

**NLWJC - KAGAN**

**EMAILS RECEIVED**

**ARMS - BOX 045 - FOLDER -010**

**[02/25/1999]**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Christopher F. Edley, Jr." <edley@law.harvard.edu> ( "Christopher F. Edley

CREATION DATE/TIME:25-FEB-1999 08:36:41.00

SUBJECT: Your Police Brutality Meeting

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

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

CC: Ora Theard ( CN=Ora Theard/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

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

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

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

CC: Thurgood Marshall Jr ( CN=Thurgood Marshall Jr/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

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

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

CC: Robert B. Johnson ( CN=Robert B. Johnson/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

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

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

CC: Jose\_Cerda.\_III@lmgate2.eop.gov ( Jose\_Cerda.\_III@lmgate2.eop.gov [ UNKNOWN ] )  
READ:UNKNOWN

TEXT:

Unable to convert ARMS\_TST:[MESSAGE.D73]ARMS19495306H.036  
The following is a HEX dump of the file:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Christopher F. Edley, Jr." ( "Christopher F. Edley, Jr." [ UNKNOWN ] )

CREATION DATE/TIME:25-FEB-1999 08:36:46.00

SUBJECT: Your Police Brutality Meeting

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

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

CC: Ora Theard ( CN=Ora Theard/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

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

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

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

CC: Thurgood Marshall Jr ( CN=Thurgood Marshall Jr/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

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

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

CC: Robert B. Johnson ( CN=Robert B. Johnson/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

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

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

CC: Jose\_Cerda.\_III@lmgate2.eop.gov ( Jose\_Cerda.\_III@lmgate2.eop.gov [ UNKNOWN ] )  
READ:UNKNOWN

TEXT:

Unable to convert ARMS\_TST:[MESSAGE.D74]ARMS13595306J.036  
The following is a HEX dump of the file:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Christopher F. Edley, Jr." ( "Christopher F. Edley, Jr." [ UNKNOWN ] )

CREATION DATE/TIME:25-FEB-1999 08:37:53.00

SUBJECT: Your Police Brutality Meeting

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

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

CC: Ora Theard ( CN=Ora Theard/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

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

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

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

CC: Thurgood Marshall Jr ( CN=Thurgood Marshall Jr/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

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

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

CC: Robert B. Johnson ( CN=Robert B. Johnson/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

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

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

CC: Jose\_Cerda.\_III@lmgate2.eop.gov ( Jose\_Cerda.\_III@lmgate2.eop.gov [ UNKNOWN ] )  
READ:UNKNOWN

TEXT:

Note: Some recipients have been dropped due to syntax errors. Please refer to the "\$A I'm sorry a meeting with the VP prevented me from attending the meeting, which I gather was very productive. (I should stay away from more meetings.)

I just wanted to add an option for future consideration: Asking the US Civil Rights Commission to study the "the problem" -- and I'd consult with Chairman Mary Frances Berry on the deiniftion of "the problem" to include in the the PResident's charge to the Commission.

Finally, with specific reference to NYC, I just want to remind everyone that the Mayor has suffered a serious political body blow in his approval

ratings among all groups based on his handling of this matter: his eagerness to stand by the police department, emphasizing that most cops are great Americans, and his reticence to express a sense of shock or outrage, and stand shoulder-to-shoulder (figuratively) with people who are upset and want better accountability for police misconduct.

Comparable reticence from the President would be unfortunate, and I doubt it would reflect who he is. He should be allowed to decide whether, when and how to speak. And he should be given the choice urgently, before the Administration takes body blows, too.

Professor Christopher Edley, Jr.

Harvard Law School,

Cambridge MA 02138

(617)-495-4614; (f) 496-5156

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 08:48:57.00

SUBJECT: VP Leak strategy

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

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

TEXT:

I (we) want to make sure that you two have signed off on everything we do and leak. If you are not happy with the process I take that very seriously and want to change how we do things to accomodate your directions.

I believe the best time to do this is at Lockhart's leak meeting. He had one yesterday in which we discussed the W2W strategy and got sign-off from everyone in the room. If you two are not in those meeting and can not attend, do you want me to track back with you to discuss?

I need to let you know that our proposed press plan is done one week in advance and is distributed to your folks.

None of this is to be competitive, it is just bad communication at this point, which I have a great desire in straightening out.

You two have been wonderful to us and done a great deal of work on behalf of the VP. I honestly did not realize you all were not in the loop when I write memos or attend meetings to discuss our proposed plans. If that is not the case I will do whatever I can to help this process.

If you two would like I am more than happy to sit down with the two of you once a week to discuss what we are planning on doing and the press strtaegy around it.

Thank you for all your efforts and I apologize for anything I have done to help confuse things.

Pat

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Irene Bueno ( CN=Irene Bueno/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:25-FEB-1999 09:05:18.00

SUBJECT: Public Charge 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: Devorah R. Adler ( CN=Devorah R. Adler/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

CC: J. Eric Gould ( CN=J. Eric Gould/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

CC: Christopher C. Jennings ( CN=Christopher C. Jennings/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:

According to James Costello (DOJ), they are preparing a memo for the AG's review. They expect to give the AG the memo at the end of this week and that she would want about 10 days to review the memo and the options. I stressed the importance of resolving this issue in light of the Urban Institute study that will be released next week. I expect that James will give us another update at the immigration meeting this morning at 11 am.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jeffrey A. Shesol ( CN=Jeffrey A. Shesol/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:25-FEB-1999 09:57:21.00

SUBJECT: draft actuality -- comments to Jeff Shesol 6-2796

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

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

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

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

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

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

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

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

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

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

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

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

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

TEXT:

Draft 02/25/99 9:30am  
Jeff Shesol

PRESIDENT WILLIAM J. CLINTON  
RADIO ACTUALITY ON ED-FLEX AMENDMENT  
February 25, 1999

This year we have an opportunity to work together, across party lines, to bring true progress to America's public schools. I welcome the idea of greater flexibility for states and school districts; and I hope the Senate will pass the Ed-Flex legislation it is now considering. But we must do more to give our children a world-class education. Flexibility is not enough in the many communities where classrooms are overcrowded. That is why I strongly support the amendment proposed by Senator[s] [Kennedy and Murray]. We must make a national commitment to hiring more teachers and reducing the size of classrooms across America. Studies confirm what every parent already knows: smaller classes make a big difference, from improved test scores to improved discipline. The Senate should pass the [Kennedy-Murray] Amendment, and give our nation's children the individual attention they deserve in the classroom, and the better future that only a good education can bring.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Phillip Caplan ( CN=Phillip Caplan/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:25-FEB-1999 10:20:20.00

SUBJECT: Hugh Price Letter.

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

READ:UNKNOWN

TEXT:

is this what we wanted?

----- Forwarded by Phillip Caplan/WHO/EOP on 02/25/99  
10:20 AM -----

Robert B. Johnson

02/25/99 09:35:39 AM

Record Type: Record

To: Phillip Caplan/WHO/EOP

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

Subject: Hugh Price Letter.

The President's letter was delivered to Hugh Price at the Press Club twenty minutes ago. Mr. Price accepted the letter from the intern in full view of reporters and cameras.

Message Copied

To:

-----  
Maria Echaveste/WHO/EOP

Charles F. Ruff/WHO/EOP

Elena Kagan/OPD/EOP

Bruce N. Reed/OPD/EOP

Ann F. Lewis/WHO/EOP

John Podesta/WHO/EOP

Minyon Moore/WHO/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jeffrey A. Shesol ( CN=Jeffrey A. Shesol/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:25-FEB-1999 10:40:03.00

SUBJECT: revised ed-flex actuality

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

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

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

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

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

TEXT:

Final 02/25/99 10:30am  
Jeff Shesol

PRESIDENT WILLIAM J. CLINTON  
RADIO ACTUALITY ON ED-FLEX AMENDMENT  
February 25, 1999

This year we have an opportunity to work together, across party lines, to bring true progress to America's public schools. I welcome the idea of greater flexibility for states and school districts; and I urge the Senate to pass Ed-Flex legislation that provides for greater flexibility and accountability. But we must do more to give our children a world-class education. That is why I strongly support the amendment proposed by Senators Kennedy and Murray. We must make a national commitment to hiring more teachers and reducing the size of classrooms across America. Studies confirm what every parent already knows: smaller classes make a big difference, from improved test scores to improved discipline. The Senate should pass the Kennedy-Murray Amendment, and give our nation's children the individual attention they deserve in the classroom, and the better future that only a good education can bring.



*PRESIDENT CLINTON ANNOUNCES NEW RULE  
TO IMPROVE SAFETY OF CHILDREN IN VEHICLES  
February 27, 1998*

In his radio address today, President Clinton will announce a major step to protect our traveling children -- a new rule requiring a single standardized system for installing child safety seats in cars and light trucks. Under the rule, each new child seat will have three attachments -- one on top and two at the base. All new cars and light trucks will be required to be equipped with standard anchors in the back seat designed specifically to link to the child seat attachments. The rule is expected to prevent as many as fifty child deaths and 20,000 injuries each year.

New Rule Makes Installation Easier and Will Save Lives

Currently, installing a child safety seat is complicated by the fact that there are over a hundred models of child seats requiring many different methods for installation in over 900 models of passenger cars now on the road. Moreover, not all models of car seats fit in all models of vehicles. Even when child seats do fit, the current method uses the vehicle seat belts to install child seats, which is often a cumbersome process because seat belt designs are built for adult protection not child seat installation. According to the National Highway Traffic Safety Administration, over 70 percent of children strapped into safety seats are at risk because those seats are improperly installed.

How the New System Works

For the child safety seats, there will be three attachments, a tether on top and two at the base.

For

vehicles, new standard anchors will be installed in the back seat which are designed to link to the new child seat attachments. Typically, vehicles will be required to install 2 systems in the rear seat so that two child seats can be anchored. Each system will consist of a ready-to-use, visible and accessible upper anchorage to which the child seat tether hardware will attach. The vehicle seat will have two one-inch long bars spaced a foot apart and positioned where the vehicle seat cushion and seat back meet to which the child seat lower hardware will attach.

Effective Date of Rule for Vehicles and Child Seats

For vehicles, eighty percent of new cars will be equipped with the top tether attachment points starting September 1, 1999. All new vehicles (cars and light trucks) will be equipped with the top tether attachment points by September 1, 2000. The lower anchorages are phased in over 3 years, covering 20% of vehicles beginning September 1, 2000, 50% of vehicles by September 1, 2001, and all vehicles after September 1, 2002.

For the child seats, starting September 1, 1999, all new child seats will be equipped with an upper tether. All new child seats will be equipped with the two lower attachments by September 1, 2002. New child seats will also remain installable with regular vehicle seat belts to assure compatibility with older vehicles and aircraft.

Builds on the President's Efforts to Protect Children in Vehicles

This step is one of a series of actions by President Clinton to promote safety for children on the

road. Two years ago, on February 15, 1997, the President announced the proposed rule regarding child safety seats in his weekly radio address. Today's announcement reflects comments the Department of Transportation received in order to improve the safety and provide one universal method of installing the child seats. On November 19, 1998, the Administration announced a Blue Ribbon Passenger Safety Panel that will recommend strategies to increase the use of booster seats for children 4 to 8 years and the use of seat belts for children 8 to 16 years. This group of children typically is currently not covered by state child seat use laws.

**Child Restraint Q&As**  
**2/24/99**

**Q: What did the President announce today?**

A: The President announced a final rule to require a new universal way for installing child safety seats in cars and light trucks. Currently, parents use the vehicle seat belts to install child seats. There are a variety of models of child seats and they require different methods for installation. Parents have found attaching child safety seats using the vehicle's seat belts often is cumbersome and difficult. In the future, each new child seat will have three attachments (one top tether and two at its base). New cars and light trucks will be equipped with standard anchors in the back seat designed specifically to link to the child seat attachments. Each system will consist of a ready-to-use, visible and accessible upper anchorage to which the child seat tether hardware will attach. The vehicle seat will have two one-inch long bars spaced a foot apart and positioned where the vehicle seat cushion and seat back meet to which the child seat lower hardware will attach.

**Q: How many lives will this rule save? How many injuries will this rule prevent?**

A: Annually, motor vehicle crashes result in 600 child fatalities and 70,000 injuries for children less than five years old. Even though child safety seats are very effective in reducing death and injury, their effectiveness is substantially reduced due to incorrect use and occasional incompatibility with the vehicle seat and belt systems. This rule is expected to prevent as many as 50 child deaths and 20,000 injuries each year.

**Q: When will this rule take effect for cars and light trucks? For child seats?**

A: For vehicles, eighty percent of new cars will be equipped with the top tether attachment points starting September 1, 1999. All new vehicles (cars and light trucks) will be equipped with the top tether attachment points by September 1, 2000. The lower anchorages are phased in over 3 years, covering 20% of vehicles beginning September 1, 2000, 50% of vehicles by September 1, 2001, and all vehicles after September 1, 2002.

For the child seats, starting September 1, 1999, all new child seats will be equipped with an upper tether. All new child seats will be equipped with the two lower attachments by September 1, 2002. New child seats will also remain installable with regular vehicle seat belts to assure compatibility with older vehicles and aircraft.

**Q. How effective are child safety seats?**

A. According to the National Highway Traffic Safety Administration (NHTSA), when

properly used, child safety seats reduce the risk of fatality for infants by 70% and for toddlers by over half.

**Q: How much will child seats increase in price as a result of this rule? How much will vehicle prices increase?**

A: According to NHTSA, the additional amount that consumers will have to spend on a new child seat will be as low as \$15. Typically, child safety seats range in price from \$50 to \$100. The vehicle additional cost is estimated at between \$3 and \$7.

**Q: What previous efforts has the Administration taken to address this problem?**

A: On October 13, 1993, the Federal vehicle occupant protection standard was amended to require, effective September 1, 1995, that vehicle seat belts on new passenger vehicles be lockable to tightly secure child seats.

In February 1995, the Department of Transportation set up a Blue Ribbon Panel of experts to recommend ways to install and use child safety seats. In May 1995, the Panel recommended the evaluation and development of a universal system to attach child safety seats.

In February 1997, the President announced the proposed rule regarding child safety seats in his weekly radio address. Today's announcement reflects comments the Department of Transportation received in order to improve the safety and provide one universal method of installing the child seats.

**Q: How does this differ from what the Administration proposed earlier?**

A: The Notice of Proposed Rulemaking (NPRM), announced by the President on February 15, 1997, proposed that every vehicle and child safety seat be equipped with either dedicated "mini-seat belts" solely for installing child safety seats, or two fixed rigid one-inch bars in the vehicle's back seat to which a child seat would attach with a variety of types of connectors. The final rule requires solely the latter approach. People commenting on the NPRM overwhelmingly favored having the government deciding on one attachment system. The final rule and NPRM are similar as to the requirements for vehicle to accommodate an upper tether attachment for the child seat.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 10:52:30.00

SUBJECT: Re: Hugh Price Letter.

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

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

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

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

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

TEXT:

are you watching the press conference--it's long and every paragraph starts with Mr President----thanks for getting the letter to Price, this isn't going away

Robert B. Johnson  
02/25/99 09:35:39 AM  
Record Type: Record

To: Phillip Caplan/WHO/EOP  
cc: See the distribution list at the bottom of this message  
Subject: Hugh Price Letter.

The President's letter was delivered to Hugh Price at the Press Club twenty minutes ago. Mr. Price accepted the letter from the intern in full view of reporters and cameras.

Message Copied

To: \_\_\_\_\_

Maria Echaveste/WHO/EOP  
Charles F. Ruff/WHO/EOP  
Elena Kagan/OPD/EOP  
Bruce N. Reed/OPD/EOP  
Ann F. Lewis/WHO/EOP  
John Podesta/WHO/EOP  
Minyon Moore/WHO/EOP



**Q: The AP reported on a new report saying millions of children were poor even though their parents were working. What is the Administration doing to address this issue?**

**A:** We are currently reviewing this study, which shows that in 1996, 20 percent of American children were living in poverty and 35 percent of these had working parents. This Administration does not believe parents who are working should be remain in poverty. That is why we have fought so hard to expand the Earned Income Tax Credit, and why we continue to fight hard to raise the minimum wage, and expand child care and health coverage for working families. It should be noted that this study measured the status of families in 1996, prior to full implementation of welfare reform. We will continue to monitor these trends closely.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 11:46:41.00 .

SUBJECT: Story on Social Promotion

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:

Bill Douglas, a Newsday reporter, is writing a story for Scholastic (nat'l magazine distributed through schools to students) on the President's social promotions policy. He'd like to speak with someone today or early tomorrow. His number is 202-363-8524.

Amy Weiss asked me to let her know who would return the call.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 12:45:08.00

SUBJECT: Tobacco Recoupment Meeting

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

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

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

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

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

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

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

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

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

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

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

CC: Rhonda Melton ( CN=Rhonda Melton/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

CC: Dawn V. Woollen ( CN=Dawn V. Woollen/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

There will be a Tobacco Recoupment Meeting on Monday, March 1, at 5:30 p.m. in Bruce Reed's office, 2 Floor, West Wing. Rich Tarplin and Jim O'Hara are also invited to this meeting.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Charles R. Marr ( CN=Charles R. Marr/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:25-FEB-1999 12:47:52.00

SUBJECT: revised Davis-Bacon Memo

TO: kcurran ( kcurran @ fenix2.dol-esa.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Bruce.Davie ( Bruce.Davie @ MS01.DO.treas.sprint.com @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Susan\_Frost ( Susan\_Frost @ ed.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

TO: MARTI.THOMAS ( MARTI.THOMAS @ MS01.DO.treas.sprint.com @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: JON.TALISMAN ( JON.TALISMAN @ MS01.DO.treas.sprint.com @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

TEXT:

Here is a revised memo for tomorrow's meeting. I have incorporated comments. Let me know if you have additional comments. Thanks.=====

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

TEXT:

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February 23, 1999

Automated Records Management System  
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MEMORANDUM FOR

FROM:

RE: Davis-Bacon and School Construction

The President's FY2000 budget again includes a significant school construction proposal -- Federal tax credits to pay interest on nearly \$25 billion in bonds. Last year, our proposal and the legislative versions introduced in Congress were silent on Davis-Bacon. Our publicly stated position has been that Davis-Bacon would not apply.

Organized labor, especially the Building Trades, have urged the Administration to reconsider our position and the President has agreed to take another look at the issue. The NEC has convened an inter-agency working group (including DPC, OMB, Treasury, Education, DOL) to examine the key policy questions. Specifically, the working group has focused on whether adding a Davis-Bacon requirement to the President's school construction proposal:

- I) Is administratively feasible?
- II) Is good labor policy?
- III) Is good tax policy?
- IV) And, how it would affect prospects of enacting the President's school construction proposal.

Following a discussion of these key policy questions, the memo discusses the pros and cons of four options:

- 1) Decide that Davis-Bacon does not apply.
- 2) Remain silent on Davis-Bacon until it becomes critical during consideration of a bill.
- 3) Directly add Davis-Bacon to the proposal now.
- 4) Indirectly add Davis-Bacon to the proposal now.

A legislative history and a table on state prevailing wage laws are attached as appendices to the memo. Thirty-one states currently have prevailing wage laws.

#### **I. Administrative Feasibility**

Legitimate concerns had been raised about enmeshing the IRS in the administration of a labor program. There is consensus within the working group that Davis-Bacon could be applied in such a way that the IRS would not have to play an enforcement role.

A Davis-Bacon requirement could be built into the process whereby states and school districts submit school construction plans to the Department of Education for review and approval. It could work as follows:

- The Department of Education would issue guidelines that would include payment of Davis-Bacon prevailing wages as one of the required plan components.
- States and eligible school districts would submit the proposed plans to Education.
- Education would review the plans for completeness and compliance with construction plan guidelines, and approves compliant plans.
- States and school districts would issue bonds.
- States and school districts would insert the Davis-Bacon prevailing wage clause into their construction contracts.
- The Department of Labor would investigate any complaint filed regarding the wage rate paid on the contract. Treasury would have no role. If DOL found a violation, it would require the contractor to pay back wages; and may also request the school board to withhold payment until the contractor has paid the back wages. DOL would not reach back to the bond.

(Note: the Federal tax credit interest payments to investors would in no way be conditioned on compliance with Davis-Bacon).

## **II. Would it be Good Labor Policy?**

Labor policy arguments in favor of adding a Davis-Bacon requirement to our school construction proposal include:

- A basic underlying purpose of the Davis-Bacon Act is to prevent construction workers' wages from being undercut as a result of aggressive bidding on government construction contracts. The government's large purchasing power combined with the public sector's emphasis upon awarding contracts to the lowest bidder can easily create an environment that encourages contractors to cut costs by paying less than the locally prevailing wage rate.
- Even where no Federal money is directly involved to finance construction (e.g., HUD and FHA loan guarantee programs) it has been recognized that the application of Davis-Bacon labor standards is appropriate. These HUD and FHA programs recognize that the construction in question would not take place without the Federal support. The Federal government has a responsibility to ensure that its use of taxpayers' resources to support large construction programs does not serve to undercut locally prevailing wages.
- The application of the Davis-Bacon Act can help ensure quality construction. While the payment of locally prevailing wages does not guarantee that the most skilled and qualified craftsmen will be employed on construction projects, contractors that bid based on paying less than the prevailing local wage rate may find it difficult to hire and retain qualified employees which in turn may lead to inferior construction.
- The Davis-Bacon Act simply requires that contractors and subcontractors pay their employees the wage rates and fringe benefits prevailing in the locality where the construction work is performed. The Davis-Bacon Act does not impose federal standards inconsistent with the local labor market.

A counter-argument would be that:

- Traditionally, school construction is funded by some combination of State funding and local bond initiatives. The Davis-Bacon Act has not applied to these locally-financed school construction projects and the current tax incentive program should not be the catalyst to change that dynamic.
- The Administration has been successful in protecting Davis-Bacon in connection with Federal outlays. Our position on Davis-Bacon could be weakened if we propose adding it to our school construction bill and then sign a version without Davis-Bacon.

### **III. Would it be Good Tax Policy?**

Proponents of adding Davis-Bacon to our school construction proposal have made the following tax policy arguments:

- The tax code includes instances where favorable tax consequences of bond financing have been conditioned. For example, the interest from state and local bonds is exempt from Federal taxation, if, among other conditions, the bonds are used for a government purpose. When marketing these bonds, state and local governments describe how proceeds will be used and include covenants on the necessary actions that will be taken to preserve the tax exemption.
- The tax code includes "multiple objective" tax benefits. For example, there is a tax credit for wages paid to a member or an Indian tribe. The credit, however, is not available if the employee is performing certain gaming activities.

The Treasury Department has raised a range of tax policy arguments against adding a Davis-Bacon requirement:

- Currently there is no reference to the Davis-Bacon Act anywhere in the Internal Revenue Code. Conditioning School Modernization Bonds on compliance with the Act would establish the dangerous precedent of using a tax code incentive to implement social policies unrelated to the benefit that is the object of the tax incentive.
- It would invite attempts to impose compliance with Davis-Bacon on the whole range of construction projects financed with tax-exempt bonds, low-income housing credits, historic rehabilitation credits, and other tax code provisions.
- If the tax code is used to apply Davis-Bacon, efforts to apply Buy America rules, restrict abortion, meet energy efficiency targets, and obtain other unrelated objectives would surely follow. It would not be long before insertion of such extraneous requirements into the Internal Revenue Code would require enforcement by the IRS, imposing upon it an impossible administrative task entirely foreign to its tax collecting mission and its efforts to be more taxpayer friendly.
- Proponents cite complex requirements associated with other tax incentives as precedent. Such requirements are in the tax code to identify clearly the kind of activity for which the tax benefit is intended and the class of taxpayers eligible to claim the benefit.

- The tradition of tax-exempt State and local financing has always been regarded jealously as a prerogative of State and local governments, free from totally unrelated conditions imposed by the Federal government. Conditioning School Modernization Bonds, that differ from tax-exempt bonds essentially in terms of the depth of the interest subsidy, on compliance with the Act would be considered by State and local governments as an intrusion on their autonomy.

#### **IV. Impact on Prospects for Enacting School Construction Proposal**

##### **Legislative Arguments in Favor of Adding Davis-Bacon:**

- The moderate Republicans most likely to support the President's school construction proposal tend to be pro-Davis-Bacon. Adding Davis-Bacon could provide another reason for these moderates to support the President's proposal.
- Enactment of school construction will come down to the endgame. If there is a tax bill, which is an open question, success will hinge on the President rallying people behind school construction and insisting that Republicans include it, and not on whether Davis-Bacon is in or out.
- Adding Davis-Bacon would energize the building trades to become strong advocates for the school construction proposal.

##### **Legislative Arguments Against Adding Davis-Bacon:**

- Given that the Republicans are ready to propose their own method of financing school construction, however insignificant, it would be dangerous for Democrats to lose their focus by opening a debate on competing proposals among themselves.
- Expanding Davis-Bacon into this new arena would only strengthen the resolve of the opposition and provide them with a ready-made excuse to kill the President's bill and to pass an alternative of lesser magnitude or of no magnitude.
- It is possible that if Davis-Bacon were added, some of the groups could be forced to support an alternative proposal put forth by the Republicans. For instance, NSBA is on record as opposing a "federal mandate" that overrides state and local prevailing wage laws. As mentioned above, the School Board constituency is one of the strongest in support of the President's proposal.
- Injecting the expansion of Davis-Bacon into this debate could split the coalition of education groups, community-based organizations and architects that has been working together over the last two years to build public support for the President's proposal. This would make it more difficult for Democrats who would have to choose between two opposing sides – voting for the expansion of Davis-Bacon, particularly in a tax bill, and for more federal control over education decisions than the constituency can support, or voting for the President's current proposal that can potentially garner bipartisan support.

- While the House voted to protect Davis-Bacon in the FY1998 DC Appropriations bill by a vote of 234-188, further analysis shows that a majority of the members of the Ways and Means Committee voted against maintaining Davis-Bacon. So although an expansion of Davis-Bacon may have more success on the House floor, it is unlikely that it would ever be passed out of committee in the first place. Moreover, the previous Davis-Bacon votes have focused on its repeal or its application to spending proposals. The accuracy of those vote counts in predicting the outcome on an expansion of Davis-Bacon to a tax proposal is questionable. Thus, the whole school construction bill could be stalled without gaining any ground on Davis-Bacon.
- The President has made flexibility and accountability major themes in his State of the Union education message. In the President's speech to the National School Boards Association on the day he released his budget, he made it clear that he did not want to micromanage schools and school districts, but rather he wanted to invest in what works and stop investing in what does not. Allowing school construction to be used as a vehicle for expanding Davis-Bacon into the tax arena would raise the issue of increased federal intervention and control not only in the school construction debate but also in the debate over results and accountability for all of the President's education agenda.

### Options:

#### **1) Decide that Davis-Bacon does not apply.**

We would convey to the Hill and to Labor that we are sticking to our existing position that Davis-Bacon does not apply to our school construction tax credit proposal.

### Pros:

- Keeps focus on our underlying school construction proposal and keeps our coalition of education supporters together (e.g. school boards).
- Avoids setting tax policy precedent as described above.
- Takes pressure off of our allies on the Hill.

### Cons:

- Misses an opportunity to advance a deeply held goal -- decent wages for construction (and all) workers.
- Rejects a key Labor priority and to this extent could diminish support for the underlying bill from at least part of this constituency.

#### **2) Remain silent on Davis-Bacon until it becomes critical during consideration of a bill.**

This option would have us continue our posture of "we're taking another look" until we would it became critical later in the year when a bill is actually being considered.

### Pros:

- Keeps our options open and avoids offending a key constituency before we know how this

will play out.

- Avoids (at least temporarily) setting tax policy precedent as described above.

**Cons:**

- Staying in limbo could hamper our ability to push the school construction proposal as aggressively as we otherwise would.
- It is unclear how sustainable this is. Hill may soon press us more flatly -- what is your position?

**3) Directly add Davis-Bacon to the proposal now**

Either through drafting our own bill or urging Hill Democratic sponsors, we could add a provision that states that Davis-Bacon applies to this legislation.

**Pros:**

- Would advance a deeply held goal -- decent wages for workers.
- Would add an enthusiastic supporter -- building trades.

**Cons:**

- Sets a major tax precedent with potentially serious ramifications.
- Jeopardizes the prospects of the underlying proposal -- risks turning battle over school construction into a fight over Davis-Bacon, dividing the education coalition that is now strongly behind our proposal, and handing Republicans an excuse to be against our proposal and to coalesce around the Archer arbitrage.

**4) Indirectly add Davis-Bacon to the proposal now**

We could apply Davis-Bacon indirectly by placing the school construction proposal under the General Education Provisions Act (GEPA), which includes a Davis-Bacon requirement. The school construction legislation, therefore, would not say Davis-Bacon, but the result would be that Davis-Bacon applies. Below are two sub-options for indirectly requiring Davis-Bacon by applying GEPA.

**A) Deem GEPA to apply**

A provision could be added that would deem the school construction proposal to be an applicable program administered under the GEPA, which as mentioned above includes a Davis-Bacon requirement.

**Pros:**

- Would advance a deeply held goal -- decent wages for workers.
- Would add an enthusiastic supporter -- building trades.

**Cons:**

- Would likely be transparent to Congressional members and interested organizations that oppose application of Davis-Bacon to school construction bonds.
- Sets a major tax precedent with potentially serious ramifications.
- Jeopardizes the prospects of the underlying proposal -- risks turning battle over school construction into a fight over Davis-Bacon, dividing the education coalition that is now strongly behind our proposal, and handing Republicans an excuse to be against our proposal and to coalesce around the Archer arbitrage.
- Could require joint referral of the bond initiative to the tax and education committees in the House.

**B) Add and outlay component to proposal**

A new grant program would be created, administered by the Secretary of Education under the GEPA, that provides resources to states and eligible school districts for administrative expenses related to the bond. Examples of administrative expenses include developing the construction plan, monitoring and overseeing the construction project, and annual reporting to the Secretary on progress and modifications made regarding the construction plan. The grant provision would be drafted such that the bond program could only be implemented to the extent the grant program is implemented.

- < Award \$250,000 to states and \$100,000 to each eligible school district annually. The amount of the grant could also be sized by the school age population within the state or eligible school district.
- < The bond funds would be subject to Davis-Bacon indirectly due to the link with the grant program. The bonds could not be issued absent the grant. It is unclear whether some entities would not take advantage of the bond due to Davis-Bacon application. OMB estimates the cost of this proposal to be \$25.5 million.

**Pros:** (same as A above, plus)

- Applies Davis-Bacon while avoiding tax policy precedent.

**Cons:** (same as A above, plus)

- Adds a new and very late layer of complexity at a time when we need to make our proposal as understandable as possible.

## Appendix -- Legislative History

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### **FY1998**

In the FY1998 budget, the President requested \$5 billion over 5 years in mandatory spending that would have leveraged up to \$20 billion in bonds over a four year period. The Administration made it clear that Davis-Bacon would apply to this initiative since it was a federal spending proposal.

The Administration's bill was introduced by Rep. Nita Lowey in the House and Senator Carol Moseley-Braun in the Senate. There was no action on the bill in either the authorizing or the appropriations committees. The Republican leadership actively kept potential Republican supporters off the bill and repeatedly argued that the federal government had no business getting involved in building schools at the local level. Several Republicans touted the Davis-Bacon requirement as proof of "federal intervention in local education decisions."

The education constituency was split on this issue. AFT, NEA, and urban school superintendents supported the bill, but the National School Boards Association (NSBA), one of the most vocal constituencies, could not support the President's proposal because of the federal Davis-Bacon requirement. This split weakened the support of other groups, such as the National PTA and rural and suburban superintendents.

Although school construction was one of the last items left on the table when the Balanced Budget Agreement was struck in the summer of 1997, the Republican leadership refused to move off their position that the federal government had no role in communities' decisions to build schools. The only provision they accepted was Rep. Rangel's Qualified Zone Academy Bonds (QZABs) for a total of \$800 million of new bonding authority (compared to the potential \$20 billion that would have been leveraged in the President's request). Davis-Bacon was not applied to the QZABs.

### **FY1999**

The President once again made School Construction a major priority in his FY1999 budget, but this time the proposal provided a tax credit in lieu of interest and involved no direct federal spending. The initiative would have provided federal funding to pay the interest on \$22 billion in bonds. The Administration was silent on whether Davis-Bacon applied to this proposal in the President's budget submission. In Qs and As, however, Administration officials twice confirmed that Davis-Bacon had not applied to provisions in the tax code to date and was not expected to apply in this case. Further, in a widely vetted letter to Rep. Ballenger, the Director of OMB stated "given that the bond initiative would offer a tax incentive for purchasing bonds (as opposed to a direct grant, loan, or loan guarantee) and that the Federal government would not be a party to a construction contract, the Administration determined that the Davis-Bacon Act does not apply."

This allowed NSBA to become active in the Rebuild America's Schools coalition in support of the revised proposal. School board members became strong advocates at the State and local level for the proposed federal partnership arguing that the initiative would help leverage local and State dollars for construction but would leave decisions on where and how to build schools to local communities. Partly as a result of this more unified constituency support, Democrats were

able to make a strong case for their school construction bill to the voters. This was reflected in the polling results and the Democrats' winning message on education.

Republicans continued to argue against this popular initiative, and in the process lost support for their position. The House Ways and Means Committee refused to act on the President's proposal, although Chairman Archer included a much smaller arbitrage provision in the multi-billion dollar House tax bill that was never signed into law. Rep. Rangel succeeded in forcing two House floor votes on the issue – an amendment to instruct conferees to include school construction as an amendment to the Coverdell education savings account failed 192-222, and an amendment to substitute school construction for Coverdell failed 196-225. Eight Republicans were allowed to break ranks with the leadership on one or both of the votes (Leach, IA; Morella, MD; Forbes, NY; Gilman, NY; Weller, IL; Johnson, CT; LoBiono, NJ; and McHugh, NY).

Senator Moseley-Braun offered her school construction bill as a substitute to the Coverdell savings account on the Senate floor. A motion to table the amendments passed 56-42 with D'Amato and Specter voting against the motion and 4 Democrats voting in favor (Biden, DE; Byrd, WV; Lieberman, CT; and Torricelli, NJ).

Although support for school construction was building, in the end there was no significant tax bill that the Administration supported and could use to force an agreement on school construction. Republicans rejected Administration efforts to attach school construction to the tax extenders package.

### *FY2000*

The President's FY2000 budget request for school construction expands the FY1999 tax bond proposal, this time paying the interest on \$24.8 billion in new bonds. Placeholder bills have been introduced by Senators Daschle, Lautenberg, and Robb and Rep. Rangel is preparing to introduce one in the House. The Senate bills have remained silent on Davis-Bacon. House Democrats are working through this issue now and are looking for any signals from us.

Unlike the last two years, the Republican leadership has come out publicly in support of school construction and is backing their own school construction proposals. Chairman Archer has introduced a \$1.4 billion arbitrage initiative similar to his proposal on the tax bill last year. While inadequate and flawed, the Archer proposal allows Republicans to argue that they are addressing school construction.

The Speaker has mentioned this initiative as a high priority. However, Democratic efforts to get bipartisan cosponsorship of the President's proposal have not been successful. It appears that the Republican leadership understands they must advance some kind of school construction bill this year – the question is whether our proposal will prevail.

## Appendix -- State Prevailing Wage Laws

State	Dollar Threshold Amount for Contract Coverage
Alaska	\$2,000
Arkansas	75,000
California	1,000
Connecticut	400,000 for new construction/100,000 for remodeling
Delaware	100,000 for new construction/15,000 for remodeling
Hawaii	2,000
Illinois	none
Indiana	150,000
Kentucky	250,000
Maine	10,000
Maryland	500,000
Massachusetts	none
Michigan	none
Minnesota	25,000 where more than one trade is involved 2,500 where a single trade is involved
Missouri	none
Montana	25,000
Nebraska	none, except 40,000 for public school projects
Nevada	100,000
New Jersey	2,000
New Mexico	20,000
New York	none
Ohio	55,574 for new construction/16,672 for remodeling
Oregon	25,000
Pennsylvania	25,000
Rhode Island	1,000
Tennessee	50,000
Texas	none
Washington	none (separate 17,500 threshold for state college/university)
West Virginia	none
Wisconsin	160,000 where more than one trade is involved 32,000 where a single trade is involved (no threshold for state highway contracts)

Wyoming	25,000
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**States Without Prevailing Wage Laws:**

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Alabama (repealed in 1980)

Arizona (invalidated by 1980 court decision, repealed by referendum in 1984)

Colorado (repealed in 1985)

Florida (repealed in 1979)

Georgia

Idaho (repealed in 1985)

Iowa

Kansas (repealed in 1987)

Louisiana (repealed in 1988)

Mississippi

New Hampshire (repealed in 1985)

North Carolina

North Dakota

Oklahoma (invalidated by 1995 court decision)

South Carolina

South Dakota

Utah (repeal in 1981)

Vermont

Virginia

(Source: Department of Labor)

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 14:00:26.00

SUBJECT: attached draft POTUS class size letter from Jon and Tanya

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

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

READ:UNKNOWN

TEXT:

Here is a draft --see what you think. I have 2 additional q's on this:

1) Do we need to incorporate ed-flex into the letter? The current draft focuses solely on class size.

2) Should we include more specific references to our accountability agenda?=====

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

TEXT:

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**This is an important turning point in American education. We have an historic opportunity to work together to make the targeted investments needed to improve our schools and help prepare all of our children for the 21st century.**

**This week, Senator Murray and others will offer a measure to build on our bipartisan efforts begun last year to reduce class size and finish the job by authorizing the class size reduction initiative for the next six years. Last year, I proposed this initiative to reduce class size in the early grades -- when children learn to read and get a solid foundation in the basics -- by hiring 100,000 well-prepared teachers over seven years. Congress enacted a down payment on this request with bipartisan support, providing a one-time \$1.2 billion appropriation to help communities hire approximately 30,000 teachers nationwide.**

Under the initiative enacted into law last year, school districts will begin to receive funding this July 1 in order to hire teachers to begin reducing class sizes this fall. While last year's one-year appropriation provided an important start on our initiative, Senator Murray's measure would authorize a total of \$12.6 billion over seven years to help communities across the nation support 100,000 well-prepared teachers.

**For the sake of our children and our schools, I am asking you to support this effort to reduce class sizes across this nation for years to come.**

This measure will give local school districts full confidence in our resolve to fund this initiative in the coming years. It will support effective local planning by signalling our bipartisan commitment just when school districts are beginning to make decisions about how to implement this new initiative. Most importantly, it will help reduce class size and improve performance in reading and basic skills in schools across the nation.

As parents and teachers across America understand, smaller classes can make a profound difference for our children. Studies show that smaller classes help teachers provide more personal attention to students and spend less time on discipline; as a result students learn more and get a stronger foundation in the basic skills. Students from smaller classes outperform their peers in larger classes, and reduced class size can make the greatest difference for minority and disadvantaged students.

There is no better way to prepare for the 21st century than investing in quality education for all of our children. I look forward to working with you to seize this opportunity to improve education by approving this important measure and, as the year progresses, on a broad agenda to strengthen the quality of our public schools.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 14:13:36.00

SUBJECT: IDEA

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

READ:UNKNOWN

TEXT:

I got one not-great draft of an IDEA memo from OMB. Barbara Chow just sent me a note telling me her staff is going back to revise it, so I will wait to forward you the next draft.

----- Forwarded by Tanya E. Martin/OPD/EOP on 02/25/99  
02:10 PM -----

Barbara Chow

02/25/99 02:01:49 PM

Record Type: Record

To: Tanya E. Martin/OPD/EOP

cc:

Subject: IDEA

I just read Barry/David's memo quickly and asked them to expand heavily on the IDEA regulation piece of this (e.g. what are the issues, how was discipline handled etc.) The next memo will look quite different.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 14:28:42.00

SUBJECT:

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:

Here is the list of states:

Washington  
Maine  
Rhode Island  
Ohio  
Pennsylvania  
Michigan  
Virginia  
Vermont

if possible, Oregon might also be helpful.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Amy Weiss ( CN=Amy Weiss/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:25-FEB-1999 15:02:50.00

SUBJECT: radio address leak!

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

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

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

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

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

TEXT:

President to announce child seat rule in  
radio address

WASHINGTON (AP) - President Clinton is expected to use his weekly radio address Saturday to announce a rule requiring that all child safety seats in new cars be anchored by the same, simple system, The Associated Press has learned.

The rule, approved last month by the White House's Office of Management and Budget and the Department of Transportation, should help parents avoid the struggle to cinch the seat with a seat belt, as well as the confusion that results when using seats or cars of different designs. The design approved earlier involved installation of a metal bar behind the rear seat to serve as anchor to toddlers' seats.

The government estimates that about 80 percent of child car seats are not properly installed. If all children using child seats were restrained properly, 68 children's lives would be saved annually, according to the National Highway Traffic Safety Administration.

It will take years for all child seats and cars to have the system, however, because it will be required only on new products and auto makers will be given lead time to install the anchors.

Almost two years have passed since Clinton announced the proposed uniform child seat in a speech. Since then, the design of the seat anchorage has changed, in part to try to ensure that auto makers could use the same anchor system in vehicles sold in other countries.

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 15:28:03.00

SUBJECT: Story on Social Promotion

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Bill Douglas just called. He'd like to speak to someone this afternoon on social promotions. He's actually writing today for tomorrow. The number is 363-8524.

----- Forwarded by Tanya E. Martin/OPD/EOP on 02/25/99  
03:26 PM -----

Tanya E. Martin  
02/25/99 11:46:00 AM  
Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP  
cc: Laura Emmett/WHO/EOP  
Subject: Story on Social Promotion

Bill Douglas, a Newsday reporter, is writing a story for Scholastic (nat'l magazine distributed through schools to students) on the President's social promotions policy. He'd like to speak with someone today or early tomorrow. His number is 202-363-8524.

Amy Weiss asked me to let her know who would return the call.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael Waldman ( CN=Michael Waldman/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:25-FEB-1999 16:11:12.00

SUBJECT: the suspense is killing me. Another topic? (LBJ would know how to handle t

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Clinton To Announce Child Seat Rule

WASHINGTON (AP) -- President Clinton is expected to use his weekly radio address Saturday to announce a rule requiring that all child safety seats in new cars be anchored by the same, simple system, The Associated Press has learned.

The rule, approved last month by the White House's Office of Management and Budget and the Department of Transportation, should help parents avoid the struggle to cinch the seat with a seat belt, as well as the confusion that results when using seats or cars of different designs. The design approved earlier involved installation of a metal bar behind the rear seat to serve as anchor to toddlers' seats.

The government estimates that about 80 percent of child car seats are not properly installed. If all children using child seats were restrained properly, 68 children's lives would be saved annually, according to the National Highway Traffic Safety Administration.

It will take years for all child seats and cars to have the system, however, because it will be required only on new products and auto makers will be given lead time to install the anchors.

Almost two years have passed since Clinton announced the proposed uniform child seat in a speech. Since then, the design

try to ensure that  
vehicles sold

of the seat anchorage has changed, in part to  
auto makers could use the same anchor system in  
in other countries.

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02/25

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 16:12:45.00

SUBJECT: Cigar Report

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

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

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

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

CC: J. Eric Gould ( CN=J. Eric Gould/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TEXT:

Tomorrow the HHS IS will release a report on teen cigar use based on 18 focus groups of 227 junior high, high school, and college students. The HHS IG is giving a copy to the WSJ today something neither we nor HHS can prevent (Melissa is just happy she got it delayed as long as she has). The IG has let HHS edit and tone down the draft paper which I will fax you. In summary it says:

Today HHS IG issue reports warning about cigar use among teenagers and recommending mandatory warning labels similar to those on cigarettes and other tobacco products.

The report found a third of teen admitted having smoked a cigar in the last 30 days and half expected to be a cigar user five years in the future. An earlier CDC survey had found 28 percent of teens smoked cigars, while the SAMSHA survey found 5 percent did.

Fifty four percent of teens had smoked a cigar sometime in their life and of that number two thirds had done so in the past year. Of the 82 teens that had smoked a cigar in the past year, 60 percent also reported smoking cigarettes. Forty percent said teen smoking is growing among their peers.

Although the sale of cigars to minors is illegal in all 50 states, the IG says state level enforcement is uneven and is given a lower priority than unlawful cigarette and spit tobacco sales.

The report also notes the growing phenomenon of "blunting" cigars for marijuana consumption (hollowing them out and replacing the tobacco with marijuana)

In the Q&A HHS wants to say they support the same sort of warning label on cigars that are required on other tobacco because "there's no safe form of tobacco." (The Surgeon General already endorsed this about a year ago.) As you know FTC not HHS has jurisdiction over warning labels. FTC apparently could do so under current authority but would prefer to have statutory direction. I've just rescanned the McCain bill, which included stronger labels on cigarettes and smokes but did not add labels to cigars.

The Q&A also notes that the FDA rule 1996 rule did not include cigars because FDA did not have sufficient evidence to show that cigars are addictive and could be classified as drugs or devices.

It also mistakenly says our excise tax doesn't apply to cigars (we'll fix that - our 55 cent tax will apply (at an equivalent level) to cigars as well as other tobacco products) .

Shalala will be with the VP tomorrow at a domestic violence event and will be happy to handle Qs if they come up. I'll get you guys the draft paper and revised when it's done.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 16:13:26.00

SUBJECT: Re:

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

READ:UNKNOWN

TEXT:

looks good

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: William H. White Jr. ( CN=William H. White Jr./OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:25-FEB-1999 16:16:13.00

SUBJECT: IDEA & NGA

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

I hear you are meeting with Ray Sheppach re upcoming IDEA Regs. Let me know how I can help.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: June Shih ( CN=June Shih/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:25-FEB-1999 16:16:42.00

SUBJECT: radio draft

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

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

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

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

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

TEXT:

Draft 2/25/99

Shih

PRESIDENT WILLIAM J. CLINTON

RADIO ADDRESS ON CHILD SAFETY SEATS

FEBRUARY 26, 1999

Good Morning. One of government's first responsibilities is to keep our people safe. And nowhere have government's efforts to protect the public been more successful than in the area of auto safety. Hundreds of thousands of lives have been saved thanks to laws requiring automakers to include such safety features as bumpers, seat belts and air bags.

Today, I want to talk about our latest efforts to make car travel even safer for our smallest and most vulnerable passengers.

Over the past 20 years, child car seats have become a fact of life for millions of parents. Where once small children bounced around freely -- and dangerously -- around in the backseats of cars, today, the majority now ride in car seats, whether for quick errands to the grocery store or long journeys across America. Car seats have made a difference, reducing injury and fatality rates for infants by 70 percent. For children ages 1 to 4, those rates have been cut in half.

But all too often, car seats do not protect children as well as they should. The National Highway Transportation Safety Administration estimates that up to 80 percent of all children riding in car seats are at risk of injury because their seats have not been properly installed. Anyone who has ever struggled to get a car seat to fit snugly into a backseat knows what I'm talking about. Most seat belts were not designed to hold car seats. And not all 100 models of car seats can fit all 900

types of vehicles on our roads today.

For Joe Collela's [Koh-LEL-la] family, the consequences were tragic. Five years ago, Joe's three-year old niece Dana Hutchinson was killed in a head on collision because her car seat was incompatible with her family car's seat belts. Ever since -- so that no other family has to suffer the same tragedy -- Joe has worked full-time to improving car seat safety and alerting parents to the dangers of poorly-fitting car seats.

A few years ago, my Administration appointed Joe to a blue ribbon panel of parents, consumer groups, medical professionals and car and seat makers to look into ways to make car seats safer and easier to install. Today, I am pleased to announce that their top recommendation -- a simple, universal system for attaching car safety seats -- will become the standard for every new car and light truck sold in our country. By the year 2002, the Department of Transportation will require every safety seat to have three standard attachments designed to fit three standard anchors in the back seat of every car. With this new rule -- with just three simple clicks of buckle -- we can save lives and prevent up to 18,000 injuries each year.

But the challenge of keeping our children safe in our cars and on our roads is a neverending one. We must continue our nationwide efforts to encourage all drivers and passengers to buckle up their seat belts, and to use booster seats and seat belts for their older children. We must work to make air bags are safer for children and smaller adults. And we must press forward in our fight to keep more drunk drivers off our roads by lowering the national drunk driving to standard to .08. Together we can work to bring more Americans traveling on our roads safely back home to their families and loved ones.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 16:22:40.00

SUBJECT: Additional steps to ensure the safety of kids

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

READ:UNKNOWN

TEXT:

Here is a list of the kids safety things that NHTSA says is the best they have. It seems small. Tom is sending you a paragraph of general highway safety steps that we could use.

1. The Consumer Product Safety Commission previously issued a regulation that is effective March 1, that all bicycle helmets sold in the U.S. must meet a uniform mandatory safety standard.
2. To ensure school buses remain the safest vehicles on the road, a mult-year research study is being conducted on passenger occupant protection.
3. NHTSA developed a standardized four-day child passenger training course that has trained thousands of child safety professionals in all fifty states. This course demonstrates proper child safety seat installation and use, and it is conducted by states and national organizations, such as the National Safe Kids Campaign and USAA (insurance company for retired military). The culmination of the course is checkpoint where the course participants put their new skills into practice by teaching the people in the community how to properly install child safety seats.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jeffrey A. Shesol ( CN=Jeffrey A. Shesol/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:25-FEB-1999 16:24:26.00

SUBJECT: revised final -- actuality on ed-flex -- 2/25 4:15pm

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

READ:UNKNOWN

CC: Michael Waldman ( CN=Michael Waldman/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

Revised Final 02/25/99 4:15pm

Jeff Shesol

PRESIDENT WILLIAM J. CLINTON  
RADIO ACTUALITY ON ED-FLEX AMENDMENT  
February 25, 1999

This year we have an opportunity to work together, across party lines, to bring true progress to America's public schools. I welcome the idea of greater flexibility for states and school districts; and I urge the Senate to pass Ed-Flex legislation that provides for greater flexibility and accountability. But we must do more to give our children a world-class education. That is why I strongly support the amendment proposed by Senators Kennedy and Murray. We must further our national commitment to hiring more teachers and reducing the size of classrooms across America. Studies confirm what every parent already knows: smaller classes make a big difference, from improved test scores to improved discipline. The Senate should pass the Kennedy-Murray Amendment, and give our nation's children the individual attention they deserve in the classroom, and the better future that only a good education can bring.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 16:31:33.00

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

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

READ:UNKNOWN

TEXT:

1. Safety Rhetoric . Here is a paragraph of saefy rhetoric, taken almost

directly from the last radio adress.

"Child safety seats are the most effective safety device to protect very young children. In car crashes, they reduce the risk of death or serious injury to infants by 70 percent. They cut the fatality and injury rate for children aged 1 to 4 in half. But while all 50 states have car seat laws, studies show that 40 percent of the time young children do not even ride in safety seats; and even when they are placed in child safety seats, 80 percent of the time children are either not fully secured or the car seats are not properly attached." [They are

misinstalled  
over 70% of the time, "not fully secured or attached over 80%]

2. Builds on the President's Efforts to Protect Travelling Americans  
This step is one of a series of actions by President Clinton to promote safety on the road. In May 1995, The Administration launched a comprehensive plan to preserve the benefits of air bags while eliminating their risks. In June 1995 the President called on Congress to pass legislation requiring all states to pass zero tolerance laws for youths drinking and driving or risk losing highway funds. Congress passed that legislation, the President signed it, and today all states now have zero tolerance laws. In November 1998, the Administration announced a Blue Ribbon Passenger Safety Panel that will recommend strategies to increase the use of booster seats for children 4 to 8 years and the use of seat belts for children 8 to 16 years.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Ann F. Lewis ( CN=Ann F. Lewis/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:25-FEB-1999 16:36:48.00

SUBJECT: Equal pay --What else ?

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

For the unity document, how about this language to back up the equal pay headline ?

Ensure equal pay :Help guarantee equal pay for women and men by stronger enforcement of equal pay laws, ending wage discrimination, and improving access to wage information for all workers.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 16:40:21.00

SUBJECT: Additional information on the child seat rule

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

TEXT:

You asked for more information on the rule preventing 20,000 injuries:

- 2% of the injuries prevented would be level five (critical) injuries such as complete cord laceration and brain stem contusions.
- 3% of the injuries prevented would be level four (severe) injuries such as bilateral lung contusion and major laceration of the pulmonary artery
- 17% of the injuries prevented would be level three (serious) injuries such as diaphragm laceration (rupture) and fractured neck of femur
- 28% of the injuries prevented would be level two such as major laceration of the scalp and dislocated hip
- 50% of the injuries prevented would be level one such as skin abrasions and sprained ankles.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Ann F. Lewis ( CN=Ann F. Lewis/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:25-FEB-1999 16:51:52.00

SUBJECT: Unity II

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

READ:UNKNOWN

TEXT:

How's this for crimes against seniors:

Crackdown on Crimes Against Seniors

Give law enforcement officials additional tools to prosecute criminals who target seniors , such as telemarketing fraud and health care , and strengthen penalties for criminal behavior that harms seniors physically and financially.

(this is based on language from Leahy)



## MEMORANDUM FOR THE PRESIDENT

Automated Records Management System  
Hex-Dump Conversion

From:

Subject: Individuals with Disabilities Education Act (IDEA)

This memo provides you with background on two issues concerning the Individuals with Disabilities Education Act (IDEA): the potential controversy surrounding the publication of the IDEA regulations; and the criticism by the National Governors Association and others that the federal government does not adequately support the cost of educating students with disabilities.

### **General Background**

The Individuals with Disabilities Education Act (IDEA) Amendments of 1997 substantially reflected the Administration's own reauthorization proposals, and were the result of substantial negotiation with Hill leadership. The reauthorization retained the civil rights component of the law, in place since the mid 1970's, by still requiring States to provide all children with disabilities a "free appropriate public education" (FAPE) designed to meet their individual needs. This requirement was an is without regard to the cost of the services or the size of the federal appropriation. These amendments added a focus on improving educational outcomes for children with disabilities. For instance, these amendments required States to develop educational achievement goals for children with disabilities, and include children with disabilities on State and district-wide assessments.

The IDEA has always been controversial because it imposes prescriptive and costly administrative mandates on States, and because States want the federal government to pay a larger share of their costs.

### **IDEA Regulations**

The 1997 reauthorization made a number of significant changes in the law, and has been the subject of a lengthy and contentious regulatory development process. The Department of Education plans to publish these regulations in final in early March (publication is being delayed pending final review of the issues). While the NGA did not comment on the proposed regulations issued in October 1997, some individual Governors did. States have been concerned with the fact that, consistent with the law, the extensive and complex regulations do not relieve the States of administrative burden.

In response to over 6,000 comments on the Department of Education's first draft of the regulations, which were published for public comment in October 1997, the Department made an effort across the board to ease the requirements proscribed in the regulations, and to make the regulations easier to understand. For instance, the Department removed the extensive notes they had included in the regulations that tried to clarify the regulatory language. Critics argued that these actually made it more difficult to understand the regulation, and that they had questionable

legal weight. To rectify this problem, in many cases the Department simply incorporated the language in the notes into the regulation itself.

The Department's main changes to the regulations were in the provisions relating to discipline of a disabled student who is violent or troublesome, in what kind of classroom setting to place a child during a dispute over his/her current placement, and the provision of services to students aged 18-21 (discussed below).

It is our understanding that Republican staff believe the regulations, with the Department's adjustments, do an adequate job of addressing their main issues, but they cannot guarantee that some members will refrain from attacking the Administration on discipline or other issues.

*Discipline:* A major provision that was the subject of proposed appropriations riders last year concerns handling discipline for children with disabilities. This may be the lead topic of renewed criticism when the regulations are published; many in Congress and many school systems will believe that the schools are given too little flexibility in addressing disruptive children with disabilities.

The IDEA statute allows school personnel to suspend students with disabilities for up to 10 school days before the suspension is deemed a "change in placement," where a school district is required to reevaluate the educational services provided to the student (determined through the student's Individualized Education Plan, or IEP), and determine whether the student's behavior is a manifestation of their disability.

In the proposed regulation, the Department of Education defined 10 days as meaning 10 cumulative days in a school year rather than 10 consecutive days, which had been the standard in existing regulations. Congressional Republicans and school officials objected to this definition because they felt it would require schools to conduct a much larger number of costly evaluations of disabled students' IEPs (for example, they would now have to reevaluate the IEP if a disabled student was suspended three separate times for four days each in the same school year). As a compromise, the Department agreed to scale back the steps to be taken following the 10<sup>th</sup> cumulative day. In most cases, schools will only need to look at whether and which behavior-related services should be provided to the student. At the same time, the Department retained the 10-consecutive day requirement for a full IEP review, which is not controversial.

*Pendency:* The IDEA statute sets up a hearing process to arbitrate between a parent and a school when there is a disagreement over whether a child's placement should be changed (e.g., from a special education class to a regular education setting). During such a disagreement, the statute requires the child to remain in his/her current placement, unless the school and parent agree otherwise.

The contentious issue in the regulations regarded the placement of the child following the first hearing officer's review and the pending appeal. In the proposed rule, the regulations stipulated that if the hearing officer sided with the placement, then the child would be placed where the parents want them placed; if the hearing office sided with the school, the child would remain in

his/her current placement pending further review. In the public comment, objections were raised that this procedure did not treat parents and schools equally. To compromise, the Department mandated the above process only when the child's case was being heard by a State hearing officer. In all other cases, the child would be placed according to the decision of the first hearing officer pending appeal.

*Services to Students Aged 18-21:* Some States continue to provide special education services to students beyond age 21. In regard to providing special education services to students aged 18-21, the IDEA statute defers to each State's law for educating these students. In the Department of Education's first draft of the regulations pertaining to this provision, it required that graduating students be reevaluated to determine whether additional services should be provided, and provided non-binding guidance that a student would have to graduate with a regular diploma (i.e., not a certificate of attendance) in order for eligibility of services to terminate.

In response to complaints about the regulation's proscriptive graduation policies, the Department changed the regulation to state that students with disabilities do not have to be reevaluated when they graduate with a regular high school diploma, and that they must continue to receive services if they graduate with less than a high school diploma until they reach the maximum age set in State law.

### **Special Education Funding**

Critics, most particularly the Governors, argue that federal funding does not live up to the IDEA statute's commitment that the federal government will provide States with 40 percent of the average per pupil expenditure for each disabled student. In fact, the IDEA makes no such commitment. The statute only limits the maximum grant a State can receive in a year to this 40 percent level. The highest percentage ever reached was 12.5 percent in 1979; 1999 funding should cover about 11.2 percent.

While federal funding for special education State Grants (the primary federal special education program) has increased by \$2.2 billion or 110 percent during this Administration, from \$2.1 billion in FY 1993 to \$4.3 billion in FY 1999, these increases were not requested by this Administration. Congressional Republicans in recent years have seized on IDEA as a defining issue on education, demonstrating their concern for the "mandate" and for the burden placed on States, by providing large annual increases. We believe this pattern will be repeated for FY 2000.

Whatever amount we might proposed for IDEA, the Republicans will always be able to offer more, because they will not, at least initially, fund our other education and training priorities at the levels we seek, such as Title I or the Workforce Investment Act. Instead we argue that we are in fact substantially aiding children with disabilities with many of our other high priority investments. These children benefit from the smaller classes in our Class Size Reduction

initiative, from modern school facilities in our School Modernization Bonds proposal, and from our early intervention initiatives such as America Reads and Head Start.

We have also targeted smaller increases toward early intervention programs for specifically for students with disabilities, and to help States take advantage of research on effective practices. The FY 2000 Budget provides a \$116 million increase to special education, targeted in this way.

It should also be noted that the IDEA Amendments of 1997 imposed a “trigger” engaged when federal funding reached \$4.1 billion, allowing an LEA to divert up to 20 percent of their maintenance of effort funding away from special education if the allocation exceeded that of the prior year. Therefore, federal IDEA increases do not increase spending on children with disabilities dollar for dollar.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 19:14:26.00

SUBJECT: Tobacco Farmer News

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

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

TEXT:

Three stories on tobacco: 1. plant closes ending 1,400 jobs; 2. tobacco farmer tractorcade;  
 3. Company split with Unions. Its a long file so delete it.

Thursday, February 25, 1999

Phillip Morris to close plant; 1,400 losing jobs

Courier-Journal

Louisville

major

facility --

end of

tobacco

yesterday

lesson to a

generations.

said Philip

Chevront.

By JOE WARD, The

Philip Morris will close its plant -- the state's last cigarette manufacturing eliminating 1,400 jobs by the 2000.

The world's most powerful company had little to say as it delivered a brutal city whose economy has been linked to tobacco for

"It's all about capacity,"

Morris spokesman Rusty

"It's going to allow the

company to  
properly align production with demand."

Philip Morris has operated a cigarette plant in Louisville since 1944, providing some of the highest-paid factory jobs in the city. Workers earned an average of \$21.50 per hour, and the loss of the 1,400 jobs will cost the local economy nearly \$63 million in annual payroll.

"To be frank, this announcement means a loss of jobs that will really hurt," Louisville Mayor

Dave Armstrong said. "But Philip Morris is also a significant supporter of many community activities and causes, and I don't want to see that commitment fade away."

The company invested heavily in the arts, sponsored Kentucky Derby Festival events and other community programs and contributed heavily to such projects as the historic Farnsley-Moremeyen Landing.

Gov. Paul Patton said Philip Morris officials told him two years ago that closing the Louisville plant was a possibility, but yesterday's announcement came as a surprise.

Patton said he has asked Philip Morris officials to meet with him to determine what, if anything, the state can do to prevent or lessen the magnitude of the layoffs.

Community leaders say Louisville will recover, but the people losing their jobs are reeling.

"Our workers are shocked," said Robert Hines, president of tobacco workers union Local 16. "They don't understand. We've done everything Philip Morris has asked of us."

Employees had expected the plant to close in two or three years, but were not prepared for yesterday's announcement.

Cheuvront, who just a month ago had denied rumors that the plant would close soon, attributed yesterday's decision by the company's board to slumping sales and having more production capacity than the company needs. He said the Louisville plant, which covers several acres south of 17th Street and Broadway, has been operating at 50 percent of capacity so far this year, after operating at 75 percent last year. The company refused to release exact production figures.

Both domestic and export sales are down, Cheuvront said, as a result of the tobacco industry's recent \$206 billion national settlement agreement with 46

states, the Asian economic crisis and other factors.

Cheuvront said Philip Morris will consolidate its cigarette production in larger, more modern plants in Richmond, Va., and Cabarrus, N.C. "This action is in no way a reflection on our employees and their performance," he said.

The phaseout of Louisville manufacturing operations will begin this year. When it is complete at the end of next year, it will leave Philip Morris with about 150 workers in its local tobacco leaf processing and warehouse facilities. Joe Phelps, secretary-treasurer of the tobacco workers union, said the closing will come in phases. He said workers will be laid off in July 1999, April 2000 and July 2000, and the final round of cuts will come in December 2000.

Steve Magre, president of the Louisville Board of Aldermen, said the phaseout of jobs is "like getting hit with a right cross. . . . But it was not like we didn't know we were in the ring" and that cuts were inevitable at some point. But, he said, "I hate to see it. Philip Morris is synonymous with Louisville, Kentucky."

Employment at the plant peaked at about 4,000 in the mid-1980s, the company said. A number of retirement packages and layoffs had trimmed the ranks to about 1,900 at the start of this year, Cheuvront said, and 300 retirements and 50 layoffs have occurred since. Louisville, once a major cigarette manufacturing center, lost 1,000 jobs in 1970 when the American Tobacco Co. stopped producing cigarettes in the city. It lost 3,000 jobs when Brown & Williamson Tobacco Corp. -- which still has its headquarters in Louisville -- moved production out in 1981. Lorillard moved 900 cigarette-making jobs to North Carolina in 1984.

Cheuvront said Philip Morris will eliminate about 1,100 hourly jobs and 300 salaried jobs.

The largest group of hourly workers are members of Hines' union local, but their number also includes pipefitters, electricians and oilers.

The Philip Morris announcement said all employees will receive "generous" separation packages. Hines said his union's contract with the company includes 13 to 52 weeks of separation pay, depending on years of service. The company said some benefits will continue for up to 18 months after separation. Workers also will receive help with resumes and other job-search activities. Hourly workers are eligible for job training and continuing

education -- including college -- for up to three years after separation.

The company said it will offer enhanced retirement benefits to eligible salaried employees, and may provide better retirement benefits for hourly employees as well.

Hines said the union already had scheduled contract negotiations with the company for next week, and now will use those talks to try to get better separation benefits. In addition, the company and Hines said some of the displaced workers may get jobs at the Virginia and North Carolina plants.

Robert Bordogna, president of Todd Investment Advisors Inc. in Louisville, expressed disappointment at the plant closing, but said it shouldn't have come as a surprise after the tobacco industry's settlement agreement with the states -- which already has driven up cigarette prices by 45 cents a pack.

"You had to expect that they were going to be trying to cut costs everywhere they possibly could. They've got \$220 billion spread out over the coming years. That has to be paid for somehow, and you can't get it all back with price increases," Bordogna said.

Brian Eisenbarth, a tobacco securities analyst with Collins & Co. in San Francisco, said, "In general, when you substantially raise the price of a product, it causes quantity sold to reduce. Which means the productive capacity they are using may be too much."

Hines said the union members blame the closing in large part on President Clinton.

"He continues to attack us," Hines said. "He has a special agenda for us -- to get rid of us."

But he said the workers believe the company's investments in manufacturing facilities overseas also play a part -- though he said workers recognize that some such production is in response to mandates from countries where Philip Morris sells cigarettes.

Chevront said about 27 percent of Louisville cigarette production -- which includes the Marlboro, Virginia Slims, Basic and Benson & Hedges brands -- is for export.

But he said operations Philip Morris has overseas had no bearing on the decision to phase out the Louisville plant. He said he didn't have time yesterday to supply information on those

operations, except that they were begun or acquired in the mid-1990s.

An article in the Winter 1998 issue of Tobacco Reporter, a trade journal, said Philip Morris had 10 joint ventures overseas, in the Czech Republic, Eastern Germany, Hungary, Kazakhstan, Lithuania, Ukraine, Russia and Poland. The publication estimated Philip Morris' investment at more than \$675 million, and annual production at more than 105 billion cigarettes. Scott Ballin, a consultant with the Washington-based Campaign for Tobacco-Free Kids and a noted anti-tobacco activist, said that yesterday's plant-closing announcement was "an effort by the company to send shock waves through the workers and farmers," to get them "to do the political bidding of the companies in Washington," while the companies themselves "are moving overseas, making profits overseas."

The plant closing sends a shudder down the spines of burley growers, said state Senate President Pro Tem Joey Pendleton, D-Hopkinsville.

"They're thinking, 'What's going to be next?' " said Pendleton, who heads the legislature's Tobacco Task Force. "Here's one of the largest cigarette manufacturers, and it's moving out of Kentucky. . . . Are they going to be in business here in the United States?"

U.S. Sen. Jim Bunning, a Republican, said cigarette makers like Philip Morris "can buy (tobacco) from anywhere. . . . What's the advantage then of buying Kentucky burley?"

U.S. Rep. Anne Northup, a Louisville Republican and a noted critic of the tobacco industry when she was a state legislator, said she doesn't know if the company's overseas operations had a bearing on yesterday's announcement, but said that leaders in Kentucky should have been asking about it.

"The political leadership refused to ask tough questions," she said. "Questions such as, 'Why are you building those plants? What are you doing to protect workers and tobacco farmers?' "

she said tobacco lobbyists discouraged agricultural diversification by assuring state legislators that "as long as we don't do anything to discourage smoking, we don't have to worry about anything else." Now, she said, tobacco farmers have suffered a devastating cut in the amount of tobacco they can grow, and tobacco jobs are disappearing.

"My concern is that there have been a lot of tobacco farmers and workers who have given their hearts and souls and faith to Philip Morris . . . and I don't believe that faith has been well-placed," Northup said.

## U.S. DEPARTMENT

U.S. Department of Agriculture figures show that U.S. production of cigarettes peaked at 755 billion in 1996, and then began dropping off. Exports peaked the same year at almost 244 billion cigarettes, then dropped to 217 billion the next year, and U.S. consumption dropped from a 1996 peak of 487 billion to 480 billion the next year.

Tobacco farmers to rally  
tractors in Raleigh

□□ They say they are protesting shortcomings in foundation that is proposed under settlement

By David Rice

JOURNAL RALEIGH BUREAU

RALEIGH

says that if its  
engines --  
A group of Eastern North Carolina tobacco farmers voices can't be heard in Raleigh, maybe its diesel engines -- several hundred of them -- can.

"tractorcade" Monday in  
Raleigh.  
So the group plans to stage a massive

start from  
downtown Raleigh,  
Building and the  
The growers say they expect 500 to 1,000 tractors to the State Fairgrounds and wind their way into circling the governor's mansion, the Legislative state Capitol.

aside half of  
tobacco-dependent  
The growers, who have secured a city permit for the demonstration, say they want to draw attention to the shortcomings in a proposed foundation that would set the state's tobacco-settlement money to assist communities.

Lucas, a farmer  
'How would you  
your debts? All we  
'It's our way to make a statement,' said Dale from Dunn who is one of the event's organizers. like to lose 35 percent of your ability to pay off

want is security.''

similar to those  
aside \$1.2 billion  
trust fund for  
Virginia got,''  
Virginia  
Respect.''

the foundation  
want formal

said we're  
said Jimmy Lee,

use of the  
Lucas said he

write the rules,'' he  
for the past 250  
ate settlement

participants  
the separate

said. ''All we  
governor. I went to

in orderly rows

In particular, the growers say they want guarantees in a bill approved by Virginia legislators that sets as a guarantee for tobacco farmers until a separate growers and quota holders is cemented.

'We ain't going to get nothin' compared to what Lucas said. ''Do you know the difference between a tobacco farmer and a North Carolina tobacco farmer?

As the General Assembly decides whether to set up for tobacco-dependent towns, the growers say they assurances that they will be protected.

'Gov. (Jim) Hunt and Attorney General (Mike) Easley going to be all right. Can we get a loan on that?'' an organizer from Johnston County.

Though Easley told a House committee yesterday that money can be defined in the foundation's bylaws, wants to know more specifics.

'They're wantin' to set the foundation up, then said. ''We've been taking care of our communities or 300 years. We were doing pretty good 'til this st came along.''

Lucas said that tobacco growers were not among the who negotiated either the nationwide settlement or trust fund to compensate growers.

'We had nobody there really representing us,'' he have is a promise -- a statement -- from the my banker. It didn't impress him.''

And by last night, 18 tractors were already parked in a parking lot at the fairgrounds.

☐☐ For more information on the tractorcade, contact

Jimmy

Lee at (919) 269-7812.

#### THE POLITICAL FALLOUT

Tobacco industry losing labor ally

By ROBERT T. GARRETT, The Courier-Journal

When the Philip Morris factory in Louisville is closed next year, the tobacco industry will lose a key cog in its political machine in Kentucky -- organized labor.

The company's decision, announced yesterday, will wipe out close to 40 percent of Kentucky's employment base in tobacco manufacturing and processing, according to a Courier-Journal analysis of state statistics. And although some of the smaller operations that remain in the state are unionized, the labor clout that was at Big Tobacco's disposal in Frankfort --and Washington -- flowed almost entirely from two big union locals representing line workers and machinists at the Philip Morris plant in western Louisville.

"We've written the letters; we've made the phone calls and been on the street in support of the tobacco industry," said Ron Harsh, business manager of the machinists' local and president of the Greater Louisville Central Labor Council. "After all, they're our jobs."

After other cigarette manufacturers closed plants in Louisville to head for non-union pastures in Georgia and the Carolinas, the jobs at Philip Morris constituted the tobacco industry's last significant manufacturing presence in Kentucky.

That presence, though ever--dwindling, was crucial to the arguments the state's tobacco growers made in trying to fend off federal anti-smoking measures.

"In the national fight, going (to Washington) and talking about employment numbers and those type of things is crucial to you in making your arguments and winning support," said Rod Kuegel of Owensboro, president of the Burley Tobacco Growers Cooperative.

"So it's devastating," said Kuegel, who spoke of losing a crucial ally.

Tobacco has never needed much of a lobbying effort in Frankfort. But loss of the Philip Morris factory could change that some.

U.S. Rep. Anne Northup of Louisville recalled yesterday that when she was in the General Assembly earlier in the decade, and pushed measures to prevent teen-agers from smoking, the unions at Philip Morris' Louisville plant persuaded other legislators from Jefferson County not to support her.

Plant workers were "also meeting with whomever else in the legislature that the company would set up meetings for them," she recalled.

Kentucky House Speaker Pro Tem Larry Clark, D-Okolona, said the plant closing will "dilute" tobacco's political strength in Frankfort. "When you lose a tobacco-manufacturing plant in an urban area, then the urban legislators don't feel such a close relationship to tobacco," he said.

The unions at Philip Morris also wielded influence locally.

One example came in 1987 when county government ordered its health department to quit offering free stop-smoking clinics. It did so after then-County Judge-Executive Harvey Sloane, himself a physician, met with Philip Morris executives and union officials, and then told an aide to tell the health department to shift its attention to AIDS education.

At the time, the local tobacco industry provided 6,000 jobs.

That's more tobacco-manufacturing and -processing jobs than the entire state has today, according to last year's Kentucky Directory of Manufacturers, which the state Chamber of Commerce and Economic Development Cabinet publish jointly.

And the number of such jobs the directory said exist statewide -- 5,045 -- seems inflated. It includes 550 white-collar jobs at Brown & Williamson, which has its corporate headquarters in Louisville. The directory also lists 2,412 jobs at Philip Morris' plant, which The Associated Press said yesterday had employment of 2,100 in 1998, before the company made an earlier retirement and buyout opportunity available to employees.

If more conservative figures for those two companies are used, the 1,400 layoffs announced yesterday constitute 35 percent to 40 percent of the manufacturing and processing jobs left in the state.

In 1964, there were four cigarette manufacturers in Louisville: Brown & Williamson, American Tobacco Co., P. Lorillard and Philip Morris. Total employment at the four was

about 9,000. Philip Morris has the only plant still operating.

Its departure will make Pinkerton Tobacco Co., which has 450 employees at a smokeless-tobacco factory in Owensboro, the largest tobacco plant in Kentucky, according to the directory.

Philip Morris has long been known as a leading contributor to the campaigns and political causes of members of Congress. To help it defeat national anti-smoking legislation in the last two years, it gave \$2 million in unregulated "soft money" to the Republican National Committee and its affiliates, and \$419,164 to their Democratic counterparts. Campaign-finance reformers said the company was the biggest soft-money donor in 1997-98.

Kentuckians in Congress, except for Northup, have been big recipients of Philip Morris' largesse.

But the plant, which has locals affiliated with seven unions, has made friends in Frankfort, too.

The political-action committee of the Bakery, Confectionery and Tobacco Workers, whose Local 16 in Louisville has about 1,400 members, gave \$2,000 to the state Democratic Party last fall.

The PAC of the International Association of Machinists and Aerospace Workers, which has 223 Philip Morris workers in Local 681, gave \$7,500 to the party in the 18 months after then-Lt. Gov. Paul Patton, a union ally, won the Democratic nomination for governor in May 1995.

Philip Morris' PAC gave the state Democratic Party \$2,500 last June.

News of the plant's closing brought finger-pointing from state politicians, with all of the Republicans -- except Northup -- blaming President Clinton's crusades against smoking.

Clinton "is making progress in his continuing assault on Kentucky's No. 1 cash crop," U.S. Sen. Mitch McConnell, a Republican, said in a statement. He said Kentucky's tobacco industry has lost 15,000 farms and "thousands of jobs" since Clinton took office, and he said the Philip Morris announcement "is an inevitable result of the president's war on tobacco."

Freshman Republican Sen. Jim Bunning also blamed the White House.

"We have made growing burley tobacco and producing cigarettes harder and harder for the last seven years," he said in an interview.

The recent settlement between cigarette makers and the states, and Clinton's threat of a federal suit are "eventually going to force production of cigarettes offshore," Bunning said.

But Northup said Philip Morris was moving factories and plantations overseas, no matter what American politicians did.

"Philip Morris had a corporate strategy that threatened their jobs far more than anything we did to discourage kids from smoking in Kentucky," she said.

Staff writer Tom Loftus contributed to this story.

BACK TO NEWS DIGEST

TO NEWS ARCHIVE

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Irene Bueno ( CN=Irene Bueno/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:25-FEB-1999 19:41:09.00

SUBJECT: Report on Immigration Working Group Meeting 2/25/99

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

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

CC: J. Eric Gould ( CN=J. Eric Gould/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

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

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

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

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

TEXT:

Central Americans- James Costello reported that he had just left a two hour meeting on the regulations and they have not yet decided whether they will propose a presumption of extreme hardship but they are getting closer. A couple of meetings will be scheduled to get some closure on this issue for the Central America trip. Lamar Smith sent a strongly worded letter against the presumption. On the other side of the issue, Hatch, Abraham, Mack, and the several Democrats sent a letter in support.

Public Charge- DOJ will attempt to have by Mid-March the NPRM and either guidance or interpretative rule (AG must decide which one). They will be unable to get an answer sooner b/c the AG will be on travel most of the next couple of week. On a more technical front, OMB expects the NPRM will be a major rule requiring that it be sent to Congress. DOJ and INS will engage with OIRA to ensure quick clearance of this reg.

Mandatory Detention - DOJ/INS is drafting a legislative, administrative and budget strategy to deal with this issue. Today, Commissioner Meissner testified before Lamar Smith and the hearing was expected to be

contentious (Smith required the Commissioner to be sworn in for her testimony). I am following up with INS to find out about the hearing.

H2A - Regulations are pending clearance that would help to streamline the application process. I am reviewing these regulations but it is expected that some will not think that this regulation goes far enough to reform the H2A system. In January, five Democratic Senators sent a letter to the President requesting that they work together to reform the H2A process. Coverdell has asked Comm Meissiner to meet with growers about this issue and they are meeting next Thursday. Coverdell has also reached out to Herman.

Naturalization -

-- Data Report - Preliminary reports indicate that INS is on the road to reach it's naturalization goals.

-- Disabled immigrants - Guidance to reform this process is expected to be released next week. They will allow the person who was featured in NY Times article to go through the application process again.

New Issues - INS raised 2 new issues - (1) deportations to Honduras had been prevented due to problems with the Honduran consulate but the issue has been resolved and deportations will resume (2) INS is working on an issue that was raised during the AFL-CIO meeting re: H2B visas for shipbuilders in Louisiana - Avendall (sp?). H2B was created to allow shipbuilders to bring in workers for training but Avendall requested the workers but did not provide training. INS is coming up with a proposal how to deal with this issue.

Please let me know if you have any questions

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 20:28:16.00

SUBJECT: SUGGESTED Q&A TO POTUS DRUG COMMENTS

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

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

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

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

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

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

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

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

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

TEXT:

Q: Was the President's comments suggesting that the Medicare drug benefit not be given to "people who may not need it" meant to imply he no longer supports a drug benefit that is accessible to all Medicare beneficiaries?

A: Not at all. The President was reflecting that it is possible to design an acceptable drug benefit for Medicare beneficiaries that is optional. This would address the decreasing number of Americans who have a comprehensive retiree health drug benefit who might not want to opt for the new Medicare benefit. Under such a design, the drug benefit would be subsidized to make certain the coverage was affordable and accessible to all Medicare beneficiaries, and that it was made available through the traditional fee for service plan as well as Medicare HMOs and other private options.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 21:12:51.00

SUBJECT: Note for morning meeting

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

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

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

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

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

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

TEXT:  
BR/EK:

Don't know if these items merit a mention or heads up for tomorrow's meeting, but I thought I'd mention them anyway.

(1) Crime Budget Hearing. Ann Harkins called tonight to say that Senator Hatch is pushing very hard for a DOJ budget oversight hearing the week of 3/22. This means that Bruce's suggestion for a month-long build-up of crime events/leaks must be a priority for March. We should think about raising this at Senior Staff as soon as possible.

(2) Cyber-stalking. In addition to the previously discussed announcements for tomorrow's VAWA event, the VP will be directing DOJ to study cyber-stalking and report back with some recommendations. Folks asked me late tonight for my "sign off" on this proposal. I expressed that I was fine w/them doing it and didn't want to hold up their event, but that I would not personally recommend getting out in front of this issue -- and committing to a policy fix in the near-term -- without a clear sense of what the recommendations would be. So, although I chose not to veto this proposal, I wouldn't give it my seal of policy approval either. Mary and I had both recommended to the VP's folks that they focus tomorrow's event on VAWA II, not cyber-stalking, and helped them clear the Administration's position in support of Biden's bill. I only raise this because I know you've had some exchanges w/Pat on DPC clearance, and because her staff asked that I send you two an e-mail saying I was okay with the proposal. Well, take this as my last-minute, qualified okay to their proposed study.