

NLWJC - KAGAN

EMAILS RECEIVED

ARMS - BOX 041 - FOLDER -007

[12/08/1998]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 19:46:20.00

SUBJECT: discretionary priorities.

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

READ:UNKNOWN

TEXT:

this is a draft -- more comments are coming in the morning.

thanks for your patience.

Devorah

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D28]MAIL49029734B.326 to ASCII,
The following is a HEX DUMP:

FF575043B0060000010A0201000000002050000000C69E000000020000E24AE4A09FB6488C11D5C9
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USE OF DISCRETIONARY FUNDS FOR THE FY 2000 BUDGET

Detecting and managing bioterrorism. (new initiative) Bioterrorism is becoming an increasing threat that has the potential to injure or kill millions of Americans through deadly diseases, such as anthrax. This proposal funds HHS to train epidemic intelligence officers who identify and respond to attacks, develop a mass casualty emergency response system, maintain a stockpile of pharmaceuticals, and develop new vaccines and antibiotics that could be used in the event of an attack. It is strongly supported by HHS, OMB, DPC and the Vice President's Office.

Cost. Original HHS cost estimate: \$370 million

Issues. OMB believes that research and product regulation are primarily Federal responsibilities, while public health surveillance, laboratory and epidemiological capabilities, and medical response systems are areas that are primarily State responsibilities. Therefore, NIH, CDC, FDA, and SAMHSA did not receive the full funding amount requested.

Response. Although States play an important role in public health surveillance and emergency medical response activities, it is clear that the current local public health infrastructure is unable to support these essential surveillance and response activities. Budget cutbacks and increasingly limited resources have forced many public health clinics and public health departments to close their doors permanently, and the Federal-State communications network is so inadequate that a recent test demonstrated that CDC was unable to contact nearly half of local health departments within a day's time. Depending on local public health entities to independently meet the challenges of detecting and managing the repercussions of a bioterrorist attack will place the country at risk. The OMB passback level prevents CDC from developing improved surveillance and overall emergency preparedness plans and delay FDA's development of new vaccines for anthrax and botulism. The passback level also eliminates SAMHSA's ability to assess the mass behavioral psychological, and socioeconomic response to a bioterrorist event.

Status. OMB passback: +\$152 million; WH Need: additional +\$90 million; HHS appeal additional +\$218 million.

Combating resistance to antibiotics (superbug). (new DPC proposal.) Recent reports have indicated that resistance to antibiotics is increasingly becoming a public health crisis, causing prolonged illnesses and even death. Currently, hospitals spend over \$600 million each year treating infections caused by bacterial strains that are resistant to antibiotic therapy. This proposal funds CDC to develop and implement public health strategies that combat bacterial strains that are resistant to antibiotic therapies. This policy is supported by DPC and the Vice President's office.

Cost. Original DPC cost estimate: \$20 million

Issues of Concern. OMB would prefer to subsume this proposal in a new public health

surveillance initiative, essentially eliminating the practical public health component of this proposal. In addition, they believe that some of the infrastructure investments that are necessary improve our ability to respond to antibiotic resistance are similar to the steps we are proposing to respond to bioterrorist attacks.

Response. Although the surveillance efforts associated with this initiative can be subsumed under this new public health surveillance initiative, we believe that the implementation of public health strategies to prevent resistance are important enough to be funded separately.

Status. OMB passback: +0 (subsumed in surveillance initiative); WH Need +\$10 million

Family Caregiver Support Program. (new initiative) Approximately 7 million family caregivers currently enable their elderly relatives to remain in the community, providing care that would cost between \$45 and \$75 billion annually if provided by home health care aides. This proposal creates a new national program through the Administration on Aging to support Americans who care for chronically ill or disabled family member or friends. It provides State grants for “one-stop-shop” access point to provide services, such as information and counseling as well as respite services and adult day care. **This proposal is a priority for the Vice President, DPC, and NEC, and is generally supported by OMB.**

Cost. Original HHS cost estimate: \$150 million

Issues. OMB only provided \$10 million for this initiative, far less than what is necessary for it to be creditable. Barbara Chow has indicated, however, that this would be her first funding priority if she could get additional resources.

Response. The OMB passback level prevents the establishment of a national program, providing only enough funds to establish systems in a limited number of States. This policy is a critically important component of the long term care initiative, as it complements the long term care tax credit. Funding of this proposal is necessary to obtain broad based validation from the advocacy community for our entire long term care package.

Status. OMB passback: +\$10 million; WH need: additional +\$140 million; HHS appeal: additional +\$140 million

Nursing home quality initiative. (originally a WH proposal; HHS has expanded it) On July 21, the President announced his commitment to addressing the current shortcomings in nursing home quality of care. This initiative provides mandatory and discretionary funds to HCFA to help States strengthen nursing home enforcement tools and increase Federal oversight of nursing home quality and safety standards. Funding will be provided for **new enforcement provisions and increased surveys of repeat offenders and improve surveyor training. This proposal is strongly supported by DPC and the Vice President’s office.**

Cost. Original HHS cost estimate: \$153 million

Issues. OMB funds \$50 million of this initiative through user fees. The passback also assumes that HCFA will assume the survey and certification costs (\$12.5 million) associated with the initiative within its current funding levels.

Response. The user fees used to fund a large part of this initiative will rapidly be discarded by the Hill, placing the initiative in jeopardy. Requiring HCFA to absorb the survey and certification costs associated with this initiative would significantly reduce the level of these important activities. In addition, there is currently another GAO investigation on nursing home quality underway, which underscores the need for a significant investment in this area.

Status. OMB passback: +\$107 million; WH Need: additional +\$37.5 million (\$12.5 million + \$25 million to reduce the unrealistically high user fees from \$50 million to \$25 million); HHS appeal: additional +\$12.5 million

Educating Medicare beneficiaries about long term care options. (new WH initiative) Medicare beneficiaries are often unaware that Medicare does not provide long term care services. This proposal provides funds to HCFA to use the Medicare +Choice marketing materials to educate beneficiaries about long term care options outside of the Medicare program. This proposal is strongly supported by DPC and **has been validated by the aging community, as they believe this proposal is necessary to assure beneficiaries have the information they need to understand their options.**

Cost: Original DPC cost estimate: \$25 million.

Issues. OMB believes this is a solid policy worth funding, particularly if it is used to promote high quality long term care products. HHS has concerns with this proposal because it fears that it will be perceived as an endorsement of private long term care insurance.

Response. **We need this initiative to convince the private sector that we believe it has an important role to play in this area and to also indirectly affirm that the Federal government cannot and should not be relied on by the public at large to meet the overwhelming long term care needs facing the nation.**

Status. OMB passback: +(0); WH Need: additional +25 million

Improving access to Ryan White programs. (existing program) **Low income individuals infected with HIV often have to wait up to a year in order to access the comprehensive range of drugs needed to effectively treat HIV. This proposal will increase our current proposed investment in the Ryan White program and the AIDS Drug Assistance Program, which provide a range of critical services for people with HIV/AIDS. OMB and HHS are not advocating for an increase but do not oppose one. Increasing this investment is a top priority for the AIDS office and the Vice President's office.**

Cost. Original AIDS office Ryan White request: \$165 million

Issues. OMB has concluded that it does not have the resources necessary to meet the AIDS Office recommendation of an additional \$165 million for the Ryan White program.

Status. Ryan White OMB passback: +\$72.2 million; WH Need: additional +\$50 million; no HHS appeal

Addressing HIV/AIDS in minority communities. (existing WH initiative) This past October, in response to the Congressional Black Caucus, the President declared HIV/AIDS in minority communities to be a "severe and ongoing health crisis." This proposal seeks emergency funding to strengthen substance abuse treatment and prevention programs that include an HIV component and enhance funding for 60 Ryan White planning grants. It is strongly supported by DPC, HHS and the Vice President's office.

Cost. Original HHS cost estimate: \$50 million

Issues. OMB's official position is that this initiative was limited to a one time investment and that there was no commitment to future funding. However, they unofficially have acknowledged that it will be difficult to discontinue this funding priority in the face of extreme pressure by the Congressional Black Caucus. As such, they would not oppose additional funding if dollars could be made available.

Response. The OMB passback completely eliminates funding for this initiative and prevents us from sustaining our commitment to the Congressional Black Caucus and minority communities throughout America.

Status. OMB passback: +(0); WH Need:+\$50 million; HHS appeal: +\$50 million

Building on the President's Race and Health Initiative. (existing WH 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.** Last year, the President announced a \$400 million commitment over 5 years to eliminate racial health disparities in six critical areas by 2010. This proposal funds public health programs designed to prevent diseases experienced disproportionately by minorities and a grant program to test and replicate innovative approaches that address these disparities. It is strongly supported by DPC, HHS, and the Vice President's office.

Cost. Original HHS cost estimate: \$50 million

Issues. The OMB passback suggests that HHS earmark \$50 million of community health center funding for this initiative, rather than providing new funds.

Response. It is extremely important to continue to make significant investments in this initiative in order to deliver on the President's commitment. Dedicating dollars already earmarked for CHCs will be viewed as ineffective and unresponsive by the minority community. In addition, since they only provide direct services, CHCs are unable to adequately address the significant public health infrastructure issues that currently prevent minorities from accessing effective health care services that could arrest disproportionate rates of infection and disease.

Status. OMB passback: +(0); WH Need: +\$80 million; HHS appeal + \$50 million

Enhancing mental health services. (existing program) Approximately 44 million adults and 14 million children suffer from a mental disorder annually. This proposal increases funding to SAMHSA in order to enable states to provide critical mental health services, including access to prevention and treatment services and providing new incentives to communities who have implemented effective mental health programs. This proposal increases funding to SAMHSA as well as raising awareness about mental health through enhancing the current level of funding provided to States through the mental health block grants. This proposal is strongly supported by the Vice President's office.

Cost. Original HHS cost estimate: \$146 million

Issues. The OMB passback refocuses mental health activities within the PHS, concentrating on mental health research at NIH, and State grants and specialized service delivery. OMB has stated that the reduction in mental health research grants is justified in the context of large increases for mental health research at NIMH.

Response. 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 Surgeon General's report documenting the widespread incidence and impact of mental illness.

Status. OMB passback: +(0); WH Need: +\$100 million; HHS appeal +\$116 million

Preventing and treating asthma. (new initiative) Over the past 15 years, the number of children afflicted with asthma has doubled to total about 6 million. The most rapid increase in prevalence over this time period has occurred in children under the age of 5, with rates increasing over 160 percent. The steep climb in rates of morbidity and mortality classify asthma as an illness with significant public health implications. This proposal funds HHS and EPA to educate patients and providers about new treatment guidelines for asthma, conduct a national asthma awareness campaign, reduce asthma triggers in homes, and establish school based asthma programs in every community. This proposal is strongly supported by both the First Lady's office and DPC.

Cost. Original estimates: \$50 million for HHS and \$25 million for EPA

Issues. OMB has developed a counter-proposal that invests \$25 million in EPA and uses the Medicaid program to disseminate new treatment guidelines for asthma, but eliminates the research and public health strategies that are integral to the HHS proposal. They believe that those components of the proposal could be supported through existing sources of funding.

Response. Although OMB's disease management strategies can and should be incorporated into the HHS proposal, to eliminate the research and wider components of the proposal would greatly inhibit our ability to alleviate the morbidity and mortality associated with this illness.

Status. OMB passback: +(0); WH Need: +\$25 million for HHS; HHS appeal: +\$50 million

Promoting Medicaid de-institutionalization. (new initiative) 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. This proposal builds on a current demonstration program that by develops and propagates models that give people residing in a nursing home a choice of care settings after a "date certain". This proposal is strongly supported by HHS.

Cost. Original HHS cost estimate: \$38 million

Issues. OMB and DPC believe that this program is not well designed and would not be validated by the disability community, which is already complaining about the current demonstration program.

Status. OMB passback: +(0); WH Need: +(0); HHS appeal: +\$38 million

Improving Emergency Medical Services in Rural Areas. (new initiative) 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. Many rural and frontier communities face challenges in obtaining ambulance equipment and communication systems and recruiting, training, and retaining EMS personnel. This proposal provides grant funds to States and local communities through HRSA to promote EMS systems development, integrate EMS systems into local primary care services, and enhance provider recruitment, retention and education efforts. It is supported by HHS and DPC, and has been endorsed by the National Rural Health Association.

Cost. Original HHS estimate: \$50 million

Issues. OMB would prefer to fund this program through the Medicare program rather than through a PHS grant program. They believe that this initiative would do little to improve access to health care services or address the many health problems facing rural communities.

Response. The grant program structure takes into account the unique nature of small rural communities and allows States to design systems that work for their individual constituencies. In addition, the proposal is a way to relieve some financially burdened rural hospitals of the extraordinarily expensive burden of 24-hour a day ER coverage.

Status. OMB passback: +(0); WH Need: +\$25 million; HHS has not appealed

Providing needed education funds to children's hospitals. (new WH initiative) Medicare has invested billions of dollars in graduate medical education to hospitals since 1966. However, because of its current distribution 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 creates a new discretionary grant program to provide GME funds through the PHS in order to provide freestanding children's hospitals with Federal financing for the cost of providing direct graduate medical education. This proposal is strongly supported by the First Lady's office, DPC, and the National Association of Children's Hospitals. HHS does not oppose this proposal, as long as it is not funded through the Medicare trust fund.

Cost. Original DPC cost estimate: \$40 million

Issues. OMB is strongly opposed to this proposal because they believe that the children's hospitals are financially stable and do not need additional federal assistance.

Response. We believe that there is a legitimate equity argument here, as these hospitals shoulder much of the responsibility for training the nation's pediatricians and pediatric subspecialists.

Status. OMB: +(0); WH Need: +\$40 million

Investing in DoD cancer research programs. (new DPC proposal) Every year the Congress funds programs at DoD for prostate and breast cancer research. While every White House principal has highlighted these innovative, widely acclaimed research programs, we have never proposed a single dollar for them in our budgets. We are also proposing an investment in osteoporosis research at the DoD. This is a priority for the Vice President.

Cost. Original DPC estimate: \$250 million

Issues: DoD is 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. They are more open to the concept of osteoporosis research because there are many military stress fractures. However, we think it could be highly problematic if the first time we ever invested in these programs we ignored the prostate and breast cancer programs and only funded osteoporosis.

Response: Given the high level of commitment to cancer research and the fact that these programs are already up and running, it is important that we underscore our support for them. Also, DoD is likely to receive generous increases in the budget and this is a good way to invest in cancer priorities in a tight budget.

Status. OMB: +(0); WH Need: earmark \$200 million of DoD increase

Investing in Promising Biomedical Research.

Cost. Original HHS request: \$1.5 billion

Issues: While both HHS and DPC support more generous increases, OMB has suggested that NIH reduce the amount of research started in FY 1999 in order to adjust to this new funding level. Many argue that this is not the best use of resources in a tight budget given the already generous funding at NIH.

Response. **Funding NIH at the OMB passback level would allow the agency to fund only 6,600 new research project grants, which is a 28% decrease from the number of projects funded in 1999 and the lowest level of new research since 1994. OMB suggested that NIH reduce the amount of research started in FY 1999 in order to adjust to this new funding level, which is not a reasonable or responsible path to advocate. It is also important to note that both the President and Vice President have both spoken in great detail about the importance of investments in biomedical research.**

Status. OMB: +\$49 million; WH Need: additional +\$750 million; HHS appeal \$1.5 billion.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 12:33:35.00

SUBJECT: proposed agenda for 2pm H2A meeting

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Also, I am attaching a list of the programs that various members of the group were tasked with doing follow-up on.

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D67]MAIL48398134U.326 to ASCII,
The following is a HEX DUMP:

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Reform Ideas -- Growers and Farmworkers

Program

AgNet	(OMB)
Employment Verification Pilots	(INS)
Farm Labor Contractor Certification Program	(DOL/USDA)
Farmworker Harvesting Cooperatives	(USDA)
Pilot Programs -- Transportation	(DOL/OMB)
Pilot Programs -- Housing	(OMB)
Housing Regulation Reform	(OMB)
USDA Farmworker Housing Programs	(Julie/OMB)
Transportation Subsidies	(OMB)
Child Labor Protections	(Ceci)
Mechanization Adjustment Assistance	(Ceci/CEA (Elise))

Automated Records Management System
Hex-Dump Conversion

Agenda
Farmworker/Grower FY2000 Ideas
December 8, 1997

- I. Status report from DOL re: Secretary of Labor's meeting with Graham/Wyden
- II. Progress report on development of ideas (see ideas.2 attachment)
- III. Strategy for moving forward with the package
 - A. Timing for final package completion
 - B. Timing for discussions with various advocates (farmworker advocates; grower advocates; immigration advocates)?
 - C. Timing for discussions with members?

Automated Records Management System
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 10:58:23.00

SUBJECT: TANF Participation Rates

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

TEXT:

We'll get you a more complete right up soon, but to answer your question from yesterday --

The five states that failed the two parent work participation rate and did not meet the 80 percent maintenance of effort requirement are Arizona, Nebraska, New Jersey, Oklahoma, and Virginia. To avoid the larger MOE penalty, these states will be given the opportunity to report additional MOE expenditures they may have made during the reporting period. (They may very well have additional state spending for the time period that will count as MOE. Since four of the five states reported MOE of exactly 75 percent, they may have reported only as much MOE as they thought they needed to meet the requirement).

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jeffrey M. Smith (CN=Jeffrey M. Smith/OU=OSTP/O=EOP [OSTP])

CREATION DATE/TIME: 8-DEC-1998 18:33:33.00

SUBJECT: Heads-up on Washington Post story on stem cell research

TO: Neal Lane (CN=Neal Lane/OU=OSTP/O=EOP @ EOP [OSTP])

READ:UNKNOWN

TO: Joanne S. Tornow (CN=Joanne S. Tornow/OU=OSTP/O=EOP @ EOP [OSTP])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Holly L. Gwin (CN=Holly L. Gwin/OU=OSTP/O=EOP @ EOP [OSTP])

READ:UNKNOWN

TO: Rachel E. Levinson (CN=Rachel E. Levinson/OU=OSTP/O=EOP @ EOP [OSTP])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

December 8, 1998

NOTE TO ELENA KAGAN AND CHRIS JENNINGS:

Rick Weiss of the Washington Post is writing an article about embryonic stem cells that may appear in the Wednesday, December 9th edition. Weiss contacted our office with questions about the Advanced Cell Technology, Inc. (ACT) experiments using somatic cell nuclear transfer to fuse a human somatic cell with a cow egg. Weiss reports that ACT apparently will contend that those types of experiments can generate a "dedifferentiated" cell that is not an embryo, and thus, can provide a means to produce stem cells without either creating or destroying an embryo. We advised Weiss that "... we are awaiting NBAC's assessment..." on this and other issues associated with stem cell research. It is not at all clear if that approach actually gets around the ethical concerns.

ACT is a company focusing on the development of transgenic and other technologies, including somatic cell nuclear transfer, for producing farm animals with specific desirable characteristics. Rachel Levinson, of our office, has spoken at length on two occasions to Michael West, CEO of ACT. She is not convinced that anyone at ACT took the ethical issues into consideration when they first did this experiment. She speculates that it is likely that one of ACT's researchers (Dr. Cibelli) conducted a very simple experiment using materials on hand (cow eggs and his own fibroblasts) simply as proof of principle to support filing a patent application in Europe. Virtually no analysis was done on the product cells to determine their viability, their cell surface markers, or their ability to continue

to divide in an organized way.

There may be those who may claim that there may actually be merit, from the ethics point of view, in using this method to produce human stem cells -- if it can be shown that fusing human cells and cow eggs cannot produce a viable human or chimeric embryo. ACT says that they are willing to take a "time out" on this technology, but there is no indication that they were actively engaged in further development since the first experiment.

In the event you haven't seen them, the following articles describe some new policy developments in Europe on cloning.

DECEMBER 08, 10:25 EST

Brit Embryo Cloning Research Urged

By EMMA ROSS
Associated Press Writer

LONDON (AP) □* Britain should allow continued research into the cloning of human embryos to treat diseases but should uphold the ban on using cloning to create babies, scientists told the government today.

The experts were asked in January to advise on the legal and ethical implications of the technology after Scottish scientists created the world's first cloned mammal, Dolly the sheep, by cloning a cell from an adult sheep in 1996.

British law bans human reproductive cloning □* where the genetic information in an egg is replaced with that from another cell and then inserted in the womb □* and restricts research conducted on human embryos for medical purposes.

Embryos less than 14 days old may only be used for research into the treatment of infertility and congenital disease, but research cannot be aimed at developing replacement tissue.

The scientists at the Human Fertilization and Embryology Authority and the Human Genetics Advisory Committee advised that the purposes for which research can be carried out be extended to include tissue growth, and suggested the policy should be reviewed in five years.

That recommendation followed research from the United States, where scientists have succeeded in isolating and growing cultures of human embryonic stem cells □* the undeveloped "parents" of all the tissues in the body.

It is hoped this could lead to the growth of replacement tissue in laboratories from cells taken from patients, avoiding the problems of transplant

rejection.

The recommendations drew praise from other scientists, but condemnation from those who fear cloning for medical treatment will inevitably lead to the creation of identical copies of human beings.

Dr. Harry Griffin, assistant director at the Roslin Institute in Edinburgh, which created Dolly, applauded the report's position rejecting reproductive cloning.

"We are also pleased that the report recognizes that there are other applications of cloning in human medicine that have great potential to benefit mankind," he said. "The use of cloning in cell therapy promises to provide radical new treatments for a number of common diseases like Parkinson's, diabetes and strokes."

But Patrick Dixon, author of "Futurewise," a book warning of the dangers of unrestrained research, said: "This is the perfect Christmas present for those who want to press ahead with human cloning."

He called for an international moratorium on such research.

The government will respond to the report early next year, the Health Department said.

Last week, U.N. officials called for a universal code of ethics for cloning and genetic engineering.

In the United States, a five-year moratorium announced by President Clinton to ban cloning has apparently been observed by most mainstream scientists, although Congress has failed to act on the legislation.

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DAILY MAIL (London)

November 30, 1998

SECTION: Pg. 16

LENGTH: 493 words

HEADLINE: Babies may be cloned for spare parts

BYLINE: David Derbyshire

BODY:

HUMAN cloning could be legalised in Britain within four months, it emerged last night.

Under plans likely to be approved by medical watchdogs, scientists would be able to use the technique for research but not to produce babies.

A leading embryo expert says this would allow doctors to create cloned 'body repair kits' for patients needing transplants or suffering from life-threatening diseases.

Dr Austin Smith, of Edinburgh University, predicts that one day every child could have their own cloned 'twin' from which the genetic material needed for spare parts could be extracted and kept frozen.

It follows the discovery that stem cells, the body's master cells from which muscles, skin, bone, nerves and organs grow, can be isolated in an embryo which has been developing in the laboratory for only six days. It should be possible to remove these cells and use them to grow the organs or tissue needed.

Muscle cells could be used to patch up failing hearts, bone marrow cells could be given to leukaemia victims and brain cells could be used to halt the onset of diseases such as Parkinson's or Alzheimer's, Dr Smith believes. He has submitted proposals to the Human Fertilisation and Embryology Authority to show how 'therapeutic cloning' could help millions of people.

The HFEA and the Human Genetics Advisory Commission have been reviewing the laws governing cloning for the past year. They are said to support the proposal for spare-part cloning while coming down firmly against reproductive cloning - replicating a living human.

Their report will go to Ministers shortly before Christmas and be published in the new year. The Government will then have a couple of months to decide whether to follow its recommendations.

A spokesman for the HFEA stressed yesterday: 'The science behind this is still a long way away and it would first have to be shown possible in animals.' Although scientists have cloned mice and sheep, the technique is still hit and miss.

But they believe it will be possible to clone a human embryo from a single cell within a couple of years.

The nucleus of the cell - which contains the person's complete DNA blueprint would be inserted into an unfertilised egg to produce a clone embryo.

After a few days, the embryo's stem cells would be removed. They could then be grown on a dish, using the relevant hormones to convert them into whatever type of body tissue was required.

It is the technology needed in the final stage which is still years away.

Because it uses foetal material, even therapeutic cloning will be fiercely opposed by antiabortion organisations and church groups.

'This is a type of technological cannibalism,' said a spokesman for

Life.

'The idea that you could store siblings that are genetic copies of yourself and then convert them into particular types of tissue is abhorrent.'

The idea of doing this is abhorrent

Science Correspondent

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 19:31:44.00

SUBJECT: Re: Tobacco Mtg Thurs at 11:00

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

READ:UNKNOWN

TEXT:

No thanks

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 12:34:26.00

SUBJECT: Equal Pay one pager

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

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

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

CC: Mary L. Smith (CN=Mary L. Smith/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.D95]MAIL42429134M.326 to ASCII,
The following is a HEX DUMP:

FF575043FA040000010A02010000000205000000D5130000000200000826D5FFFC93B6A67F6BB7E
7C4FA60180F34A01B81A4D854FA7F5A944DD80C71047E44F0055518F1E591F716FF0E62288D257
BE8754A962FB862BA6BE7335E286D04CE5D8E3CDE522187139146F3169696BF19BD0BFD8B0D35E
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7A1F0F8261FFAD648887264D7F808A81CC64696F8CF62F0DDC7D51C3097CDC96301174B78E3A46

EQUAL PAY

Policy Rational and Cost: Currently, American women earn about 75 cents for every dollar men earn. In the past, the Administration has announced a package of initiatives on equal pay, including endorsing legislation to strengthen enforcement of wage discrimination. This proposal suggests further steps the Administration can take (without legislation) in the EEOC and Department of Labor on this important issue. The measure includes: an education program for employees; new outreach to businesses to provide information on current law and offer technical assistance; and upgrading training for EEOC employees and resources for increases in enforcement capabilities. As a result of the initiative, EEOC states it will reach over 10 million workers through public service announcements and reach over 3000 small, medium, and large employers by providing technical assistance. The Department of Labor (Office of Federal Contract Compliance Programs) also seeks funding for a related Women in Non-Traditional Occupations Initiative, which will identify best practices, emphasize anti-discrimination and anti-harassment activities, and explore incentives to improve access for women into glass ceiling and nontraditional opportunities such as construction, technology, and manufacturing. (*Cost:* \$17.3 million for EEOC and \$10.4 million for DOL -- \$6.8 million for DOL's non-traditional occupations and \$3.8 million for DOL equal pay outreach and compliance reviews).

Uncertainty: EEOC did not receive any of the \$17.3 million in their passback for this initiative, but they are appealing the entire amount. OMB did not fund this because they stated they prefer that EEOC continue to work on reducing its backlog, but OMB staff seems open to some funding for this initiative. DOL received only \$383,000 out of the \$6.8 million requested in a Women in Non-Traditional Occupations Initiative. OFCCP also requested \$3.81 million in their base for the equal pay compliance reviews and outreach, but did not receive any of this request. DOL is currently not appealing any of the \$10.4 million.

Vetting: The agencies produced the equal pay proposal at our request. The issue is one of the most important to Americans, and the proposal (while small) would certainly be greeted positively by groups active in the area. OMB implied to EEOC that they had to make a choice between reducing the backlog and undertaking this effort. We think both the equal pay measure and reducing the backlog are worthy of support.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 16:21:26.00

SUBJECT: TANF State Information--pls check this state list

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

TEXT:

This is HHS's list of 'weak on work' states for which they are gathering the info you asked for.

Does this seem like a good list?

Illinois, New York, California, Ohio, Florida, Pennsylvania, Texas, Hawaii, DC, Washington, West Virginia, Rhode Island, New Mexico, and Minnesota.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 11:29:23.00

SUBJECT: Re[3]: New WH Proposal Re: Work-Site Schools

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

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

TEXT:

Below is a string of emails from the Education Department. ED is appealing to remove the work site schools initiative from their budget based on direction from Mike Smith. The concerns that the he has raised are that (1) work site schools give an enrollment preference to children of employees. Charters and other public schools of choice have used lotteries or first-come, first-serve admissions policies. (2) these schools are out of sync with the fluid movement of employees in the workforce and will be of limited appeal (actually, employers like these schools precisely b/c they help employee retention); (3) due to their small size, these schools might not adequately provide services for children with disabilities or limited English skills (existing schools either bring in the necessary teachers or transport the children to the nearest full-size school for any needed service); and (4) the tax credits might be difficult to administer.

----- Forwarded by Tanya E. Martin/OPD/EOP on 12/08/98
11:02 AM -----

Thomas_Corwin @ ed.gov
12/08/98 08:52:00 AM

Record Type: Record

To: Michael Cohen, Tanya E. Martin
cc:
Subject: Re[3]: New WH Proposal Re: Work-Site Schools

Tanya and Mike--

Below is a message from Tom Skelly to Wayne Upshaw, appealing against inclusion of a worksite schools initiative in the 2000 budget, based on a message from Mike Smith (further below).

Tom

----- Forward Header

Subject: Re[3]: New WH Proposal Re: Work-Site Schools
Author: Thomas Skelly at WDCT02
Date: 12/8/98 8:33 AM

Wayne:

Mike Smith doesn't like the Work-Site demonstration. Please note that we are appealing this item.

Tom S.

Forward Header

Subject: Re[3]: New WH Proposal Re: Work-Site Schools
Author: Mike Smith at Wdcb04
Date: 12/8/98 7:07 AM

Tom Skelly and Tom Corwin: I have seen no adequate justification for this and it is generally a bad idea -- scratch it!! Mike

Reply Separator

Subject: Re[2]: New WH Proposal Re: Work-Site Schools
Author: Matthew Onstott at WDCT02
Date: 12/4/98 10:49 AM

If I'm not mistaken, the funding for this initiative comes out of the \$16 million that we requested for the National Tests. OMB has suggested that we'll only need a small portion of that money for Tests and the rest will go to the worksite initiative. They have not specified the exact split, but Wei-Min did mention a figure yesterday of \$3-5 million for the Tests.

Reply Separator

Subject: Re: New WH Proposal Re: Work-Site Schools
Author: Thomas Corwin at WDCT02
Date: 12/4/98 8:48 AM

Mike--

This initiative was included in the OMB passback for FIE (although at an unspecified funding level) and the Department did not appeal against it. If we want to get rid of it, we will have to act quickly.

Tom C.

Forward Header

Subject: Re: New WH Proposal Re: Work-Site Schools
Author: Kristi Kimball at WDCB01
Date: 12/3/98 7:53 PM

FYI -- Mike cc'd Mike Cohen on this email as well. I've spoken with Tanya since then, and she wants to have another meeting soon (at ED) to discuss some of the remaining issues of concern on worksite schools. I'll tell you as soon as I hear any specifics.

Kristi

Forward Header

Subject: Re: New WH Proposal Re: Work-Site Schools
Author: Mike Smith at Wdcb04
Date: 11/29/98 11:12 AM

Kristi: this is a generally bad idea for lots of reasons. The idea of a separate tax credit makes it absolutely awful but insures that it will not go far in Congress unless the administration is foolishly adamant. I agree fully with the concern about selection of students -- unfair to limit children in the area and foolish politically. On most of the other concerns I assume that the LEA will be proposing against some sort of absolute priority so liability, services to LEP and disabled kids etc. go away as an issue -- these are public schools, the responsibilities are the same as with other public schools. We do not want categories of public schools. Regarding business some will be for it -- others against it. The biggest problem here is that people are job mobile, sometimes on their own and sometimes against their will -- many employers do not want people to say that they can't change jobs or work sites within the same company because they have a school near the old site etc. The model of the school at the work site builds on a middle 20th century model of industry -- where people worked their lifetimes in one plant or office building. Mike
19th century model of

Reply Separator

Subject: New WH Proposal Re: Work-Site Schools
Author: Kristi Kimball at WDCB01
Date: 11/28/98 8:04 PM

Mike and Terry,

Ann asked me to update you on a new "work-site schools" proposal that Mike Cohen has been working with ED staff to develop in recent weeks.

WORK-SITE SCHOOLS BACKGROUND

The White House is interested in promoting work-site schools -- public schools located on the facilities of a business or corporation -- as a new public school choice option, because these schools promote parent involvement, relieve school overcrowding, and reduce transportation and facilities costs for school districts.

There are currently about 30 work-site schools in the US, and the majority are K-2 or K-3 schools (many have grown out of corporate child care centers). Typically, the business pays the facilities and maintenance costs, and the school district pays for the teachers, curriculum, etc.

Specifically, Mike wants to promote work-site schools through the following new initiatives:

NEW INITIATIVES TO SUPPORT WORK-SITE SCHOOLS

1. \$10 to \$20 million in the FY2000 budget for work-site school planning grants funded through FIE. (avg \$100,000-\$150,000/grant)
2. \$10 to \$20 million in the FY2000 budget for a 25% tax credit for businesses that enter into cooperative agreements with school districts to provide facilities for a public school. The tax credit would be capped at \$150,000 per taxpayer, and a limited number of credits would be available each year (starting with 30 or 60 and increasing over 5 years). The five-year cost is estimated at about \$50 or \$60 million. The tax credit would have to be authorized in whatever tax bill moves next year.
3. ESEA Reauthorization. Work-site schools could be one of the models we identify as examples of "innovative schools of choice" in our proposal to create a broad new public school choice authority.

(On a related issue -- Mike, OESE is working on a revised version of the new choice authority proposal now. They will send a memo for your sign-off in about two weeks, but I would be happy to lay out the framework of the revised proposal for you before then.)

UNRESOLVED POLICY ISSUES

ED staff have helped research and develop these proposals and are generally supportive, but there are still a few unresolved policy issues.

Perhaps the biggest issue is that work-site schools would be the first "choice" schools with restricted enrollment. Most charters and magnets use a lottery to determine which students can attend. In comparison,

work-site schools usually establish a preference for the children of employees and also serve some children from the immediate area -- somewhat counter to the definition of a "public school of choice." We are researching state laws now to determine whether there will be significant legal barriers to the growth of work-site schools on a national-scale.

Other open policy issues:

Liability issues;

Services to LEP and disabled students;

How do we promote HIGH-QUALITY work-site schools;

What does the business community think about work-site schools;

Message -- can we sell these schools as a new choice initiative?

Any comments or concerns?

Thanks,
Kristi

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

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDf V5.1-9 #29131)
id <01J538EHZA6000922X@PMDf.EOP.GOV>; Tue, 8 Dec 1998 09:00:15 EST

Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDf V5.1-9 #29131)
with ESMTP id <01J538EFC660008CEG@PMDf.EOP.GOV>; Tue,
08 Dec 1998 09:00:12 -0500 (EST)

Received: from vader.ed.gov ([165.224.216.253])
by STORM.EOP.GOV (PMDf V5.1-12 #29131)
with ESMTP id <01J538DPVIB0000E93@STORM.EOP.GOV>; Tue,
08 Dec 1998 08:59:38 -0500 (EST)

Received: from smtpgwyl.ed.gov (smtpgwyl.ed.gov [165.224.16.166])
by vader.ed.gov (8.9.1a/8.8.4) with SMTP id JAA17474; Tue,
08 Dec 1998 09:00:30 -0500 (EST)

Received: from ccMail by smtpgwyl.ed.gov
(IMA Internet Exchange 2.12 Enterprise) id 002D2571; Tue,
08 Dec 1998 08:55:41 -0500

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Edward W. Correia (CN=Edward W. Correia/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 8-DEC-1998 13:53:02.00

SUBJECT: Affirmative Action Cases

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

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

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

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

CC: edley (edley @ law.harvard.edue @ inet [UNKNOWN])
READ:UNKNOWN

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

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

TEXT:

This is an update on two important affirmative action cases. In *Lutheran Church v. FCC*, the D.C. Circuit struck down the FCC's EEO standards for broadcast licensees. There has been little interest in seeking cert. at DOJ or at the FCC, and the time for doing so has almost run. I agree that this is not a good cert case. In addition, the FCC has published a proposed rule to reinstitute the rules without numerical guidelines, which the court felt was the key problem. This is only a modestly good solution. There are thousands of licensees. Without knowing whether a station has met or exceeded a particular hiring goal, the FCC has a hard time deciding when to review a licensee's recruitment practices. Nevertheless, there was general agreement at DOJ and the FCC that this was the best we could do. There is a good possibility that the question of when recruitment and outreach trigger strict scrutiny will arise again.

In *Wessman v. Boston School Committee* (the Boston Latin case), the plaintiff challenged the refusal of Boston Latin, a highly competitive public high school, to admit her. The school admitted 50% of their class based strictly on their rank on a composite index that included a standardized test score and grades. The remaining 50% were filled by allocating a portion of the remaining groups to five different racial groups, based on the share each one made up of the qualified applicant pool. Then students were admitted within each group based on their rank on the composite index. The First Circuit did not reach the question of whether diversity can be a compelling interest. However, in a 2-1 vote, the court found that the admissions policies were not narrowly tailored. It said the admissions guidelines were "less a means of attaining diversity in any constitutionally relevant sense and more a means for racial balancing."

The School Committee has decided to seek cert. While there is time for reflection, the initial reaction at DOJ has been that this is not a basis for Supreme Court review of these issues, and, therefore, is not inclined to urge the Court to grant cert. On the other hand, if the Court does take the case, we will very likely want to file a brief defending diversity, though not the particular scheme that was used. I also think this the right approach. If anyone would like to have more information on these cases, please let me know.

D.C. cui As you may know, the First Circuit recently held that the admissions program of a highly competitive public high school. Thanks for your note on the Boston Latin case. As we have discussed, there are some difficulties in relying on this case to argue for the constitutionality of diversity in admissions. The SG's inclination, with which I agree, is not to file an amicus advocating that the Court grant cert. However, if the Court does decide to take up the case, the strong likelihood is that we would get involved. No decision has to be made for a while, so there is time for discussion.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 11:52:13.00

SUBJECT: Re: Black boxes

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

TEXT:

I asked Morely if I was missing something about black boxes. He says no.
----- Forwarded by Thomas L. Freedman/OPD/EOP on 12/08/98
11:50 AM -----

Morley A. Winograd @ OVP
12/08/98 10:39:18 AM
Record Type: Record

To: Thomas L. Freedman/OPD/EOP
cc:
Subject: Re: Black boxes

Tom:

No, you're not missing anything. I just can't seem to kill the event with everyone who keeps talking about it.
Morley

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 19:22:55.00

SUBJECT: Looming Tobacco Issue

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

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

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

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

TEXT:

USDA and Secretary Glickman are wrestling with a difficult question they will have to answer early next week and are interested in getting our advice. The amount of quota (the amount farmers can grow) for next year is to be announced December 15 by USDA, and at present the results will be quite dramatic: about a 33% decline in quota. Anywhere near that figure is likely to be viewed as a catastrophe by farmers, who will also view the Administration as having let them down. In addition, Dallas Smith predicts such a quota cut may well lead farmers to vote to end the program.

The quota figure is set by three variables -- two of which the government has no control over, official company purchase intentions and an average of exports over the last three years. The third variable is what is in the government reserve stocks. At present, the stocks hold 265 million pounds of flue cured tobacco, far above the 121 million pounds the quota formula calls for.

The sales of these stocks would have to be made by December 15 to change the quota level for next year. Glickman has the right to discount the sale of the stocks. The Flue-Cured Stabilization Board has proposed an 18 percent reduction in current list prices without any positive response from industry. In turn, the industry has requested a 25 percent discount from current list prices.

If Glickman does approve a discount he is likely to be accused of selling cheap tobacco to industry, saving them something on the order of \$110 million. If he does not approve the discount, farmers will complain that the government has abandoned them, causing hardship despite the opportunity to help via a program farmers are financially responsible for.

USDA staff argues discounting probably makes the best of a bad situation. If that is the decision, it could be justified on the following grounds: 1. the companies are squeezing the farmers, driving prices ever lower and hoping to cause an end of the program; 2. If the companies are successful and end the program, tobacco prices will plummet even further and there will be no limits on the amount of tobacco grown; 3. Monies to be used for the discount were paid by farmers through the no net cost account. Alternatively, if the program ends, it is likely the taxpayers who will be forced to cover the cost of selling the tobacco at a future deeper discount.

OMB has also called me about this issue today. I'll be getting some more information over the next few days.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elizabeth R. Newman (CN=Elizabeth R. Newman/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 8-DEC-1998 19:32:30.00

SUBJECT: Guidance Tomorrow

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

TO: Elliot J. Diringner (CN=Elliot J. Diringner/OU=CEQ/O=EOP @ EOP [CEQ])
READ:UNKNOWN

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

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

TO: David C. Leavy (CN=David C. Leavy/OU=NSC/O=EOP @ EOP [NSC])
READ:UNKNOWN

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

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

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

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

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

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

TO: Philip J. Crowley (CN=Philip J. Crowley/OU=NSC/O=EOP @ EOP [NSC])
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

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

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

TEXT:

Joe Lockhart will be briefing at 11:30am tomorrow. Please have all guidance in by 9:45am at the latest. Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Barry J. Toiv (CN=Barry J. Toiv/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 8-DEC-1998 13:59:42.00

SUBJECT: education stuff this week

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

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

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

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

TEXT:

Any word on this question?

----- Forwarded by Barry J. Toiv/WHO/EOP on 12/08/98
01:59 PM -----

Barry J. Toiv

12/07/98 10:55:28 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Michael Cohen/OPD/EOP,
Kris M Balderston/WHO/EOP

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

Subject: education stuff this week

Please let us know whether the DOEd announcements on standards this week
(1) require that we be prepared with guidance and (2) will result in POTUS
events, statements, etc.

Message Copied

To:

-
- Ann F. Lewis/WHO/EOP
 - Amy Weiss/WHO/EOP
 - Jennifer M. Palmieri/WHO/EOP
 - Beverly J. Barnes/WHO/EOP
 - Julia M. Payne/WHO/EOP
 - Nanda Chitre/WHO/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 12:05:57.00

SUBJECT: Food one pager

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

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

TEXT:

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Food Safety Initiative

Policy Rationale and Cost: Advancing food safety is one of the Administration's signature issues and this year's initiative would maintain our leadership in the area by working to establish a nationally integrated food safety system with Federal, state, and local authorities. The initiative includes measures by FDA, USDA and CDC.

FDA: The majority of FDA's request (\$25.6 million) would go toward expansion of their inspection and compliance capability. As part of its efforts to integrate efforts with non-federal agencies, FDA will enter into contracts and partnerships so that states will follow FDA guidelines and procedures. Among the tangible goals FDA states they could accomplish if the initiative were funded: for the first time in decades, FDA will ensure that every high risk food manufacturer in the United States is inspected at least once a year; for other food firms, inspections will be twice as often as today (from once every 8 years to once every 4 years) and for the first time ever, state and Federal inspection results will be shared, via an electronic connection, that will reduce overlapping efforts and greatly enhance the ability of those authorities to improve public health. The measure also boosts our international capability so that FDA will increase the number of international inspections from 100 to 250 and will conduct evaluations of foreign food production systems. In addition, FDA seeks \$9.0 million improving its traceback capabilities; \$6.9 million for new research programs and \$2.7 for risk assessment; and \$4.7 million in new education funding. (Cost: \$48.9 million over the FY99 request.)

CDC: The goal is to create a national system that provides comprehensive data on the occurrence of food-borne illness that can be used by agencies at every level to combat food-borne illness. The majority of the investment is targeted toward surveillance activities, specifically expanding the scope of FoodNet and the capacity of PulseNet to better capture pathogen DNA fingerprints of both *E. coli* O157:H7 and *Salmonella enteritidis* and include more state health departments in the network. This expanded surveillance network is the heart of our nation's food-borne disease early warning system. The current surveillance system does not provide adequate coverage of the US population. (Cost: \$18 million over the FY99 request.)

USDA: USDA complains that while OMB more than fully funded their initiative, they imposed \$473 million in user fees on FSIS and failed to provide a needed \$30.6 million for obligated salary increases and redeployment of inspectors. This is on top of a flat budget when the agency is trying to implement extensive new HACCP reforms. FSIS has very little discretionary money, since most is tied up in inspector salaries and other fixed costs. USDA has stated that OMB's failure to include the \$30.6 million will force them to shut down the inspection program during the last 9 days of the year or furlough over 300 employees. The Secretary has sent a letter complaining that the lack of salary funds effectively downsizes his inspection force and undercuts the commitment the President made to improve food safety and effectively regulate meat and poultry. (Cost: The salary increases and inspector redeployment cost \$30.6 million).

Uncertainties:

USDA. The USDA/OMB dispute on user fees is an old one, and USDA acknowledges they will probably lose again. USDA may suggest a compromise they think OMB might agree to: include the full funding request for FSIS in the budget (\$652 million) but elsewhere in the budget acknowledge that the Administration expects user fees to cover \$473 million of the cost. The argument being that currently Congress is not technically being requested to provide the actual amount the Administration and most observers think it really needs.

Vetting.

These proposals have been developed by the USDA, FDA, and CDC and explained to OMB. OSTP has also been involved in their development.

We have not consulted with consumer groups, but it seems likely they would strongly support the initiative. The groups have called us to support the idea that there be some new initiative, and to complain in general about user fees. It seems likely we will get significant flack for the user fees from Congress and consumer groups, especially if we have no new initiative.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 09:05:12.00

SUBJECT: Message Events Scheduled for Dec. and Jan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TO: Jonathan H. Schnur (CN=Jonathan H. Schnur/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Jose Cerda III (CN=Jose Cerda III/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: WEINSTEIN_P@A1@CD@VAXGTWY (WEINSTEIN_P@A1@CD@VAXGTWY @ VAXGTWY [UNKNOWN]) (O
READ:UNKNOWN

TEXT:

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

TEXT:

Unable to convert ARMS_EXT: [ATTACH.D44]MAIL40504624N.326 to ASCII,
The following is a HEX DUMP:

FF57504370040000010A02010000000205000000CC1B00000002000056DA690725055F92317B13
750B47B161897A2C8F4163750191C238B01667075D599167E8A4A231DA014AEBAE20B5D858DFF5
13F46F95E2CD08DEBE8A8BB51187F24BD1C46488B2085C0CC170FD71A8FBF37D76258F5ACD03DD

MESSAGE SCHEDULE

Week of December 7

December 7 Medicaid Fraud Event

December 8 WH Conference on Social Security

December 9 WH Conference on Social Security
Award 4th Star to Lt. General Benjamin O. Davis, Jr.
Pageant of Peace

December 10 Human Rights Day Event
Secretary Espy Ceremony- Department of Agriculture

December 11 Central American Leaders Meeting
Tape Radio Address (Middle East Trip)

December 12 -Middle East Trip
December 15

Week of December 16

December 16 No Message Opportunity

December 17 Y2K Event (T)

December 18 US-EU Summit at the White House

December 19 Live Radio Address (Airline Safety) (T)

Week of December 21

December 21 Pan Am 103 Anniversary Event, Arlington Cemetery
Service Event (Shelter Visit) with Americorps Members (T)

December 22 Children's Christmas Reading Event

December 23 -VACATION
January 4 or 5

Automated Records Management System
Hex-Dump Conversion

Week of January 6

January 6 Message Opportunity (T)
 House/ Senate Convenes

January 7 Message Opportunity (T)

January 8 Hold for Travel to NH
 Tape Radio Address
 Unemployment Numbers Released

Week of January 11

January 11 State Visit, President Menem of Argentina

January 12 Message Opportunity (T)

January 13 Hold for Possible Speech

January 14 Message Opportunity (T)

January 15 Travel to New York City
 Wall Street Event with Reverend Jackson

Week of January 18

January 18 Hold Day for SOTU Prep

January 19 State of the Union

January 20 Hold for Travel (2 Stops)

January 21 Message Opportunity (T)

January 22 Message Opportunity (T)
 Home- ownership #s Released

January 23 Live Radio Address

Week of January 25

January 25	Democratic Unity Event (T)
January 26	Papal Visit to St. Louis, MO Other Message Opportunity in St. Louis (T)
January 27	Day Off, Camp David, MD (T) CINCS Dinner, Camp David, MD (T)
January 28	Message Opportunity (T)
January 29	US Conference of Mayors Breakfast Tape Radio Address <i>4th Quarter GDP #s Released</i>

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 23:51:50.00

SUBJECT: final document

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Hello --

Here is our final discretionary budget document. It would be great if we could get a final copy when you get a chance.

Thanks -- please call with questions.

Devorah

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D50]MAIL477000440.326 to ASCII,
The following is a HEX DUMP:

FF57504386060000010A02010000000205000000F8980000000200001CAC1A1EE00C6F25DAC1FD
B596B48B72C8D2B9B2271C06212C475FB373E628ED92C3A73792937F8AB5B230DFF7CC379BC63E
6029A168E5771A8AB103DB39BF306648A85B1829F5D1AB71FFE50D31C8897888D26F04BFF9763C
4900B9033D5013461325AAC310BB821177CAE999ACE30C33101C962C724E359C812141D756FE79
5141E01560C06D4D311780E921266DFE93A1DB57D28A86A429FE3D0E6CDBBD300040AE39B84C72
5F84B9BF6D26FDB25ED9EDB886D8AF5CB2C455882074BD77BC3DEE781B62B046B49E8329D25018

USE OF DISCRETIONARY FUNDS FOR THE FY 2000 BUDGET

Detecting and managing bioterrorism. (new initiative) The threat of a bioterrorist attack that has the potential to injure or kill millions of Americans through the dissemination of infectious diseases is increasing. This proposal funds NIH, CDC, FDA, and SAMHSA to train epidemic intelligence officers who identify and respond to attacks, develop a mass casualty emergency response system, maintain a stockpile of pharmaceuticals, and develop new vaccines and antibiotics that could be used in the event of an attack. It is strongly supported by HHS, OMB, and DPC.

Cost. Original HHS cost estimate: \$370 million

Issues. OMB believes that research and product regulation are primarily Federal responsibilities, while public health surveillance, laboratory and epidemiological capabilities, and medical response systems are areas that are primarily State responsibilities. Therefore, NIH, CDC, FDA, and SAMHSA did not receive the full funding amount requested. Having said this, OMB has unofficially indicated that they would not oppose additional funding being dedicated for this initiative if it can be found without undermining other currently funded priorities.

Response. Although States play an important role in public health surveillance and emergency medical response activities, it is clear that the current local public health infrastructure is unable to support these essential surveillance and response activities. For instance, the Federal-State communications network is so inadequate that a recent test demonstrated that CDC was unable to contact nearly half of local health departments within a day's time. Depending on local public health entities to independently meet the challenges of detecting and managing the repercussions of a bioterrorist attack will place the country at risk. The OMB passback level prevents HHS from developing improved surveillance and overall emergency preparedness plans, delays the development of new vaccines for anthrax and botulism, and eliminates their ability to assess the mass behavioral, psychological, and socioeconomic responses to a bioterrorist event.

Status. OMB passback: +\$152 million; WH Need: additional +\$90 million; HHS appeal additional +\$218 million.

Combating resistance to antibiotics (superbug). (new DPC proposal.) Recent reports have indicated that resistance to antibiotics is increasingly becoming a public health crisis, causing prolonged illnesses and even death. Currently, hospitals spend over \$600 million each year treating infections caused by bacterial strains that are resistant to antibiotic therapy. This proposal funds CDC to develop and implement public health strategies, such as educating consumers and health providers to help assure appropriate use of antibiotics, raising awareness about appropriate guidelines, and improving surveillance and research efforts.

Cost. Original DPC cost estimate: \$20 million

Issues of Concern. OMB would prefer to subsume this proposal in a new public health surveillance initiative, essentially eliminating the practical public health component of this proposal. In addition, they believe that some of the infrastructure investments that are necessary improve our ability to respond to antibiotic resistance are similar to the steps we are proposing to respond to bioterrorist attacks.

Response. Although the surveillance efforts associated with this initiative can be subsumed under this new public health surveillance initiative, we believe that to develop a credible initiative in this area will require the investment of new funds in the implementation of public health strategies. (OMB has unofficially concurred with this reasoning as long as the investment stays at or below \$10 million.)

Status. OMB passback: +0 (subsumed in surveillance initiative); WH Need +\$10 million

Family Caregiver Support Program. (new initiative) Approximately 22.4 million U.S households provide caregiving services that currently enable their elderly relatives to remain in the community, providing services that would cost over \$100 billion annually if provided by home health care aides. This proposal creates a new national program through the Administration on Aging to support Americans who care for chronically ill or disabled family member or friends. It provides State grants for “one-stop-shop” access point to provide services, such as information and counseling as well as respite services and adult day care. **This proposal is a priority for the Vice President, DPC, and NEC, and viewed by OMB as a solid initiative.**

Cost. Original HHS cost estimate: \$150 million

Issues. OMB only provided \$10 million for this initiative, far less than what is necessary for it to be creditable. Barbara Chow has indicated, however, that this would be her first funding priority if she could get additional resources.

Response. The OMB passback level prevents the establishment of a national program, providing only enough funds to establish systems in a limited number of States. This policy is a critically important component of the long term care initiative, as it complements the long term care tax credit. Funding of this proposal is necessary to obtain broad based validation from the advocacy community for our entire long term care package.

Status. OMB passback: +\$10 million; WH need: additional +\$140 million; HHS appeal: additional +\$140 million

Nursing home quality initiative. (WH / HHS proposal) Last summer, the President announced his commitment to improve the quality of nursing home care. This initiative provides mandatory and discretionary funds to HCFA to help States strengthen nursing home enforcement

tools and increase Federal oversight of nursing home quality and safety standards. Funding will be provided for **new enforcement provisions and increased surveys of repeat offenders and improve surveyor training. This proposal is strongly supported by DPC and the Vice President's office.**

Cost. **Original HHS cost estimate: \$153 million**

Issues. OMB funds \$50 million of this initiative through user fees. The passback also assumes that HCF will assume the survey and certification costs (\$12.5 million) associated with the initiative within its current funding levels.

Response. The user fees used to fund a large part of this initiative will not be viewed as creditable by the advocates, the nursing home industry, or the Hill. In addition, there is currently another GAO investigation on nursing home quality underway, which will no doubt underscore the need for a significant investment in this area.

Status. OMB passback: +\$107 million; WH Need: additional +\$50 million (this would eliminate the need for user fees); HHS appeal: additional +\$12.5 million

Educating Medicare beneficiaries about long term care options. (new WH initiative) Medicare beneficiaries are often unaware that Medicare does not provide long term care services. This proposal provides funds to HCFA to use the Medicare +Choice marketing materials to educate beneficiaries about the limitations of Medicare coverage of long term care and to inform them about private sector insurance options. This proposal is strongly supported by DPC.

Cost: DPC cost estimate: \$25 million.

Issues. OMB believes this is a solid policy worth funding, particularly if it is used to promote high quality long term care products. However, this option did not get added until later in the budget process and is currently not being carried by OMB. In addition, HHS has concerns with this proposal because it fears that it will be perceived as an endorsement of private long term care insurance.

Response. **We believe we need this initiative to convince the private sector that we believe it has an important role to play in this area and to also indirectly affirm that the Federal government cannot and should not be relied on by the public to meet the overwhelming long term care needs facing the nation.**

Status. OMB passback: +(0); WH Need: additional +25 million

Improving access to Ryan White programs. (existing program) Low income individuals living with HIV often have to wait up to a year in order to access the comprehensive range of drugs needed to effectively treat HIV. This proposal will increase our current proposed investment in the Ryan White program and the AIDS Drug Assistance Program, which

provide a range of critical services for people with HIV/AIDS. OMB and HHS are not advocating for an increase but do not oppose one. (HHS never spends its capital advocating for an increase in the Ryan White program because they assume that the White House will always take care of it.) Increasing this investment is a top priority for the AIDS office and the Vice President's office.

Cost. Original AIDS office Ryan White request: \$165 million

Issues. OMB has concluded that it does not have the resources necessary to meet the AIDS Office recommendation of an additional \$165 million for the Ryan White program.

Status. Ryan White OMB passback: +\$72.2 million; WH Need: additional +\$50 million; no HHS appeal

Addressing HIV/AIDS in minority communities. (existing WH initiative) This past October, in response to the Congressional Black Caucus, the President declared HIV/AIDS in minority communities to be a "severe and ongoing health crisis." This proposal seeks emergency funding to strengthen and build on this initiative through a range of prevention and treatment programs, such as a national "get tested" campaign, substance abuse treatment and prevention programs that include an HIV component, and enhanced funding for 60 Ryan White planning grants. It is strongly supported by DPC, HHS and the Vice President's office.

Cost. Original AIDS office cost estimate: \$50 million

Issues. OMB's official position is that this initiative was limited to a one time investment and that there was no commitment to future funding. However, they unofficially have acknowledged that it will be difficult to discontinue this funding priority in the face of extreme pressure by the Congressional Black Caucus. As such, they would not oppose additional funding if dollars could be made available.

Response. The OMB passback completely eliminates funding for this initiative and prevents us from sustaining our commitment to the Congressional Black Caucus.

Status. OMB passback: +(0); WH Need:+\$50 million; HHS appeal: +\$50 million

Building on the President's Race and Health Initiative. (existing WH 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. Last year, the President announced a \$400 million commitment over 5 years to eliminate racial health disparities in six critical areas by 2010. This proposal funds public health programs that have proven effective in targeting diseases experienced disproportionately by minorities and a grant program to test and replicate innovative approaches that address these disparities. It is strongly supported by DPC and HHS.

Cost. Original HHS cost estimate: \$50 million

Issues. The OMB passback suggests that HHS earmark \$50 million of community health center funding for this initiative, rather than providing new funds.

Response. It is extremely important to continue to make significant investments in this initiative in order to deliver on the President's commitment. Dedicating dollars already earmarked for CHCs will be viewed as ineffective and unresponsive by the minority community. In addition, since they only provide direct services, CHCs are unable to adequately address the significant public health infrastructure issues that currently prevent minorities from accessing effective health care services that could arrest disproportionate rates of infection and disease.

Status. OMB passback: +(0); WH Need: +\$80 million; HHS appeal + \$50 million

Enhancing mental health services. (existing program) Approximately 44 million adults and 14 million children suffer from a mental disorder annually. This proposal increases funding to SAMHSA to enable states to provide critical mental health services, including access to prevention and treatment services and providing new incentives to communities who have implemented effective mental health programs. This proposal increases funding to SAMHSA as well as raising awareness about mental health through enhancing the current level of funding provided to States through the mental health block grants. This proposal is strongly supported by the Vice President's office and Tipper Gore's office.

Cost. Original HHS cost estimate: \$146 million

Issues. The OMB passback includes a net cut in funding for mental health services. OMB has stated that the reduction in mental health grant and services support is justified in the context of large increases for mental health research at NIMH.

Response. The mental health community would strongly reject OMB's contention that research grants in any way substitute for support for direct services. Moreover, it would be extremely embarrassing for Mrs. Gore and the White House in general to defend such a poor funding stream for mental health at a time when we plan on hosting a White House Conference on Mental Health for this spring to raise awareness about mental illness. In addition, next year, HHS will release a Surgeon General's report documenting the widespread incidence and impact of mental illness. Therefore, we believe it is critical to make a new investment in mental health services.

Status. OMB passback: +(0); WH Need: +\$100 million; HHS appeal +\$116 million

Preventing and treating asthma. (new initiative) Over the past 15 years, the number of children afflicted with asthma has doubled to total about 6 million. The steep climb in rates of morbidity and mortality classify asthma as an illness with significant public health implications. This

proposal funds HHS and EPA to educate patients and providers about new treatment guidelines for asthma, conduct a national asthma awareness campaign, reduce asthma triggers in homes, and establish school based asthma programs in every community. This proposal is strongly supported by both the First Lady's office, DPC, and the Vice President's office.

Cost. Original estimates: \$50 million for HHS and \$25 million for EPA

Issues. OMB has developed a counter-proposal that invests \$25 million in EPA and uses the Medicaid program to disseminate new treatment guidelines for asthma, but eliminates the research and public health strategies that are integral to the HHS proposal. They believe that those components of the proposal could be supported through existing sources of funding.

Response. Although OMB's disease management strategies can and should be incorporated into the HHS proposal, we need a counter argument to OMB's position that will be supplied by the First Lady's Office (Jen Klein).

Status. OMB passback: +(0); WH Need: +\$25 million for HHS; HHS appeal: +\$50 million

Improving Emergency Medical Services in Rural Areas. (new initiative) 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. Many rural and frontier communities face challenges in obtaining ambulance equipment and communication systems and recruiting, training, and retaining EMS personnel. This proposal provides grant funds to States and local communities through HRSA to promote EMS systems development, integrate EMS systems into local primary care services, and enhance provider recruitment, retention and education efforts. It is supported by HHS and DPC, and has been endorsed by the National Rural Health Association.

Cost. Original HHS estimate: \$50 million

Issues. OMB would prefer to fund this program through the Medicare program rather than through a discretionary grant **program.** They believe that this initiative would substitute Federal dollars for funding that has traditionally been provided by municipalities.

Response. Most rural communities have little or no resources to fund these initiatives. The mere fact that some do should not eliminate any possibility of Federal support for these important activities. The grant program structure takes into account the unique nature of small rural communities and allows States to design systems that work for their individual constituencies. In addition, the proposal is a way to relieve some financially burdened rural hospitals of the extraordinarily expensive burden of 24-hour a day ER coverage.

Status. OMB passback: +(0); WH Need: +\$25 million; HHS has not appealed

Providing needed education funds to children's hospitals. (new WH initiative) Medicare has invested billions of dollars in graduate medical education to hospitals since 1966. However, because of its current distribution 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 creates a new discretionary grant program to provide GME funds through the PHS in order to provide freestanding children's hospitals with Federal financing for the cost of providing graduate medical education. This proposal is strongly supported by the First Lady's office, DPC, and the National Association of Children's Hospitals. HHS does not oppose this proposal, as long as it is not funded through the Medicare trust fund.

Cost. Original DPC cost estimate: \$285 million

Issues. OMB is strongly opposed to this proposal because they believe that the children's hospitals are financially stable and do not need additional federal assistance.

Response. We believe that there is a legitimate equity argument here, as these hospitals shoulder much of the responsibility for training the nations' pediatricians and pediatric subspecialists. The current proposal is one seventh of the amount proposed by the children's hospitals, but would still be supported primarily because it would address the inequities faced by facilities training pediatricians and other pediatric subspecialists.

Status. OMB: +(0); WH Need: +\$40 million

Investing in Promising Biomedical Research.

Cost. HHS request: \$1.5 billion

Issues: While HHS and the Vice President's office support more generous increases, OMB has suggested that NIH reduce the amount of research started in FY 1999 in order to adjust to this new funding level. Many argue that this is not the best use of resources in a tight budget given the already generous funding at NIH.

Response. Funding NIH at the OMB passback level would result in a 28% decrease from the number of projects funded in 1999 and the lowest level of new research since 1994. While most advisors within the White House and OMB do not believe that it is necessarily warranted or prudent to dedicate additional large resources to NIH, we also well recognize that it will be important for the Vice President to deliver on a reasonably generous NIH increase. Moreover, it is politically untenable for us not to have a substantial increase incorporated in the budget prior to submission. With this in mind, we believe will probably be necessary to increase the NIH budget and if current trends hold, we are looking at least a \$500 million increase for the FY 2000 budget.

Status. OMB: +\$49 million; WH Need: additional +\$750 million; HHS appeal \$1.5 billion.

Investing in DoD cancer research programs. (new DPC proposal) Every year the Congress funds programs at DoD for prostate and breast cancer research. While every White House principal has highlighted these innovative, widely acclaimed research programs, we have never proposed a single dollar for them in our budgets. We are also proposing an investment in osteoporosis research at the DoD. This is a priority for the Vice President.

Cost. **Original DPC estimate: \$250 million**

Issues: DoD is likely to be 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. They are more open to the concept of osteoporosis research because there are many military stress fractures. However, we think it could be highly problematic if the first time we ever invested in these programs we ignored the prostate and breast cancer programs and only funded osteoporosis.

Response: Given the high level of commitment to cancer research and the fact that these programs are already up and running, it is important that we underscore our support for them. Also, DoD is likely to receive generous increases in the budget and this is a good way to invest in cancer priorities in a tight budget.

Status. **OMB: +(0); WH Need: earmark \$200 million of DoD increase**

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: 8-DEC-1998 18:56:57.00

SUBJECT: SOU -- federal wtw hiring

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

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

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

TEXT:

Federal agencies are very close to hiring 10,000 welfare recipients (we were at 9,271 as of Nov 22). The goal set in April 97, was to hire 10,638 by 2000, though we've usually just rounded this to 10,000. So there's a pretty good chance the President could say something like "The Partnership met it's goal of signing up 10,000 companies. And, we're doing our part and have met -- ahead of schedule -- our goal of hiring 10,000 former welfare recipients who are proving to be good, productive workers just like those hired by private employers". OPM is polling agencies to see how the December numbers are looking. If I had to bet I'd say we'll hit the 10,000 but it may be close. A large number of the Dec hires are likely to be Census-related. Apparently Census has some good success stories and I've asked to get a few examples in case there was interest in highlighting one at SOU or in some other context (realizing the sensitivity around Census we may not want to do this).

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 19:45:47.00

SUBJECT: Americorps Mtg. POSTPONED

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

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

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

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

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

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

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

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

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

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

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

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

CC: Carolyn T. Wu (CN=Carolyn T. Wu/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:

Carolyn will send out a new time and date tomorrow

----- Forwarded by Laura Emmett/WHO/EOP on 12/08/98 07:45
PM -----

Carolyn T. Wu
12/07/98 11:19:15 AM
Record Type: Non-Record

To: See the distribution list at the bottom of this message
cc:
Subject: Americorps

The meeting will take place in OEOB 180 on Wednesday (12/9) at 2:30.
Please feel free to contact me should you have questions.
----- Forwarded by Carolyn T. Wu/WHO/EOP on 12/07/98
11:17 AM -----

Carolyn T. Wu
12/07/98 10:34:17 AM
Record Type: Non-Record

To: See the distribution list at the bottom of this message
cc:
Subject: Americorps

Karen would like to hold a meeting on Americorps this week. Please let me know if Wednesday (12/9) at 2:30 works for you or your principal. The following people are invited to attend:

Bruce Reed
Charles Marr
Ann Lewis
Stacie Spector
Jen Palmieri
Elena Kagan
Anne McGuire
Tanya Martin
Shirley Sagawa

Message Sent

To: _____
Bruce N. Reed/OPD/EOP
Cathy R. Mays/OPD/EOP
Charles R. Marr/OPD/EOP
Ann F. Lewis/WHO/EOP
Ruby Shamir/WHO/EOP
Jonathan E. Smith/WHO/EOP
Stacie Spector/WHO/EOP
Jennifer M. Palmieri/WHO/EOP
Elena Kagan/OPD/EOP
Laura Emmett/WHO/EOP
Anne E. McGuire/WHO/EOP
Tanya E. Martin/OPD/EOP
Shirley S. Sagawa/WHO/EOP

Message Sent

To:

Karen Tramontano/WHO/EOP
Bruce N. Reed/OPD/EOP
Cathy R. Mays/OPD/EOP
Charles R. Marr/OPD/EOP
Ann F. Lewis/WHO/EOP
Ruby Shamir/WHO/EOP
Jonathan E. Smith/WHO/EOP
Stacie Spector/WHO/EOP
Jennifer M. Palmieri/WHO/EOP
Elena Kagan/OPD/EOP
Laura Emmett/WHO/EOP
Anne E. McGuire/WHO/EOP
Tanya E. Martin/OPD/EOP
Shirley S. Sagawa/WHO/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 19:11:42.00

SUBJECT: Human Rights Day -- POTUS statement

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Scott Busby tells me that NSC wants the President to include as part of his December 10th Human Rights Day statement that the Department of Justice will explore legislative options for addressing the problem of illegal aliens who are victims of smuggling or trafficking ventures.

Under the INS's S visa program, illegal aliens are eligible for temporary stays of deportation (including work authorization) or permanent status if they are material witnesses in a criminal case. NSC would like the DOJ/INS to explore expanding the use of the S visa to cover those illegal aliens who provide information to DOJ and/or DOL, but whose cases are not criminally prosecuted. The theory is that lots of enforcement is done outside the criminal context and that these aliens, if they come forward, could be very helpful. NSC would envision a low annual cap on the number of available S visas.

According to Scott, DOJ and INS are in favor of exploring such a legislative expansion, though there is not agreement on the specifics. NSC strongly favors pursuing a legislative expansion; however, they have not yet explored what the reaction to such a proposal would be on the Hill. My concerns are: (1) congressional reaction; and (2) making sure that the legislative proposal is crafted very narrowly, so as not to induce people to come to this country under adverse conditions with the hope of getting work authorization (even if temporary). However, I think that the language suggested by NSC ("DOJ to explore legislative options for addressing the problem of illegal aliens who are victims of smuggling or trafficking ventures, in which aliens suffer extreme abuse") may be o.k.

What do you think?

julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 19:55:57.00

SUBJECT: Homeless Grants

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

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

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

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

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

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

TEXT:

I talked to Ann Lewis about the radio address on Dec. 19th, and she thought that if there was no FAA announcement we should get the HUD Homeless grants ready for that date. Also, she did not think the President should make any policy announcements at his service/shelter visit on Dec. 21 (which is why now the HUD grants need their own date).

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1998 13:14:01.00

SUBJECT: Native American initiatives

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

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

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

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

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

TEXT:

From Tom, Julie, and I===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D73]MAIL44507234L.326 to ASCII,
The following is a HEX DUMP:

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NATIVE AMERICAN INITIATIVE

Policy Rational and Cost: The initiative has four parts, taking steps in each of the areas the President identified at the Native American Economic Development Conference.

1. **1000 New Teachers for Native American Students.** American Indian children have the highest drop-out rate and the lowest high school completion rate of any racial or ethnic group in the country. Despite this tremendous need, American Indian school children have few role models to guide them. **Of the Nation's more than 2 million elementary and secondary teachers, less than 1 percent -- only 18,000 teachers, are American Indian/Alaska Native.** Recognizing these needs and challenges, the plan seeks to train 1000 new Native American teachers. **At the Native American Economic Development Conference, the President signed an executive order that called for an interagency plan to be developed with recommendations identifying initiatives, strategies, and ideas for future action to support the goal of improved education.** Our plan seeks to increase the number of American Indians entering the teaching field and to enhance the skills of those already in the pipeline. The Department of Education proposal has three parts: (1) a fellowship program that will support the training of 1000 new American Indian and Alaska Native teachers over 5 years by providing for their expenses while attending school, including child care; (2) funding for 25 grants to educational institutions, with priorities for partnerships with tribal colleges, to create teacher training programs in Native American communities; and (3) providing continuing education for in-service teachers to improve the quality of teaching in Native American communities. **(Cost: \$10 million.)**

Uncertainties and vetting: This initiative was not included in the Department of Education's initial budget request, but had requested \$3 million for a related effort on professional development. In its appeals, the Department has included a request for our \$10 million initiative. (The Department would require approximately \$7 million in additional money above their initial request initiative coupled with another \$3 million from their initial budget request that they have reallocated to this initiative.) Education and DPC have been working with OMB very closely and OMB has become more supportive of the idea. Both Interior and Education are very much in favor of this idea.

2. **Technical Assistance for Economic Development.** At the Native American Economic Development Conference, the President directed the Department of the Interior, the Department of Commerce, and the Small Business Administration to develop, within 90 days, a strategic plan for coordinating economic development initiatives for Native American and Alaska Native communities. The centerpiece of the strategic plan would provide a toll-free number, located at the Bureau of Indian Affairs, in which tribes could access information about how the federal government can assist them in economic development efforts. This number would provide one point-of-contact for tribes across

all government agencies and would eliminate the need for tribes to be familiar with the intricacies of specific government programs. In addition, the BIA will organize business seminars throughout Indian country (staffed by various agency representatives) which will consist of both general sessions and individualized technical assistance. (Cost: \$1,043,640).

Uncertainties and vetting: Interior did not include this in their initial budget request or their appeal stating that they had to make hard choices and that they hoped the WH would push the plan. OMB is generally supportive of this request, but doesn't know where additional money would come from. Interior, the groups (National Congress of American Indians), and the tribes are very enthusiastic about this initiative.

3. **BIA School Construction and Repair.** Compared to other schools, Bureau of Indian Affairs schools are generally in worse condition. Two-thirds of the educational facilities are over 30 years old and more than one-quarter over 50 years old. The backlog to correct safety and code deficiencies and to replace existing facilities exceeds \$1 billion and is growing. With new funds, BIA will build three new schools and provide much needed repairs to several others. This proposal follows the President's initiative from last year that sought a 61 percent increase over FY 1998 (\$87 million was in the President's budget, Congress gave \$60 million) and is also included as a response to the President's Native American education executive order. (Cost: For FY 2000, BIA requested \$108.8 million but received only \$78.3 million from OMB, they request the difference --\$30.5 million.)

Uncertainties and vetting: Interior strongly supports this measure. The groups have listed this as one of their priority areas. OMB is generally supportive, but doesn't know where the additional money would come from.

4. **Improving Health Care.** There is a high degree of well-documented unmet health care needs in the Native American community. Because of inflation and the fact that the Native American population is one of the fastest growing, a major emphasis of the IHS FY2000 budget is on increased funding to restore access to basic health care services such as immunizations, emergency care, primary care visits, well-child visits, and needed improvements in basic facilities. This proposal also includes program enhancements in health care for women, children, and the elderly. (Cost: \$207 million. IHS requested \$382 million above FY 1999 enacted, the passback provided \$175 million).

Uncertainties and vetting: OMB is supportive of increasing funding for health care, but feels that the entire amount should not be given in one year because IHS doesn't have the capacity. OMB fully funded the access to clinical care part of the request and feels that is the most important area. IHS feels it can absorb these funds and has appealed for the full amount of its request.

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