

NLWJC - KAGAN

EMAILS RECEIVED

ARMS - BOX 041 - FOLDER -011

[12/17/1998 - 12/21/1998]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 15:52:38.00

SUBJECT: Prisoner Rehab Programs

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

TEXT:
Bruce:

Per your request:

What we've done:

Over the past couple of years, most of our efforts to train and educate prisoners have come in the form of improvements in the Federal Bureau of Prisons (BOP) programs and grants to the states for comprehensive treatment (The Republican majority in Congress has not supported funding for other programs, such as the boot camps we originally proposed). Specifically, we've accomplished the following:

-- BOP. Last year BOP, through its Federal Prison Industries (FPI) employed about 20,000 inmates -- or about 25% of its prison population. BOP inmates also spent more than 11 million classroom hours in such programs as literacy, occupational/vocational training, English-as-a-Second Language, parenting, health promotion, release readiness and other continuing adult education. In fact, on a typical day, about 35% of the federal inmate population is involved in some type of education program. And in 1998, more than 6,000 federal inmates received their GED -- an increase of 25% from the previous year.

-- Residential Substance Abuse Treatment (RSAT) in the States. The Crime Bill authorized between \$30 and \$75 million per year for long-term residential drug treatment in state prisons. These programs fund between 6 and 12 months of substance abuse treatment -- set apart from the general prison population -- and are required to provide aftercare services that include education and job training.

What we propose doing in FY 2000:

The FY 2000 budget offers several opportunities to expand education and training for prisoners. These include:

-- Certainty of Punishment. This \$40 million initiative, designed to promote alternatives to incarceration for young offenders (up to age 25), will allow us to fund innovative community-based correction programs that can include long-term community service, work programs linked to victim restitution, and other alternatives to incarceration that link job training with accountability (drug testing, compensating victims, day reporting, electronic monitoring, passing GED, paying child support). If

the President wants, we can specifically design a program under this initiative that is focused on employing offenders.

-- Coerced Abstinence. The FY 2000 budget will include some \$200 million in drug testing and treatment that can be further linked w/education and training. Although the \$50 million in Drug Courts and \$65 million in RSAT funds can be strengthened to specifically include education and training components, the \$85 million in new funds offers the best opportunity to do what the President wants. Since most of these will go to fund state drug testing and treatment plans, we can essentially use this new program to replicate much of what the Federal BOP already does (see above).

-- Prison Work Demonstration. We can also add to the budget a proposed DOJ initiative to fund a \$6 million Prison Work demonstration program that: (1) develops model "Prison at Work" programs that systematically improve prison employment in the states (only about 10% of state prisoners work); and (2) funds "Model Industry" innovation grants to test new methods to increase inmate employment (i.e., new production methods, targeting new portions of the prison population, etc.).

Other ideas to consider:

Finally, there are a few more avenues that we can look into that don't necessarily require new funds or legislation. They include:

-- Fatherhood programs. An estimated 60% of the persons in prisons are fathers. How can we tap into the support for fatherhood programs to work w/this population.

--- Welfare-to-work. Localities can chose to use their welfare-to-work grants to target ex-offenders. What more can we do to get cities to focus on this population. Already, the Mayors are saying they want to focus on keeping ex-drug offenders clean when they are released from state prisons. Are they will to commit some of their W2W dollars for this purpose?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 18:25:28.00

SUBJECT: SOTU ideas

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

READ:UNKNOWN

TEXT:

Could we have a five minute conversation to run down where we are,
including results of yesterday's meeting? Any other meetings planned?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 17:28:06.00

SUBJECT:

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:

The toys letter to Miller and Waxman is ready to go out -- it's been signed off on by everyone, including the Departments. There is one outstanding issue -- who should sign it. Brad wants it to be the VP, and leg affairs is fine with that. I had said I thought it should be the President with some nice language about the VP, but I'm definitely not willing to fall on my sword about it. I told Brad to check in with you tomorrow if it is going out and I'm not here.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 13:42:29.00

SUBJECT: Welfare to Work Reauthorization

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:

Here's our write up with some specific questions for you. Happy to meet
to discuss (I left a message for Cathy to try to get a time)===== ATT
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D98]MAIL48512345P.326 to ASCII,
The following is a HEX DUMP:

FF5750431C2C0000010A02010000000205000000EE66000000020000909CA87327A1BA24C1E028
CB4775B6A5CC668DE728987D7DC31C44E7BC866D7A357D2532B2BFDC168017BEF05ED4BB952A7B
1EB2913D4C7B45821CE340A301587D9CBF69DA063B0B95964DD5867DEEEBA81DD84029D94F31A8

Welfare to Work Reauthorization -- Proposed Provisions
(See italics for issues where your reaction would be particularly helpful)

Responsible Fathers Initiative

- **Funding Flow:** Require states to use at least 20% of their formula funds for services to help non-custodial parents increase their employment and child support.

We think it makes sense to include the funding for Fathers as part of the WtW formula grant rather than a separate funding stream--*do you agree?* It ensures a significant amount of resources and attention are focused on this population without creating yet another employment program (after we worked so hard to consolidate in the Workforce Investment Act). The downside is that it may be slightly harder to talk about.

This is also a clever resolution of the substate funding options we raised previously. Governors could choose whether to meet the 20% floor with a few concentrated projects or to pass this requirement down to every local PIC. A Governor who does not want to have a statewide fathers initiative could spend most or all of the Governor's 15% discretionary funds on fathers and make up the remaining amount by encouraging one or two localities to focus on fathers (not every PIC is ready or willing to have a fathers program). On the other hand, states such as MI, WI, and MO who have made non-custodial parents the primary focus of their WtW formula program could still do so.

Options for what happens if state does not meet the 20% floor for fathers could include: a) allow Governor to redirect funds to basic WtW services for hard-to-serve recipients, b) take back funds and put in same pot as unclaimed formula funds (see below), c) give to other states who commit to spend these funds on fathers. *Any preference?*

- **Eligibility:** Generally, low income non-custodial parents (primarily fathers) who enter into a personal responsibility contract. States would have some flexibility to target services among the following groups, listed in priority order. Eligibility would be tied to status of the children rather than the parent.

Non-custodial parents of:

- (1) children on public assistance for over 30 months or who are within 12 months of hitting a time limit;
- (2) child eligible for TANF;
- (3) child who left TANF within one year;
- (4) child eligible for food stamps or Medicaid (this would allow services to a broader population of low-income fathers).

We think this approach would keep eligibility relatively simple, while targeting services to fathers who are most likely to need help increasing their employment and child support and whose children are most in need of their fathers' support. *If you support this basic approach, we will work further with DOL and HHS to refine the details.*

Personal Responsibility Contract: Every father would sign a personal responsibility contract requiring them to establish paternity, pay child support, and work or participate in community service or another work activity in order to participate in the program. *We need to decide how prescriptive to be in the statute -- we're inclined to make a general statement like the sentence above and let the rest be defined in regs or by the locals. What do you think?*

We would also propose these state options. *What do you think?*

If a father is in community service or another work activity and temporarily unable to pay current support, the state could have the option to temporarily suspend or reduce *current* child support obligation (not past due support).

If a father has another child out of wedlock, the state would have the option to deny him services. This would be consistent with the state option on family cap, which is a roughly parallel policy for the moms.

If a father marries the mother of his child, the state could cancel or suspend the child support debts the father owed the State for past TANF payments to the mother.

- **Allowable Activities:** Use the same list as the current WtW statute, which allows funds to be used to move individuals into and keep individuals in lasting unsubsidized employment through: community service or work experience; job creation through public or private sector wage subsidies; on the job training; job readiness, placement, and post-placement services through contracts or vouchers; and job retention or support services if not otherwise available.

Through regulation or guidance, DOL could explain how a broader array of services to help fathers work and meet their child support responsibilities could be provided within the definition of job readiness and support services. Child support agencies and community and faith-based providers could deliver some or all of the services under contract with the state (in the case of 15% discretionary funds) or PICs (in the case of 85% formula funds). We think this approach will promote a strong focus on work, and avoid opening the statutory definition of allowable activities. *Do you agree with this approach?*

- **Performance Measures:** Use current WtW measures listed in the statute (employment, retention, earnings gain) and use the existing statutory authority for the Secretary to identify other measures as appropriate to add increased child support via regulations. *Is this okay, or would you prefer a statutory change?*
- **State Plan:** There would be a special part of the State WtW plan focused on fathers developed jointly with the workforce, child support and TANF agencies. It would document how the state planned to meet the 20% floor, and how it would ensure strong, ongoing coordination with the child support system, welfare agency, and community and faith-based groups working on fathers issues at both the state and service delivery level. DOL proposed that the child support agency sign off on the WtW plan to ensure adequate attention to issues related to non-custodial parents. *This seems to make sense.*

Other WtW Reauthorization Proposals

- **Duration:** DOL has proposed 5 year reauthorization. *Are we supporting only a one year extension or multi-year reauthorization?*
- **Hard-to-Serve Eligibility Criteria:** Retain the general focus on the hardest to serve, with some changes to make the criteria less burdensome. Currently, PICs must spend at least 70% of their funds on individual who (a) have been on public assistance for at least 30 months or are within 12 months of hitting a time limit and (b) have 2 of the 3 following barriers:
 - (1) lack a HS diploma/GED and have low math or reading skills;
 - (2) require substance abuse treatment; or
 - (3) have a poor work history.

Non-custodial parents whose children meet (a) and themselves meet (b) are also eligible.

PICs can also spend up to 30% of their funds on custodial or non-custodial parents who have characteristics associated with long-term welfare dependency, i.e. school dropout, teen pregnancy, poor work history.

DOL has proposed simplifying eligibility by requiring individuals to meet one rather than two of the “barriers” under the 70% category; decoupling the education barrier to be *either* lacking a HS diploma/GED *or* having low math, reading, or language skills; and adding physical or mental (including learning) disability to the list of “barriers”. DOL also proposed getting rid of the 70/30 split and allowing local flexibility to spend an unlimited portion of funds on those with characteristics associated with long term welfare dependence.

There have been lots of complaints from states and locals about how hard it is to find people who meet the current 70% criteria, with most concern about the “and” in the education barrier. *We think that simplifying the 70% eligibility requirements as proposed, but leaving the 70/30 split intact, will go a long way to addressing these concerns without diluting the focus on the long-term/hard to serve population. The addition of language skills should help highlight the ESL issue. DOL also proposed adding homeless to the list of barriers but we’re not convinced this is necessary--most homeless welfare recipients are likely to have one of the other barriers.*

- **Unclaimed Formula Funds:** Add authority for DOL to make formula funds not accepted by states available to Native American WtW programs and/or for additional competitive grants, with preference to tribes or competitive grants in the states who chose not to accept formula funds. *DOL is still working through the mechanics, but we think the intent makes sense--to make sure services are still available to people in a given area, even if the Governor opts not to accept funds.*
- **Tribal Set-Aside:** Increase set-aside for tribal grants from 1% of total funds to either 2% or 3% (if funding level drops from \$1.5 B to \$1.0 B, a 3% set aside would double the funds available to tribes). Tribes would be encouraged to serve non-custodial parents, but would not be required to spend at least 20% of their grant on this population.

- **Tribal Authority for Competitive Grants:** Provide new authority for tribes to apply directly to DOL for competitive grants. Currently they must do so “in connection with” other entities, i.e. the local PIC.
- **Reporting and Evaluation:** DOL wants to move responsibility for all WtW program reporting and evaluation to DOL. Current law earmarks .06% (\$18 M over two years) for evaluation and gives HHS responsibility for conducting the WtW evaluation and for collecting program data from formula grantees, while DOL has overall administrative responsibility, collects program data from competitive grantees, and financial data from both formula and competitive grantees.

This ‘bifurcated’ system has been challenging for all involved. We’re not sure how HHS would feel about losing this responsibility, and there are some on the Hill who deliberately gave HHS this role. We propose to leave the evaluation with HHS. *Do you have a preference?*

- **Match:** Retain current formula grant match requirement of \$1 non-federal for \$2 federal. Regulations allow up to 50% of non-federal match to be “soft” or in-kind match. DOL has proposed increasing this to 75%.

DOL is responding to complaints from some states who are having trouble making the match. *We’re not convinced reducing the “hard” match requirement is warranted, especially if the total funding level for formula grants is reduced by approximately one-third as the total funding level decreases from \$1.5 B to \$1.0 B.*

- **Technical Assistance and Research:** DOL has proposed reserving 2% of total funds for national TA and R&D projects (\$20 M). Half of this money (\$10 M) would be focused on fathers initiatives, of which about \$5 M would be directed to the OCSE to ensure a strong focus on parental responsibility through child support and paternity. DOL currently has no WtW funds for TA/Research. We’re not sure OMB supports this, though some TA does seem warranted, especially on the new fathers component. OCSE is sending over additional justification.
- **Formula/Competitive Split:** Retain current split of about 75% for formula grants to states and 25% for competitive grants. Retain requirement that 85% of formula funds get passed to local PICs/workforce boards (unless state requests a waiver) and 15% is available as Governor’s discretionary funds for special projects to help long term welfare recipients become employed.

NOTE: *DOL continues to propose that up to one-third of the formula funds could be used to upgrade the skills of low-wage incumbent workers. We’re not aware of any support within EOP for this proposal, and DOL has wisely made it their third priority (after hard-to-serve welfare recipients and fathers).*

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 15:59:13.00

SUBJECT: IGA weekly item

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:

I have no idea what they are referring to. I will follow up with Lynn and find out.

julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 15:51:48.00

SUBJECT: Budget updates

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

TEXT:

Budget updates from me and Tom:

1. We just heard from OMB that the 1000 new Native American teachers is not funded, and that OMB is expecting it from the DPC funds.
2. If we could fund only \$1 million for a toll-free number for economic development assistance to Native Americans, this little bit of money could go a long way.
3. We also just heard from EEOC that none of their equal pay initiative was funded. OMB said they are open to it, but it would have to come from DPC funds. Also, some of the money they need to reduce the backlog has not been funded. EEOC is sending some additional information on how much they need to meet the goals that the VP announced in January like reducing the time it takes to process a case to 6 months by 2000.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 11:54:06.00

SUBJECT: call bruce 6-6262

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

READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 11:23:19.00

SUBJECT: POTUS MESSAGE SCHEDULE UPDATE

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/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Leanne A. Shimabukuro (CN=Leanne A. Shimabukuro/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: 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: 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_PA1@CD@VAXGTWY (WEINSTEIN_PA1@CD@VAXGTWY @ VAXGTWY [UNKNOWN]) (O

READ:UNKNOWN

TEXT:

12/21	Pan Am Anniversary Event
	AmeriCorps/Shelter Visit
12/22	Children's Christmas Reading
12/23	Homeless Grants Announcement
12/24	Tape Radio Address (Drunk Driving)
12/25	OFF-Christmas
12/28	Y2K Event
12/29	Children Exposed to Violence Initiative Event
12/30-1/4	OFF-Vacation

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 18:31:29.00

SUBJECT: Re: Bold ideas re: SOTU/race

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

READ:UNKNOWN

TEXT:

I especially like #10, the race initiative. The funny thing is, some of these are no goofier than his bold mountaintop proposals.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Nicole R. Rabner (CN=Nicole R. Rabner/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:17-DEC-1998 14:00:27.00

SUBJECT: Title X and FMLA

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

I spoke with the women's groups as we discussed, and, as we suspected, they agreed that an extra \$10 million in the Title X budget would make a huge difference. I reported to Dan Mendleson that we strongly recommend a \$10 million increase, and he said that he would do all he could to make it happen. Since the last time he and I spoke, it sounds as if the budget constraints may have gotten worse, but Dan said he would do all he could to meet that mark. He also said that if this recommendation were to emerge on the DPC Initiatives list, it would be guaranteed the funding. While I told Dan I thought that would be difficult to do, I promised to raise it with you.

On the Title X program uses (i.e. the male involvement and abstinence programs), I think that the problems may be quite entrenched, as it sounds as if the women's groups and HHS have not seen eye to eye on grant awards for some time. I'll report further soon.

On FMLA, I understand that there was some concern raised at the New Initiatives meeting about pushing for FMLA expansion in the context of the SOTU or another venue. Jen and I think it might be useful for you to call a Deputies meeting soon on FMLA expansion, bringing in a few relevant agencies and WH Leg. Affairs to discuss strategy. Do you agree?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 17-DEC-1998 17:09:30.00

SUBJECT: IGA weekly item

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:

According to Lynn, the idea for a farmworker housing pilot was raised by the Mayor of Salinas in a meeting last week. Salinas received some HUD money from the current budget that they want to use for this purpose and suggested that they may want to connect with USDA in designing their project.

----- Forwarded by Julie A. Fernandes/OPD/EOP on 12/17/98
05:05 PM -----

Julie A. Fernandes
12/17/98 03:58:34 PM

Record Type: Record

To: Elena Kagan/OPD/EOP
cc: Laura Emmett/WHO/EOP
Subject: IGA weekly item

I have no idea what they are referring to. I will follow up with Lynn and find out.

julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 11:29:43.00

SUBJECT: Re: Welfare Guidance for today

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

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

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

TEXT:
Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 18:32:34.00

SUBJECT: Re:

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

I'm fine with VP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 11:44:13.00

SUBJECT: latest vp statement on DTV

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

----- Forwarded by Paul J. Weinstein Jr./OPD/EOP on
12/18/98 11:44 AM -----

Audrey Choi @ OVP
12/18/98 10:21:27 AM
Record Type: Record

To: See the distribution list at the bottom of this message
cc: Scott R. Hynes/OVP @ OVP, Jennifer R. Muller/OVP @ OVP
Subject: latest vp statement on DTV

here is latest edit of vp statement on piac with all the edits i have received and trimmed to be a one-pager. if anyone has any further edits, please respond by 11:00 so we can have final signoff for press office for release at high noon. thanks much for all your help and sorry to clog your mailboxes with each new iteration.... thank you for your help.

Message Sent

To: _____
Jim Kohlenberger/OVP @ OVP
David W. Beier/OVP @ OVP
Morley A. Winograd/OVP @ OVP
Paul J. Weinstein Jr./OPD/EOP
Lisa M. Brown/OVP @ OVP
Ron Klain/OVP @ OVP
Michael Waldman/WHO/EOP
Jodi R. Sakol/OVP @ OVP
Alejandro G. Cabrera/OVP @ OVP

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D46]MAIL42631365A.326 to ASCII,
The following is a HEX DUMP:

FF57504354070000010A020100000002050000001615000000020000CB02E130615E35222128A6
9FB70160DCDD8F53E1A64DC40D00A28AED060D73280C4CD9D6D064343E614B6ECCD39556BF1A6A

DRAFT DRAFT DRAFT === EMBARGOED UNTIL 12:00 P.M. DECEMBER 18, 1998

*Statement by Vice President Al Gore
on Bringing Television into the Digital Era*

Today, as we bring television into the digital age, we stand at the brink of a great new opportunity. Digital broadcasting presents unprecedented capabilities to entertain our families, educate our children, enlighten our communities, and enrich our nation's public discourse. As with all great opportunities, there are also great responsibilities -- in this case, to make wise use of the public resource of our nation's airwaves.

I would like to thank each of the members of the Advisory Committee on Public Interest Obligations of Digital Television Broadcasters, especially co-chairs Norman Ornstein and Leslie Moonves, for their careful consideration of broadcasters' obligations to the public.

I am encouraged by the Committee's clear recognition of broadcasters' public interest obligations. I urge broadcasters to commit to the practices recommended by consensus by the Committee-- particularly the recommendation to air voluntarily five minutes nightly of free time for political candidates for the 30 days prior to an election. A prompt, broad and deep commitment by broadcasters to this and other recommendations would be a strong signal of their willingness to respond to public interest needs as we enter the digital age. I encourage the FCC to work with broadcasters to achieve that goal.

If broadcasters choose to reject the call for free time on a voluntary basis, we believe the Federal Communications Commission will have a duty to take appropriate action. For its part, Congress ought to help us move forward on this issue on a bipartisan basis -- and not continue to threaten the FCC with further legislative reprisals to tie its hands in this area.

The President and I continue to believe strongly that there should be mandatory, universal free time for candidate centered discourse. It is unfortunate that the opposition from a few members prevented the Committee from adopting such a recommendation unanimously.

The Committee rightly recommends that broadcasters seize the opportunity of digital television to enhance diversity. More needs to be done. I continue to be concerned that minorities have not participated fully in the growing opportunities in broadcasting. I believe we must work towards the day when the voices and views on our airwaves reflect the diversity of our country.

I encourage broadcasters and manufacturers to hold a dialogue on how to use new innovative technologies to improve disaster warnings, ensure the v-chip works, and enhance closed captioning and access to digital television for people with disabilities.

Working together, we can and should make the advent of digital television a boon for the American public.

C:\DOCUMENTS AND SETTINGS\BMALONEY\LOCAL SETTINGS\TEMPORARY INTERNET
FILES\CONTENT.IE5\ETPUJH1S\P_95631361_OPD_HTML_1[1].DOC

Automated Records Management System
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 17:20:08.00

SUBJECT: charter schools

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

TEXT:

Charter schools. A report on 17 California charter schools was released on December 3 that emphasized a number of ways in which charter schools have "failed to live up to their promise". The report 's primary criticisms are that charter schools 1) are not yet being held highly accountable for academic achievement, 2) generally depend on private resources to supplement their public funding, 3) exercise some control over the type of students enrolled through contracts requiring parental involvement and strict discipline codes, 4) don't frequently collaborate with -- or spark changes in -- other local public schools. To address these concerns, the report recommends strengthening accountability through requirements for more specific performance goals, targeting federal and state charter school funding to low-income schools, expanding access through better information and transportation and curtailment of parental participation requirements and strictly enforced discipline codes, and facilitating more collaboration among charter and other public schools. The recently enacted Charter School Expansion Act of 1998 addresses some of these issues -- establishing a funding priority for states that have increased the number of quality, accountable charter schools and for states that adopt stronger accountability provisions for charter schools, and by creating a 10% set-aside for "cross-fertilization" grants to support collaboration among charter and other public schools.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 10:27:04.00

SUBJECT: Complete Weekly Report 12/18

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

READ:UNKNOWN

TEXT:

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D12]MAIL40701265F.326 to ASCII,
The following is a HEX DUMP:

FF57504320100000010A0201000000002050000000C2440000000200000D7575DD19395A3BA7D8C87
1C43F110190E2175304B50187A815BC49898B9B6126725F7708A28FC4E818F8EA8A75986D25317
4F5FA87ED57EBEE10D19F93607CFE471B83F0C8D3D7A0ECA9C8363BD417F121A566E2EF68728B1
7BC3E17EDC16F73F8745C187471D623322D71D4DD0DB38BAD400BD8043B9988E0C31B829E2E506
210E0D5B8D6CE54DD54C51162503601F507C6F9265818550D60F1B64FBCD9FD4063BFA7FC12E1E
4632048F80885EBC082B096C7748274C1F053F0B020877074FC7066C6D6FBA34EC175F151ABA38

December 18, 1998

MEMORANDUM FOR THE PRESIDENT

Automated Records Management System
Hex-Dump Conversion

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

Health Care -- Meeting with Senator Kennedy on next year's budget: On Monday, you are scheduled to meet with Senator Kennedy to discuss the FY2000 budget. He will undoubtedly raise a range of issues, including his health priorities. He will thank you for your advocacy for a strong Patients Bill of Rights as well as for your positive remarks on behalf of the Jeffords-Kennedy Work Incentives Improvement Act. Beyond indicating that he believes that both bills have a very real chance of passage this year, he will lobby hard for you to use tobacco funds for a new Medicare prescription drug benefit. Depending on how such a benefit is designed, it would likely cost between 5 and 15 billion dollars a year, funding we currently cannot envision in the context of this year's budget. Having said this, we do believe that a prescription drug benefit is an essential component of any substantive reform of the Medicare program. Because we cannot fund a drug benefit with currently available resources, you could offer to work with his staff to begin to review options and indicate your desire to find a way to address this shortcoming of the program. You may want to use this opportunity to highlight another aging priority -- our long term care initiative -- and advise him that you are interested in working with him on that as well.

Education -- Scholarships for Teachers: In our budget discussion you requested information about our scholarship program to help recruit new teachers to teach in high poverty areas. The teacher recruitment program is part of a Teacher Quality and Recruitment program in the newly enacted Higher Education Act, which also provides grants to partnerships between school districts and institutions of higher education to improve teacher education, and to states to help raise teacher licensure standards and for other related purposes. The teacher recruitment program receives 10% of the appropriation for the entire program, (\$75 million in FY1999) and funds approximately 1,400 scholarships.

Welfare -- IRS Notice on Workfare and Taxes: The IRS this week issued a long-awaited notice clarifying that welfare recipients who participate in workfare programs do not need to pay income taxes or payroll (FICA) taxes. This clarification will make it easier for state and local governments to operate workfare programs, because it makes clear

that the state and local governments or their contractors employing these workfare participants do not need to pay the employer's share of FICA taxes. As you will recall, numerous governors, including Governors Carper and Chiles, had urged us to take this step. We were able to work with the Treasury Department to include important language to make clear that this notice does not affect worker protections such as the minimum wage and workplace safety rules, which are determined by other provisions of law, such as the Fair Labor Standards Act. The notice was released under the IRS' normal procedures for releasing tax notices.

Welfare Reform -- GAO Report on Access to Jobs: GAO's first report on the Access to Jobs program commends the Administration's early implementation efforts. When Congress included your welfare to work transportation initiative in TEA-21, they required GAO to review the program every six months. GAO praises DOT's effort to coordinate this program with other federal welfare to work initiatives and specifically applauds the joint transportation guidance issued by the Secretaries of Labor, HHS and Transportation in May to help state and local officials use available funds to provide transportation for welfare recipients going to work. (An updated version of this guidance is about to be released that reflects enactment of the Access to Jobs program.) We developed this guidance in response to your comments following last year's State of the Union that we take steps to urge Governors to make full use of all existing resources to help address the critical transportation needs of individuals moving from welfare to work.

Drugs -- Youth Drug Use: On Friday, the Department of Health and Human Services released the 1998 Monitoring the Future (MTF) study on drug use patterns and trends among 8th, 10th, and 12th grade students. The study, which sampled nearly 50,000 students from 422 secondary schools, found -- for the second year in a row -- a flattening of drug use rates generally, with significant decreases in some categories of use.

Good news:

- (1) amongst **10th graders** there were declines in past year use of any illicit drugs (from 38.5% to 35.0%), marijuana (from 34.8% to 31.1%), and stimulants (from 12.1% to 10.7%); and past 30-day use of marijuana and cigarettes (from 29.8% to 27.6%);
- (2) amongst **8th graders**, there were decreases in past 30-day use of inhalants (from 5.6% to 4.8%) and LSD (from 1.5% to 1.1%);
- (3) amongst **12th graders**, there was a decline in daily use of LSD (from 0.2% to 0.1%), smoking (from 24.6% to 22.4%), and for smoking half a pack or more per day (from 14.3% to 12.6%); and
- (4) the overall declining trend in perceived harmfulness of drugs for all grades appears to have ended, with an increase in perceived harmfulness of marijuana use and drinking among 8th graders.

Bad news:

(1) use of drugs remains at unacceptably high levels -- for instance, 25.6% of 12th graders, 21.5% of 10th graders, and 12.1% of 8th graders used an illicit drug in the past 30 days, typically marijuana;

(2) cocaine use -- while low overall -- continues to rise, with an increase in past year use of crack by 8th graders (from 1.7% to 2.1%);

(3) increased use amongst 12th graders of tranquilizers (from 4.7% to 5.5%), barbiturates (2.1% to 2.6%) and inhalants (0.25% to 0.9%), and hallucinogens (0.4% to 0.8%).

Crime -- National Instant Check System (NICS) Update: As of Tuesday, there have been a total of 434,631 background checks conducted through the NICS since it took effect on November 30. Of this total, 249,424 checks were conducted by the FBI, and the remainder were completed by the State points of contact for the checks. Of FBI-conducted checks, 4,039 resulted in denials of sales to prohibited purchasers -- a denial rate of 1.6 %.

Crime -- Juvenile Brady: During the briefing for the 12/5 radio address on the National Instant Check System, you asked how many of the states already had adopted laws prohibiting violent juveniles from owning firearms as adults. According to the most recent survey by the Justice Department, 22 states prohibit firearms possession by delinquents who have been convicted or adjudicated for offenses that would be felonies or violent offenses if committed by an adult. Of these 22 states: 4 permanently prohibit possession of firearms by adjudicated delinquents; 6 retain a prohibition on possession until a court or the Governor orders a restoration of rights; and the remainder prohibit possession for a set period of time (e.g., 10 years), usually following adjudication or release from a juvenile facility.

Tobacco Attorneys' Fees: This week, attorneys representing Florida, Texas and Mississippi settled with the tobacco industry over fees and were awarded \$8.2 billion. The fees will be paid by the industry, over the next 15-20 years, in addition to the funds the industry will pay the states. The legal fees were determined by an arbitration panel set up under an agreement between the tobacco industry and plaintiffs' lawyers. The panel will also be used to award legal fees from the larger \$206 billion, 46 state settlement reached last month, unless the attorneys and industry can agree on fees without arbitration (the settlement offers attorneys an option for "liquidated fees" which are generally lower but are paid more quickly). Overall, the settlement provisions limit the industry's annual arbitration settlements to \$500 million a year.

In determining fees, the three-person arbitration panel started by awarding lawyers in Florida, Texas and Mississippi 10 percent of their state's settlement. Then the panel multiplied those figures by 1.9 to 3.5 depending on what it perceived to be the risks and work undertaken by the lawyers in each state. The formula resulted in lawyers in Florida receiving \$3.4 billion, in Texas \$3.3 billion, and in Mississippi \$1.4 billion. Attorneys in Mississippi got the highest percentage award, 33 percent, after the panel determined that they had taken the greatest risk by representing the first state to sue the tobacco industry. Minnesota's attorneys settled earlier this year for approximately seven percent of the state's award. Because the risk factor in the yet-to-be-decided cases was negligible, attorneys from other 46 states are likely to negotiate directly with the industry for liquidated fees, which are expected to be considerably lower.

Children and Families: New Report on Lower Teenage Births: On Thursday, December 17, HHS released a new study titled *Declines in Teenage Birth Rates: National and State Patterns 1991-97*, which reports that while teenage birth rates have declined substantially during the 1990s, the most dramatic decline is in the birth rate for young women who have already had one child. While there was a 6 percent decline in first births to teenagers, the rate of second births for teens was down by 21 percent between 1991 and 1996; the overall teen birth rate dropped 15 percent from 1991 through 1997. Rates are down more for younger teens (15-17) than older teens (18 and 19). In addition, teenage childbearing is down in all race and ethnic groups, but the largest declines documented are for black teenagers, especially younger black teens. Despite the reduction in repeat childbearing, about 90,000 teens gave birth to their second child in 1997, out of a total of just over 500,000 births to teenagers. **The report, which tracks teenage childbearing in the United States, was issued by the National Center for Health Statistics.**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 10:33:57.00

SUBJECT: FYI -- TPS meeting this afternoon

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

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

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

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

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

TEXT:

FYI. Scott B. and I are having a staff meeting (including DOJ and State) this afternoon at 4:15pm in Room 476 to discuss (1) timing of TPS announcement; and (2) status of DED decision.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 17:17:05.00

SUBJECT: weekly

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Insert for "(2) cocaine use..."

(2) cocaine/crack use -- While crack and cocaine use remained stable across the board for 10th and 12th graders, among 8th graders, there were increases reported in both lifetime use of crack (from 2.7% to 3.2%) and in past year use (from 1.7% to 2.1%). It should also be noted that while year-to-year trends in cocaine use have been slight, the trend since 1993 has been a steady increase in all three grades.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 13:32:43.00

SUBJECT: Revised Green Bonds Proposal

TO: Elizabeth J. Potter (CN=Elizabeth J. Potter/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

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

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

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

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

TO: Pieter J. Boelhouwer (CN=Pieter J. Boelhouwer/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Bradley M. Campbell (CN=Bradley M. Campbell/OU=CEQ/O=EOP @ EOP [CEQ])
READ:UNKNOWN

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

CC: Wilson.reid (Wilson.reid @ epamail.epa.gov @ inet [UNKNOWN])
READ:UNKNOWN

CC: Bruce.davie (Bruce.davie @ treas.sprint.com @ inet [UNKNOWN])
READ:UNKNOWN

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

CC: Leonard.Burman (Leonard.Burman @ treas.sprint.com @ inet [UNKNOWN])
READ:UNKNOWN

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

CC: mark.mazur (mark.mazur @ hq.doe.gov @ inet [UNKNOWN])
READ:UNKNOWN

TEXT:

This is the most recent long version of the green bonds proposal. Please disregard earlier versions.

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

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

TEXT:

Unable to convert ARMS_EXT: [ATTACH.D94]MAIL46825465D.326 to ASCII,
The following is a HEX DUMP:

FF57504344080000010A02010000000205000000EE2F000000020000108E78FA0FE7A66C5A72D7
2B18B018866D927C54937D1A9F5FDF25A1B3E6E84E977C161B05FA5551D57487930A1FA03E62B9
08A0E8456113E75C85EE06A4D62CB75FDFA6431B54117C7A9AE525053FCA259EA67287D60A270
D8E8A829039EC82B0183F767B35A378429D680D92C8947D3CC80E5F0E85D8F5B124AD20DC47652
7B38A99A0FD8110C3263895E3A2E82CA52D0F9710097BB8E786EA2CECB10424FF1F95C868B464F

Livable and Clean Communities Bonds

draft 12/18/98

This proposal recommends the creation of a new financing mechanism -- Livable and Clean Communities Bonds (LCCBs) -- to raise funds to finance environment-related public projects. Modeled on the school construction proposal, this bond initiative would provide new resources to local and state governments seeking to preserve open space, cleanup and redevelop brownfield sites, and restore community parks and important historic civic spaces. Like qualified zone academy bonds, this program would allow state and local governments to issue zero interest bonds to lenders who could claim a tax credit for the life of the bond in lieu of interest. The issue makes no principal or interest payments on the bond until maturity (13 years). The overall program would be capped at xx million annually over five years. [Note: requiring the issuer to pay some amount of interest would increase the amount of bonds that could be issued for the stated revenue cost; the maturity could be extended to 15 or 20 years to stretch out the time the issuer has to raise funds to pay off the bonds).

Sprawl and efforts to manage it -- loosely termed smart-growth -- are quickly emerging as a national issue. Over 75 percent of the 224 "livable communities" ballot measures voted on in the 1998 elections were passed. Many of these initiatives, such as the "Clean Michigan Bond Proposal", included funding for bonds to promote more livable communities and protect open space. This continued the trend of support for such bonds that has increased dramatically through the 1990s.

The availability of LCCBs would encourage actions that recognize the relationship between land conservation and clean water, and development. (As an aside, note that 70 of the Nation's 75 largest cities were founded on a significant body of water.) LCCBs would be available to finance projects that create environmental amenities in urban, suburban, and rural areas that would encourage long-term economic investment (providing the long-term benefit of job creation), enhance the quality of the local environment, and provide an attractive and functional setting for urban revitalization.

The allocation of the limited amount of LCBS issuance authority would be made through an open competition, with State and local governments submitting plans for use of the bond proceeds to an inter-agency evaluation panel, chaired by EPA in consultation with the Departments of the Interior, Housing and Urban Development, Agriculture, and Treasury. The pool of available bond issuance authority would be divided in half, with one part reserved for a competition among the Nation's 100 largest cities and the other part reserved for a competition among the fifty States (the States, of course, could then use the bond proceeds to support projects sponsored by local governments). This division would ensure that large cities, particularly those with many environmentally impaired neighborhoods, will receive appropriate attention and treatment in the allocation process. The annual competition among cities would ensure that the bonds went to support plans that best met the goals of promoting livable and clean communities while promoting job creation and business development. Additional preference would be given to those cities

whose applications included the participation and involvement of several adjacent communities. EPA would monitor compliance with the plans.

The portion of bond authority competitively awarded to the States would be administered by State environmental agencies and distributed among local communities according to the submitted plans that indicated how the bond issuance would support environmental improvement projects. Like the competition among cities, the plans selected would be those best meeting the goals of promoting livable and clean communities while promoting job creation and business development. Additional preference would be given to those states whose applications focused on sustainability and metropolitan planning and coordination. Again, EPA would monitor compliance with the plans.

The green bonds proposal would encompass both public, governmental activities and private activities that promise substantial public benefits. The virtue of a mechanism that encompasses activities from both the private and public sectors is largely one of efficiency and efficacy. For example, the cost to a developer of adding an environmental amenity with significant public benefits (e.g., extra pollution control features) may be far less than if a government entity had to implement the same measure independently at a subsequent time. Similarly, the total environmental benefits from a concerted strategy featuring actions by private companies and local governments could easily be far greater than the benefits if each took independent action.

To allow greater flexibility to localities in electing between private or public approaches to the same "green infrastructure", public entities would be permitted to use the new bonding authority to capitalize revolving funds that in turn could be used by private entities meeting the qualified use definitions. This would help ease the understandably daunting enforcement burden identified by the Internal Revenue Service. In addition, projects would be certified as being in compliance with the plan and other legal requirements by the State environmental agency.

A requirement for green bond issuance would be that 95 percent of the proceeds from sale of the bonds must be used for the purposes outlined in this proposal and in accordance with the plans submitted by the qualified applicants within 3 years of issuance of the bonds. Administrative expenses would not be considered in meeting this 95 percent test.

Under the proposal, a menu of projects would be eligible for assistance. Projects available for assistance would include:

- **Open Space (Including Farmlands and Wetlands) --** Governmental acquisition or conservation of open space, including parks, important historic civic spaces, and wetlands. Governmental acquisition or the facilitation by private, non-profit enterprises of qualified easements to preserve these open spaces would be included as an eligible activity. Over the life of the bonds, the property must remain an open space -- no change in use would be permitted;
- **Water Pollution --** Eligible activities would include the following: (1) Government-initiated passive infrastructure to control polluted runoff, such as settling ponds, and greenways (specifically, this would not include capital-intensive treatment plants funded under other

mechanisms); (2) Enhancements to private development projects that add significant pollution runoff control features (again, this would not include capital-intensive treatment plants funded under other mechanisms); (3) Public resources used to finance water pollution reductions from sources not captured by regulation (e.g. small businesses and farmers);

- **Brownfield Redevelopment.** This includes governmental assessment, cleanup, and redevelopment of brownfield sites for community supported parks, playgrounds, open spaces, or for the redevelopment for industrial or commercial enterprises that would reduce sprawl in outlying communities.

Cost: the revenue cost would be limited to \$700 million over 5 years by setting the annual cap appropriately. This program would permit the issuance of \$XXX million of green bonds each year for five years. The present value of the thirteen years worth of tax credits generated issued in each of the five years would be \$XXX million, based on a discount rate of AFR + 2 percent.

Automated Records Management System
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 11:25:25.00

SUBJECT: teen pregnancy report guidance

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

READ:UNKNOWN

TEXT:

Andrea and I worked on this together:

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D74]MAIL47729265U.326 to ASCII,

The following is a HEX DUMP:

FF57504336050000010A02010000000205000000CD1400000020000DFEED7DBD11CED146C464
0C0110A9F357704A4FE0D5C49C1F5EB2FC499BD8E41EAF1DCF94495B554E5B408F82CC4E89AB89
238D95A47B0346F9CE543901530C283E5253DCEBF111EEF8624DF812236AFBF2404A8AAA424375
5CD6B833729ECF12546030D8252B3808A6D21D9E55F7221524B5A9E4815E431EF026CEA7FF0313
4A0359A941948629FF5053D01A65D50C8D5863D2F704FCC5696CD2EBB42EB5BD3A5DB98E23655E

Q. What does HHS' recent report on teen birth rates say and what does it tell us?

A. The new study, titled *Declines in Teenage Birth Rates: National and State Patterns 1991-97*, demonstrates that the country is making real progress against this important problem. It reports that teenage birth rates have declined substantially during the 1990s, with particularly dramatic declines in the birth rate for young women who have already had one child. While there was a 6 percent decline in first births to teenagers, the rate of second births for teens was down by 21 percent between 1991 and 1996; the overall teen birth rate dropped 15 percent from 1991 through 1997. The report also indicated that rates are down more for younger teens (15 to 17) than older teens (18 and 19). In addition, teenage childbearing is down in all race and ethnic groups, but the largest declines documented are for black teenagers, especially younger black teens. The report, which tracks teenage childbearing in the United States, was issued by the National Center for Health Statistics on Thursday, December 17.

This report confirms that the President's strategy to prevent teen pregnancy is working. Since 1993, the Clinton Administration has supported innovative and promising teen pregnancy prevention strategies, including working with boys and young men on pregnancy prevention strategies. The National Campaign to Prevent Teen Pregnancy, a private nonprofit organization, was formed in response to the President's 1995 State of the Union. In 1997, the President announced the National Strategy to Prevent Teen Pregnancy, mandated in the welfare reform law. The first annual report on this Strategy reported that HHS-supported programs already reach at least 31 percent or 1,470 communities in the United States. In addition, significant components of the President's comprehensive effort to reduce teen pregnancy became law when the President signed the 1996 Personal Responsibility Act. The law requires unmarried minor parents to stay in school and live at home or in a supervised setting; encourages "second chance homes" to provide teen parents with the skills and support they need; and provides \$50 million a year in new funding for state abstinence education activities.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 20:45:45.00

SUBJECT: Draft paper for homeless announcement

TO: Elena Kagan (CN=Elena Kagan/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:

Here is a draft one-pager and Q&A that Tom and I have fact checked with HUD and OMB. The event is now planned for Wed December 23 as a phone call between POTUS and 20 mayors who will be getting the grants. ===== ATT
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D81]MAIL445051063.326 to ASCII,
The following is a HEX DUMP:

FF575043AE030000010A02010000000205000000B01000000002000005FC378C0E24E81498C8056
8DBC8CD7CC55E2BD39CEE59CE241E24F72566F5FDD5FF3C9F473D94B108FC4BD5DC0D2207595D
DB55C81FC2D18F58A96A847FCDCDC92FD15E62892ACFCBDBE72F0D74D6620C3F330AF936993494
1B58ABA9B766998CB9CD91A064C8792590852C28FBD01F013F928CA5EEAF12D00ABFB105B19AF1
8251796C224E82FCA36D6DC800E12B093EE57BAAA445E7200BD977F1CFB3EFA4B73CBEC8627BD

*PRESIDENT CLINTON ANNOUNCES \$850 MILLION IN GRANTS
TO HELP AMERICA'S HOMELESS*

December 23, 1998

Today President Clinton will announce \$850 million in grants to help homeless people in all fifty states obtain housing and receive vital social services. The grants, issued by the Department of Housing and Urban Development (HUD), are part of President Clinton's Continuum of Care strategy to create safe, affordable housing and break the cycle of homelessness.

Continuum of Care Grants for the Homeless

The President will announce \$700 million in Continuum of Care competitive grants to help homeless persons in 307 communities located in 46 states, the District of Columbia, and Puerto Rico. The grants provide homeless people with transitional and permanent housing and fund social services such as job training, child care, substance abuse treatment, and mental health services. The grants are provided under the Stewart B. McKinney Homeless Assistance Act and fund 1420 individual projects including more than 1000 non-profit organizations. The non-profit organizations receiving funds include local chapters of the Salvation Army, Volunteers of America, and Catholic Charities.

Emergency Shelter Grants

The President will also announce \$150 million in funding for the Emergency Shelter Grants program. Under this program, states and cities select local projects to receive funding. The funds are distributed through a formula based on a community's housing and poverty needs. Attached is a state by state list of funds that will be distributed under the Continuum of Care and Emergency Shelter Grants program.

President Clinton's Continuum of Care Program to End the Cycle of Homelessness

President Clinton's Continuum of Care program, initiated in 1993, requires local public and private agencies to work together to create a comprehensive plan to address the needs of poor and homeless people, and to coordinate services to use resources most efficiently. The goal of the Continuum of Care strategy is to give communities the decision-making authority to craft plans that move away from short-term emergency measures and toward permanent solutions that help homeless people become self-sufficient. Under the Continuum of Care program, each community submits a list of priority projects to HUD. The applications are evaluated on the basis of the strategy for addressing homelessness, including the coordination and involvement of federal, state and local agencies, nonprofit organizations, homeless persons, and in many cases, local businesses. Since taking office in 1993, President Clinton has overseen a more than 70 percent increase in McKinney Act homeless assistance.

Homeless Radio Address Q&As
12/23/98

Q: What did the President announce in his phone call today?

A: Today President Clinton announced \$850 million in federal government grants to help homeless persons located in all fifty states obtain transitional housing, permanent housing, and other services. The grants from the Department of Housing and Urban Development (HUD) are part of President Clinton's ongoing Continuum of Care strategy to help break the cycle of homelessness and to create safe, affordable housing for those who need it most.

Q: What will the grants do?

A: The Continuum of Care grants include \$700 million to fund 1420 individual projects, including more than 1000 non-profit organizations who work with the homeless. The grants provide homeless people with transitional and permanent housing and fund supportive services such as job training, child care, substance abuse treatment, and mental health services. The non-profit organizations receiving funds include local chapters of the Salvation Army, Volunteers of America, and Catholic Charities. In addition, the President announced \$150 million of grants under the Emergency Shelter Grants program. This program assists communities in providing temporary emergency shelter and essential services, and preventing homelessness. Grants are allocated to States, metropolitan cities and urban counties based on a formula which uses several objective measures of community need, including poverty, population, housing overcrowding, age of housing, and growth.

Q: How many persons are homeless in the United States? Why are they homeless?

A: The Administration's Priority: Home! The Federal Plan to Break the Cycle of Homelessness states that there are as many as 600,000 homeless men, women, and children in the United States on any given night. The homeless population is a diverse group whose homelessness has been caused by a complex array of factors ranging from economic difficulties and lack of access to affordable housing to mental illness and problems with substance abuse. Approximately 20-25% of the homeless population is made up of families with children. An estimated one-third of the homeless population is experiencing mental illness, while at least 50% of those who are homeless may have substance abuse issues. Some have become homeless as a result of domestic violence, while others were forced into homelessness by a health crisis, such as HIV/AIDS. Roughly a third of the entire male adult homeless population are veterans, and as many as half of all homeless adult men have some kind of military experience.

Q: What has the Clinton Administration done up till now to address homelessness?

A: President Clinton has made addressing homelessness a top priority. Since taking office in 1993, President Clinton has overseen a more than 70 percent increase in McKinney Act homeless assistance, and the Administration has implemented the Continuum of Care approach to homelessness. This approach encourages communities to plan comprehensively for the full range of needs of poor and homeless people, and to coordinate services in a way that maximizes the impact of existing resources.

Q: What specifically is the Continuum of Care?

A: In 1993, HUD initiated a new strategy for reducing homelessness, requiring communities to establish "Continuum of Care" plans. A Continuum of Care plan is a coordinated community approach which focuses on ensuring that homeless persons move from homelessness into jobs and permanent housing. The key elements of a Continuum of Care community plan are: outreach and assessment; emergency shelter; transitional housing and services; permanent housing; and permanent supportive housing.

Under the innovative Continuum of Care program, each community submits a list of priority projects to HUD. The applications are evaluated on the basis of a number of factors, including the strategy for addressing homelessness, as well as the coordination and involvement of federal, state and local agencies, nonprofit organizations, homeless persons, and in many cases, local businesses.

Q: How is the Continuum of Care approach working?

A: The results of the Continuum of Care efforts over the last few years were documented in a 1996 report from the Barnard-Columbia Center for Urban Policy. The study found that as a result of such efforts, between 4 to 14 times as many homeless persons are receiving a wide-array of assistance to help them move into jobs and housing. The study also indicated that the number of children being assisted has grown from 6,500 in 1992 to 89,000 in 1995. The report pointed to a significant transformation in the way communities are addressing homelessness. The fragmented approach of the past has been replaced by comprehensive planning and coordinated housing and service delivery. The success of the Continuum of Care approach was recently recognized when it was named one of 25 finalists for the prestigious Harvard-Ford Foundation Excellence in Government Award.

Q: How much McKinney Act funding is in the FY '99 budget?

A: HUD's McKinney Act homeless assistance is funded at \$975 million in FY 1999, an increase of \$152 million or 18 percent over the 1998 enacted level of \$823 million. This is also an increase of \$403.4 million or 71 percent over the 1993 enacted level of \$571.6 million.

Q: *What McKinney Act programs are the grants awarded under?*

A: These grants are part of the Stewart B. McKinney Homeless Assistance Act which is the main federal program addressing homelessness. These grants provide funding under four HUD McKinney Act programs: the Emergency Shelter Grants program, the Supportive Housing Program (SHP); the Shelter Plus Care (S+C) program; and the Section 8 Mod Rehab Single Room Occupancy (SRO) program.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 12:37:08.00

SUBJECT: Re: More Detail on Excess Profit Options

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Yes, Option 2 sounds great.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 19:44:36.00

SUBJECT: SOTU Event Memo

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D62]MAIL43251106I.326 to ASCII,
The following is a HEX DUMP:

FF5750430D060000010A0201000000020500000084690000000200002ABEF4020110BB804ECB72
8815BBE361383C9C11A7E368A0A345035D8C3343F8BDC0A67317A77E15DC7BC53FD63547D527CF
5D1B183E1290D65A2C4D913D6EC5405371D7047C0E77B2171077EB05907A69376E4EF33980B2D6
632FDBC2151B2F67DC5AF45A00C3B84D214B792C81F267F84B8C51B13A3B2277C0DDF7100AAFC

December 7, 1998

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: BRUCE REED

SUBJECT: DPC STATE OF THE UNION ROLLOUT

Following is a list of possible announcements that the President could make prior to the State of the Union.

HEALTH CARE:

Week 1 Anti-Asthma Initiative

The President could unveil a new budget initiative that includes new funding for States to develop disease management programs through Medicaid and for EPA to conduct a national asthma awareness campaign, initiate community based activities to reduce asthma triggers in homes, and establish school based asthma programs in every community. This initiative is especially critical as the number of children afflicted with asthma has doubled to total about 6 million over the past 15 years.

Week 1 Bioterrorism Event

The President could announce a new budget initiative to protect the country from the devastation of disease outbreaks due to bioterrorist attacks or bacterial strains that are resistant to treatment. The new program provides funding for a new disease surveillance system to collect and analyze epidemiological information on disease outbreaks, training epidemic intelligence officers to identify and respond to attacks, developing a mass casualty emergency response system, maintaining a stockpile of pharmaceuticals, and developing new vaccines and antibiotics that could be used in the event of an attack.

Week 1 New Work Incentives initiative for people with disabilities.

The FY 2000 budget includes a historic workers incentive program that provides for continued and enhanced access to programs that empower people with disabilities to work. This package includes the Jeffords-Kennedy Work Incentives Improvement Act, which enables people with disabilities to go back to work by providing them with the option to buy into Medicaid and Medicare, a tax credit for work-related expenses for people with disabilities, a new program to integrate local employment-related and support services for adults

with disabilities, and new efforts to provide assisting technologies to people with disabilities. **The unemployment rate among the 30 million working-age adults with disabilities continues to be much higher than that of the general population --close to 75 percent for people with significant disabilities, who cite their inability to retain their health coverage as their main impediment to returning to work.** These announcements will reflect many of the recommendations included in the President's Task Force on Employment of Adults with Disabilities, and **the overall initiative is strongly supported by the disability community.** We may be able to coordinate the event with the bipartisan introduction of the Jeffords-Kennedy legislation.

Week 2 Nursing Home Event: Unveiling new sanctions and investments in quality

oversight for nursing homes. To preempt the release of a GAO report in early January by Senator Grassley that criticizes our nursing home quality enforcement record, this event could highlight our aggressive efforts and a new investment of over \$90 million dollars to implement effective nursing home enforcement tools and improved nursing home quality and safety standards. These include **proposing new Federal legislation imposing civil and criminal penalties on nursing homes committing repeated and egregious violations of Medicare or Medicaid regulations, increasing monitoring of facilities that are repeatedly in violation of quality standards,** and establishing a new national commission to study the quality of care providing in nursing homes and assisted living facilities.

Week 2 Long Term Care Initiative

The President could release new budget initiatives designed to address the growing national need for high quality long term care services, including a new multibillion dollar long term care tax credit, proposals that provide Federal employees the option of purchasing private long term care insurance, educate Medicare beneficiaries about available long term care options, and invest \$125 million dollars (if included in budget) in a new national program to support Americans who care for chronically ill or disabled family members or friends. About 2 million Americans live in nursing homes and another 5 million Americans live in the community, but have health problems that make them dependent on others for basic activities of daily living, such as bathing or dressing. This multi-faceted initiative addresses a growing problem and represents our first significant effort to introduce new long term care policy that is extremely important to the aging community.

Week 3 New Labeling Requirements for Over-The-Counter Drugs

The President could announce the release of a new regulation requiring

pharmaceutical companies to label over the counter drugs in easily read and understandable language, ensuring that millions of consumers understand how to take medication safely and effectively. Presently, labels for over the counter drugs are often printed too small to read and in language that is often difficult to understand. (This regulation will be ready for release in January; however, since it is not budget related it would be timely regardless of when it is released.)

Week 3 Preventing Genetic Discrimination

The President can challenge the Congress to pass bipartisan legislation that ensures that insurers and employers do not inappropriately utilize genetic information to discriminate against enrollees and employees. Presently, Americans are not adequately protected against companies who use this information as an excuse to deny them employment. (This is not budget related and could be held for a later time.)

Week 4 Children's Health Insurance Outreach Initiative

or Feb. The President would announce several new activities to identify and enroll eligible children in Medicaid or CHIP, including launching a national ad campaign that includes a 1-800 number sponsored by the NGA and announce other private sector initiatives. Last year, we created a \$24 billion Children's Health Insurance Program -- the largest health expansion for children in 30 years. However, over 10 million children are eligible for either Medicaid or CHIP but are not enrolled.

CRIME:

Week 1

Crime Statistics and COPS II Launch

The President could announce his budget proposal for COPS II in a large ceremony with the law enforcement community before the State of the Union. The President could hold this event on the same day the of the release of the Justice Department's 1997 National Crime Victimization Survey (NCVS), which will show a continued decrease in crime victimization rates to the lowest point since the survey first began. The NCVS will show that violent and property crime rates have dropped more than 20% since the President first took office and will provide the opportunity to highlight the success of the COPS program and build support for COPS II.

Week 1

"Zero Tolerance" for Drugs in Prisons

Following up on his directive calling for "zero tolerance" of drugs in prisons, the President could make a series of announcements reinforcing the Administration's strong commitment to using the coercive power of the criminal justice system to reduce drug use and crime.

Specifically, he could make the following announcements:

(1) The availability of up to \$50 million in FY 99 for prison drug testing/treatment. As part of the recent budget deal, the Administration fought for and won the flexibility for states to use their federal prison grants to drug test and treat prisoners/parolees. A state-by-state break-out of this funding could be released, as well as the official solicitation for funds. Also, MD Governor Glendening or Lt. Gov. Kennedy-Townsend -- who already plan to use these funds to test parolees -- could attend and speak in support of this initiative.

(2) \$200 Million in additional funding for FY 2000. The FY 2000 budget will include \$200 million to support drug testing, treatment and sanctions throughout the criminal justice system, and this information could be leaked as part of -- or just prior to -- the event.

(3) \$4 Million for Drug Detection in Prisons. ONDCP is prepared to release \$4 million in grants for 8 states (MD, CA, AZ, AL, FL, NJ, NY and KS) to implement drug detection technologies to help keep drugs from being smuggled into prisons.

(4) Report on Drug Testing/Treatment. The Justice Department is preparing a report that shows that more than 3/4 of prisoners have abused drugs in their past and that approximately 1/3 of state prisoners committed their crimes while under the influence of drugs. These rates are an increase since 1991.

Week 2

Gun Show Recommendations

The President can announce his support for Administrative actions and legislation to crack down on the sale of guns at gun shows. The Attorney General and Treasury Secretary will submit their report of recommendations for cracking down on gun shows to the President by January 7. The President could hold an event where he announces new Administrative actions that follow the recommendations in the report and his support for legislation to combat the sale of guns at gun shows.

WOMEN, CHILDREN, AND FAMILIES

Week 1

Title IX Executive Order

The President could sign an executive order as early as next week prohibiting discrimination on the basis of race, color, national origin, or sex in education programs conducted by the federal government. This includes schools operated by the Defense Department for military dependents, schools operated by the Department of the Interior for Native Americans, and numerous training and educational programs run by federal departments. This is a follow up to an Executive Memorandum the President issued last year asking the Department of Justice to lead an effort to identify all federally-conducted education programs and to recommend appropriate action to end discrimination.

Week 2 Child Care/Families

The President and First Lady could host a ceremony with child care advocates where the President previews the entire child care initiative in the State of the Union.

Week? Kids Aging Out of Foster Care

The President could join the First Lady in an event announcing the new budget initiatives on independent living/transitional living/Medicaid for children aging out of the foster care system.

Week 2-4 Mentoring Event

The President could join the First Lady in hosting a mentoring event in which he would announce \$16 million in mentoring grants, release a report on the effectiveness of mentoring, as well as promote a new PSA campaign on mentoring. We are also exploring additional mentoring announcements from the Department of Education.

Week 2 Equal Pay

The President could announce his budget proposals for the Administration to take action on this issue (without legislation). Specifically, the President could announce his budget proposals for 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 President could also announce his proposed funding for a Women in Non-Traditional Occupations Initiative within the Department of Labor, 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.

Week 3 or 4 Car Seat Announcement

The President could announce the final Department of Transportation rule for universal child safety seats. Under the new rule, every seat would be required to fit in every car the same way -- eliminating the current confusion caused by the existence of 100 kinds of child seats and 300 kinds of passenger vehicles. The National Highway Transportation Safety Administration estimates that 80 percent of the children strapped into safety seats are at risk because seats are improperly connected. Approximately 600 children under 5 years old are killed and more than 70,000 are injured in vehicle crashes every year. The new rule would make

it easier for parents to use child safety seats properly and encourage greater use of child safety seats.

EDUCATION:

Week 2 Ending Social Promotions

The President can visit a school system that is ending social promotion and roll out the after-school/ending social promotion FY2000 budget initiative. At this event, the President could release the Department of Education Guide to Ending Social Promotions. (A D.C. or Boston are both options.)

Week 2 School Accountability.

The President could roll out the FY2000 Excellence and Accountability Fund proposal that seeks to turn around failing schools. He could visit a school that exemplifies the policy. Maryland is intervening in schools in Baltimore and PG County, and there are a number of places in NYC we could go to as well.

Week 2 Class Size Reduction.

The President could announce Department of Education guidance for states and school districts for reducing class size. The President could visit a school with large classes to dramatize how much we can help or a school with small classes to hear parents and teachers talk about how wonderful small classes are. If the President can travel, visiting a Tennessee school would underscore that this really works.

Week 2-4 1000 New Teachers for Native American Students.

The President could announce his budget proposal to train 1000 new Native American teachers. 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.

WELFARE:

Week 1 Work Participation Rates and Welfare to Work Initiatives

The President could visit a welfare-to-work program or make an announcement from the White House on: (1) new state work participation rates, showing that almost all states are meeting the welfare law's single-parent requirements, although some are failing to meet the law's separate two-parent requirement (these rates, for July - September 1997, are the first available under the new welfare reform law) ; (2) new caseload data showing continuing declines; and (3)

new data on the number of people who were on welfare in 1997 and working in March 1998. This event could also be used to: (4) preview Welfare-to-Work reauthorization, including Responsible Fatherhood Grants.

Week 1 Child Support Law Enforcement Initiative and PSA

Unveil a new child support law enforcement initiative to double the number of prosecutions of egregious child support violators by providing resources to identify, investigate, and prosecute these cases. This effort will be part of a challenge to law enforcement in every state to join our national effort to ensure America's children receive the support that they need and deserve. At this event, the President could also unveil a new national public service announcement underscoring fathers' responsibility to pay child support.

FOOD SAFETY:

Week 2-4 Nationwide Crackdown on Food Safety

The President could announce his proposed budget initiative that would highlight safety standards and enforcement. Included in this initiative are (1) a repackaged and somewhat modified legislative proposal giving the FDA and USDA additional enforcement powers (e.g., mandatory recalls and civil penalties); (2) additional food-specific regulations and/or guidelines (e.g., for certain fruits and vegetables); and (3) more extensive adoption of our model codes for restaurants and food service workers. In addition, we will focus on improving coordination with state and local agencies that regulate food safety in order to develop a wholly integrated national inspection system.

TOBACCO:

Week ? Announcement on Recovering Federal Costs

Announce that we will seek to recover federal costs caused by tobacco, through our budget and through a federal lawsuit.

Week 2-4 Cessation Event

The President could issue a directive to the OPM requiring enhanced coverage for federal employees of smoking cessation services, either by raising coverage limits (now only \$100 for most fee for service plans) or waiving deductible and copayments. At the same time, he could unveil his plans to provide improved smoking cessation services to veterans and members of the armed forces. New cessation coverage will be part of a comprehensive anti-tobacco plan to increase military readiness.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 13:22:01.00

SUBJECT:

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

TO: Bradley M. Campbell (CN=Bradley M. Campbell/OU=CEQ/O=EOP @ EOP [CEQ])
READ:UNKNOWN

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

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

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

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

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

TO: Elizabeth J. Potter (CN=Elizabeth J. Potter/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Pieter J. Boelhouwer (CN=Pieter J. Boelhouwer/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

TO: Charles R. Marr (CN=Charles R. Marr/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.D65]MAIL46963465W.326 to ASCII,
The following is a HEX DUMP:

FF57504312080000010A020100000002050000004A220000000200007D4BFA2F69084792D5D6A6
B348BDD3FAF1D1C42B78F65CE48A448FD1174D0B9CD5A4D70F87A2A75756752DCF52138ADAE528
4271E88697CD9F4EC91729042B1EBBB30FD1F3AED15C71C18678201A8340C9CDFB34AFCF9F09FA

**Livable and Clean Communities Bonds
Talking Points**

draft 12/17/98

- **This proposal recommends the creation of a new financing mechanism -- Livable and Clean Communities Bonds (LCCBs) -- to raise funds to finance environment-related public projects.**
- **Sprawl and efforts to manage it -- loosely termed smart-growth -- are quickly emerging as a national issue. Over 75 percent of the 224 "livable communities" ballot measures voted on in the 1998 elections were passed. Many of these initiatives, such as the "Clean Michigan Bond Proposal", included funding for bonds to promote more livable communities and protect open space.**
- **Modeled on the school construction proposal, this bond initiative would provide new resources to local and state governments seeking to preserve open space, cleanup and redevelop brownfield sites, and restore community parks and important historic civic spaces.**
- **Like qualified zone academy bonds, this program would allow state and local governments to issue zero interest bonds to lenders who could claim a tax credit for the life of the bond in lieu of interest. The issue makes no principal or interest payments on the bond until maturity (13 years).**
- **The overall program would be capped at \$500 to \$700 million over five years. [Note: requiring the issuer to pay some amount of interest would increase the amount of bonds that could be issued for the stated revenue cost; the maturity could be extended to 15 or 20 years to stretch out the time the issuer has to raise funds to pay off the bonds).**
- **The allocation of the limited amount of Green Bond issuance authority would be made through an open competition, with State and local governments submitting plans for use of the bond proceeds to an inter-agency evaluation panel, chaired by EPA in consultation with the Departments of the Interior, Agriculture, Housing and Urban Development, and Treasury. The pool of available bond issuance authority would be divided in half, with one part reserved for a competition among the Nation's 100 largest cities and the other part reserved for a competition among the fifty States (the States, of course, could then use the bond proceeds to support projects sponsored by local governments).**
- **The availability of green bonds would encourage actions that recognize the relationship between land conservation and clean water, and development. (As an aside, note that 70 of the Nation's 75 largest cities were founded on a significant body of water.)**
- **A requirement for green bond issuance would be that 95 percent of the proceeds from sale of the bonds must be used for the purposes outlined in this proposal and in accordance with the plans submitted by the qualified applicants within 3 years of issuance of the bonds. Administrative expenses would not be considered in meeting this 95 percent test.**
- **Under the proposal, a menu of projects would be eligible for assistance. Projects available for assistance would include: 1) Open Space (Including Farmlands and Wetlands); 2) Water Pollution; 3) Brownfield Redevelopment.**
- **By having two enviro-economic development initiatives in our budget, it will increase the likelihood that "Expensing" will be accepted in return for dropping "green bonds."**
- **The proposal would require a competition among applicants for the bonds. One of the requirements for applicants would be to show regional cooperation and planning in their applications.**

- Will benefit wealthy people? The parks, open spaces, green ways, bike paths, etc. will be built throughout cities, benefiting everyone. Brownfields, are predominantly located in downtown and distressed communities, not the suburbs.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 16:14:58.00

SUBJECT: weekly

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

READ:UNKNOWN

TEXT:

For 10th graders, past 30-day use of marijuana declined from 20.5% to 18.7%, and cigarette use dropped from 29.8% to 27.6%.

Let me know if you need anything else.

LS

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 09:53:20.00

SUBJECT: More Detail on Excess Profit Options

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

TEXT:

Bruce you asked for more detail on the excess profits options. We now have three options. As I noted earlier, Treasury thinks we could credibly argue that the industry's making \$2.5 billion a year in excess profits (the possible range is \$1.5 billion a year (Gary Black's estimate) to \$4 billion a year).

Option 1: Tax on Profits. Companies would be required to report 1) receipts from tobacco sales and 2) costs of producing cigarettes (e.g., labor, equipment). A tax would be levied on the difference, or the difference that is deemed to be excess profits. Companies could lower their reported profits by shifting costs from the non-tobacco parts of the company to tobacco.

Option 2: Tax on Excess Receipts. An estimate would be made of how much in excess receipts the companies were obtaining by raising their prices above that needed to fund the settlement. For example, if the companies increased price per pack by an extra \$.20 an extra tax would be imposed on that amount. In practice, this would look a lot like an additional excise tax. This is the option Summers prefers.

Option 3: Surtax. The Treasury would determine what portion of company profits can be attributed to tobacco, and a surtax would be imposed as part of the corporate income tax on the tobacco-related profits. Canada is apparently currently doing this.

Treasury is working furiously through scoring an "A" list of uncontroversial offsets for the budget, and they consider this to be the top of the "B" list, and will probably get to it this weekend. In addition to talking directly to Treasury, I spoke to Chuck Marr who is pushing Treasury along as well.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 12:36:29.00

SUBJECT: Talking Points For POTUS Meeting On Green Bonds.

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

TO: Bradley M. Campbell (CN=Bradley M. Campbell/OU=CEQ/O=EOP @ EOP [CEQ])
READ:UNKNOWN

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

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

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

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

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

TO: Elizabeth J. Potter (CN=Elizabeth J. Potter/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Pieter J. Boelhouwer (CN=Pieter J. Boelhouwer/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 17:34:01.00

SUBJECT: weekly addition

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Bruce asks that we add the following point to the item on teacher recruitment/teacher scholarships.

You also asked about the FY2000 budget request for the National Board for Professional Teaching Standards. The budget includes 18.5 million for the board's work, the same level as last year.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 14:05:23.00

SUBJECT: Doug Austin is in your office 222 for interview

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

READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 14:05:42.00

SUBJECT: jeanne williams/Wall Street Journal

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

CC: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Jeanne (who now is one of the two primary Journal reporters covering the White House) is writing for Monday and needs to talk to each of you (actually either Bruce or Elena will do, but I'd like Bruce to do it if possible).

Basically the piece is how we're tending to substantive business while the impeachment process is going on. I think each of you knows the drill -- how the President is involved, whether he's focused, anecdotes, etc. I'm sure she'll try to squeeze some policy out as well, which there is no need to do here. Anyway, she could use a call today. Can we do that?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lotus Pager Gateway (Lotus Pager Gateway [UNKNOWN])

CREATION DATE/TIME:18-DEC-1998 14:07:38.00

SUBJECT: Re: Doug Austin is in your office 222 for interview (Sent to: ELENA KAGAN

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

READ:UNKNOWN

TEXT:

To: ELENA (Pager) #KAGAN

cc:

From: Elena Kagan

Date: 12/18/1998

Time: 14:04:44

Subject: Doug Austin is in your office 222 for interview

Body:

Priority:

Message history for recipient ELENA KAGAN [Pager]

Friday 18 Dec 1998 14:06:12 Eastern Standard Time - Message received by
Pager Gateway

Friday 18 Dec 1998 14:06:46 Eastern Standard Time - Message received by
Paging Service

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:20-DEC-1998 18:47:20.00

SUBJECT: Tobacco Attorneys Fees

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

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

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

TEXT:
Here's a summary from Eric on attorneys fees.===== ATTACHMENT 1 ===
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D2]MAIL43883145U.326 to ASCII,
The following is a HEX DUMP:

FF575043510E0000010A020100000002050000007621000000020000CF1B9F96F1CBB078866882
4D80AFF26D07028BC030B0F74B3DC9812596CEAE9D4D19604DB04C65CCEDB263669943357C9CE0
1B84AD6CAE8AB02F11061FADDF8BCA61848C69AFADF290D90FBB45FDBF041B13EE4AE8E310253E
7EA053C0B1CD2F722A676C84810F2E796EABA2636230E9C6CACB49DA460F69C931FD14F4F31523
5F421AC9B9BF20D6DEA2E9F76B041EED1BF4F312398D7722551A58429DA33A46E5A03B216F1760

Attorneys Fees Relating to Tobacco Settlements

All attorneys fees have been negotiated outside of the amounts settled by the states. Therefore, the attorneys fees already agreed to in MN, TX, FL, MS as well as any future fee awards will not directly affect state settlement amounts. However, the settlements cap industry annual payments at \$500 million annually, which means lawyers awarded fees in the future may have to wait for payments or have their settlement amortized over a number of years.

Minnesota: When Minnesota settled in May, 1998 the State had a contingency agreement with the law firm of Robins, Kaplan, Miller & Ciresi L.L.P for 25 percent of the settlement agreement. However, as part of the state settlement, the law firm released the State from the contingency contract and entered into a separate agreement with the tobacco industry for the payment of costs and attorneys fees. This was done so to separate the state settlement amount from the attorneys fees. The eventual consequence was that the legal team negotiated fees that were approximately 7 percent of the entire state settlement.

Texas, Florida, and Mississippi: On December 11, the Tobacco Fee Arbitration panel awarded \$8.2 billion in fees to attorneys representing Texas, Florida and Mississippi. The three-person panel awarded Florida's attorneys \$3.43 billion; Texas lawyers \$3.3 billion; and \$1.43 billion to Mississippi's attorneys. The tobacco industry will pay the legal fees in addition to the \$206 billion they agreed to pay in the November, 1998 settlement with 46 states. The awards will be paid out over 25 years, and the unpaid balance of the fees will be adjusted each year for inflation.

However, because the state settlement agreements for the three states included provisions requiring legal fees be capped at a level eventually reached by a national settlement, the industry will pay out no more than \$500 million in legal fees annually, which also includes yet-undetermined fees in the 46 other states. The three states were effectively "forced" into arbitration after the states refused to honor contingency agreements made between the firms and the Attorney General's offices. In Florida, the state argued that the attorney general did not have the authority to enter into such a contract. In percentage terms, the awards exceeded what the Florida, Texas and Mississippi attorneys likely could have claimed under their state agreements.

46 State Settlement: Since the majority of states "piggy-backed" their claims on the basis of Florida, Texas, and Mississippi's work, their claims are expected to be smaller and adjudicated quickly. The November omnibus state settlement spells out a two-tier system intended to effectuate quick settlement:

- 1. Liquidated Fees --** Attorneys representing states could apply for reimbursement on a liquidated basis if they are able to settle with the industry. So far eight states (WA, VT, NV, MT, AL, AZ, OR, ID) have settled directly with industry for \$220 million to be paid out over a short period. With an overall limit of \$1.25 billion, liquidated fees are the likely course to be taken by the majority of the remaining states. Liquidated fees will allow the states to settle quickly and avoid the annual limits for arbitration awards. Still, there is a \$250 million annual cap on liquidated fees and they will only be paid through 2003.

2. Arbitration -- For states unable to agree with industry on a liquidated amount, arbitration is available. The three-person panel will be similar to the structure that decided the Texas, Florida, and Mississippi cases. The members of the arbitration panel will consist of a neutral party (agreed to by industry and attorneys), an industry representative, and a representative of the respective state. Arbitration decisions will probably be based of the same criteria used in the recent cases -- a flat 10 percent of what the state was awarded in the agreement, plus a "risk" or "difficulty" factor. However, because the remaining states provided little support, their "risk" multiplier will be extremely low.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:20-DEC-1998 15:33:49.00

SUBJECT: Homeless event on the Wed Dec 23

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

TEXT:

FYI- The homeless grant announcement event for Wednesday, December 23 has been moved to Baltimore. It will be an actual event rather than a telephone call from the Oval.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:20-DEC-1998 18:48:13.00

SUBJECT: Use THIS version of: Tobacco Attorneys Fees

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Cynthia A. Rice

12/17/98 09:20:37 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Laura Emmett/WHO/EOP

cc:

Subject: Tobacco Attorneys Fees

Here's a summary from Eric on attorneys fees.

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D7]MAIL410931459.326 to ASCII,

The following is a HEX DUMP:

FF575043510E0000010A020100000002050000007621000000020000CF1B9F96F1CBB078866882
4D80AFF26D07028BC030B0F74B3DC9812596CEAE9D4D19604DB04C65CCEDB263669943357C9CE0
1B84AD6CAE8AB02F11061FADDF8BCA61848C69AFADF290D90FBB45FDBF041B13EE4AE8E310253E
7EA053C0B1CD2F722A676C84810F2E796EABA2636230E9C6CACB49DA460F69C931FD14F4F31523
5F421AC9B9BF20D6DEA2E9F76B041EED1BF4F312398D7722551A58429DA33A46E5A03B216F1760

Attorneys Fees Relating to Tobacco Settlements

All attorneys fees have been negotiated outside of the amounts settled by the states. Therefore, the attorneys fees already agreed to in MN, TX, FL, MS as well as any future fee awards will not directly affect state settlement amounts. However, the settlements cap industry annual payments at \$500 million annually, which means lawyers awarded fees in the future may have to wait for payments or have their settlement amortized over a number of years.

Minnesota: When Minnesota settled in May, 1998 the State had a contingency agreement with the law firm of Robins, Kaplan, Miller & Ciresi L.L.P for 25 percent of the settlement agreement. However, as part of the state settlement, the law firm released the State from the contingency contract and entered into a separate agreement with the tobacco industry for the payment of costs and attorneys fees. This was done so to separate the state settlement amount from the attorneys fees. The eventual consequence was that the legal team negotiated fees that were approximately 7 percent of the entire state settlement.

Texas, Florida, and Mississippi: On December 11, the Tobacco Fee Arbitration panel awarded \$8.2 billion in fees to attorneys representing Texas, Florida and Mississippi. The three-person panel awarded Florida's attorneys \$3.43 billion; Texas lawyers \$3.3 billion; and \$1.43 billion to Mississippi's attorneys. The tobacco industry will pay the legal fees in addition to the \$206 billion they agreed to pay in the November, 1998 settlement with 46 states. The awards will be paid out over 25 years, and the unpaid balance of the fees will be adjusted each year for inflation. However, because the state settlement agreements for the three states included provisions requiring legal fees be capped at a level eventually reached by a national settlement, the industry will pay out no more than \$500 million in legal fees annually, which also includes yet-undetermined fees in the 46 other states. The three states were effectively "forced" into arbitration after the states refused to honor contingency agreements made between the firms and the Attorney General's offices. In Florida, the state argued that the attorney general did not have the authority to enter into such a contract. In percentage terms, the awards exceeded what the Florida, Texas and Mississippi attorneys likely could have claimed under their state agreements.

46 State Settlement: Since the majority of states "piggy-backed" their claims on the basis of Florida, Texas, and Mississippi's work, their claims are expected to be smaller and adjudicated quickly. The November omnibus state settlement spells out a two-tier system intended to effectuate quick settlement:

- 1. Liquidated Fees --** Attorneys representing states could apply for reimbursement on a liquidated basis if they are able to settle with the industry. So far eight states (WA, VT, NV, MT, AL, AZ, OR, ID) have settled directly with industry for \$220 million to be paid out over a short period. With an overall limit of \$1.25 billion, liquidated fees are the likely course to be taken by the majority of the remaining states. Liquidated fees will allow the states to settle quickly and avoid the annual limits for arbitration awards. Still, there is a \$250 million annual cap on liquidated fees and they will only be paid through 2003.

2. Arbitration -- For states unable to agree with industry on a liquidated amount, arbitration is available. The three-person panel will be similar to the structure that decided the Texas, Florida, and Mississippi cases. The members of the arbitration panel will consist of a neutral party (agreed to by industry and attorneys), an industry representative, and a representative of the respective state. Arbitration decisions will probably be based of the same criteria used in the recent cases -- a flat 10 percent of what the state was awarded in the agreement, plus a "risk" or "difficulty" factor. However, because the remaining states provided little support, their "risk" multiplier will be extremely low.

Automated Records Management System
Hex-Dump Conversion

Attorneys Fees Relating to Tobacco Settlements

All attorneys fees have been negotiated outside of the amounts settled by the states. Therefore, the attorneys fees already agreed to in MN, TX, FL, MS as well as any future fee awards will not directly affect state settlement amounts. However, the settlements cap industry annual payments at \$500 million annually, which means lawyers awarded fees in the future may have to wait for payments or have their settlement amortized over a number of years.

Minnesota: When Minnesota settled in May, 1998 the State had a contingency agreement with the law firm of Robins, Kaplan, Miller & Ciresi L.L.P for 25 percent of the settlement agreement. However, as part of the state settlement, the law firm released the State from the contingency contract and entered into a separate agreement with the tobacco industry for the payment of costs and attorneys fees. This was done so to separate the state settlement amount from the attorneys fees. The eventual consequence was that the legal team negotiated fees that were approximately 7 percent of the entire state settlement.

Texas, Florida, and Mississippi: On December 11, the Tobacco Fee Arbitration panel awarded \$8.2 billion in fees to attorneys representing Texas, Florida and Mississippi. The three-person panel awarded Florida's attorneys \$3.43 billion; Texas lawyers \$3.3 billion; and \$1.43 billion to Mississippi's attorneys. The tobacco industry will pay the legal fees in addition to the \$206 billion they agreed to pay in the November, 1998 settlement with 46 states. The awards will be paid out over 25 years, and the unpaid balance of the fees will be adjusted each year for inflation. However, because the state settlement agreements for the three states included provisions requiring legal fees be capped at a level eventually reached by a national settlement, the industry will pay out no more than \$500 million in legal fees annually, which also includes yet-undetermined fees in the 46 other states. The three states were effectively "forced" into arbitration after the states refused to honor contingency agreements made between the firms and the Attorney General's offices. In Florida, the state argued that the attorney general did not have the authority to enter into such a contract. In percentage terms, the awards exceeded what the Florida, Texas and Mississippi attorneys likely could have claimed under their state agreements.

46 State Settlement: Since the majority of states "piggy-backed" their claims on the basis of Florida, Texas, and Mississippi's work, their claims are expected to be smaller and adjudicated quickly. The November omnibus state settlement spells out a two-tier system intended to effectuate quick settlement:

- 1. Liquidated Fees --** Attorneys representing states could apply for reimbursement on a liquidated basis if they are able to settle with the industry. So far eight states (WA, VT, NV, MT, AL, AZ, OR, ID) have settled directly with industry for \$220 million to be paid out over a short period. With an overall limit of \$1.25 billion, liquidated fees are the likely course to be taken by the majority of the remaining states. Liquidated fees will allow the states to settle quickly and

avoid the annual limits for arbitration awards. Still, there is a \$250 million annual cap on liquidated fees and they will only be paid through 2003.

2. Arbitration -- For states unable to agree with industry on a liquidated amount, arbitration is available. The three-person panel will be similar to the structure that decided the Texas, Florida, and Mississippi cases. The members of the arbitration panel will consist of a neutral party (agreed to by industry and attorneys), an industry representative, and a representative of the respective state. Arbitration decisions will probably be based of the same criteria used in the recent cases -- a flat 10 percent of what the state was awarded in the agreement, plus a "risk" or "difficulty" factor. However, because the remaining states provided little support, their "risk" multiplier will be extremely low.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Janelle E. Erickson (CN=Janelle E. Erickson/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:21-DEC-1998 13:22:19.00

SUBJECT: Tobacco Conf Call

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

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

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

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

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

TEXT:
Tobacco Conference Call, today, 4:00 PM
6-6755 or 6-6766 code 2095

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 21-DEC-1998 14:01:54.00

SUBJECT: President's Trip to Baltimore

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

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

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

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

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

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

TO: George T. Frampton (CN=George T. Frampton/OU=CEQ/O=EOP @ EOP [CEQ])
READ: UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

TEXT:

On Wednesday, December 23, the President will travel to Baltimore to announce HUD grants. Deadlines for the Trip Book are as follows:

Background Memos (MD): DUE TUESDAY, DECEMBER 22, NOON

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

Event Memo: DUE TUESDAY, DECEMBER 22, 6:00 P.M.

- HUD Grant Announcement Event

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

--David Goodfriend

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:21-DEC-1998 19:11:48.00

SUBJECT: Extending Welfare to Work Tax Credit for more than 6 months

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:

I understand there's a possibility that we'd propose to only extent the Welfare to Work tax credit for 6 months. As you know, many of the Welfare to Work Partnership companies have lobbied for this tax credit and think it's important to their efforts, and I think a proposed extension of less than a year would be viewed as walking away from an initiative we spent a lot of time bragging about in '96 and '97. I think they'll be pressure from others to extend the other credits (e.g. R&E) for longer, so at least make sure we don't get left behind!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:21-DEC-1998 18:25:13.00

SUBJECT: radio address paper

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

This is the draft drunk driving paper for the radio address. It contains the information on the proposed rule which Jose' raised at team leaders this morning.

Since this morning, I found out about yet another possible announcement -- the release of an HHS/SAHMSA first-time study: Driving After Alcohol and Drug Use. This has some interesting data, including an estimate that over 46 million drivers used alcohol or drugs within two hours prior to driving. HHS is going to confirm tomorrow morning whether they can release this for Saturday. They sounded pretty optimistic that it could be done. I've included language on this for the press paper, in case we can use the report. I can also draft up a version without it, in case it drops out.

Let me know if you have any questions.

Thanks,
Leanne

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D63]MAIL45491106C.326 to ASCII,
The following is a HEX DUMP:

```
FF57504370040000010A02010000000205000000AE34000000020000853EC38E72213E897E6AF4
3D56A350CC98FA0EE9C3AC0F69CEF058AB068AA5EAF442CD63BEAE78DB36FB739462E44393506
E7371D6CB65FF0E2B75DB4248DC7FE032098E683F3280FB4E4CCE81BB22064993126C0E629306F
0337F79ECD7F9D019863708B49D9CCB33EB3888BE1C8598C48181E446B0D0020DEB42AA005D06D
```

**Drunk Driving Radio Address
Questions and Answers
December 26, 1998**

SAHMSA Study

Q. What were the other findings from this study?

A. The President will release the findings of a Department of Health and Human Service (HHS) study which estimates that 28% -- 46.5 million -- of the 166 million drivers in the U.S. used either drugs or alcohol or both within two hours of driving. The vast majority of the total, 38 million, were drivers who drank alcohol within two hours of driving. Other key findings from the *Driving After Alcohol and Drug Use* study include:

- Driving after drug use was more common among drivers who were young -- 13% for those age 16 to 20 vs. 5% for those age 21 and older;
- An estimated 5% (9 million) of drivers operated a motor vehicle within two hours after drug use with or without alcohol;
- Marijuana was the illicit drug used most often by drivers who drove after drug use (used by 70% of those who drove after drug use);
- Driving after alcohol use was more common among males (31%) than females (14%);
- Female drivers age 21 and older who drove after drinking generally had higher average blood alcohol concentration (BAC) levels than men the same age; and
- Young drivers between the ages of 16-20 were more likely than older drivers to report binge drinking (consuming 5 or more drinks) on the most recent occasion they drove after alcohol use.

This first-time study is a collaborative effort by the Substance Abuse and Mental Health Services Administration (SAHMSA) and the National Highway Traffic Safety Administration (NHTSA). The findings were based on data from the 1996 National Household Survey on Drug Abuse and interviews with nearly 12,000 drivers.

Underage Drinking Grants

Q. Can you provide greater detail about the federal funding announced by the President?

- A. The President announced the availability of \$25 million for States to combat underage drinking. The program is administered by the Office of Juvenile Justice and Delinquency Prevention at the Department of Justice. Under the program, each State can receive \$360,000 to support and enhance their efforts to prohibit and prevent the sale and consumption of alcoholic beverages by minors. For example, States can use funds to create task forces of state and local law enforcement and prosecutorial agencies to target establishments suspected of a pattern of violating State laws, or to create links with private efforts to inform both businesses and youths of the consequences of illegal alcohol sales and purchases. Five million dollars of the \$25 million total will be made available for discretionary grants to support similar activities.

Department of Transportation Interim Rule

- Q. Can you provide greater detail on the interim rule and the Section 410 program?**

- A. The interim final rule -- which will be published in the Federal Register next week -- sets forth new procedures by which States can qualify for Section 410 alcohol-impaired driving incentive grants, administered through the Department of Transportation. The Section 410 grant program was reauthorized in the Transportation Equity Act for the 21st Century (TEA-21) signed by the President earlier this year.

New qualifying programs for Section 410 grants include: graduated licensing for young drivers, programs to target young adult drivers (ages 21-34) for drinking and driving, graduated penalties for high-BAC drivers, and testing drivers in fatal crashes for blood alcohol content. In addition, States can receive Section 410 grants by meeting certain performance criteria based on alcohol fatality rates. States may only use grant funds to implement and enforce impaired driving programs.

In addition to revising the eligibility criteria, TEA-21 significantly increased funding for Section 410 grants in TEA-21 to \$219.5 million over six years -- a 65% increase over its previous authorization level in ISTEA.

.08 Blood Alcohol Content

- Q. Why is the President continuing to push for .08 BAC legislation when the Congress refused to include the measure in the omnibus highway bill enacted earlier this year? Why should the Congress enact .08 legislation with sanctions when they just enacted a \$500 million incentive grant program to encourage states to adopt .08 laws?**

- A. While we hope the incentive grants will serve to encourage more states to pass life-saving

.08 laws, they are only a first step. The President believes we must continue to push for a measure to help ensure that all 50 states have .08 laws -- and sanctions have been an effective tool to accomplish similar objectives. Zero tolerance for youth drinking and driving is a good example. Before the President fought for and signed this into law in 1995, after years of incentive grants, only 24 states had zero tolerance laws. Three years after he signed a law which required states to have zero tolerance or risk losing highway funds, all 50 states and D.C. now have them. The same thing happened with the minimum drinking age, which has been credited with saving thousands of lives. We could save an estimated 500 - 600 lives a year if every state had an .08 law -- which is why the President refuses to relent on this issue.

Q. In March 1998, the President signed a directive to Secretary Slater to, among other things, make .08 BAC the standard on federal property. What is the status?

A. The Department of Transportation has been working with affected federal agencies to accomplish the President's directive. Department of Interior's The National Park Service is in the process of developing a rulemaking to amend its relevant regulation to lower the legal limit in park areas to .08 BAC. Similarly, the Department of Defense has initiated plans to amend all applicable internal directives and regulations to lower the legal limit on military installations. The Joint Service Committee on Military Justice is developing legislation to amend their Uniform Code of Military Justice, which provides the impaired driving penalties for military personnel. And the U.S. Coast Guard is working to establish a .08 BAC standard on our nation's waterways to reduce the number of alcohol-related recreational boating casualties.

Q. Is there any evidence that lowering the limit from .10 blood alcohol content (BAC) to .08 BAC has any real effect on reducing the number of alcohol-related crashes?

A. Yes. To date, four studies have evaluated the effects of .08 BAC laws in the United States. Each study has shown that lowering the BAC limit to .08 was associated with significant reductions in alcohol-related fatal crashes. One key study of five states that lowered their BAC limit to .08 found that drunk driver fatalities were reduced by an average of 16%. And a Boston University study concluded that when all states lower their BAC limits to .08, alcohol-related deaths are expected to decrease by about 500 to 600 every year.

Q. What are some of the most recent statistics on drunk driving?

A. The most recent comprehensive statistics were released earlier this summer by the Department of Transportation, collected by the Fatality Analysis Reporting System (FARS). Some of the key findings from the 1997 FARS report include:

- Fewest alcohol-related deaths since 1975. The rate of alcohol-related crashes fell

from nearly 41% in 1996 to 38.6% in 1997 -- the first time that the rate dropped below 40% and the fewest number of alcohol-related fatalities since the Transportation Department began record-keeping in 1975. And since 1982, the overall number of alcohol-related fatalities has dropped by more than one-third.

- Decline in youth killed by drunk drivers. The 1997 FARS data also shows that alcohol-related deaths among 15 to 20 year-olds dropped 5%, from 2,324 in 1996 to 2,209 in 1997.
- Alcohol a large factor in fatal crashes. Alcohol was involved in 7.0% of all crashes, but 38.6% of all fatal crashes. Three out of every 10 Americans will be involved in an alcohol-related crash some time in their lives.
- States with lowest alcohol related fatalities: Utah had the lowest percentage of alcohol-related fatalities (20.6%), followed by New York (27.4%). Kansas and Arkansas were the only other states with alcohol-related fatality rates under 30%.
- Modest decline in overall number of fatalities. Fatalities dropped slightly from 42,065 in 1996 to 41,967 in 1997 -- 98 fewer deaths. The rounded fatality rate dropped from 1.7 deaths per 100 million vehicle miles traveled to 1.6 deaths -- despite increased travel and higher speed limits. Sixty-three percent of those killed on the highways were not wearing seat belts.

Q. Why is December Drunk and Drugged Driving Prevention Month?

- A. Traditionally, December is a month of holiday parties, increased travel, and new Year's Eve celebrations. All of these events contribute to more vehicles on the road and more impaired drivers. Between 1988-1997, a total of 15,577 people lost their lives in alcohol-related crashes during the month of December alone. And while the annual number of drunk driving fatalities is 35% less than a decade ago, the number of people who are killed in drunk driving crashes is still far too high. During "3D Prevention Month", federal, state, and local governments work with safety activists, law enforcement, businesses and medical professionals, schools, and others to host thousands of local activities with a single emphasis: to reduce impaired driving crashes, injuries, and fatalities.

Combating Drunk Driving and Underage Drinking

December 26, 1998

In his radio address to the nation, President Clinton will release the findings of a new study which shows that within one year, an estimated 46 million American drivers used alcohol and/or drugs within two hours prior to getting behind the wheel of a car. To address this problem, President Clinton will announce: (1) the availability of \$25 million in Justice Department grants to combat underage drinking; (2) the issuance of an interim rule by the Department of Transportation to strengthen state efforts against drinking and driving; and (3) a renewed challenge to Congress to save lives by setting a nationwide drunk driving standard of .08 blood alcohol content (BAC).

Drinking and driving remains a serious problem

- **New survey documents alcohol and drug use among drivers.** The President will release the findings of a Department of Health and Human Service (HHS) study which estimates that within one year, 28% -- 46.5 million -- of the 166 million drivers in the U.S. used either drugs or alcohol or both within two hours of driving. The vast majority of the total, 38 million, were drivers who drank alcohol within two hours of driving. This first-time study is a collaborative effort by the Substance Abuse and Mental Health Services Administration (SAMHSA) and the National Highway Traffic Safety Administration (NHTSA). The findings were based on data from the 1996 National Household Survey on Drug Abuse and interviews with nearly 12,000 drivers.

Taking action to keep our streets safe

- **Keeping youth sober and safe.** The President will announce that the Justice Department will make \$25 million available to help states curb underage drinking. About one-third of all motor vehicle fatalities involving youths ages 15 to 20 are alcohol-related. The Combating Underage Drinking initiative, administered by the Office of Juvenile Justice and Delinquency Prevention, will provide grants to support and enhance the enforcement and prevention efforts of states and localities to prohibit the sale and consumption of alcoholic beverages by minors.
- **Giving states new incentives.** The President will announce the issuance of a new rule by the Transportation Department to help strengthen state efforts to combat impaired driving. The interim final rule will set forth new criteria by which states can qualify for grants from the Section 410 Alcohol-Impaired Driving Grant Incentive Program, including: imposing graduated licenses for young drivers, testing BAC levels in fatal crashes, and establishing programs to target drinking and driving by young adults (ages 21-34). The Transportation Equity Act for the 21st Century, signed into law by President Clinton this summer, authorizes \$219.5 million over 6 years -- a 65% increase -- to continue the Alcohol-Impaired Driving Grant Incentive Program.
- **Fighting for a tough national impaired driving standard.** President Clinton will reiterate his challenge to Congress to enact legislation that makes .08 BAC the legal limit for impaired driving when it returns next year. It has been estimated that if all states had .08 laws, alcohol-related deaths would decrease by 500 to 600 per year. The President supports bipartisan legislation that would give states three years to enact .08 legislation, or risk losing highway funds. Sixteen states and D.C. have already adopted .08 laws: UT, OR, ME, CA, VT, KS, NC, NM, NH, FL, VI, HI, AL, ID, IL, and WA.

President Clinton: A record of leadership

- **Fewest alcohol-related deaths since 1975.** Earlier this year, the Transportation Department released data showing that the rate of alcohol-related crashes fell from nearly 41% in 1996 to 38.6% in 1997 – the first time that the rate dropped below 40% and the fewest number of alcohol-related fatalities (16,189) since the Transportation Department began record-keeping in 1975. Since 1982, the number of alcohol-related fatalities has dropped by more than a third.
- **Zero tolerance for underage drinking and driving the law in 50 States.** In 1995, President Clinton fought for and signed legislation requiring states to have “zero alcohol tolerance” laws for underage drinking and driving by October 1, 1998, or risk losing highway funds. At that time, just 24 states and D.C. had zero tolerance laws. Today, all 50 states have zero tolerance laws on the books.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:21-DEC-1998 12:03:13.00

SUBJECT: Budget Update

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

READ:UNKNOWN

TEXT:

BR/EK:

Per your request for your 1pm meeting:

Totals for New Crime Initiatives:

COPS II: \$1.275 billion (\$625 M new, \$650 M from base/DOJ)

- \$600 M for hiring (includes 10,000 cops, Police Corps, retention waivers)
- \$350 M for technology
- \$125 M for improved communications (interoperability, 3-1-1, laptops)
- \$125 M for crime fighting technologies (DNA backlog, crime labs, Brady)
- \$100 M for crime analysis (crime mapping, local crime surveys)
- \$200 M for community-based prosecutors (2,000 prosecutors, training)
- \$125 M for community crime prevention (values-based, community groups)

Drug Testing/Treatment: \$215 million (\$15 M new, \$200 from base/DOJ)

- \$100 M for drug testing/intervention (prisoners, parolees and probationers)
- \$50 M for expanded drug courts (\$10 M plus up from last year)
- \$65 M for residential drug treatment in prisons (mostly from base)

Certainty of Punishment: \$35 million (\$35 from base/DOJ)

- \$35 M for alternatives to incarceration (community corrections, supervision)
- originally coupled w/\$5 million earmark for youth courts in Indian country

Firearms Enforcement: \$15 million (not yet funded)

- \$15 M for about 125 new ATF agents (Brady cases, trafficking and gun shows)
- can be coupled w/the following for larger gun initiative:
 - \$34 M for YCGII funding, includes \$6 M in new funding
 - \$5 M in new DOJ funding for more prosecutors
 - up to \$50 M in earmarks for new police/prosecutors from COPS II

Other Initiatives: \$10 million (\$10 M new)

- \$6 M for Prison Work program to increase prisoner employment in states
- \$4 M to accelerate research on child-proof guns and hand-held gun detector

***PRESIDENT CLINTON ANNOUNCES \$850 MILLION IN GRANTS
TO HELP MORE THAN 330,000 HOMELESS AMERICANS***

December 23, 1998

Today President Clinton will announce \$850 million in grants to help more than 330,000 homeless people in all fifty states obtain housing and receive vital social services. The grants, issued by the Department of Housing and Urban Development (HUD), are part of President Clinton's Continuum of Care strategy to create safe, affordable housing and break the cycle of homelessness.

Continuum of Care Grants for the Homeless

The President will announce \$700 million in Continuum of Care competitive grants to help homeless persons in 307 communities located in 46 states, the District of Columbia, and Puerto Rico. The grants provide homeless people with transitional and permanent housing and fund social services such as job training, child care, substance abuse treatment, and mental health services. The grants are provided under the Stewart B. McKinney Homeless Assistance Act and fund 1420 individual projects including more than 1000 non-profit organizations. The non-profit organizations receiving funds include local chapters of the Salvation Army, Volunteers of America, and Catholic Charities.

Emergency Shelter Grants

The President will also announce \$150 million in funding for the Emergency Shelter Grants program. Under this program, states and cities select local projects to receive funding. The funds are distributed through a formula based on a community's housing and poverty needs. Attached is a state by state list of funds that will be distributed under the Continuum of Care and Emergency Shelter Grants program.

President Clinton's Continuum of Care Program to End the Cycle of Homelessness

President Clinton's Continuum of Care program, initiated in 1993, requires local public and private agencies to work together to create a comprehensive plan to address the needs of poor and homeless people, and to coordinate services to use resources most efficiently. The goal of the Continuum of Care strategy is to give communities the decision-making authority to craft plans that move away from short-term emergency measures and toward permanent solutions that help homeless people become self-sufficient. Under the Continuum of Care program, each community submits a list of priority projects to HUD. The applications are evaluated on the basis of the strategy for addressing homelessness, including the coordination and involvement of federal, state and local agencies, nonprofit organizations, homeless persons, and in many cases, local businesses. Since taking office in 1993, President Clinton has overseen a more than 70

percent increase in McKinney Act homeless assistance.

Automated Records Management System
Hex-Dump Conversion

Homeless Event Q&As
12/23/98

Q: What did the President announce today?

A: Today President Clinton announced \$850 million in federal government grants to help more than 330,000 homeless persons located in all fifty states obtain transitional housing, permanent housing, and other services. The grants from the Department of Housing and Urban Development (HUD) are part of President Clinton's ongoing Continuum of Care strategy to help break the cycle of homelessness and to create safe, affordable housing for those who need it most.

Q: What will the grants do?

A: The Continuum of Care grants include \$700 million to fund 1420 individual projects, including state and local governments and more than 1000 non-profit organizations who work with the homeless. These competitive grants enable organizations to provide homeless people with transitional and permanent housing and fund supportive services such as job training, child care, substance abuse treatment, and mental health services. The non-profit organizations receiving funds include local chapters of the Salvation Army, Volunteers of America, and Catholic Charities. In addition, the President announced \$150 million of grants under the Emergency Shelter Grants program. This program assists communities in providing temporary emergency shelter and essential services, and preventing homelessness. Grants are allocated to States, metropolitan cities and urban counties based on a formula which uses several objective measures of community need, including poverty, population, housing overcrowding, age of housing, and growth.

Q: How much total grant money did Baltimore receive?

A: Under the Continuum of Care grants, Baltimore received \$6.6 million in 1997 and will receive \$7.3 million this year. Under the Emergency Shelter Grant Program, Baltimore received 1,360,000 last year and will receive \$1,040, 000 this year. In total for this year, year, Baltimore will receive approximately \$8.3 million.

Q: How many persons are homeless in the United States? Why are they homeless?

A: The Administration's Priority: Home! The Federal Plan to Break the Cycle of Homelessness states that there are as many as 600,000 homeless men, women, and children in the United States on any given night. The homeless population is a diverse group whose homelessness has been caused by a complex array of factors ranging from

economic difficulties and lack of access to affordable housing to mental illness and problems with substance abuse. Approximately 20-25% of the homeless population is made up of families with children. An estimated one-third of the homeless population is experiencing mental illness, while at least 50% of those who are homeless may have substance abuse issues. Some have become homeless as a result of domestic violence, while others were forced into homelessness by a health crisis, such as HIV/AIDS. Roughly a third of the entire male adult homeless population are veterans, and as many as half of all homeless adult men have some kind of military experience.

Q: What has the Clinton Administration done up till now to address homelessness?

A: President Clinton has made addressing homelessness a top priority. Since taking office in 1993, President Clinton has overseen a more than 70 percent increase in McKinney Act homeless assistance, and the Administration has implemented the Continuum of Care approach to homelessness. This approach encourages communities to plan comprehensively for the full range of needs of poor and homeless people, and to coordinate services in a way that maximizes the impact of existing resources.

Q: What specifically is the Continuum of Care?

A: In 1993, HUD initiated a new strategy for reducing homelessness, requiring communities to establish "Continuum of Care" plans. A Continuum of Care plan is a coordinated community approach which focuses on ensuring that homeless persons move from homelessness into jobs and permanent housing. The key elements of a Continuum of Care community plan are: outreach and assessment; emergency shelter; transitional housing and services; permanent housing; and permanent supportive housing.

Under the innovative Continuum of Care program, each community submits a list of priority projects to HUD. The applications are evaluated on the basis of a number of factors, including the strategy for addressing homelessness, as well as the coordination and involvement of federal, state and local agencies, nonprofit organizations, homeless persons, and in many cases, local businesses.

Q: *How is the Continuum of Care approach working?*

A: The results of the Continuum of Care efforts over the last few years were documented in a 1996 report from the Barnard-Columbia Center for Urban Policy. The study found that as a result of such efforts, between 4 to 14 times as many homeless persons are receiving a wide-array of assistance to help them move into jobs and housing. The study also indicated that the number of children being assisted has grown from 6,500 in 1992 to 89,000 in 1995. The report pointed to a significant transformation in the way communities are addressing homelessness. The fragmented approach of the past has been

replaced by comprehensive planning and coordinated housing and service delivery. The success of the Continuum of Care approach was recently recognized when it was named one of 25 finalists for the prestigious Harvard-Ford Foundation Excellence in Government Award.

Q: How much McKinney Act funding is in the FY '99 budget?

A: HUD's McKinney Act homeless assistance is funded at \$975 million in FY 1999, an increase of \$152 million or 18 percent over the 1998 enacted level of \$823 million. This is also an increase of \$403.4 million or 71 percent over the 1993 enacted level of \$571.6 million.

Q: *What McKinney Act programs are the grants awarded under?*

A: These grants are part of the Stewart B. McKinney Homeless Assistance Act which is the main federal program addressing homelessness. These grants provide funding under four HUD McKinney Act programs: the Emergency Shelter Grants program, the Supportive Housing Program (SHP); the Shelter Plus Care (S+C) program; and the Section 8 Mod Rehab Single Room Occupancy (SRO) program.