attacks, when prevention fails, we need a system in place that is prepared to manage and minimize the public health consequences. Unfortunately, unlike many types of attacks, bioterrorist threats could go for days or even weeks without being detected as they could be noticed only when clusters of deaths or a series of illnesses begin to emerge. Therefore, it is critical that the nation's public health system is equipped to both detect and respond to this potential problem. This initiative would: train epidemic intelligence officers who can coordinate with state health departments and other intelligence officers to identify and respond to attacks; develop a Metropolitan Medical Response System, a mass casualty emergency response system, that includes primary care, emergency transportation, and decontamination abilities that will be critical to save lives in the event of an attack; create and maintain a stockpile of pharmaceuticals, that would be critical in the event of a bioterrorist attack that could expose hundreds of thousands of Americans to a disease (current stockpiles, that contain many inactive antibiotics, are inadequate to address a major outbreak); and improve research to develop new vaccines and antibiotics that could be used in the event of an attack. (Cost: \$100 to \$300 million per year).
- **Announcing a New Initiative to Prevent and Treat Asthma.** Over the past 15 years, there has yet to be a fully understood and greatly concerning increase in the number of children afflicted with asthma. In fact, cases have doubled to total about 15 million, with the increase in rates highest in children under 5 years old. This disease is one of the leading causes of school absenteeism, accounting for over 10 million missed school days. Recently, the National Heart, Lung, and Blood Institute developed new treatment guidelines designed for health care providers and patients with asthma. These guidelines demonstrate that appropriate medical care, along with measures to control allergens and other environmental triggers, can tremendously reduce the frequency and severity of attacks. The proposed initiative is designed to broadly disseminate

these guidelines to State and local public health programs. These public health coalitions will then work with schools, child care organizations, businesses, and other community organizations to reduce harmful exposures to asthma patients and make it easier for asthma patients to follow their treatment plans. This initiative would complement our current efforts to identify and enroll eligible children in Medicaid and the new Children's Health Insurance Program. (Cost: \$50 million).

- **Launching New Initiative to Improve Awareness and Treatment for People With Mental Illness.** Mrs. Gore's office is recommending a White House Conference on Mental Health for this spring to raise awareness about mental illness and to take the next steps to improving access to and treatment of mental health. In addition, next year, HHS will release a historic Surgeon General's report documenting the widespread incidence and impact of mental illness. To bolster these activities, the Vice President's office would like to unveil a series of public-private initiatives to further improve access to prevention and treatment and to raise awareness about mental health, including involving foundations, businesses, and states in new partnerships to highlight and build on cost effective coverage and delivery practices; and improving the delivery of mental health services in Federal health programs. We believe this initiative should also include increases in the mental health block grant which enables states to provide critical mental health services, including assuring homeless shelters identify and treat mental illnesses, improving the availability of state-of-the-art treatments, and providing new incentives to communities who have implemented effective mental health programs, including homeless programs that effectively address mental illness. (Cost: Up to \$100 million per year).
- **Applying Effective Prevention Strategies to Combat Heart Disease, the Nation's Leading Killer.** While diseases, such as cancer and HIV/AIDS receive far more media attention, heart disease is the leading killer of women and men across nearly all racial and ethnic groups. More than 960,000 Americans die of heart disease each year, accounting for more than 40 percent of all deaths, and 58 million Americans live with some form of this disease. This disease can be markedly reduced by: preventing smoking which causes one-fifth of all cardiovascular deaths; improving physical activity, as Americans who are not physically active are at twice the risk of heart disease; and improving nutrition. We are taking new strides in research in this area, and NIH recently launched one of the largest clinical prevention trials, that is examining heart disease among postmenopausal women, including the role of nutrition, increased exercise and physical activity. This initiative could also emphasize: launching a new partnership with aging networks to evaluate and improve nutrition in public-private programs; measuring successful community prevention approaches and replicating them nationwide; and creating a network of, educators, churches, minority-based organizations to launch nationwide awareness campaign about prevention. (Cost: \$20 million per year supplemented by NIH funding in this area).

- Improving Emergency Medical Services in Rural Areas.** The presence of viable EMS systems is critical for residents in rural and frontier areas. Because of the high rates of occupational injury associated with employment unique to rural areas, such as farming, mining, and fishing, rural residents experience disproportionate rates of trauma and medical emergencies. Although farmers constitute only 4 percent of U.S. workers, 38 percent of all machinery related deaths occur on farms. In addition, the death rate from accidental injuries in most rural areas is over twice the rate for the largest city. Long distances between hospitals, tertiary care centers, and other providers can increase the morbidity and mortality associated with medical emergencies. Financing modern emergency care systems in small rural communities is difficult at best. Many rural and frontier communities face challenges in obtaining ambulance equipment and communication systems and recruiting, training, and retaining EMS personnel. This proposal would provide funds to States and local communities to improve access to 911 services or alternative systems where the 911 option is not economically viable. It would also develop and fund programs to help rural communities train local citizens in CPR and first responder techniques, help recruit and retain EMS personnel, and develop distance learning programs for EMS staff in order to ensure they receive appropriate training and support. (Cost: \$50 million).
- Investing in Promising Biomedical Research.** We are now poised to make revolutionary advances that could dramatically alter and improve the way we treat diseases. To help realize these new possibilities, the President's FY1999 budget included a historic multi-year investment in biomedical research and Congress funded NIH at even higher levels (a \$2 billion increase this year). However, there is no evidence that the Republicans in Congress have any intention of altering their longstanding commitment to outbid us on NIH funding. It appears futile to compete with them while still maintaining our own commitment in other priority areas. Moreover, even NIH is beginning to get a level of scrutiny about their ability to wisely and appropriately spend such large increases. Having said this, the research issue has captured the imagination of virtually every community, and the President and Vice President have both spoken at great detail about the importance of this type of investment. Therefore, it seems ill-advised not to continue some level of increased commitment. We recommend somewhere between \$500 million and \$1 billion, although the higher amount is only conceivable assuming we use at least some tobacco dollars in this area.
- Improving Access to Promising HIV/AIDS Drugs.** With progress in lifesaving HIV/AIDS therapies, the AIDS community has made it a top priority to extend these state-of-the-art treatments to Americans in need. While we have supported healthy increases in these areas, in some states, such as Texas and North Carolina, there are up to year-long waiting periods to get on these drugs, and other states have chosen to limit their programs so they do not pay for the comprehensive range of drugs needed to effectively treat HIV. Therefore, we are recommending new investments in the AIDS Drugs Assistance Program (ADAP) which helps people pay for these costly therapies that can run as high as \$15,000 per year. In addition, we believe we should propose new increases in prevention

and treatment for HIV/AIDS. (Cost: approximately \$150 million per year).

- **Continuing the President's Successful Race and Health Initiative.** Minorities suffer as much as five times the rate for certain diseases and mortality rates, such as cancer, diabetes, heart disease, immunizations, HIV/AIDS, and infant mortality. In fact, infant mortality rates are 2½ times higher for African-Americans and 1½ times higher for Native Americans, and African-American men under 65 suffer from prostate cancer at nearly twice the rate of whites. The President's race and health initiative, designed to eliminate the startling racial health disparities in these six critical health areas has been extremely well received by the minority and public health communities. When launching this program last year, we committed to investing \$400 million over five years, and this budget should include no less than the \$80 million promised for each year. This initiative could fund: (1) new incentives to public health programs to target disparities, including creating incentives for communities to develop effective private-public cardiovascular outreach campaigns and developing new networks with managed care, minority-based organizations through the National Diabetes Education Program to implement treatment guidelines, (2) a \$30 million grant program to test innovative community approaches to addressing these disparities and replicating these programs nationwide; and (3) investments to build on this year's historic prevention and treatment efforts to address the ongoing health crisis of HIV/AIDS in the minority community. These investments could be supplemented by new efforts at NIH to better understand these disparities and develop new approaches to disseminate the most up-to-date information. (Cost: \$120 million - \$150 million per year).
- **Enhancing Drug Approvals, Food Safety, and other FDA priorities.** The FDA has unprecedented new challenges, including: a surge in promising technologies and drugs that need approval; increasingly challenging diseases, such as AIDS and emerging pathogens; important public health issues such as food and blood safety and dietary supplements; as well as major new statutory responsibilities from FDA reform. However, funding for this agency has not increased in several years. This has serious implications for the agency, as food inspections, organ banks, and drug companies are rarely inspected; and it is more challenging to meet drug approval needs. OMB and HHS have made it a high priority to increase funding for this agency this year, and the Vice President's office has recommended increases as well. We are working closely with them to determine the most advisable and needed funding.
- **Improving Health for Medically Underserved Native Americans.** Native Americans have disproportionately high rates of chronic and acute diseases (as much as five times higher diabetes rates, and three to four times the rate for SIDS). It is widely recognized that the IHS, the main health care resource for Native Americans living on reservations, does not have sufficient funding to address the needs of this population, and OMB and HHS are proposing increases in this area. We believe that this initiative **should also include an emphasis on health areas where there are particularly large disparities, such as diabetes and cancer.** This would build on the President's efforts to elevate the Director of IHS to an Assistant Secretary position and his **participation in the conference on**

“Building Economic Self-Determination in Indian Communities”. It would compliment well his race and health initiative. (Cost: working with HHS and OMB to determine needed increases).

- **Improving Access to Emergency Room Care for Veterans.** As part of the President’s request to bring Federal health programs into compliance with the patients’ bill of rights, there is some question as to whether the VA provides veterans adequate access to emergency room services. The VA currently only pays costs associated with emergency services provided to veterans at VA hospitals; and some argue that even though this is a discretionary, deliberately limited program, it is not entirely consistent with the patient protection to assure emergency services when and where the need arises. We expect Senator Daschle will offer a proposal to extend veterans’ access to emergency rooms at non-VA facilities, and it is advisable for us to address this widely-publicized issue to some extent so we are not perceived as renegeing on our commitment to apply the patients’ bill of rights where we can. (Cost: VA’s current proposal costs \$550 million per year. However, OMB has been working to dramatically reduce the costs of this proposal).
- **Investing in Promising DoD Breast Cancer/Prostate Cancer Research Programs.** We have continually highlighted DoD’s innovative, popular cancer research programs (most recently the President announced grants in the DoD prostate cancer research program in his Father’s Day radio address). However, we have been increasingly criticized by advocates who question the Administration’s commitment to this program because the President’s budget has never proposed any funding for this critical program. Advocates believe that the lack of an Administration proposal makes it much more difficult to lobby for funding on the Hill. DoD is somewhat resistant to this concept as they believe that although they have developed a model program in response to a Congressional mandate, cancer research is not within their military mission. If you chose to fund this area, we would need to at least match FY1999 funding and potentially increase this amount.(Cost: About \$250 million per year).

Automated Records Management System
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 19:20:27.00

SUBJECT: education stuff

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

READ:UNKNOWN

TEXT:

This was as short as I could get it without dropping principals and choice.

I'll send you AmeriCorps in the morning -- it will be short.

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D59]MAIL438276900.326 to ASCII,
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EDUCATION

1. Ending Social Promotion. This past year's budget proposal included \$300 million for Education Opportunity Zones in districts that agreed to remove bad teachers, turn around failing schools, and end social promotions. Congress never took it up in the budget negotiations because it required authorization, which Goodling will never give us. For next year, we recommend a simpler approach that uses existing authority and focuses entirely on ending social promotion. We would like to expand our after-school program from \$200 million to \$700 million, and dedicate the \$500 million increase to districts that end social promotion. School districts could use the money to provide extra help after school and mandatory summer school for students who need it. This initiative will enable us to afford a solid increase in after-school funding and say to school districts everywhere: If you follow Chicago's lead and stop promoting students who don't meet standards, we'll give you the money for after-school and summer school to make sure they do. (COST: \$200 million above FY99 budget.)

2. Teacher Quality and Recruitment. Now that we're on track to begin hiring 100,000 new teachers to reduce class size, we have an even greater responsibility to help communities build more classrooms and to attract talented new teachers to the profession. We envision a five-part strategy on teacher quality and recruitment: 1) To recruit talented young people into teaching, a \$100 million increase in the teacher recruitment scholarships we enacted this year in the Higher Education Act, which would put us on course to attract 60,000 new teachers at high-need schools over the next five years; 2) To recruit mid-career professionals from other fields, a \$60 million initiative -- modeled after the successful Troops-to-Teachers program -- that would help states expand alternative certification routes and attract talented people from other professions, especially military personnel, employees in firms being downsized, etc.; 3) A nationwide crackdown on teacher education schools, including new regulations authorized by the Higher Education Act to require report cards for education schools; 4) A \$50 million increase in the Eisenhower program to send secondary school teachers who teach outside their field back to college to take additional courses in the subjects they're teaching, coupled with a new requirement that new secondary teachers pass competency tests in a subject before they can teach it; and 5) As we implement the class size initiative over the next year, a high-profile effort to help states make the most of the 15% set-aside for teacher quality. (COST: \$210 million above FY99 budget) {ck with Mike} We are also exploring the possibility of a politically interesting counter to private school choice: vouchers for private school teachers -- an incentive program to encourage private school teachers to teach in the public schools.

3. Work-Site Schools. One of the most promising new education ideas sprouting up around the country is the creation of public schools located at the work sites, designed primarily to serve employees' children. School districts provide the teachers and curriculum; companies provide facilities and upkeep. These schools-at-work serve a host of objectives at once, by 1) providing new facilities at no cost to the district, 2) increasing parental involvement in the schools and parental satisfaction in the workplace; 3) reducing employee turnover and absenteeism; and 4) increasing school diversity, because work sites are much more diverse than residential neighborhoods. We propose a \$50 million increase in an existing magnet school program to provide grants to 50 communities to launch work-site schools. We also are working with

Treasury to develop a tax credit for businesses that start on-site schools, similar to the Kohl business tax credit for on-site child care that is already in our budget. By providing a role for business, this tax credit may help make it even harder for Republicans to oppose our school construction initiative. (COST: \$50 million for start-up grants. No estimate yet for tax credit, but it will be very small.)

4. Expanding public school choice. As support grows for private school vouchers, we must continue our efforts to expand choices within the public schools. Charter schools are one answer, and we recommend a \$20 million increase, to \$120 million, to keep us on track to 3,000 charter schools by 2002. Work-site schools are another. We also recommend increased funding for 1) an existing grant program that helps urban and suburban school districts reduce racial isolation by forming interdistrict magnet programs; and 2) magnet schools on university campuses, especially in urban areas. (COST: \$25 million for 10 interdistrict magnet programs; \$15 million for 10 university-based schools.) {ck w/Mike, who wanted 5 times that}

5. School leadership academies. Research has long shown that an effective principal is the single most important indicator of school success, yet little has been done at the national or state level to improve the management skills of principals. We propose a small initiative to create school leadership academies that would provide training in management, teacher evaluation, school discipline, and other areas, to elementary school principals in high-poverty districts. (COST: \$50 million above FY99.)

6. Class size. To stay on course to reach 100,000 new teachers in seven years, we will ask for \$1.3 billion [ck] in the FY2000 budget. We are planning an ambitious rollout of the class size initiative over the next year, as we award first-year funding, issue guidance to local districts on how the program works, and so on. We also will press Congress to restore the local matching requirement and strengthen the provisions to require competency testing of new teachers. (COST: Ongoing initiative.)

[School safety -- see CRIME section]

[School construction -- get from NEC]

Automated Records Management System
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 13:10:16.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

tobac===== ATTACHMENT 1 =====

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

TEXT:

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Tobacco Budget Provisions (October 29, 1998)

Overview

Our FY 2000 budget should be part of a multi-pronged effort to reduce teen tobacco use, involving possible settlements and executive actions. In this effort, we should maintain our commitment to comprehensive tobacco legislation while moving forward incrementally when we can. We should simplify our proposal where possible and combine it with more popular initiatives (tax cuts, law enforcement, health care).

The budget could contain a tobacco price increase devoted to the following five purposes:

- 1) Anti-drug and anti-tobacco counteradvertising and public education campaigns;
- 2) Health care, including smoking cessation, drug treatment, long-term care tax credit, and Medicare;
- 3) Scientific research at the National Institutes of Health;
- 4) Law enforcement efforts to crack down on illegal drugs and underage tobacco use and to prevent smuggling and drug trafficking; and
- 5) Assistance to tobacco farmers and their families.

In addition, the budget could include a provision waiving federal Medicaid recoupment allowing states to keep their share of state settlement funds if they commit to spend the half of the proceeds on a menu of programs (child care, child welfare, the maternal and child health block grant, the substance abuse block grant, the safe and drug free schools program, Eisenhower education grants, and the state match for the children's health insurance program), perhaps requiring, as the Kerry-Bond amendment did, that half the restricted funds be used for child care.

We could also include personal responsibility provisions, requiring states that accept these funds to make minors complete an anti-smoking, anti-drug, and anti-alcohol class prior to receiving a driver's license and suspend minors' licenses if they are found possessing, purchasing, or attempting to purchase drugs, alcohol, or tobacco.

In the process of pushing for comprehensive legislation, we should engage new groups of potential supporters, including: 1) the elderly and disabled organizations that support long-term care tax credits and Medicare solvency; 2) the pharmaceutical companies which produce smoking cessation products; 3) the American Medical Association and other health professional organizations.

Emphasizing the health aspects of the tobacco bill could help us gain public support. Polls conducted in late June found 61 percent of people said cigarette prices should be raised as a public health effort to provide billions of dollars to the public health system in return for the medical costs caused by smoking, while only 44 percent said they should be raised because this is the one of the best ways to cut down on teenage smoking.

Anti-Drug and Anti-Tobacco Counteradvertising and Public Education

We should propose to fund a national tobacco counteradvertising campaign like that currently underway for drugs that would develop new ads and purchase enough media time to reach teens several times a week. This media campaign should be coupled with coordinated state, community, and school-based anti-tobacco education and prevention efforts. (Cost: \$2.5 - \$5.0 billion over 5 years)

This effort will include HHS's plans to make tobacco industry documents more accessible, as outlined in the President's July 1998 directive (Cost: to be determined) and expand the National Survey on Drug Abuse to collect improved data on teen tobacco use, including brand-specific data, as outlined in the President's June 1998 directive. (Cost: approximately \$20 million over 5 years).

Health Care

Tobacco Cessation. Each year, 20 million smokers attempt to quit, but only 1 million, or 5 percent, succeed. More than 90 percent smokers who attempt to quit do so on their own, and the vast majority fail within 2 to 3 days. However, research shows that effective cessation methods could raise success rates to 10-20 percent (over 2 million people annually). Successful smoking cessation efforts can reduce the number of young people that take up smoking and can reduce the health effects for children, such as asthma and SIDS, of parents smoking.

A full course of one of the five cessation treatments (gum, patch, nasal spray, inhaler, or pill (Zyban)) costs around \$200-300. However, less than half of managed care organizations provide coverage of any AHCPR-approved therapies, and those that provide coverage may impose cost-sharing requirements that hinder access to treatment. In fact, a study published in September in the New England Journal of Medicine found that smokers were four times more likely to quit if their health insurance plan paid the full rather than half the cost of smoking cessation services.

Our priority should be to make smoking cessation products fully available to individuals receiving health care through federally funded health programs (Medicaid, Medicare, community health centers, FEHBP, DOD, and Veterans health):

- **New Department of Defense anti-tobacco plan.** This comprehensive anti-tobacco plan to increase military readiness will likely include covering over-the-counter nicotine replacement therapies under military health care coverage as part of a comprehensive military-wide anti-tobacco plan. (Cost: \$300 million over 5 years)
- **Veterans.** We should re-propose the plan from the President's 1999 budget which created a new discretionary program open to all veterans who began using tobacco products while in the service, regardless of their eligibility for other VA health care services (currently less than 15 percent of veterans receive their health care through the

VA system because of statutory limits --veterans must be low income or have a service-related injury.) Thirty-six percent of the 25 million veterans in this country smoke. (Cost: \$435 million over 5 years).

- **Federal Employees Health Benefit Program.** We could require enhanced coverage of smoking cessation services, either by raising coverage limits (now only \$100 for most fee for service plans) or waiving deductible and copayments. This would be done outside of the budget, but would have to occur in the spring as part of OPM's annual letter to contracting plans, establishing the terms for the following year of coverage. (Cost: None)

- *Medicare.* Any Medicare prescription drug plan (see health proposals) would provide prescription cessation products.

- *Medicaid coverage.* Currently, smoking cessation prescription and non-prescription drugs are optional state benefits under the Medicaid statute. We could propose to require states to cover cessation, as the McCain bill did. Alternatively, we could propose an enhanced 90 percent federal matching rate for smoking cessation treatments, as the Hansen-Meehan bill did. (Cost \$110-120 million over 5 years)

- *Health Clinics and Community Health Centers.* Funding should be provided to ensure cessation products and services are available to patients in community health centers, migrant health centers, and state health department clinics (Cost: XX)

And to encourage cessation for those with employer-based insurance:

- *State Health Department Capacity.* Funding should be provided for the CDC to work with states to develop comprehensive cessation programs (Cost: up to XX)

- *Provider Training and Guidelines.* Funding should be provided to the Agency for Health Care Policy and Research to update and further disseminate tobacco cessation guidelines. (Cost: up to XX)

- *Anti-tobacco workplace initiatives by DOL and OPM.* DOL could expand its drug-free workplace initiative to provide information to employers on steps they can take to reduce tobacco use among employees. OPM could disseminate a model workplace cessation program for all federal agencies. (Cost: about \$100,000)

- *Tax Treatment.* Currently, the cost of cessation treatment cannot be claimed as a deductible medical expense because the IRS does not recognize smoking or tobacco addiction as a disease. The IRS has indicated in written opinions that an official medical authority classification of smoking as a disease would allow cessation to be deducted. This would be done outside of the budget. (Cost: None)

Drug Treatment

See discussion in the crime section.

Long-Term Care Tax Credit

See discussion in health section.

Medicare

In addition to the Medicare modernization options outlined in health section, we could also propose to dedicate tobacco funds to the Medicare trust fund, something fiscal conservatives like Domenici urged us to do last year.

Scientific Research

As noted in the health care section, your FY 1999 budget includes historic increases in the NIH and Congress funded the NIH at even higher levels (an historic \$2 billion increase this year). You could either continue to fund this research at historic levels or you may wish to propose less to make room for other priorities (Cost: \$300 million to \$1 billion).

Law Enforcement

Tobacco

Our budget should include funding for federal, state, and local law enforcement to enforce tobacco sales restrictions and prevent smuggling. (Cost: \$1.7 - \$3.5 billion over five years)

Drugs

See the crime section.

Tobacco Farmers

The budget should include a placeholder equal to the amount of the Ford proposal (\$28.5 billion over 25 years). (Cost: \$7-\$11 billion over five years).

Price Increase

We have several types of price increases we could propose:

1) Lump sum assessment, imposed on companies according to market share, combined with

industry-wide and company-specific lookbacks (McCain bill).

2) A per pack tax coupled with industry-wide and company-specific lookbacks.

3) A tax levied on each company based on the number of children that smoke their product.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Patricia M. Ewing (CN=Patricia M. Ewing/O=OVP [UNKNOWN])

CREATION DATE/TIME: 5-NOV-1998 13:23:34.00

SUBJECT: After School grants

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

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

TEXT:

FYI, We -- obviously -- are very interested in these, if you all decide not to go with them. If you are looking for a POTUS date, we are going to be in CA on 11/12 and could do an event with Davis and the VP with the CA grants as the news....

Keep us in mind and let me know if this sounds possible.

THANKS.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Devorah R. Adler (CN=Devorah R. Adler/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-NOV-1998 21:49:17.00

SUBJECT: the weekly report!

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

The weekly report is attached. Sarah has an insert on the Patients Bill of Rights, which she will send to you after it is reviewed by Chris.

Thanks -- please call with questions.

Devorah

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D95]MAIL433896901.326 to ASCII,
The following is a HEX DUMP:

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Requiring Prescription Contraceptive Benefits for Federal Employees. On Friday, the Office of Personnel Management issued a benefits directive letter that required approximately 280 health plans in FEHBP to adjust their benefit packages to ensure that FDA approved, prescription contraceptive options are covered. This requirement, which was strongly advocated by Congresswoman Lowey and numerous advocacy groups, was included in the omnibus appropriations act only after strong intervention by the White House. It will become effective for this fall's open enrollment period for plans available in January of 1999. Congresswoman Lowey indicated her interest in using this letter to remind the women's rights groups of the essential role you played in securing this benefit.

Prescription Drug Benefits For Medicare Beneficiaries in Massachusetts. We continue to work with Senator Kennedy, Congressman McGovern, and other members of the Massachusetts delegation to attempt to find a viable solution to ensure that a Medicare HMO in Massachusetts who is providing a comprehensive drug benefit will not be forced to drop out of the program. This particular plan incorrectly believed it needed to comply with a State law that requires a comprehensive drug benefit. As a consequence, it finds itself at an extraordinary competitive disadvantage with plans offering less generous benefits and is now facing such a financial drain on its resources that it will withdraw from the program in the absence of relief. As you recall, Senator Kennedy requested that we support a provision in the budget that would provide statutory authority to address this matter without excessively harming Medicare beneficiaries. Unfortunately, the Republican leadership rebuffed our efforts and we were forced to consider administrative action as an alternative. As we review these options, we are attempting to avoid establishing a precedent that would make us vulnerable to other States desiring to decrease benefits offered to beneficiaries while alleviating the excessive burden placed on plans desiring to provide a comprehensive drug benefit. Our hope is that HHS can help strike this balance and we are urging them to do so in close collaboration with Senator Kennedy and the rest of the Massachusetts delegation.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 15:22:05.00

SUBJECT: while in Asia

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

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

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

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

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

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

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

CC: Jodi R. Sakol (CN=Jodi R. Sakol/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

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

CC: Patricia M. Ewing (CN=Patricia M. Ewing/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

CC: Christopher S. Lehane (CN=Christopher S. Lehane/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

TEXT:

I am working with the VP's office and Cabinet Affairs on a domestic message calendar for while the President is in Asia. There are 3 or 4 days with message opportunities. The agencies have made a couple of recommendations, but we could really use a few more strong and substantive options for possible policy announcements.

There is also 1 day when the VP is not available, so we will ask a cabinet secretary to do something, unless we have something here that maybe John P. or someone else could do.

Could you think about any ideas or recommendations and we will pull a meeting together for Monday to review? Thanks very much for your help on this.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 12:52:43.00

SUBJECT: New Ideas 2000

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

TEXT:

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

TEXT:

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The following is a HEX DUMP:

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CAMPAIGN FINANCE REFORM INITIATIVES

1. Reaffirm Support For McCain-Feingold. Challenge to the new Congress to pass this legislation by the Spring.

CIVIL RIGHTS INITIATIVES

1. Enhance the Community Relations Service program at Justice. (part existing program to be enhanced; part new policy). Since 1964, CRS has contributed significantly to community stability through the effective resolution of thousands of racial and ethnic community conflicts. Since the 1980s, their budget has been decimated (from a staff of over 300 to a current staff of 45). An increase in funding for this program fits well with the President's Race Initiative. This initiative could (1) enhance CRS's current ability to respond to racial unrest in communities (like Jasper, TX) by increasing staff (with an emphasis of field and regional conciliators) and enhanced technology; (2) provide community mediation and conflict resolution training to local governments, law enforcement, community groups and other stakeholders (techniques that can be used by communities as an alternative to litigation); (3) allow the CRS to fulfill their commitment to provide technical assistance on hate crimes to the 93 U.S. attorneys around the country. (Cost: ??? but less than \$10 million)

2. Promoting Racially Integrated Communities. Enlist private real estate industry in a national campaign that promotes that promotes the advantages of housing integration (similar to the effort being formed re: diversity in higher education). (no cost)

3. Civil Rights Coordination. This initiative would create an inter-agency civil rights coordinating council to (1) improve cross agency coordination of civil rights enforcement; (2) expand and coordinate data collection across agencies; (3) coordinate research on the extent of racial discrimination in the country (including developing models for paired testing in emerging areas, such as employment and public accommodations); and (4) include a linking of data bases across enforcement agencies. This is an idea put forward last year by the civil rights agencies and this year (in a slightly modified form) by Counsel's office. (Cost: ?? -- (probably very little, except perhaps for the data base linkage).

4. Ensuring Equal Pay. A program to be run by the EEOC and DOL to advance outreach to businesses and employees to educate them about the legal requirements for paying equal wages, provide technical assistance, improve training for EEOC employees and resources for increases in enforcement capabilities. In addition, funding for research to better understand the nature and extent of compensation discrimination. Also funding for a Women in Non-Traditional Occupations Initiative, which will identify best practices, emphasize anti-discrimination and anti-harassment activities, and explore incentives to improve access to and acceptance of women into glass ceiling and nontraditional opportunities such as construction, "high tech," and manufacturing. (Cost: \$18.7 million for EEOC and \$9.8 million for DOL).

5. Hate Crimes Legislation. We should continue to push for our hate crimes legislation.

COMMUNITY EMPOWERMENT INITIATIVES

Access to Capital and Credit

1. CDFI Tax Credit. We are looking at a proposal to extend tax incentives to encourage

investment in CDFIs, which would leverage additional private investment in distressed areas and stimulate the economic revitalization of those areas. Under the proposal, \$100 million in non-refundable tax credits would be made available to the CDFI Fund to allocate among equity investors in qualified CDFIs between 2000 and 2009. The allocation of credits would be determined by the CDFI Fund using a competitive process similar to the one used for grants, loans, and equity investments. The maximum amount of credit allocable to a particular investment would be 25 percent of the amount invested, though the CDFI Fund could negotiate a lower percentage. One downside with this proposal is that it would not assist non-profit CDFIs nor those that issue stock, such as mutual organizations.

2. **Microcredit Initiative.** We are working with an interagency team to identify means to amplify Administration support for microenterprise finance -- both domestically and internationally. We are examining whether to build on Senators Kennedy's and Domenici's PRIME legislation which would provide technical assistance to microenterprise. We are also looking at increased funding for CDFI initiatives specifically targeted to microenterprise (both for operational and lending purposes), and CRA and other regulatory reform designed to enhance bank lending to microenterprise funds. On the international side, we are looking at whether we can increase microenterprise funding for USAID or through MDBs (either as a direct appropriation or potentially more innovative means, e.g., "debt for development" swaps), some portions of which may come under the aegis of support for countries hardest hit by the financial crisis.

Creating Jobs/Making Work Pay

1. **Clean Water, Parks, and Communities Bonds.** We are examining three potential proposals to encourage "green" infrastructure projects. The first model uses the same financing mechanism as your school construction proposal-- providing tax credits to state and local areas on their bond authority -- to provide incentives to communities to clean up the environment. This proposal would cost about \$1 billion over five years and would leverage about \$4-\$5 billion in environmental investments. Communities could issue these zero-interest bonds for a menu of projects: protecting and improving water quality; cleanup of contaminated sediments; waterfront reclamation and revitalization; stormwater runoff control; purchasing of green spaces to prevent sprawl; park enhancements and revitalization, and brownfields cleanup. The second model, which provides a smaller incentive than the first model, would create new tax-exempt bond authority for these state and local areas to invest in clean water, parks, and communities. The advantage of this model is that it builds on the current system of bond finance. The final model would allocate tax credits (like the Low-Income Housing Tax Credit) to states and local areas to provide to the developers of these green infrastructure projects.

2. **Employment Tax Credits.** The Work Opportunity Tax Credit (WOTC) and the Welfare-To-Work Tax Credit (WTW) encourage employers to hire and retain members of certain economically disadvantaged targeted groups. Individuals must be certified as a member of a target group before the employer can claim a credit. Targeted groups under WOTC include certain welfare recipients and economically disadvantaged groups, and vocational rehabilitation referrals. The maximum credit is \$2,400. The WTW targets long-term welfare recipients and individuals who are no longer eligible for welfare because of federal or state time limits. The maximum credit is \$8,500, if the employee stays with the employer for two years, thus encouraging retention. The WOTC is slightly more generous for short-term employment. Both credits will expire on June 30, 1999. Under this proposal the two credits would be made permanent.

Affordable Housing and Promoting Homeownership for All Americans

- 1. Expansion of Low Income Housing Tax Credit.** Last year, you proposed a 40-percent expansion of the Low-Income Housing Tax Credit (LIHTC) to spur the private-sector to develop more affordable rental housing for low-income Americans. However, Congress failed to act despite large bipartisan support in both the House and the Senate. We recommend you re-propose increasing the cap on the LIHTC from \$1.25 per capita to \$1.75 per capita. This proposal would restore the value of the credit to its 1986 level and will help develop an additional 150,000-180,000 affordable housing units over the next five years. This proposal would cost \$1.6 billion over five years.
- 2. Homeownership Tax Credit.** We are examining two different types of tax credits to promote homeownership among lower-income families, who generally do not benefit from the mortgage interest deduction. The first proposal would use the model of the Low-Income Housing Tax Credit to create a Low-Income Homeownership Tax Credit. Under this proposal, low-income families would receive a low- or zero-interest second mortgage, which would reduce their upfront costs (e.g., downpayment and closing costs) and investors would receive the tax credit as their return on their investment. The second proposal is a \$5,000 tax credit for first-time homebuyers in Empowerment Zones or Enterprise Communities. (The 1997 Balanced Budget Act included a similar proposal for first-time homebuyers in the District of Columbia.) We are analyzing both of these proposals to see which one most effectively reduces barriers to homeownership among lower-income families, while being fiscally sound.
- 3. Expansion of Private Activity Bond Cap/Mortgage Revenue Bonds.** Within their volume cap, states and local government may issue tax-exempt bonds for a variety of purposes. State and local governments use about one-third of their private activity bond allocation for mortgage revenue bonds (MRBs), which helps state and local areas provide below-market mortgages to first-time homebuyers with relatively low incomes. However, the volume cap on private activity bonds, and thus MRBs, has not changed since 1986. Most community development groups view private activity bonds as yours, since you were the one who permanently extended it in 1993. If Congress acts this year to increase the cap -- which is likely since it is supported by a majority of both houses -- we are concerned that you may lose this issue as one of your legacies. Therefore, we are looking to accelerate the increase in the cap that was included in this year's budget agreement. Treasury estimates that a 50-percent increase in 2000 -- which would restore its value to its 1986 level -- would cost \$500 million over five years.
- 4. Incremental Tenant-based Section 8 Vouchers.** In order to build on the success of securing new incremental vouchers last year, we recommend seeking an additional 50,000 welfare-to-work housing vouchers and another 25,000 units to meet the needs of the homeless, including elderly homeless and homeless veterans.
- 5. Regional Affordable Housing Initiative.** We are examining whether to propose a Regional Affordable Housing Initiative (RAHI) as a competitive pilot program. This proposal would be designed to result in a more balanced distribution of affordable housing across participating metropolitan regions. In particular, the program seeks to increase the availability of affordable housing in areas with high growth in low-skilled jobs and inadequate supplies of housing for low-income workers. This proposal could be funded through HUD's HOME program and would cost \$125 million over five years.
- 6. Elderly Housing Initiative.** This proposal includes a three-pronged approach to tackle the needs for elderly housing. This initiative would provide new capital to improve the quality of elderly housing, meet the changing needs of elderly residents and provide an alternative to nursing home care -- such as assisted living -- and provide more choice for the elderly by providing new vouchers. This initiative would cost \$600 to \$700 million in FY2000.

CONSUMER INITIATIVES

1. Consumer Bill of Rights. A consumer bill of rights to address a number of areas such as enforcement, notice to consumers, and dissemination of information. We could announce this bill of rights as a package, but then pull out separate pieces for separate events as with the Patients' Bill of Rights area. We could include a number of different areas such as the following: **Consumers' Bill of Rights for the 21st Century:** Bringing Basic Consumer Protections to the High-Tech Marketplace. (Cost for the entire package: \$12.5 million for the Federal Trade Commission).

A. Consumers have a right to accurate information in the electronic marketplace. We have entered the Information Age, but sometimes information misleads rather than inspires consumers. On the Internet, many advertisements are confusing because important information is missing, hidden, or inaccurate. To fix this problem, we need to make sure that existing laws are in step with new technology. All agencies should review and revise their consumer disclosure laws to ensure that they are as effective online as they are on paper.

B. Consumers have a right to protection from fraud in the electronic marketplace. Congress should extend the criminal wire fraud and mail fraud statutes to cyberspace and prohibit deceptive practices online. We could provide 30 additional FTEs for the Federal Trade Commission's Bureau of Consumer Protection to detect and enforce antifraud laws on the Internet and to expand consumer education efforts.

C. Consumers have a right to control their personal information in the electronic marketplace. Consumers should be able to shop in cyberspace without fear of prying eyes. They should know if a web site wants to collect information about them, and they should have a choice about how that information will be used. Consumers should have access to their personal information to make sure it is accurate and their personal data should be kept secure. [Congress just passed an identity theft law.] This proposal would fund 15 FTEs to staff the FTC's Bureau of Consumer Protection Internet Privacy initiative.

D. Consumers should have one place to go for help and information. Consumers should have a one-stop shop for their Internet fraud problems, and law enforcement should be able to respond to reported consumer fraud quickly and effectively. The Federal Trade Commission already operates the Consumer Response Center, which puts mail, telephone, and Internet fraud complaints in one database called Consumer Sentinel. This database contains over 150,000 complaints that are shared with officials across the U.S. and Canada. This proposal would fund a toll-free complaint number for the FTC's Bureau of Consumer Protection.

E. Consumers have a right to protection in the global marketplace. Schemers and criminals hide behind borders, even as they travel through borderless cyberspace, to victimize consumers everywhere. In order to bring these persons to justice, we need to strengthen our extradition treaties and change our laws so that we can share information and increase cooperation with our law enforcement partners around the globe. This proposal would provide funding for the FTC's Bureau of Consumer Protection to develop a global version of Consumer Sentinel, train law enforcement personnel to use it, and bring meaningful law enforcement actions against international cybercrooks.

2. Slamming/Cramming. Cramming, in which con artists add bogus charges to consumers' telephone

bills, and slamming, the unwanted switching of long-distance telephone service from one carrier to another, and are the top two respective complaints reported to the National Fraud Information Center in 1998. In 1997, the FCC received more than 20,000 complaints from customers who were slammed. So far, the FCC has fined slammers, announcing a \$5.7 million fine this year, and announced voluntary guidelines for cramming that local telephone companies say they will follow. We could add money for enforcement to the FCC and/or DOJ. In May, the Senate overwhelming passed legislation that would impose new penalties on slammers and would eliminate common slamming methods, such as contest entry forms that, when signed by unsuspecting customers, authorize a switch of their long-distance carriers. We should continue to seek this legislation.

3. Basic Banking Fee Disclosure Project -- In order to respond to the outrage consumers feel about ATM surcharges, without supporting economically questionable regulation of ATM fees, we are developing a proposal to make publicly available a list of fees charged by financial institutions on an individual or geographic basis to be published periodically over the Internet. The services profiled would include, but would not be limited to charges for access to ATMs. (Cost: \$3-5 million)

CRIME INITIATIVES

Crime Bill II

The 1994 Crime Act will expire at the end of the FY 2000 budget cycle, guaranteeing that the next Congress will have to consider major crime legislation. In his State of the Union and FY 2000 budget -- before the Crime Act lapses and before Republicans act on their own legislation -- the President should challenge Congress to extend his popular COPS program and pass a new crime that builds on the core elements of the successful 1994 Crime Act -- more police, tougher punishment and better prevention.

To do this, we will need about \$1.3 billion in new funds to preserve the Crime Act's current funding level of \$5.8 billion per year. Approximately \$4.5 billion is already built into the FY 2000 and future budgets for future crime bill programs (Interestingly, the only crime bill program not built into future budgets is the President's COPS program). With this commitment of funds, we could reconstitute the same broad-based coalition of law enforcement leaders, local elected officials, gun advocates and community groups that strongly supported the 1994 Crime Act, and work with them to develop the next generation of tough, smart anti-crime proposals. Total funding: \$5.8 billion in FY 2000, \$29 billion through 2004. New funding: \$1.3 billion in FY 2000, \$6.3 billion through 2004. Major components of this new crime bill could include:

1. \$1.4 billion for Community-Oriented Policing and Prosecution Services (COPPS). With the President's pledge to help fund 100,000 more police likely to be fulfilled before the end of next summer, the FY 2000 budget will only include about \$300 million for the COPS program. Already mayors and police chiefs are calling for COPS to be extended, and Senate Democrats quietly proposed such an extension in a crime bill they introduced at the end of this past Congress. We should take the lead in proposing to extend -- and expand -- a new COPPS initiative that includes:

A. \$500 million for more police on the street. Similar to the current program, these funds would be used to hire, redeploy and retain an estimated 5,000 to 6,000 police each year.

B. \$400 million for a 21st Century Policing initiative. These funds would be used for police training, technology and equipment, including: bolstering our 35 Regional Community Policing Training Centers; fostering partnerships between police departments and universities (i.e., the partnership between the Boston Police Department and Harvard's Kennedy School); expanding

the use of computerized mapping to promote increased accountability in reducing crime (i.e., New York's COMPSTAT model); improving police academy instruction; promoting minority recruitment of police officers; and other existing programs like the Police Corps and law enforcement scholarships initiatives.

C. \$400 million for community prosecutors. Although Congress has been reluctant to fund our proposals for juvenile and community-based prosecutors, it will be much more difficult for Congress to oppose direct funds for prosecutors if they are linked to the popular COPS initiative. Thus, we should dedicate \$400 million of the new COPPS initiative to hire, train and equip the nation's prosecutors to join their local police in fighting crime on a more pro-active basis.

D. \$100 million for community crime fighting. Lastly, a new COPPS program should set aside funds to engage community residents, local government agencies and the private sector in solving crime problems and improving the quality of life in neighborhoods. These funds could be used to recruit seniors to help police identify and respond to abandoned cars, neglected properties and other crime-breeding conditions; to establish citizen police academies and teach neighborhood residents problem solving; and to enlist local environmental agencies to crackdown on illegal dumping in the inner city, which is often run by gangs.

2. \$720 million for promoting punishment and deterrence. Rather than propose additional funding for the punishment title of a new crime bill, we would shift the emphasis from prison construction to promoting swifter and more certain punishment for all persons under criminal justice supervision. Specifically, we would reallocate the Crime Acts current prison funding as follows:

A. \$150 million for criminal aliens. This simply reimburses states for the costs of incarcerating criminal aliens at current funding levels.

B. \$285 million for general prison construction. This represents a cut of about \$210 million for Violent Offender Incarceration and Truth-in-Sentencing grants.

C. \$285 million for Certainty of Punishment. We envision this initiative to increase the ability of states and local criminal justice systems to promote swift and certain punishment by: supporting statewide efforts, such as those proposed by Maryland and Connecticut, to systematically drug test and, if necessary treat, all drug offenders; establishing community-based courts and corrections that target and appropriately punish quality of life and nuisance crimes (i.e., prostitution, vandalism and public drunkenness), which would otherwise be ignored by local prosecutors and courts; funding teams of probation officers to work proactively with local police to closely supervise problem gang members, recovering drug addicts and sex offenders likely to repeat their crimes.

3. \$150 million to keep guns out of the hands of criminals. Of course, any new crime bill should include the President's firearms priorities, which are largely budget neutral (i.e., juvenile Brady, Brady II, federal CAP legislation and child safety locks). We should also, however, consider the following new proposals: (1) closing the loophole that exempts many firearms sales at gun shows and flea markets from Brady background checks; (2) expanding the President's Youth Crime Gun Interdiction Initiative (YCGII) -- to trace all crime guns and investigate gun traffickers -- to an additional 20-40 cities; and (3) assembling gun strike forces, or teams of federal prosecutors and ATF agents, that would target cities with high levels of gun violence, crack down on illegal gun trafficking and prosecute felons and fugitives identified through the Brady National Insta-Check System. Estimated funding for these last two initiatives would be about \$150 million.

4. \$100 million for preventing crime through common sense values. In addition to other crime bill prevention programs (i.e., \$285 million in juvenile justice initiatives), we should also invest \$100 million to promote values-based crime and violence prevention. Consistent with the efforts of Rev. Eugene Rivers and other ministers, who are trying to mobilize 1,000 black churches to work with youth in 50 of the nation's worst neighborhoods, we should fund comprehensive prevention programs that seek to involve faith-based and other institutions that can help instill and reinforce common sense values in troubled youth.

5. \$3.4 billion to extend other popular initiatives from the 1994 Crime Act. With about \$2.4 billion in annual funding dedicated to the above mentioned programs, the remainder -- or about \$3.4 billion annually -- would be available to extend and build upon other initiatives from the 1994 Crime Act, including -- a new Violence Against Women Act, more drug courts, substance abuse treatment for federal and state prisoners, telemarketing fraud programs, and additional support for the FBI, DEA, ATF and other federal law enforcement agencies.

Safe, Disciplined and Drug-Free Schools

At the White House Conference on School Safety, the President announced that he would overhaul and strengthen the Safe and Drug-Free Schools Program to help local school districts ensure that students have safe, disciplined and drug-free environments for learning. Under this proposed reform, schools will have to adopt rigorous, comprehensive school safety plans that include: tough, but fair discipline policies, such as zero tolerance for guns and drugs; safe passage to and from schools; effective drug and violence policies and programs; annual school safety and drug use report cards; links to after school programs; efforts to involve parents; and crisis management plans. New funding: \$394 million in FY 2000, \$1.97 billion through FY 2004

Total funding: \$1 billion in FY 2000, \$5 billion through FY 2004 To assist school districts in meeting these more challenging standards, a new Safe, Disciplined and Drug-Free Schools Initiative should include:

1. \$700 million for states to fund comprehensive school safety plans. Although this represents an increase of \$174 million from the current state formula program, fewer schools will ultimately receive more funds for much broader-based plans. Also, states will have to provide these grants on a competitive -- not formula -- basis.

2. \$250 million to target schools with serious crime and drug problems. This represents an increase of \$220 million for national school safety initiatives, including funds for a new \$12 million School Emergency Response to Violence initiative.

3. \$50 million for drug prevention coordinators. This is the same request General McCaffrey submitted for last year's budget.

Teen Courts

Studies show that if children make it to their 18th birthday without using illegal drugs, alcohol or tobacco, they are likely to avoid chemical dependence for the rest of their lives. To help keep kids from ever turning to substance abuse -- and to reinforce the message that there are consequences associated with drinking, smoking and taking drugs -- communities throughout the country are turning to teen courts that hold young, first-time offenders accountable for their actions. Teen courts capitalize on the strength of peer influence and send a strong message to offending youth that young people and the community will not condone their law-breaking behavior. Sentences typically include community service, counseling and victim restitution. There are currently about 500 teen courts operating nationwide, and they also cover

other offenses, such as curfew violations, graffiti and drinking and driving. New funding \$50 million in FY 2000, \$250 million through FY 2004. Total funding: \$50 million in FY 2000, \$250 million through FY 2004

With \$50 million in new funding, we could create 500 to 700 new teen courts each year.

Ensuring Parity for Substance Abuse Treatment

Despite recent increases in federal spending on substance abuse treatment, appropriate treatment is still not available to nearly half of those who need it. To help fill this treatment gap, we should propose legislation that puts substance abuse treatment on par with other medical and surgical benefits. Similar to the Mental Health Parity Act signed into law by the President in September 1996, parity legislation for substance abuse treatment would generally prohibit health care providers already providing some substance abuse benefit from setting annual or lifetime dollar limits on substance abuse treatment benefits at a lower level than those set for other medical and surgical benefits.

Youth Drug Testing

While overall drug use remains flat -- and nearly 50% below its peak in 1979 -- youth drug use has increased dramatically and consistently since 1991. Thus, in addition to educating youth about the dangers of illegal drugs and funding effective drug prevention programs, we should promote zero tolerance for drug use through innovative youth drug testing. New funding: \$50 million in FY 2000, \$250 million through FY 2004. Total funding: \$50 million in FY 2000, \$250 million through FY 2004.

1. \$25 million for mandatory pre-licensure drug testing. To deter drugged driving by youth and provide a strong incentive for teens to stay drug-free, we should allocate new funds for the Department of Transportation to work with states to drug test first-time applicants for drivers licenses.

2. \$25 million for school-based drug testing. To help school districts throughout the country replicate Miami's school-based drug testing initiative, we should provide the Department of Education with \$50 million to fund local school districts' efforts to drug test middle and high school students if their parents consent. Drug test results would be delivered directly to parents, and provisions could be made to refer students who fail drug tests to treatment.

Expanding Medicaid Coverage for Drug Treatment

Under current law, Medicaid serves as a major barrier to provide treatment for certain poor, substance-abusing women. The Institutions for Mental Diseases (IMD) exclusion under Medicaid bars reimbursement for almost all residential substance abuse services in free-standing programs, which is often the most effective form of treatment for pregnant substance abusers. Moreover, any women who is otherwise eligible for Medicaid -- but who also enrolls in a residential treatment program -- loses her Medicaid eligibility for any services, including prenatal and postpartum health care. In order to remove this obstacle to increased treatment for a high-need population, we should support legislation to remove the IMD exclusion as it applies to residential treatment for pregnant, post-partum women, and possibly other low-income, heavy drug users. New funding: at least \$550 million through FY 2004. Total funding: at least \$550 million through FY 2004.

Drug and Tobacco Enforcement

During the tobacco debate, we met with representatives from state, local and federal law

enforcement who were concerned about the impact that tobacco legislation might have on their agencies, especially as a result of increased smuggling. In response to their concerns, we developed a drug and tobacco enforcement initiative that we believe addressed the law enforcement community's concerns and should be included in the FY 2000 budget. New Funding: \$300 million in FY 2000, \$1.5 billion through FY 2004. Total Funding: \$300 million in FY 2000, \$1.5 billion through FY 2004. This proposal includes:

1. \$200 million for drug enforcement and tobacco anti-smuggling grants. We propose creating a new Justice Department grant program to allow state and local law enforcement agencies to hire additional personnel, pay overtime costs, procure equipment and form multi-jurisdictional task forces that integrate federal, state and local law enforcement efforts to combat drug trafficking and tobacco smuggling.

2. \$100 million for ATF and Customs agents. We would also provide \$75 million to hire additional ATF agents and \$25 million to fund more Customs agents to concentrate on drug and tobacco enforcement activities at the federal level.

3. Alcohol Use By Youths and Binge Drinking. We are developing a variety of options for Presidential actions regarding alcohol abuse. The alternatives include: endorsing legislation sponsored by Rep. Joe Kennedy establishing voluntary codes for alcohol ads directed towards kids; banning alcohol billboards near schools; a regulatory measure to discourage alcohol advertising on youth-oriented web sites; codifying a ban on liquor ads on TV; a notice of inquiry to FCC to study the effects of alcohol ads on children; and an educational program we are exploring with the Department of Education using their Safe and Drug Free Schools Program -- Rep. Kennedy also has a bill on this subject. As you know, the Foundation sponsored by the Distillers has approached us regarding participating in these efforts (they already have a policy banning billboards but would publicly support this move).

Technology

1. Crime Technology. We have put 100,000 new cops on the streets, now we should make sure they are trained and equipped with the best technology ever. The package will have quantitative commitments: we will solve X% of unsolved crimes, Y reduction in response times. The package will likely have 5 parts: a federal Quick Response Center that local departments can call regarding getting the best technology immediately; a technology subsidy program for local departments; a training program run through the National Guard; expanding the current DOJ pilot program on interagency work; and linking the state, federal, and county forensics departments. The current cost is about \$1 billion and the paper is being developed primarily by OSTP and DOJ. It would also highlight 5 recent new technologies that have come out of our existing research centers such as the one in Rome, NY.

Crimes Against Women

1. Violence Against Women Act (VAWA II). In 1994, Congress passed the Violence Against Women Act (VAWA I), an historic piece of federal legislation that contains a broad array of ground-breaking laws to combat the epidemic of violence against women. Despite VAWA I's success, legislators and advocates alike agree that many gaps in our laws remain. Building upon these successful initial steps, VAWA II extends programs more comprehensively. Protection orders become national, hotlines are expanded, and a college-affected program is created. (Cost: \$1.6 billion over 4 years; \$100 million increase in the first year over authorized level; VAWA needs to be reauthorized in FY2001)

Guns

1. Criminal Disarmament Act. Research shows that most gun-related felonies are committed by felons,

probationers, or parolees. However, prosecutors do not consistently prosecute felons in possession of guns. This bill is a list of possible actions designed to take guns out of the hands of felons including: making it a mandatory condition of probation and parole not to carry weapons and to submit to searches; forcing DNA sampling of all convicted violent felons; broadening dissemination of names of probationers and parolees and release conditions to police; and creating gun courts. (DOJ is evaluating the cost)

EDUCATION INITIATIVES

Class Size Reduction.

One of the most critical challenges we face next year is to put the class size reduction proposal onto firm, long-term footing so that we can reach 100,000 teachers and an average class size of 18. Accomplishing this will require that we improve the predictability of funding by moving the program to the mandatory side of the budget, restoring the cost sharing requirements that help achieve our goal on time, and restoring the full array of accountability measures in your original proposal, including required competency testing for new teachers. Our best chance for accomplishing this would be to include this in a budget reconciliation bill, if there is one next year. If not, we will have to accomplish this through the annual appropriations bill once again. Either way, our legislative effort will be accompanied by a communications strategy that will provide you with a platform to press the issue (e.g., a Education Department sponsored Class Size Reduction conference, the release of guidance to local districts on implementing the program, the awarding of first year funding, etc.).

Ending Social Promotion.

Your Education Opportunity Zones proposal was the vehicle for advancing your challenge to end social promotions. However, because this proposal address a number of other issues as well (i.e., rewarding successful school districts, turning around failing schools and removing low performing teachers) it was too complicated to sell to the press and the public. The proposal was also unable to gain traction in Congress; in the next Congress the most optimistic scenario is a two year effort to include this proposal in the reauthorization of the Elementary and Secondary Education Act. Therefore, we propose a different approach in order to advance this agenda. We can simplify the message and the proposal to its essence: end social promotions and the federal government will help finance the afterschool and summer school necessary to provide extra help to students who need it. Rather than creating a new program, we instead propose a \$300 million increase in the 21st Century Learning fund, to \$500 million. Priority for these funds would be given to districts that have adopted policies to end social promotion, and successful applicants would have to show the steps they are taking during the regular school day to help children meet standards in the first place -- with early intervention, smaller classes, well prepared teachers, and curriculum aligned to promotion standards.

Teacher Quality and Recruitment

1. Attracting talented new teachers into high-poverty schools and shortage areas like math and science, and special education. More than 2 million teachers must be hired in the next ten years to accommodate

record student enrollments and an aging teaching force. This provides a challenge to recruit an adequate *number* of teachers, but perhaps even more important is the opportunity to ensure *quality* teaching force for decades by attracting talented young people and mid-career professionals into high-poverty schools and shortage subject areas. With 2/3 of teachers in classrooms in the year 2006 still to be hired, there may be no better long-term strategy to improve the quality of the teaching force by attracting talented young people into teaching as well as mid-career professionals such as retirees from the military, individuals in firms being downsized, doctoral students who face tough job markets for professorships in higher education, teachers' aides, and other professionals with expertise in math, science or engineering.

A. Recruiting talented young people into teaching A \$100 million increase for the newly enacted Teacher Quality Section of the Higher Education Act could provide scholarships and other support to help (over five years) an approximately 60,000 additional high-ability prospective teachers that commit to teaching in high-need schools. We would need to couple this funding level with appropriations earmarking most of it specifically for the newly enacted teacher recruitment component of this program; otherwise, under current law only 10% of these funds would be earmarked for scholarships, while the rest would be split evenly between teacher education programs and state education agencies. Kennedy and Jeffords are likely to support this approach, though Bill Goodling may be an obstacle.

B. Recruiting mid-career professionals into teaching and supporting alternative routes to certification. While the successful Troop-to-Teachers program is currently being phased out because the era of military downsizing has ended, a new initiative could preserve some of the successful components of this effort while expanding its reach to a broader range of midcareer professionals (including military personnel, employees in firms being downsized graduate students facing grim prospects on the academic job market, and other professionals with expertise in math, science, and technology). We would propose a \$55 million competitive grant program to states that submitted plans for expanding high-quality alternative routes to certification for midcareer professionals and recruiting a wide array of mid-career professionals into teaching. This funding would a) create a center in each state winning a grant to provide information, counseling, and brokering services to mid-career professionals interested in teaching, giving a preference to the expansion of existing Troops-to-Teachers and other centers with a demonstrated track record, b) create or expand alternative recruitment and certification programs that help mid-career professionals enter into teaching by providing structured ways to enter teaching, and covering the costs of mentors in the classroom for the first two years and course work needed to complete alternative certification, c) support a national public relations campaign focusing on the importance of the teaching profession and encouraging young people and mid-career professionals to consider careers in teaching. We are exploring whether this program could best be incorporated into the Higher Education Act provisions mentioned above, or the Eisenhower Professional Development program.

2. Campaign to Strengthen Teacher Education. The Higher Education Act enacted last year provides the platform and tools for a nationwide campaign to strengthen teacher education, including a new requirement for (states to produce) report cards on the quality of schools of education, and a new grant program to help states strengthen teacher certification standards, and institutions of higher education strengthen teacher preparation programs. The elements of the campaign include: (1) issuing regulations to implement the education school report card provisions, including a model report card; (2) conducting grant competitions to strengthen state certification requirements (to approximately 20 states) and to form lighthouse teacher

preparation partnerships between institutions of higher education and local school districts; (3) a meeting you would hold with university presidents and state education leaders in which you challenge them to take the steps necessary to strengthen or close down education schools; (4) efforts by Secretary Riley to amplify the message around the country; and (5) a request for additional funds for these programs in the FY 2000 budget.

3. Reducing Out-of-Field Teaching. Depending upon the subject area, between 25 and 55 of secondary school teachers are teaching subjects in which they lack a major or minor in college, and the percentage of teachers teaching out-of-field is higher in urban and isolated rural schools. To address this, we propose an increase of (\$50-100 million) for Eisenhower national programs, to be used to send teachers who are teaching out-of-field back to college to take additional courses in the subjects they are teaching. The funds would be targeted to teachers who teach out of field on a continuing rather than onetime basis. While the bulk of the funds should be targeted to urban schools, we have not yet determined whether the funds should be made available to states, directly to local school systems, or both. We are also working to determine the best way to link these funds to a requirement that new secondary teachers pass competency tests in the subject(s) they will teach before being hired.

4. School Leadership Academies. While our primary emphasis must be on improving the quality of teachers, we can strengthen the effectiveness of our teacher programs (including our new initiatives in reading and class size reduction) by careful attention to strengthening the quality of elementary school principals. Research has long shown that principal leadership is a key to school effectiveness, yet little has been done at the national, state or local level to upgrade the management and instructional leadership skills of principals. To address this, we propose a new initiative, initially targeted to elementary school principals in high poverty school districts, that would establish XX principal leadership academies. Initial funding (approximately \$50 million) would be provided under the national programs of the Eisenhower Professional Development, and the overall program would be expanded to other communities and to secondary schools through our ESEA reauthorization proposal. The academies, established competitively, would involve partnerships among school districts, institutions of higher education, nonprofits and businesses with particular expertise in management training. The academies would be responsible for providing high quality training and ongoing support to principals on such topics as instructional leadership, effective reading instruction, teacher evaluation, school discipline, and overall management skills.

Expanding Public School Choice

1. Continuing to expand Charter Schools. We will propose a \$20 million increase in charter schools funding, to \$120 million. This will enable us to support the start up of an estimated 2,027 schools, and keep us on track to 3,000 charter schools by 2002.

2. Expanding Public School Choice. In addition to continuing our efforts to expand charter schools, we are developing several additional possible approaches to expanding public school choice that can provide alternatives to conventional public schools and may promote school integration, especially for students in urban school systems. The approaches we are developing include:

A. Work-Site Schools. We propose the use of magnet school grants and tax credits to encourage the creation of public schools located at work sites. These schools are developed in partnerships between school districts and local businesses and serve primarily children of the employees. The teachers, curriculum, and instructional materials are provided by the

district, and the facilities and upkeep are provided by the company. The experience of the thirty existing work-site schools show that these schools (1) can be more diverse than other schools, because work sites are more diverse than residential neighborhoods (2) provide new facilities at no cost to the district (3) save employers costs associated with employee turnover and absenteeism and (4) increase parental involvement in the schools. Companies would be eligible for tax credits against a portion of the costs of the facilities provided to local districts. School districts, in partnership with businesses, would be eligible to compete for grants to support the costs of planning and implementation, including curriculum development, staff training, and coordination between the district, employers, work-site schools, and neighboring schools. Estimated funding for grants: 50 districts at an average of \$1 million per year. (Total cost \$50 million.) The cost of the tax credit has not been established.

B. Interdistrict Magnet Programs. We are exploring expanding the magnet school program to fund interdistrict magnet schools -- schools created by two or more school districts that are open to all students from participating districts to reduce racial isolation. This expansion would be targeted toward urban districts with high concentrations of minority and poor students that partner with suburban districts. These grants would fund planning and implementation activities, including curriculum development, teacher training, student recruitment, and instructional personnel for the magnet program, equipment, extended day instructional activities and public information efforts to promote and explain these programs to affected communities. In FY 2000, we would fund planning expenses for 50 projects at a cost of \$25 million (\$500,000 per project), though the implementation costs are estimated at an average of \$2.5 million per project, for an annual cost of \$125 million in FY 2001 and beyond.

C. University-Based Schools. We are also exploring an initiative to help create K-12 magnet schools on university campuses. This approach would take advantage of the facilities and resources of urban universities and locate new public schools in desirable locations, a combination which could be attractive to a wide range of parents and could therefore help promote school integration. In addition, locating schools on college campuses would complement the goals of the GEAR UP program, by sparking college aspirations of low income students and facilitating mentoring and tutoring programs. In FY 2000 we could fund approximately 50 projects at an average cost of \$1.5 million. (Total cost: \$75 million).

ENVIRONMENT INITIATIVES

Lands Legacy

I. Partnership For America's Resources. In discussions with Interior and CEQ, we believe you should consider an initiative that builds on the Administration's conservation achievements to protect and restore precious lands across the country. This proposal would focus on purchasing and restoring lands and could include 1) Northern Forests; 2) Urban Parks; 3) and land along the Missouri River. A larger proposal would draw down on funds from the Land Water Conservation Fund and other existing sources. This would cost around \$3 billion. A more targeted proposal being looked at by CEQ would cost in the range of \$400 to \$500 million.

FAMILIES INITIATIVES

1. Expansion of the Child Care and Development Block Grant. We propose to expand the Child Care and Development Block Grant as previously proposed in the FY 1999 Budget. The block grant is the primary federal child care subsidy program, helping low-income working families struggling to pay for child care. Funds are distributed by formula to the states to operate direct child care subsidy programs, as well as to improve the quality and availability of care. Currently, over one million children are served by the program, leaving roughly nine million children who are eligible but unserved. **Cost: \$7.5 billion over five years.**

2. Expansion of the Child and Dependent Care Tax Credit. The Child and Dependent Care Tax Credit provides tax relief for families who pay for the care of a child under 13 or a disabled dependent or spouse in order to work. The credit is equal to a percentage of the taxpayer's employment-related expenditures for child or dependent care, with the amount of the credit depending on the taxpayer's income. As in the FY 1999 Budget, we propose increasing the credit for families earning under \$60,000, providing an additional average tax cut of \$358 for these families and eliminating income tax liability for almost all families with incomes below 200% of poverty (\$35,000 for a family of four) who take the maximum allowable child care expenses under the law. **Cost: \$5.1 billion over five years to expand the credit for three million working families.**

3. New Parent Paid Leave Plan. Many workers who have access to unpaid (whether through the FMLA or employer-provided leave) are unable to take it because they simply cannot afford to do so. To address this problem, the President could propose a New Parent Paid Leave Plan to provide eligible parents with partial wage replacement for up to six or twelve weeks following birth or adoption. The cost of the plan will vary considerably based on the selected eligibility criteria. One option: all new parents with median income or below (roughly \$37,000/yr) who have been in the workforce for at least one year would be eligible for a \$200/week partial wage replacement for up to four weeks (weekly figure based on average UI benefit). Eligible workers would be required to use the federal benefit immediately following birth or adoption and before using any employer-provided leave benefit, but could receive the benefit whether or not they ultimately returned to work. The program would be administered through the Unemployment Insurance System. **Cost of option: very roughly, \$875 million for FY 2000 (including start-up and administrative expenses).** We will have more options and better costing next week.

4. FMLA Expansion to Businesses with 25 Workers. Since the Family and Medical Leave Act was enacted in 1993, millions of Americans have taken FMLA-covered leave to care for a newborn or adopted child, attend to their own serious health needs, or care for a seriously ill parent, child or spouse -- without fear of losing their job or health insurance. Under current law, workers are eligible for FMLA coverage only if they work at a business with *50 or more* employees and if they have worked at least twelve months and 1,250 hours for the employer. (Today, about 67 million Americans -- over half of all workers -- are covered by the FMLA. Senator Dodd proposed lowering the threshold to businesses with 25 or more employees, and Senator Kennedy champions a proposal to lower the threshold to 10. While the President has consistently referenced his support for expanding the FMLA benefit, the Administration has not formally presented a proposal in this area. **We recommend advancing a specific proposal to lower the FMLA threshold to 25 or more workers, expanding coverage for up to ten million more American workers. No budget implications.**

5. Parent Education and Support Fund. The White House Conference on Early Childhood Development and Learning spotlighted the critical importance of children's earliest years of life to their development and later success in life. Parents play the central role in providing children with developmentally appropriate stimulation and attention during these years. In addition, studies have

revealed the promise of home-visitation programs to reduce child abuse and support children's development. We propose the creation of a competitive grant program administered by HHS to fund parent education and support programs, including the development or expansion of home visitation programs, efforts to educate and engage parents in child care and other efforts to improve child care quality, and the establishment of "second chance maternity homes" to support teen mothers and teach parenting skills. This fund would support programs such as HIPPIY, Parents as First Teachers, home visitation, and other parenting education programs. **Cost: \$500 million over five years.**

6. Tax Relief for Parents, Including Parents who Stay at Home. The following are a series of proposals that would benefit families in which a parent stays at home (all estimates are rough and preliminary). We are currently exploring a variety of iterations of each proposal, but will settle on only one proposal. Also note that these proposals interact differently with an expanded Child and Dependent Care Tax Credit, and therefore, the selection of one of these policies will be informed by our decision on the DCTC. Options:

A. Expand the Child Tax Credit. The Child Tax Credit is currently \$500 per child for children under 17. We propose to double the credit to \$1,000 per child for those children under the age of four. The Child Tax Credit begins to fade out for taxpayers whose adjusted gross income exceeds \$110,000 each year (\$75,000 if not married). **Cost: Roughly \$11 to \$13 billion over 5 years.** Another option is to double the credit for families with children under the age of two, which would cost roughly \$4 billion over five years.

B. Increase the Standard Deduction. Most lower-income families (incomes of less than \$50,000) do not itemize their deductions, choosing to take the standard deduction (and using the simpler form) instead, while most higher income families choose to itemize. Therefore, a proposal to expand the standard deduction for children would help lower-income families. Currently, the standard deduction is roughly \$7,200 for married couples, and \$6,350 for heads of households. We could increase the standard deduction by \$1,000 for families with children for each child under 3, regardless of the marital status of the parents, and would cover roughly 3 million taxpayers (three quarters of whom are married couples) and 3 million children. The average benefit would be \$170 per taxpayer. **Cost: \$2.5 to \$3.5 billion over five years.** We are currently exploring a variety of other options, including a proposal to expand the standard deduction by \$2,000 per family.

C. Expand the DCTC. We could extend the benefits of our DCTC proposal to stay-at-home parents with children age three and under, by applying the same eligibility guidelines and assuming minimum child-care expenses of \$150 per family per month. This proposal would also phase out the credit for families with annual income over \$105,000. **Cost: A variant of this proposal was estimated at roughly \$13 billion over 5 years (\$8 billion above our DCTC proposal).**

7. Expansion of After-School Programs. An estimated five million school-age children spend time as "latchkey kids" without adult supervision during a typical week. Research indicates that during these unsupervised hours children are more likely to engage in at-risk behavior, such as crime, drugs, and alcohol use. To meet this pressing demand, the President can propose a dramatic expansion of after-school care. Areas of expansion:

A. 21st Century Learning Centers. The program increases the supply of after-school care in a cost-effective manner primarily by funding programs that use public schools and their existing resources, such as computers, gymnasiums, and sports equipment. We should build on the success

of our recent expansion of the program by increasing funding by \$500 million this year. **Cost: \$700 million for FY 2000.** [Part of these funds would be used for summer-school programs for school districts that end social promotion.]

B. Supporting community-based after-school programs. Because so many of the most effective after-school programs are community based, such as the Boys and Girls Clubs, we propose expanding the Department of Justice's At-Risk Youth Initiative. We propose expanding the program by \$50 million, but targeting the funds for after-school initiatives by community-based organizations. **Cost: \$250 million over five years.**

C. Expanding AmeriCorps' support for after-school. An expanded AmeriCorps could increase the availability of after school and summer programming for children and youth while providing additional opportunities for young adults to earn money for college through service. AmeriCorps Members serve with many of the major community-based organizations that provide after school care (including YMCA, Save the Children, and Boys and Girls Clubs); many others serve in public schools. We propose supporting a targeted initiative in which ten thousand AmeriCorps Members would conduct a 10-week summer program involving up to 100,000 middle-school children. **Cost: Roughly \$35 to \$40 million per year, or a cost of \$200 million over five years.**

8. Child Welfare: Children "Aging Out" of Foster Care. Each year, nearly 20,000 18-year-olds "age out" of the public child welfare system. These young adults entered foster care due to abuse and neglect, were unable to return to their birth families, and were not adopted. Federal financial support for these young people ends just at the time they are making the critical transition to adulthood. Research shows that they face unstable housing and homelessness, low educational achievement, depression, poor health, and violence and incarceration. When they turn 18, they also very often find themselves with no health insurance, as Medicaid eligibility ends at age 18. Areas for increased investment:

A. Expand the Independent Living Program. Administered by HHS, the Independent Living Program provides services to foster care children aged 16 to 18 to help them (1) make the transition to independence by earning a high school diploma; (2) receive vocational training; and (3) learn daily living skills such as budgeting, locating housing, planning a career, and finding a job. Begun in 1986, the program assists 85,000 young people and has been funded at \$70 million since 1992. **We recommend increasing the Independent Living Program by 50 percent -- to \$105 million in FY 2000 and \$525 over five years.**

B. Expand the Transitional Living Program. The Transitional Living Program is an HHS-administered, \$15 million competitive grant program that funds community-based organizations that provide services to this population, including housing support. We recommend doubling the increasing to **\$30 million in FY 2000 and \$75 million over five years.**

C. Provide Medicaid Coverage. We recommend giving states the option of using Federal Medicaid dollars to provide health care coverage for this population -- **cost TBD; roughly hundreds of millions over 5 years).**

9. Child Welfare: Adoption Registry. In 1996, the President called for a plan to double to number of children adopted each year from the foster care system. *Adoption 2002* -- the initiative developed by HHS in response to President's charge -- included efforts to break down barriers to adoption. The Administration secured \$10 million in FY 1999 for HHS discretionary Adoption Opportunities Grants for this purpose. One use of this grants will be the creation of an Internet-based adoption registry of foster

care children waiting to be adopted, so that prospective adoptive parents can learn about these waiting children. **We recommend increasing the Adoption Opportunities grants by 20 percent to \$12 million for FY 2000 and \$60 million over five years, targeted to the upkeep of this Internet-based national adoption registry.**

10. Child Welfare: Court Improvement. The Adoption and Safe Families Act of 1997, aimed at moving children in foster care more quickly to adoptive and other permanent homes, shortened the timeframes in which permanency decisions must be made for children in foster care. This has put more pressure on an already over-burdened and resource-deficient family and juvenile court system. Courts particularly need additional support to improve automation and computer systems to track foster care children and to reduce the pending backlogs of abuse and neglect cases. In addition, the Court Appointed Special Advocate program, which pairs a trained volunteer with child abuse cases to serve in an advocacy role, needs to be expanded to under-served areas. We recommend the creation of a new DOJ-administered grant program to automate the data collection and tracking of proceedings in abuse and neglect courts and a one-time grant to expand CASA to under-served areas. **Cost: TBD, roughly 15 million for FY 2000 and \$55 million over five years.**

11. [Flexible Work Hours for Families. Bruce/Elena: We are beginning to think through this proposal, and are looking for guidance as to whether we should continue to pursue it.] Options:

A. Tax credit for businesses that provide flexible work schedules for their employees. We propose to offer tax credits to companies that offer a variety of family-friendly benefits, including flexible work hours for their employees, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended parental leave. Such a tax credit would enable parents to spend more time with their children by providing companies, both small and medium sized, the ability to respond to the time crunch families are facing. In addition, it builds on our flex-time and family-leave proposals. Awaiting estimation by Treasury.

B. Subsidies: We propose that the Commerce Department would make grants to states who would in turn provide grants to eligible businesses that provide flexible work hours for their employees, including flexible work hours for their employees, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended parental leave. Within the grant-making process, priority would be given to small and medium sized businesses. Businesses would be required to ensure that the funds would be used to supplement and not supplant any ongoing efforts in this area. **Very rough cost estimate: \$500 million over five years.**

FOOD SAFETY INITIATIVES

1. Food Safety. Theme: National Food Safety Crackdown. We propose deputizing the literally thousands of state and local agencies that regulate food safety in order to develop a vertically integrated national food safety inspection system. We will be proposing MOU's, legislation, and resources to integrate standards, leverage resources, and expand coverage in each of the crucial areas: surveillance, research, inspections, and education. In addition, this proposal includes working with the states to achieve full adoption of the model Food Code for restaurants and developing performance standards for food service workers. We also will continue to seek legislation that will give USDA the authority to issue mandatory recalls and impose civil penalties for unsafe meat and poultry. (Cost: \$87 million of additional money. \$49 million for FDA, \$18 for CDC, \$20 USDA.)

HEALTH CARE INITIATIVES

Long-Term Care

This initiative could be part of a “preparing for Medicare long-term reform” package; a women’s initiative if coupled with pension policies for women or family leave policies; or with an elderly housing initiative (policies to promote maintaining home ownership, beginning to promote assisted living facilities, and ensuring quality in nursing homes).

1. **Long-term care tax credit. (new policy)** Along with the lack of coverage of prescription drugs, the poor coverage of long-term care represents a major cost burden for the elderly and their families. Long-term care costs account for nearly half of all out-of-pocket health expenditures for Medicare beneficiaries. This proposal would give people with three or more limitations in activities of daily living (ADL) or their caregivers a tax credit of up to \$1,000 to help pay for formal or informal long-term care. (Cost: About \$6 billion over 5 years).
2. **Offering private long-term care insurance to Federal employees. (new policy)** Since expanding Federal programs alone cannot address the next century’s long-term care needs, the Federal government -- as the nation’s largest employer -- could serve as a model employer by promoting high-quality private long-term care insurance policies to its employees. Under this proposal, OPM would offer its employees the choice of buying differing types of policies and use its market leverage to extract better prices for these policies. There would be no Federal contribution for this coverage. (Cost: Small administrative costs; OPM estimates about 300,000 participants).
3. **Family Caregiver Support Program. (new policy)** About 50 million people provide some type of long-term care to family and friends. Families who have a relative who develops long-term care needs often do not know how to provide such care and where to turn for help. This proposal would give grants from the Administration on Aging to states to provide for a “one-stop-shop” access point to assist families who care for elderly relatives with 2 or more ADL limitations and/or severe cognitive impairment. This assistance would include providing information, counseling, training and arranging for respite services for caregivers. (Cost: About \$500 -750 million over 5 years; discretionary).
4. **Nursing home quality initiative. (expanding on administrative initiative)** On July 21, the President announced an initiative to toughen enforcement tools and strengthen Federal oversight of nursing home quality. On October 22nd, the Justice Department and HCFA held a conference to begin to develop other quality/anti-fraud and abuse initiatives with enforcement agencies from around the nation. Proposals to respond to these challenges and to implement the initiatives the President outlined in July can be included in the budget or as freestanding legislation. The initiative will no doubt include new enforcement provisions (e.g., increased penalties, etc.), as well as new funds to conduct more frequent surveys of repeat offenders and improve surveyor training. We are also working with DHHS and HUD to explore the possibility of establishing a Commission to oversee HCFA’s nursing home enforcement efforts as well as to begin to look at other types of housing where health care is offered (e.g., assisted living facilities). (Costs: \$500 - 750 million over 5 years).

Disability

This health initiative could be packaged with the non-health ideas such as the “Bridge” integration grant proposal and the access to information technologies initiative.

- 1. Jeffords-Kennedy Work Incentives Improvement Act. (Congressional proposal; not passed in 1998) In the final budget negotiations this year, the Administrative put the Jeffords-Kennedy bill on its list of priorities for passage. This bill would enable 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. Although it was rejected by Republicans, the Administration has been stating that we will continue to fight to give people with disabilities the opportunity to work -- including the critical health insurance that makes work possible. (Cost: About \$1.2 billion over 5 years).**
- 2. Tax credit for work-related impairment expenses for people with disabilities. (new policy) Almost 75 percent of people with significant disabilities are unemployed; for many, the high costs of support services/devices, as well as the potential to lose Medicaid or Medicare coverage, prevent them from seeking and keeping jobs. This proposal would give a tax credit of \$1,000 to \$5,000 (depending on the design and costs) to people with disabilities who work, in recognition of their formal and informal costs associated with employment. This policy complements the Jeffords-Kennedy Work Incentive proposal, described above, but has the advantage of helping people in all states irrespective of whether states take up optional coverage. (Cost: Depends on the options; \$1 to 2 billion over 5 years).**
- 3. Promoting Medicaid de-institutionalization. One of the biggest frustrations for people with severe disabilities and their families is the “institutional bias” in Medicaid – meaning the tendency to simply put people with great health care needs in nursing homes rather than develop viable, community-based alternatives. In 1998, HHS funded a small demonstration project in 4 states to test different models for offering people with disabilities the choice of care settings. This proposal would build on these tests by developing and propagating models that give people residing in a nursing home after a “date certain” a choice of care settings. (Cost: \$50 million over 5 years).**
- 4. Medigap reform for people with disabilities. In 1997, the President endorsed bipartisan legislation from Rockefeller, Chafee and Nancy Johnson that makes Medigap supplemental insurance more accessible to beneficiaries. The Balanced Budget Act did include some of its important protections for seniors on Medicare, but essentially excluded beneficiaries with disabilities from this reform. This proposal would make all Medigap insurers provide Medigap to people with disabilities when they sign up for Medicare. It would also ensure that they get a guaranteed issue Medigap option when in the event that their HMO withdraws from Medicare. (Cost: not clear that there will be costs).**

Modernizing Medicare

These policies could “lay the groundwork” for the recommendations of the Medicare commission and re-affirm our ongoing commitment to improve and modernize Medicare.

- 1. Adopting private sector, competitive pricing strategies. (FY 1998 budget) The President has consistently supported giving the Health Care Financing Administration the same tools to manage health care costs as are used by private sector plans. This includes competitive pricing for services like durable medical equipment and other supplies; expanding the competitive pricing demonstration for managed care; and adopting new payment methodologies like Centers of Excellence, among others. Although these ideas are being considered by the Medicare Commission, the President could take the lead on increased competition within Medicare since he**

has supported this approach in the past. (Savings: \$0.1 to \$0.5 billion, depending on the policies).

3. Reducing Medicare fraud and overpayment. (Some FY 1999 policies; some new policies) Medicare fraud poses a serious threat to its financial well-being. In every budget for the last 5 years, the President has proposed new initiatives to help combat excessive payments and provider fraud in Medicare. Last year alone, Medicare saved over \$1 billion through these efforts. The President announced last January a 10-point plan for reducing fraud and overpayment, including provisions like reducing overpayments for drugs and ensuring Medicare does not pay for claims that ought to be paid by private insurers. HHS and the Department of Justice continue their efforts to enforce current policies and develop new ones. (Savings: From \$1 to 3 billion over 5 years, depending on the policies).

4. Protecting beneficiaries from HMO withdrawals from Medicare. This year, a number of HMOs have pulled out of Medicare with only a few months notice, leaving 50,000 beneficiaries with no plan options in their areas. These withdrawals are causing beneficiaries unnecessary hardships as they rush to find alternative sources of coverage. The President has stated his determination to work with the Secretary of HHS and Congress to develop legislation to prevent this behavior in the future (e.g., limit the time between when a plan files to participate in Medicare and when enrollment begins, making it less necessary for plans to pull out at the last minute). (Cost: not clear that there will be costs).

5. Prescription drug coverage for Medicare beneficiaries. (new policy) The lack of coverage for prescription drugs in Medicare is widely believed to be its most glaring shortcoming. Virtually every private health plan for the under-65 population has a drug benefit, in recognition of the medical community's reliance on prescriptions for the provision of much of the care provided to Americans. Lack of Medicare coverage of drugs results in high out-of-pocket beneficiary costs -- which will only become larger in the next century since the vast majority of advances in health care interventions will be pharmacologically-based. Responding to this fact, Republicans and Democrats on the Medicare Commission, as well as almost every health care policy expert, are consistently stating that reforming Medicare without addressing the prescription drug coverage issue would be a mistake. We are developing a wide variety of options, including a means-tested Medicaid option, a managed care benefit only approach, a traditional benefit for all beneficiaries, and an unsubsidized purchasing mechanism that uses Medicare's size as leverage for drug discounts for beneficiaries. If desirable, a proposal could be included in the budget or coordinated with the March release of the Medicare Commission's recommendations. (Cost: Varies significantly depending on proposal, ranging from \$1 to 20 billion a year).

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

7. Cancer clinical trials demonstration (FY 1999 budget; not passed). Less than three percent of cancer patients participate in clinical trials. Moreover, Americans over the age of 65 make up half of all cancer patients, and are 10 times more likely to get cancer than younger Americans. This proposed three-year demonstration, extremely popular with the cancer patient advocacy

community, would cover the patient care costs associated with certain high-quality clinical trials. (Cost: \$750 million over 3 years).

8. **Providing needed education funds to children's hospitals. (new policy)** Medicare has invested billions of dollars in graduate medical education to hospitals since 1966. However, because of its current formula, free-standing children's hospitals are forced to shoulder the majority of the cost of training pediatricians, placing them at a severe financial disadvantage. This proposal would consider addition funding outside of Medicare to provide reimbursement for the training costs incurred by children's hospitals. Addressing children's hospitals' education financing has bipartisan support, and Senator Frist has made this a priority for the Medicare Commission. (Costs: depends on the proposal).

Health Insurance Coverage Expansions

The rising number of uninsured makes the need to propose insurance expansions important.

1. **Small business purchasing cooperatives (different version in previous budgets; not passed).** Over a quarter of workers in firms with fewer than 10 employees lack health insurance — almost twice the nationwide average. This results in large part because administrative costs are higher and small businesses pay more for the same benefits as larger firms. This initiative encourages the development of purchasing groups modeled on FEHBP by allowing them to be considered non-profits (which will facilitate private foundation support), providing Federal grant support, and having the Office of Personnel Management provide technical assistance. We are also considering giving employees who purchase coverage through the purchasing groups with tax credits to encourage them to take up coverage. (Cost: about \$50 to 100 million over 5 years).

2. **Children's health insurance outreach (FY 1999 budget; not passed and new policy).** To date, 42 states have had their CHIP plans approved. These new expansions have great potential to help uninsured children, but not if families do not know or understand the need for insurance. Moreover, over 4 million uninsured children are eligible for Medicaid today. To facilitate spending on outreach, this proposal would allow states to draw down more of its CHIP allotment for outreach. An additional proposal is to pay for a nationwide toll-free number that connects families with state eligibility workers. NGA is sponsoring this line for one year only; such a line is essential for the nationwide media campaign that we are planning to launch in January with the NGA. (Cost: small but unknown at this point; could be funded through tobacco recoupment)

3. **Demonstration of Medicare buy-in for people ages 55 to 65 (full proposal in FY 1999 budget; not passed).** Americans ages 55 to 65 have a greater risk of becoming sick; have a weakened connection to work-based health insurance, and face high premiums in the individual insurance market. The latest report shows that the uninsured are growing at the fastest rate in this age group; by 2010, the number of uninsured people age 55 to 65 will nearly double. Building on last-year's proposal, we could allow a limited number of people ages 62 to 65 and displaced workers ages 55 to 65 to buy into Medicare. As a demonstration, this might gain the support that it lacked last year. (Cost: at least \$500 million over 5 years, which would assist about 30,000 people).

Public Health

1. **National Cardiac Arrest Emergency Plan.** Each year, 350,000 Americans suffer cardiac arrest. The American Heart Association estimates that a national plan in this area could save almost one-third, or 100,000 lives. We are working with HHS to endorse a Cardiac Arrest Survival Act which provides for: (1) the development of a model state training program for cardiac arrest care providers in lifesaving

interventions, including the use of defibrillators; (2) the development of model state legislation to ensure access to emergency medical services (Good Samaritan laws); and (3) coordination of a national database to track incidence of cardiac arrest to determine whether cardiac arrest care providers can improve survival rates.

HOMELESSNESS INITIATIVES

1. Fighting Homelessness. A three-part proposal which would: (1) assist the approximately 250,000 homeless veterans by increasing residential alternatives, community-based contracted care, job preparation activities, stand down activities (community-sponsored events that conduct one-stop service delivery programs for homeless veterans), the distribution of clothing, and long-term housing. This measure would provide the single largest investment into breaking the cycle of homelessness among veterans; (2) allow VA to sell surplus property with 10 percent of proceeds going to homeless veterans; and (3) a demonstration project targeted to the chronically homeless which would test the most promising models for moving chronically homeless to self-sufficiency using a combination of permanent housing and links to mainstream services. Research shows that the chronically homeless, who are less than 10 percent of the entire homeless population, use approximately 50 percent of the resources. (Cost: Total is \$105 million -- \$60 million for VA and \$45 million for HUD demonstration project)

IMMIGRATION INITIATIVES

1. Adult Literacy (ESL) linked to civics instruction (new policy). Approximately 25% of adults with the most serious literacy needs are immigrants. This proposal would target a portion of the overall Adult Literacy effort to ESL for recent immigrants. In addition, because many within this same population are also in need of civics and/or citizenship education, the literacy/English-language classes could have a component that is designed to instruct on basic civics and citizenship information. The third wrinkle to this idea is technology. According to the Department of Education, technology can be a useful instruction tool for adults (because it allows instruction to take place in private; at home; at night; etc.). Thus, we could structure a competitive grant program (through the Department of Education) where successful proposals would have three components: (1) English language instruction for adults; (2) an instructional component related to civics and citizenship; and (3) with preference for programs that use technology (internet; video-links). (Cost: ?? -- addition to Andrea's list of literacy ideas)

NATIONAL SERVICE INITIATIVES

1. Ending Taxability of AmeriCorps Award. Change the tax status of AmeriCorps education awards so that they are not taxable. Comparable benefits, including the GI Bill, are not taxable. This tax liability has caused economic hardship, particularly for former AmeriCorps members who are enrolled in college full-time after completing their service and do not have the resources to pay the tax. Cost: \$6-11 million (due to a recent ruling by the IRS, this estimate is expected to be revised downward shortly).

2. Expand AmeriCorps for After School. Expand service programs to provide volunteers to serve as afterschool and summer school coordinators, tutors and mentors. (1) **Expand AmeriCorps.** Increase the availability of afterschool and summer programming for children while providing additional opportunities for young adults to earn money for college through service. Cost: \$80 million for 10,000

AmeriCorps members providing combination of afterschool and summer-school programs for 100,000 students (assumes 50 community match). (2) AmeriCorps*Seniors: Expand and rename existing demonstration program currently providing 1,000 seniors to 9 sites for tutoring and mentoring activities. In exchange for providing 15-20 hours service per week, seniors are eligible for incentives including, a small lifelong learning award or an offset on the cost of prescription drugs. Evaluations have shown increased test scores among the participating students and increased community involvement in the local schools. Cost: \$2-3 million for 10,000 AmeriCorps Seniors.

3. Encourage High Schools to Offer/Require Service Learning. The Learn and Serve America program provides formula grants to states to implement school-based service activities. CNS is proposing the addition of a competitive component targeted toward large-scale implementation of service programs in schools. Some states and districts, including Maryland, Chicago, and (est. fall 1999) California are integrating service into their graduation requirements. This proposal would target technical assistance, including school-based service coordinators and curriculum implementation, for those states and districts that are implementing service learning programs and/or requirements. Cost: CNS has requested \$80 million, an increase of \$37 million for FY 2000.

NATIVE AMERICANS

1. 1000 New Teachers for Native American Students. This initiative creates an American Indian Corps of Teachers (ACT) and has three parts: (1) funding for 25 grants to institutions to create teacher training programs for Native American communities; (2) creating five centers to provide continuing education for in-service teachers to improve the quality of teaching to Native American communities; and (3) a fellowship program that will fund 1000 new American Indian and Alaska Native teachers over 4 years by providing for their expenses while attending school, including child care. (Cost: \$37.5 million in first year (fellowships are \$80 million over 4 years); Julie and Mary have been working on this together)

WELFARE REFORM INITIATIVES

Refocus the Welfare to Work Program

In order to continue our investment in the hardest to employ, we should reauthorize the Welfare-to-Work program for five years at current funding levels of \$1.5 billion annually. Within this funding level, we could:

1. Target \$300 million in competitive grant funds for work-focused projects to address the challenges of literacy, substance abuse, and disabilities. We could designate a similar set aside within the competitive grants funds to be awarded in FY 1999. The remaining \$75 million in competitive grants would be available for innovative projects to help the hardest to serve welfare recipients get and keep jobs.

2. Target \$200 million for work-focused responsible fatherhood grants. These grants would help fathers succeed in the workforce through a combination of retention and rapid re-employment services and work-based skill upgrading. Only fathers who are fulfilling their child support obligations would be eligible for these services. Fathers participating in employment activities could also take part in efforts designed to increase the involvement of fathers in their children's lives. As an alternative funding source, we could allow the states to transfer up to a certain portion of their TANF block grants for such fathers programs and leave these funds as general Welfare-to-Work formula grants.

3. Formula Grants. Continue approximately \$925 million in formula grants, with possible amendments to direct more formula funds to the highest poverty areas, increase funds for tribes, improve eligibility criteria if current factors prove an impediment, and encourage services for two-parent families (many of whom face issues related to literacy, substance abuse and disabilities).

Increase Employment Opportunities for Individuals with Low Literacy Levels

Historically, individuals with low education levels have remained on welfare longer, and there is an increasing concentration of individuals with English language barriers on the welfare rolls in some places. Policies we are considering include:

1. Workplace. a new tax credit and/or Federal grants to encourage employers to provide adult basic education classes at the worksite, and setting aside funds for work-based literacy projects within Welfare-to-Work competitive grants (this would not require new legislation)

2. Community. Expanding the infrastructure and funding for adult basic education through the Adult Education program, encouraging the development of programs focused on easing the transition to the U.S. for new immigrants (through ESL and civics classes), subsidizing the provision of child care on college campuses and other adult education sites, and launching a national information campaign to make people aware of the problem of functional illiteracy and of available services;

3. Home. Using the new *Learning Anytime Anywhere Partnerships* to create software for adult basic education using \$200 computers (e.g., WebTV, game players) and subsidizing public housing projects that create computer literacy programs.]

Expand employment-focused substance abuse treatment

Various estimates show at least 20 percent of welfare recipient have substance abuse issues, and this percentage rises within those remaining on the rolls. In general, programs that effectively integrate treatment and welfare to work efforts, and knowledge about how to do so, are both lacking, although a handful of states have developed innovative approaches. To encourage these efforts we should (1) Push to maintain the SAMSHA block grant increase we obtained in FY 1999 and (2) Target a portion of SAMSHA capacity grants to innovative programs that effectively combine treatment and work. This initiative would be accompanied by a technical assistance/best practices effort for states and communities, jointly funded and managed by DOL, SAMHSA and ACF. (Cost: it is not yet clear whether we should request additional treatment funds for this purpose. \$1 million for technical assistance).

Increase Employment Opportunities for Individuals with Disabilities

There are a significant number of things we can do to help people with disabilities who are on TANF, SSI, or SSDI go to work, in addition to setting aside Welfare-to-Work competitive grant funds.

1. New BRIDGE grant program. In March, you issued an Executive Order directing the federal agencies to create a coordinated and aggressive national policy to increase employment of adults with disabilities. The "Building Resources for Individuals with Disabilities to Gain Employment" ("BRIDGE") program is one of several new proposals to grow out of this effort. BRIDGE is a competitive grant program designed to increase the employment rate of adults with disabilities by fostering integration at the local level of employment-related services and support services to adults with disabilities. (Cost: \$750

million over 5 years)

2. Information and Communication Technologies for People with Disabilities. NEC has developed draft proposals now being vetted to ensure that new technologies will be designed from the beginning to be accessible to people with disabilities. Ideas include leveraging federal government procurement, investing in R&D, funding industry consortia, training the next generation of engineers (NEC will provide a more detailed write up.)

3. Expanding the Defense Department's "CAP" program. The Defense Department's Computer Accommodations Program ("CAP") purchases equipment for DOD employees with disabilities to allow them to keep working if they become disabled, or for new employees just joining the workforce. By using a central \$2 million fund for such purchases, individual offices do not have to bear the cost within their own budgets, and are less likely to be deterred from hiring a person with a disability. Making this program available to other agencies has the strong support of the Administration's appointees with disabilities, in particular for Tony Coelho, chair of the President's Committee on Employment of People with Disabilities. (Cost \$10-\$25 million over five years).

4. Kennedy-Jeffords/Employment-Related Tax Credit. In addition, the Kennedy-Jeffords legislation, described in the health section, will play a critical role increasing access to health care for people with disabilities returning to work.

Full Funding for Job Access and Reverse Commute Grants.

The Omnibus Budget Act appropriated \$75 million for FY 1999 (\$25 million above the FY 1999 guaranteed funding level). TEA-21 set guaranteed funding from the Highway Trust Fund at \$75 million for FY 2000. DOT has requested \$150 million in its FY 2000 budget. We may also want to pursue a legislative change to the way funds flow to tribal areas -- currently, states must select tribes as applicants.

Child Support Law Enforcement Initiative

This initiative will increase the prosecution of egregious child support violators by establishing multi-agency investigative teams to identify, analyze, and investigate cases for prosecution. This investigative effort will result in more cases being referred to the U.S. Attorney offices ready to prosecute. HHS's Office of Child Support Enforcement, Office of the Inspector General, and Office of Investigations, working with state and local law enforcement and child support agencies, have already launched a pilot project in Columbus Ohio, which will cover 5 states (Illinois, Indiana, Michigan, Minnesota, and Ohio). This proposal would put these units in place all across the nation within the next several years. Additionally, it would provide paralegals dedicated to child support cases to the 83 U.S. Attorneys offices that do not now have them. In July, you signed into law the Deadbeat Parents Punishment Act, creating two new categories of felonies for the most egregious child support evaders. (Cost: about \$10 million over 5 years).

Exclude from Medicare Doctors that Owe Child Support

We should make the following health related child support proposals: 1) to exclude doctors and other providers who are delinquent in child support from the Medicare program, i.e., don't allow them to bill services to Medicare and 2) provide health professional loans only to those who attest that they do not owe child support. Both changes would require legislation.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jennifer L. Klein (CN=Jennifer L. Klein/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-NOV-1998 10:55:49.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

Could you let me know what the story is on child care numbers and after-school announcements? Maybe we could do after-school next week?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Charles J. Payson (CN=Charles J. Payson/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 5-NOV-1998 11:14:24.00

SUBJECT: Message Event Planning & Coordination Mtg.

TO: Peter A. Weissman (CN=Peter A. Weissman/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: Joshua S. Gottheimer (CN=Joshua S. Gottheimer/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: Christa Robinson (CN=Christa Robinson/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

payson (payson [WHO])
READ:UNKNOWN

TEXT:

Jennifer Palmieri, Stephanie Streett and Stacy Spector will be holding a Message Event Planning and Coordination Meeting at 5:30 pm today in the Ward Room. Please let me know if you will not be able to make it. Thank you.

Ann Lewis
Doug Sosnik
Bruce Reed/ Elena Kagan
Christa Robinson
Jake Siewert
Gene Sperling
Michael Waldman
Minyon Moore
Beverly Barnes

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 17:26:04.00

SUBJECT: Meeting

TO: Broderick Johnson (CN=Broderick Johnson/OU=WHO/O=EOP @ EOP [WHO])
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: Vicky_Stroud (Vicky_Stroud @ ed.gov@inet [UNKNOWN])
READ:UNKNOWN

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

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

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

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

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

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

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

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

TEXT:

TODAY'S MEETING IS CANCELLED. Sorry for the late notice.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 22:33:51.00

SUBJECT: Gun Shows Paper

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

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

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

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

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

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

TEXT:
BR/EK:

Below is the draft paper for tomorrow. I've sent the EO/memo to Phil for final clearance, as well as to the agency hacks for one last review. I understand final press paper is due by 12 noon. jose iii

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D76]MAIL45010790B.326 to ASCII,
The following is a HEX DUMP:

FF5750430C050000010A0201000000020500000006115000000020000623FB806413601F9EA8711
1802EEF713A146EA837EA4F5091D0E8B29CFDD9577077265C2E31607FDC2720609B09DD5AC4B05
DD7B208A067317F76FFA48B1A4B4611F449E01F24450A4411F16DCB09B08B6F11566E8E9F4047E

Helping to Prevent Illegal Firearms Sales **November 7, 1998**

In his radio address to the nation, President Clinton will direct the Secretary of the Treasury and Attorney General to recommend, within 60 days, what actions the Administration can take to ensure that firearms sold at gun shows are not exempt from Brady background checks or other federal gun laws.

Closing the Gun Show Loophole

- **Gun shows: A haven for criminals and gun traffickers.** Every year, about 5 million people attend an estimated 5,000 gun shows that take place in convention centers, school gyms, and on fairgrounds across the country. Under current law, firearms can be -- and an untold number are -- bought and sold entirely without background checks at these shows. This loophole makes gun shows prime targets for criminals and gun traffickers, and often thwarts needed law enforcement efforts to trace firearms used in crimes.
- **Following Florida's lead.** This week, Florida voters overwhelmingly passed a statewide ballot initiative requiring sellers at gun shows to adhere to the same standards as properly licensed gun dealers. Specifically, the initiative allows counties to require criminal history background checks and minimum waiting periods prior to firearms sales at gun shows and on other public property. In his radio address, the President will call on the Treasury Secretary and the Attorney General to recommend to him, within 60 days, the appropriate actions to take to close this loophole on the national level.

Strengthening the Brady Law

- **Final Brady provisions taking effect.** After nearly 5 years of working with law enforcement agencies, last week the Attorney General certified that the FBI's National Instant Criminal Background Check System (NICS) is set to take effect on November 30, 1998, as required by the Brady Law. The NICS will allow law enforcement officials access to a more inclusive set of records than is now available -- including information on criminal aliens, drug users, and persons subject to domestic violence restraining orders. Under the NICS, federally-licensed gun dealers will be required to call a state point-of-contact or FBI representative through an 800 number, and relay a prospective gun purchaser's information. For the vast majority of cases, the sale will be approved within minutes. Where there are discrepancies, the FBI will have up to 3 days to clarify a record, and approve or deny the gun sale.
- **Millions more firearms sales to be covered.** As of November 30th, the Brady Law will be strengthened in 2 additional ways: (1) purchases of all firearms, not just handguns, will be subject to Brady background checks; and (2) pawnshop redemptions, which are 4 times as likely to involve a prohibited purchaser, will be subject to background checks for the first time. Overall, it is estimated that the number of background checks conducted nationally will increase from about 4 million to between 10 and 12 million.

**Gun Shows Radio Address
Questions and Answers
November 7, 1998**

Gun Shows

Q: How many guns are sold at gun shows?

A: Since gun shows are largely unregulated and most gun show participants are not required to keep records of sales, ATF does not have an estimate of the number of firearms sold. However, the National Association of Arms Shows estimates that there are more than 100 gun shows every weekend (5,200 shows annually); that more than 5 million people attend these shows; and that they generate billions of dollars in sales.

Q. Who sells guns at gun shows? Why are they essentially unregulated?

A. Gun shows are events where private citizens as well as federally-licensed gun dealers can buy and sell firearms and related paraphernalia. These shows are usually held on weekends in auditoriums, fairgrounds, school gyms, and other outlets in almost every state in the nation.

In 1986, a law was passed which enabled federally-licensed gun dealers to sell firearms at gun shows for the first time. Licensed dealers are required to conduct background checks and keep other appropriate records for firearms sold at gun shows. However, the same law permitted "hobbyists" (individuals without federal firearms licenses) to sell their personal collections at gun shows without similar requirements. The result was to expand the opportunities for private citizens to buy and sell firearms at gun shows, and raise the threshold for what constitutes being engaged in the business of selling firearms, which requires a federal firearms license (FFL).

Q. How do you know that guns purchased at gun shows are used in crimes?

A. While guns sold at gun shows are difficult -- if not impossible -- to trace, ATF has conducted numerous investigations where firearms have been obtained by criminals at gun shows. A Justice Department survey of prison inmates indicated that 30 percent of the guns they used in crimes were purchased at gun stores -- but that the remaining 70 percent were obtained in secondary gun markets, like gun shows. In addition, there is a wide range of anecdotal evidence indicating that criminals, juveniles, and other prohibited purchasers are obtaining their guns at gun shows and using them to commit crimes.

Q. Do you support specific legislation, such as the bill introduced by Representative Blagojevich, which essentially imposes the same requirements on nonlicensed gun show participants as those on federally-licensed gun dealers?

A. Today's directive calls on the Secretary and Attorney General to develop recommendations to ensure that criminals cannot exploit gun shows to arm themselves. They certainly will be looking at legislative proposals as part of this review. Until we receive their recommendations in the next 60 days, it would be premature to announce that we will be supporting any specific legislation.

Brady/NICS

Q: Last week, didn't the Justice Department express some concern over the National Instant Criminal Background Check System (NICS) being able to handle all of the background checks during the holiday season -- traditionally big months for gun sales?

A: We do not have any reason to believe that the FBI will be unable to handle the workload during the busy holiday season. While there are significantly more guns sold during the October - December time period, the NICS is being prepared to handle the full load. The FBI has been training hundreds of staff, everything is on schedule, and the Attorney General is confident that the FBI can handle demands placed on the NICS once it comes online.

Q: How will background checks under the NICS be paid for? Didn't Congress pass a prohibition on passing the cost of the check along to the consumer?

A: This summer, the Senate passed a provision that would have prohibited the FBI from charging the same fee for Brady background checks as it does for other checks, such as those for child care and elder care workers. The Administration strongly opposed that provision, particularly since no alternative source of funding was identified at the time. Since then, however, the final appropriations bill included over \$40 million to pay for the NICS' first year of operation.

It is also worth noting that, as originally passed, this Senate provision would have required the immediate destruction of all Brady records -- and effectively delayed implementation of the NICS by as much as 6 months. Due to the President's strong opposition, this language was struck from the final appropriations bill.

D R A F T --- D R A F T --- D R A F T

November 6, 1998

MEMORANDUM FOR THE SECRETARY OF THE TREASURY
ATTORNEY GENERAL

Subject Preventing firearms sales to prohibited purchasers

Since 1993, my Administration has worked hand-in-hand with law enforcement agencies and the communities they serve to rid our neighborhoods of gangs, guns and drugs -- and by doing so to reduce crime and the fear of crime throughout the country. Our strategy is working. Through the historic 1994 Crime Act, we have given communities the tools and resources they need to help drive down the crime rate for six years in a row, to its lowest point in a generation. Keeping guns out of the hands of criminals through Brady background checks has also been a key part of this strategy. Over the past 5 years, Brady background checks have helped prevent a quarter of a million handgun sales to felons, fugitives, domestic violence abusers, and other prohibited purchasers -- saving countless lives and preventing needless injuries.

On November 30, 1998, the permanent provisions of the Brady Law will take effect, and the Department of Justice will implement the National Instant Criminal Background Check System (NICS). The NICS will allow law enforcement officials access to a more inclusive set of records than is now available and will -- for the first time -- extend the Brady Law's background check requirement to long guns and firearms transfers at pawnshops. Under the NICS, the overall number of background checks conducted before the purchase of a firearm will increase from an estimated 4 million annually to as many as 12 million.

We can, however, take additional steps to strengthen the Brady Law and keep our streets safe from gun-carrying criminals. Under current law, firearms can be -- and an untold number are -- bought and sold entirely without background checks, at the estimated 5,000 private gun shows that take place across the country. This loophole makes gun shows prime targets for criminals and gun traffickers, and we have good reason to believe that firearms sold in this way have been used in serious crimes. In addition, the failure to do background checks at gun shows often thwarts needed law enforcement efforts to trace firearms. Just days ago, Florida voters overwhelmingly passed a ballot initiative designed to facilitate background checks at gun shows. It is now time for the federal government to take appropriate action, on a national basis, to close this loophole in the law.

Therefore, I request that, within 60 days, you recommend to me what actions our Administration can take -- including proposed legislation -- to ensure that firearms sales at gun shows are not exempt from Brady background checks or other provisions of our federal gun laws.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 22:23:24.00

SUBJECT: Re:

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:
oops. guess supposed to forward to you. sb

Sarah A. Bianchi
11/05/98 10:10:58 PM
Record Type: Record

To: Devorah R. Adler/OPD/EOP
cc:
Subject:

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D59]MAIL404007902.326 to ASCII,
The following is a HEX DUMP:

FF57504370040000010A02010000000205000000510C00000002000083D96A506E7C5CBE59C6C8
2F1CB3AC9CA8151BEE26AB482C905E8D6BF0D470694306C3F1924DDC85BB148BCF0874E46B5E4D
B63BD83C73AED5E1E122DD7A55B1D9EFC5EA8489619E6CEC97F5CFECBCC08A4F18FEBCF58CE59

Post-Election Status of Patients' Bill of Rights. This week's election has virtually assured us a working majority in the House for a strong enforceable patients' bill of rights. Last summer, the Dingell-Ganske legislation lost by a 212-217 vote. Of the 210 Democrats who supported this legislation, 189 are returning to the House as are nine of the ten Republicans and the one Independent. In addition, almost every one of the 22 newly-elected Democrats campaigned on this issue and we expect most if not all of them to support a strong bill. As a result, before even counting any Republicans who might alter their position as a result of how strong this issue played in the campaign (we believe there may be five or more), that at least 220 Members would be likely supporters of legislation very similar to the Dingell-Ganske bill. On the Senate side, we believe that it may be possible to get as many as 50 votes on a bill that is a slightly strengthened version of the Graham-Chafee legislation, that includes virtually all of the protections advocated by your Quality Commission and is viewed by Congressman Dingell's staff as a very strong bill. In addition to the 45 Democrats who would support the final legislation, we would expect Senators Chafee and Spector and possibly Snowe, Collins, Jeffords, Voinovich and Bunning to support it. Although there are a number of outstanding issues, the primary roadblock to a compromise is likely to be related to the Dingell-Ganske state court enforcement. There is even relatively good news there because some of the trade unions are strongly insisting on a less controversial enforcement approach that has the dual benefit of being more attractive to moderate Republicans.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 17:14:10.00

SUBJECT: Cell Phones

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

READ:UNKNOWN

TEXT:

Doug called me this week looking for your old phone so if you get a chance to bring it in I will give it to him.

----- Forwarded by Laura Emmett/WHO/EOP on 11/05/98 05:13 PM -----

Douglas R. Matties

07/22/98 05:48:20 PM

Record Type: Record

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

cc:

Subject: Cell Phones

Now that you have all picked up the new digital Sprint phones, I am going to need the old, crappy, analog phones back as we can assign them to other personnel. Please make sure to return all of the equipment, including charger, extra batteries (if applicable), leather cases, and any instructions about the use of the phones.

Thanks!

Message Sent

To:

Melissa G. Green/OPD/EOP

Shannon Mason/OPD/EOP

Cathy R. Mays/OPD/EOP

Laura Emmett/WHO/EOP

Donna L. Geisbert/OPD/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 18:53:57.00

SUBJECT:

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

TEXT:

COMMUNITY EMPOWERMENT INITIATIVES

Access to Capital and Credit

1. CDFI Tax Credit. We are looking at a proposal to extend tax incentives to encourage investment in CDFIs, which would leverage additional private investment in distressed areas and stimulate the economic revitalization of those areas. Under the proposal, \$100 million in non-refundable tax credits would be made available to the CDFI Fund to allocate among equity investors in qualified CDFIs using a competitive process. One downside with this proposal is that it would neither assist non-profit CDFIs nor those that issue stock, such as mutual organizations.

2. Microcredit Initiative. We are working to identify means to amplify Administration support for microenterprise finance -- both domestically and internationally. We are examining whether to build on Senators Kennedy's and Domenici's PRIME legislation which would provide technical assistance to microenterprise. We are also looking at increased funding for CDFI initiatives specifically targeted to microenterprise, and CRA and other regulatory reform designed to enhance bank lending to microenterprise funds. On the international side, we are looking at whether we can increase microenterprise funding for USAID or through MDBs (either as a direct appropriation or potentially more innovative means, e.g., "debt for development" swaps), some portions of which may come under the aegis of support for countries hardest hit by the financial crisis.

Creating Jobs/Making Work Pay

1. Clean Water, Parks, and Communities Bonds. We are examining three potential proposals to encourage "green" infrastructure projects. The first model uses the same financing mechanism as your school construction proposal -- providing tax credits to state and local areas on their bond authority -- to provide incentives to communities to clean up the environment. This proposal would cost about \$1 billion over five years and would leverage about \$4-\$5 billion in environmental investments. Communities could issue these zero-interest bonds for a menu of projects: protecting and improving water quality; cleanup of contaminated sediments; waterfront reclamation and revitalization; stormwater runoff control; purchasing of green spaces to prevent sprawl; park enhancements and revitalization, and brownfields cleanup. The second model, which provides a smaller incentive than the first model, would create new tax-exempt bond authority for these state and local areas to invest in clean water, parks, and communities. The advantage of this model is that it builds on the current system of bond finance. The final model would allocate tax credits (like the Low-Income Housing Tax Credit) to states and local areas

to provide to the developers of these green infrastructure projects.

2. Re-Develop 10,000 Abandoned Buildings. Just as 100,000 teachers and 100,000 cops provides an important symbol of government action -- as well as good policy -- we are examining different proposals to help re-develop 10,000 abandoned buildings. One option would be to explore whether we can combine several existing programs to meet this goal. Another option would be to provide grants or tax incentives to spur private-sector redevelopment of these abandoned buildings. One concern that has been raised so far is the potential prohibitive cost and return on this type of effort.

3. Employment Tax Credits. The Work Opportunity Tax Credit (WOTC) and the Welfare-To-Work Tax Credit (WTW) will expire on June 30, 1999. We believe that the credits may be under-utilized because many employers do not have the assurance that the credit will be there when they file their taxes. Therefore, we are considering whether to make these two tax credits permanent.

Affordable Housing and Promoting Homeownership for All Americans

1. Expansion of Low-Income Housing Tax Credit. Last year, you proposed a 40-percent expansion of the Low-Income Housing Tax Credit (LIHTC) to spur the private-sector to develop more affordable rental housing for low-income Americans. However, Congress failed to act despite large bipartisan support in both the House and the Senate. We recommend you re-propose increasing the cap on the LIHTC from \$1.25 per capita to \$1.75 per capita. This proposal would restore the value of the credit to its 1986 level and will help develop an additional 150,000-180,000 affordable housing units over the next five years. This proposal would cost \$1.6 billion over five years.

2. Homeownership Tax Credit. We are examining two different types of tax credits to promote homeownership among lower-income families, who generally do not benefit from the mortgage interest deduction. The first proposal would use the model of the Low-Income Housing Tax Credit to create a Low-Income Homeownership Tax Credit. Under this proposal, low-income families would receive a low- or zero-interest second mortgage, which would reduce their upfront costs (e.g., downpayment and closing costs) and investors would receive tax credits in return. The second proposal is a \$5,000 tax credit for first-time homebuyers in Empowerment Zones or Enterprise Communities. (The 1997 Balanced Budget Act included a similar proposal for first-time homebuyers in the District of Columbia.) We are analyzing both of these proposals to see which one most effectively reduces barriers to homeownership among lower-income families, while being fiscally sound.

3. Expansion of Private Activity Bond Cap/Mortgage Revenue Bonds. Within their volume cap, states and local government may issue tax-exempt bonds for a variety of purposes. State and local governments use about one-third of their private activity bond allocation for mortgage revenue bonds (MRBs), which helps state and local areas provide below-market mortgages to first-time homebuyers with relatively low incomes. The volume cap on private activity bonds, and thus MRBs, has not changed since 1986. Most community development groups view private activity bonds as yours, since you were the one who permanently extended it in 1993. If Congress acts this year to increase the cap -- which is likely since it is supported by a majority of both houses -- we are concerned that you may lose this issue as one of your legacies. Therefore, we are looking to

accelerate the increase in the cap that was included in this year's budget agreement. Treasury estimates that a 50-percent increase in 2000 -- which would restore its value to its 1986 level -- would cost \$500 million over five years.

4. Incremental Tenant-based Section 8 Vouchers. In order to build on the success of securing new incremental vouchers last year, we recommend seeking an additional 50,000 welfare-to-work housing vouchers and another 25,000 units to meet the needs of the homeless, including elderly homeless and homeless veterans.

5. Regional Affordable Housing Initiative. We are examining whether to propose a Regional Affordable Housing Initiative (RAHI) as a competitive pilot program. This proposal would be designed to result in a more balanced distribution of affordable housing across participating metropolitan regions. In particular, the program seeks to increase the availability of affordable housing in areas with high growth in low-skilled jobs and inadequate supplies of housing for low-income workers. This proposal could be funded through HUD's HOME program and would cost \$125 million over five years.

6. Elderly Housing Initiative. This proposal includes a three-pronged approach to tackle the needs for elderly housing. This initiative would provide new capital to improve the quality of elderly housing, meet the changing needs of elderly residents and provide an alternative to nursing home care -- such as assisted living. One interesting part of this initiative would be to provide housing vouchers targeted specifically to very-low income elderly who live in Low-Income Housing Tax Credit developed housing. Because the tax credit helps subsidize rent, this proposal would allow us to leverage our resources and provide more vouchers to the poor elderly.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 17:22:05.00

SUBJECT: SOTU Items

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

TEXT:

----- Forwarded by Bruce N. Reed/OPD/EOP on 11/05/98
05:22 PM -----

Thomas L. Freedman
11/05/98 04:25:49 PM
Record Type: Record

To: Bruce N. Reed/OPD/EOP
cc: Mary L. Smith/OPD/EOP
Subject: SOTU Items

1. I still want to come pitch for my ideas and/or hear what you think of them.
2. Interesting idea coming from VA homelessness, tell me what you think about this applied to the whole government: many agencies have property they don't use, but under Mckinney Act if they don't want it, they have to offer it to homeless groups. With no incentive, predictably, agencies just sit on the property. VA/OMB have a pilot program to let VA keep 90% of the revenue from selling property for various do -good VA activities, and channel 10% of sales money to local homeless grants. Advocates get something rather than nothing, agencies get to help fund their own programs, the taxpayers doesn't carry thousands of useless properties. We need to get some advocates to sign on, but the idea of encouraging the government to get rid of property it doesn't need is great. It is still confidential, but what you think?
3. Escheveste is going over to meet with Glickman tomorrow on SOTU stuff, do you want to see the list USDA gave NEC?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 15:09:55.00

SUBJECT: First take on gun directive -- I'm send to agencies for comment now...jc3

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

CC: Leanne A. Shimabukuro (CN=Leanne A. Shimabukuro/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.D38]MAIL42483490W.326 to ASCII,
The following is a HEX DUMP:

FF5750430C050000010A020100000002050000002214000000020000609A86158A1A481D6E6E66
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D R A F T --- D R A F T --- D R A F T

November 6, 1998

MEMORANDUM FOR THE ATTORNEY GENERAL
SECRETARY OF THE TREASURY

Subject Preventing firearms sales to prohibited purchasers

Since 1993, my Administration has worked to give law enforcement agencies and the communities they serve the tools they need to rid our neighborhoods of gangs, guns and drugs -- and to reduce crime and the fear of crime. Our strategy is working. Through the historic 1994 Crime Act, we have helped drive down the crime rate for six years in a row -- to its lowest point in a generation. Keeping guns out of the hands of criminals has been a key part of our strategy, and tough -- but sensible -- measures like the Brady Law and ban on assault weapons have contributed to our success. In fact, over the past 5 years, the Brady Law has helped prevent well over a quarter of a million handgun sales to felons, fugitives, domestic violence abusers and other prohibited purchasers -- saving countless lives and preventing needless injuries.

On November 30, 1998, the permanent provisions of the Brady Law will take effect, and the Department of Justice will implement the National Criminal Background Instant Check System (NICS). The NICS will allow law enforcement officials to access to a fuller set of records than is now available and will -- for the first time -- apply to the sale of long guns and to firearms transfers at pawnshops. Overall, under the NICS, the number of background checks conducted before the purchase of a firearm will increase from an estimated 4 million to more than 12 million.

We can, however, take additional steps to strengthen the Brady Law and to keep our streets safe from gun-carrying criminals. Each year, an untold number of firearms are bought and sold at the estimated 5,000 private gun shows that take place across the country -- with most of these sales skirting the Brady background check requirement. This loophole makes gun shows prime targets for criminals and gun traffickers -- and effectively thwarts law enforcement efforts to trace firearms that are later used in crimes. It should be closed once and for all.

Therefore, I request that, within 60 days, you recommend to me what actions our Administration can take -- including proposed legislation -- to ensure that firearms sales at gun shows are not exempt from our federal gun laws.

Automated Records Management System
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 08:50:43.00

SUBJECT: I'll be @ Food Stamp meeting out of the building from 9-3

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

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

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

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

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

TEXT:

I'll be attending a roundtable discussion on food stamps held by FCS Undersecretary Shirley Watkins so I'll miss the DPC staff meeting. Bruce/Elena: we're continuing to refine new ideas. Had a helpful brainstorming session w/ CBPP yesterday. Please page me if you need me during the day.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-NOV-1998 19:23:25.00

SUBJECT: Radio Address -- Comments Back by 8:30am

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

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

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

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

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

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

TEXT:

Draft 11/5/98 6:45pm
Jordan Tamagni

PRESIDENT WILLIAM J. CLINTON
RADIO ADDRESS ON BRADY LAW
WASHINGTON, DC
November 6, 1998

Good morning. This week, the American people sent a clear message to Washington that we must put politics aside and take real action on the real challenges facing our nation: saving Social Security for the 21st century ... passing a Patients□, Bill of Rights ... and strengthening our schools by finishing the job of hiring 100,000 teachers, and passing my plan to build or modernize 5,000 schools across the country.

Over the past 6 years, we have taken real action to address another important challenge: making our communities safe for our

families. For too long, it seemed as if rising crime was a frightening fact of life in America. In too many communities, children could not play on the street or walk to school in safety ... older Americans locked themselves into their homes in fear ... and gangs armed with illegal guns boldly roamed our streets and schools.

I took office determined to change this. We committed ourselves to a comprehensive anti-crime strategy based more on community policing, tougher penalties, and better prevention. Today, our strategy is showing remarkable results. We're ahead of schedule and under budget in meeting our goal of putting 100,000 police on the street. All across America crime rates have fallen to a 25-year low -- and respect for the law is on the rise. Families are beginning to feel safe in their communities again.

Keeping guns out of the hands of criminals has been at the center of our strategy -- and an essential part of our success. Since I signed the Brady Bill into law, background checks have put a stop to more than a quarter million handgun purchases by fugitives and felons. Law enforcement officers from around the country have told us that fewer guns on the streets have made a huge difference in the lives of the families they serve.

At the end of this month, we will make the Brady law even stronger. For the first time ever, we will require background checks for the purchase of any firearm -- handguns, rifles, and shotguns -- no matter where they are purchased -- from a licensed gun dealer or a pawn shop. Under this new "Insta-Check" system, as it is called, we will be able to run nearly four times as many background checks -- most in a matter of minutes.

We have spent five years working with state and local law enforcement to put this system in place. But when it comes to our families, safety, we must take another important step.

Every year, an untold number of firearms are bought and sold at an estimated 5,000 gun shows around the country. I come from a state where these shows are very popular, and I have visited and enjoyed them over the years. They are often the first place parents teach their children how to handle firearms safely, and I know that most gun dealers are dedicated to promoting safe, legal gun use.

But at too many gun shows, a different, dangerous trend is emerging. Because the law permits legitimate, private collectors to buy guns without background checks, unlicensed gun dealers are slipping into the system and selling guns on a cash-and-carry, no-questions-asked basis. All too often, their customers are criminals, who depend on these dealers to supply them with the guns they cannot buy any other way.

On Tuesday, the people of Florida voted overwhelmingly to put a stop to these tainted transactions and make it harder for criminals to buy firearms. Under the new law, all gun sellers -- licensed or unlicensed, professional dealer or part-time collector -- must conduct background checks for every gun they sell.

I believe this should be the law of the land: no background check, no gun, no exceptions. Today, I am directing Secretary Rubin and Attorney General Reno to report back to me in 60 days with the best way to close the loophole in the law and prohibit any gun sale without a background check. We did not fight as hard as we did to pass the Brady law only to

let a handful of unscrupulous gun dealers disrespect our laws, undermine our progress, and put the safety of our families at risk. With this action, we are one step closer to shutting them down.

I look forward to working together with members of both parties in the new Congress to meet this challenge, and to build a safer and stronger America for the 21st Century.

Thanks for listening.