

NLWJC - KAGAN

EMAILS RECEIVED

ARMS - BOX 059 - FOLDER -003

[04/07/1997]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1997 08:47:37.00

SUBJECT: DPC Meeting

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

TO: Dennis K. Burke (CN=Dennis K. Burke/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

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

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

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

TO: WEINSTEIN_P (WEINSTEIN_P @ A1 @ CD @ LNGTWY [EOP]) (OPD)
READ:UNKNOWN

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

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

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

TEXT:

This morning's DPC Team Leader meeting is being rescheduled for this afternoon. I'll be e-mailing again with the time.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Brian A. Reich (CN=Brian A. Reich/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1997 09:12:43.00

SUBJECT: Fact Check Meeting

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

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

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

TO: Russell W. Horwitz (CN=Russell W. Horwitz/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:

Waldman would like to have a fact check meeting on Tuesday afternoon.

What time works best -- 2pm. 3pm or 4pm???

Please respond as soon as possible - thanks

Brian Reich
6-2593

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Andrew J. Mayock (CN=Andrew J. Mayock/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1997 09:18:53.00

SUBJECT: Decision Memo

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

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

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

TO: Rebecca R. Culberson (CN=Rebecca R. Culberson/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

TO: Maria Echaveste (CN=Maria Echaveste/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: Susan M. Liss (CN=Susan M. Liss/O=OVP @ OVP [UNKNOWN])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Virginia N. Rustique (CN=Virginia N. Rustique/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Franklin D. Raines (CN=Franklin D. Raines/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Carolyn Curiel (CN=Carolyn Curiel/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Ruby G. Moy (CN=Ruby G. Moy/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TO: MOORE_M (MOORE_M @ A1 @ CD @ LNGTWY [EOP]) (DON)

READ:UNKNOWN

TO: Richard Socarides (CN=Richard Sócarides/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: Janet Murguia (CN=Janet Murguia/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Dawn M. Chirwa (CN=Dawn M. Chirwa/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Donald A. Baer (CN=Donald A. Baer/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

FYI. Attached is the decision memo that was submitted to the President on Friday. Thanks again for all your help in drafting it.

March 10, 2010

MEMORANDUM FOR THE PRESIDENT

FROM: ERSKINE BOWLES AND SYLVIA MATHEWS

**SUBJECT: AMERICA 2000: A PRESIDENTIAL INITIATIVE TO
PREPARE OUR NATION FOR THE 21st CENTURY**

This memorandum outlines the components of a comprehensive proposal for a Presidential initiative on race.

ISSUES FOR DECISION

1) Whether you should appoint a commission that will help prepare Americans for the 21st Century by working to improve race relations. 2) Whether you should do a series of town hall meetings with the commission. 3) Whether you should hold meetings every other month with the commissioners at the White House.

(If you choose to deliver a speech on April 24 in which you announce the commission members, Bob Nash informs us that we need to have them selected and notified by this Monday, April 7. Even if we start the vetting process April 7, Bob feels that it would be a challenge to have all fifteen commissioners vetted in that time frame. The next opportunity to deliver a speech in which you announce the commissioners would be sometime during the week of May 12, after the Service Summit and your Mexico trip.)

BACKGROUND

This memorandum describes a proposal that will help implement your call to the American people that we must become "One America" and must confront unresolved issues of race and bigotry. As we discussed with you on March 25, we have concluded that any efforts in this area must include: 1) action on this issue; 2) an examination of the difficult issues involved in the nation's racial tensions; and 3) recommendations for addressing these problems.

This memo will discuss the various components of this proposal: 1) Mission; 2) Goals and Actions; 3) Commission; 4) Town Hall Meetings; 5) Commission Meetings at the White House; and 6) Report. A separate memo will discuss our plan for working with other groups which are not included in the scope of this initiative, but are concerned about discrimination and equality issues.

Mission

The mission of this initiative is to enable America to prepare for the 21st Century through a nationwide program of dialogue, study and action addressing the issues of race and pluralism.

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This initiative is occasioned not by an immediate crisis but rather by your long term commitment that we enter the next century a strong and united country: strong because we will benefit from the talents of all our people; united because we will overcome the divisions of race that have deprived too many Americans of the full benefit of their citizenship and deprived the rest of us of the benefit of their contributions.

The initiative would be forward looking, preparing us for a new century (and a new millennium).

It would address the issue of race in the contemporary American context: Hispanic, Asian American, African American, Native American, other people of color, and White.

The initiative would have several components, beginning with Presidential leadership. You would participate personally in several town hall meetings on this issue. In addition, you would ask fifteen distinguished Americans to serve on a Presidential commission that would work with you. The commission would primarily focus on basic areas which are important in providing every American the unhindered ability to pursue the American dream -- education, employment and housing -- and also address those unique issues which affect the goal of racial reconciliation and understanding -- youth, violence, the dynamic change in our nation's racial composition, global economic leadership and our criminal justice system.

The commission will engage in extensive discussions around the country, find effective interracial efforts already underway in local communities and meet with scholars who can examine certain issues in depth. The commission will report back to you regularly on their progress.

On January 19, 1998, the federal holiday marking the birth of Dr. Martin Luther King, Jr., you would receive the final report of the commission, including a comprehensive look at race relations in America today and recommendations for action as we go forward.

Goals and Actions

To carry out this mission, the following goals and actions have been developed.

GOAL ONE: Frame a debate with a positive, forward-looking focus on how we think and talk about race; strengthen Americans' appreciation of the value of diversity as one of our greatest resources; and instill the sense of promise that One America holds.

ACTIONS:

- Use the bully pulpit of the President to articulate these themes.
- Highlight these themes in all of the commission's activities and through targeted amplifiers (e.g. PSAs and Cabinet involvement).
- Engage Americans on these themes through the interactive components of the initiative (e.g. town hall meetings, web site, etc).

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- Distribute literature reflecting these core themes through the commission to schools, businesses and community organizations.

GOAL TWO: Raise the profile of racial reconciliation and understanding, to a degree previously reached only in times of trouble.

ACTIONS:

- Introduce the initiative in a major Presidential address.
- Elevate the initiative nationally through your participation in town hall meetings, regular meetings with the commissioners and possibly a presentation of a Presidential award.
- Elevate the initiative nationally and locally through the town hall meetings, public hearings and policy roundtables sponsored by the commission.
- Activate Cabinet involvement with the commission and incorporate outside disciples and validators.
- Highlight the initiative through active involvement with the national media, through public service announcements and other ways.

GOAL THREE: Confront and work to eliminate discrimination and promote racial reconciliation and understanding.

ACTIONS:

- Survey local and community groups for ideas on best practices involving these issues.
- Serve as a clearing house to distribute best practices to a wider range of community and governmental bodies (e.g. ministerial groups, U.S. Conference on Mayors, National League of Cities and National Governors' Association)
- Highlight, analyze and develop strategies for overcoming common stereotypes and discriminatory acts through town hall meetings, public hearings and report.
- Provide recommendations for actions to eliminate certain discriminatory acts.
- Spotlight those persons, groups and businesses who exemplify One America through the town hall meetings, public hearings, your speeches, PSAs and other means.
- Consider bestowing a Presidential award or awards upon those who best exemplify One America.
- Work in partnership with non-profit organizations and businesses involved in these efforts and encourage others to join.
- Address these issues in visits to schools and campuses and through youth-oriented media.

GOAL FOUR: Initiate ongoing constructive dialogue on racial issues between and among races, which includes particular attention on how to maintain civil discourse on some of these divisive issues. Foster and encourage sustaining this dialogue through the spread of organizations which will further provide expansion of meaningful interracial dialogue.

ACTIONS:

- Establish and explain the importance of dialogue in your major speech.
- Set an example through Presidential participation in town hall meetings.

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- Issue Presidential challenge for Americans across the country to join in such a dialogue in their homes, schools, businesses and places of worship.
- Encourage dialogue through a wider range of community and governmental bodies (e.g. ministerial groups, service organizations, U.S. Conference on Mayors, National League of Cities and National Governors Association).
- Engage students at schools and campuses in dialogue and create youth-oriented media which addresses the importance of dialogue.

GOAL FIVE: Foster a greater understanding among the American people of the many ways in which our racial backgrounds affect perceptions of life and events, and with that understanding, arrive at a better appreciation for the views of people of different races.

- Highlight common perceptions held by groups about themselves and others at town hall meetings and public hearings.
- Deliver insightful, accurate information that addresses those perceptions.
- Analyze how these perceptions are created and recommend effective ways for dealing with them.
- Encourage public outreach campaign that challenges stereotypes and encourages people to work beyond them.

GOAL SIX: Deliver an accurate analysis of the progress we have achieved, our present condition and the challenges ahead for the American public.

ACTIONS:

- Review existing literature and analyses, including the Truman Commission, Kerner Commission, Johnson Council and the U.S. Civil Rights Commission.
- Undertake original research which analyzes the present complexity of race and race relations in the U.S. through in-put from town hall meetings, hearings and other fact-finding.
- Study and analyze the changing demographics of the U.S. through the first fifty years of the 21st Century.

GOAL SEVEN: Provide concrete, specific recommendations on how to derive strength from this country's dynamic racial composition.

ACTIONS:

- Build a consensus locally and nationally that is committed to implementing the commission's recommendations.
- Distribute and encourage specific action items for the American people that private citizens, acting as individuals, can pursue.
- Produce report in both print form and as a living document in video format. For example, a video could include you speaking to the issue, the results of the report, footage

of town hall meetings and other meetings, brief shots of commissioners and "real people" which could be shown in schools and community meetings.

Commission

Charter: The commission would be charged with implementing the mission of the President's initiative by carrying out the action items. Through these efforts, the commission would help lead all Americans towards One America by bringing the races together through dialogue and education, and it would raise and answer the tough questions facing an America with a dynamic and diverse population. In the commission's report, it would make concrete recommendations for action by individuals, businesses, churches, schools and government at all levels.

Membership: The commission would be composed of approximately fifteen members. The commission would consist of distinguished Americans who transcend race and politics and who embody the vision of One America. They will be diverse professionally and racially. *(The attached memo and lists of prospective commissioners are for your consideration and selection.)*

Executive Director / Staff: An executive director and deputy director would head the commission, and be responsible for managing the commission's work. *(The attached list provides suggestions on potential executive directors for your consideration.)* They would be assisted by a full-time staff of about 30 professional and support employees. Also, various consultants and contractors will be hired to supplement the full-time staff. The commission would be housed in space outside the White House. Among other duties, the commission staff will carry out the following functions:

- support the commission members in their deliberations
- help to develop and oversee the commission's research agenda
- schedule and arrange commission meetings and hearings
- oversee the preparation of working papers and a final report
- serve as a point of contact for the press and others who are interested in the commission's work
- serve as a liaison between the commission and the White House and Executive Branch
- reach out to the public along with the commissioners

(For the Kerner Commission, President Johnson appointed David Ginsburg to be executive director and Victor H. Palmer as deputy executive director. They divided the commission's work into two phases. In the first phase, it held 20 days of public hearings between August and November 1967. More than 130 individuals from federal, state and local government, including leaders from the civil rights, labor, religious, and business community testified. Ninety professional and clerical workers supported this phase. The second phase, which extended from December 1967 to February 1968, involved reviewing the information collected from its extensive research program (e.g., they developed riot profiles on 23 cities) and drafting its final

report. A professional staff of 45 professionals and clerical staff supported this phase of the work.)

Town Hall Meetings

In early June, you would kick off the commission's town hall meetings by hosting the first one. This meeting would focus on promoting the commission's goal of encouraging dialogue and preparing a road map for the 21st Century. It would provide a forum for you to emphasize the positive, forward-looking aspects of the commission and challenge the country to actively engage the commission and each other.

After this initial town hall meeting, the commission would hold a series of others in cities and rural areas around the country. You would attend two or three more meetings throughout the year. The Vice President and First Lady could also participate in town hall meetings. At these town hall meetings, commission members could encourage local officials to have preparatory, parallel and/or follow-up sessions on their own to try to agree on, or at least identify, key problems and solutions. These town hall meetings would focus on engaging and challenging the American people to discuss how we can move forward in specific areas (e.g. employment in Detroit, Michigan; education in rural south; criminal justice system in Los Angeles, California; housing in Chicago, Illinois or Santa Fe, New Mexico. *These locations and topics are illustrative only.*) The participants would consist of mostly people from the community. The town hall meetings could be policy road tests where communities can provide feedback on potential policy outcomes.

Commission Meetings at White House

Over the course of the commission, the commissioners would come to the White House every other month to meet with you. At these meetings, they would brief you on their experiences and progress.

Report

On January 19, 1998, the federal holiday marking Martin Luther King, Jr.'s birthday, the commission would deliver their report to you. The report would layout a vision of the 21st Century. It would teach and challenge the American people. The report would reflect their outreach to thousands of Americans through town hall meetings, interviews and the nation's best minds on this subject. It would include a review existing research and include that of the independent, bi-partisan U.S. Commission on Civil Rights. It would recommend specific concrete actions that we must take on the national and local levels to achieve this vision. This report could be a living document that educates the nation, frames the debate and provides concrete solutions for a long time to come.

RECOMMENDATION

After considering different formats for pursuing your call to the American people, we recommend that you appoint a commission that will work on improving race relations, do a series of town hall meetings with the commission, and meet with the commissioners at the White House once every two months.

This option is not without drawbacks. There is the chance that the commission would recommend that we spend more money on problems despite our serious budget constraints. Also, there is a possibility that the commission will offer recommendations contrary to your policy (e.g. They recommend *against* educational standards.) Additionally, meeting with the commissioners at the White House is a great device for forcing the commission's work along and giving you some ownership, but it also makes it difficult to distance you from the deliberations and conclusions of the commission.

DECISIONS

That you appoint a commission that will work on improving race relations.

approve _____ disapprove _____ let's discuss _____

That you do a series of town hall meetings with the commission.

approve _____ disapprove _____ let's discuss _____

That you meet with commissioners at the White House every other month.

approve _____ disapprove _____ let's discuss _____

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Attachment: Memorandum on Recommended Commission
Potential Executive Directors

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jason S. Goldberg (CN=Jason S. Goldberg/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1997 09:37:22.00

SUBJECT: Product Liability Meeting

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

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

TO: Sylvia M. Mathews (CN=Sylvia M. Mathews/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: Elisa Millsap (CN=Elisa Millsap/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

CC: Carole A. Parmelee (CN=Carole A. Parmelee/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

CC: Russell W. Horwitz (CN=Russell W. Horwitz/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

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

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

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

CC: June G. Turner (CN=June G. Turner/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

TEXT:

Erskine will hold a product liability meeting at 5pm on Tuesday for 30 minutes. The purpose of the meeting will be to update and discuss strategy.

Participants:

Gene Sperling
Bruce Reed
Kathy Wallman
Elana Kagan
Bruce Lindsey
Sylvia Mathews
John Podesta
John Hilley

HEALTH CARE

Question: Are you going to submit additional Medicare savings so that your Medicare plan will contain \$100 billion in savings over five years?

Answer: Our actuaries believe that our current Medicare proposal does save \$100 billion over five years. And, over the last four years, our actuaries have been more accurate in their budget estimates than the Congressional Budget Office. Moreover, just last week we sent our detailed language over to CBO. We believe that these additional details will help eliminate some of the current discrepancies between our actuaries' scoring of our Medicare proposal and CBO scoring. If any scoring differences still remain after CBO has had a chance to review all of our statutory language, we will make a determination as to whether any revisions in our proposal are warranted.

Question: In your February budget release you said the 5-year Medicare savings were \$100 billion. There are now reports that it is \$106 billion over five years, according to your actuaries. How do you account for these differences?

Answer: As the Congressional Budget Office (CBO) was scoring our Medicare proposals, they requested that the Office of Management and Budget (OMB) provide clarifications on the intent of our savings proposals. After providing them with this information, we asked OMB to determine how these clarifications changed the scoring of our Medicare package on our baseline. When they did, OMB determined that the provisions would score about \$106 billion in savings off of our baseline. (None of the clarifications involved beneficiary savings.)

CBO continues to score our proposals to save about \$82 billion off of their baseline. We hope that further clarification of our policy will close the gap between how CBO (\$82 billion) and OMB (\$106 billion) score the very same policy.

Question: Do you plan to eliminate any of the new benefit improvements in your Medicare plan?

Answer: While everything will clearly be "on the table" in our budget discussions, we are extremely sensitive about making any changes to the important beneficiary improvements in our Medicare plan. Over three quarters of Medicare beneficiaries earn less than \$25,000 per year. Improving benefits and fixing flaws in the program which place undue costs on this vulnerable population is a high priority for this Administration. We look forward to continuing to work with both Republicans and Democrats in Congress on passing a balanced budget

which will strengthen and improve the Medicare program.

Question: **Your proposal to lower out-of-pocket costs for outpatient department (OPD) services costs almost 50 billion over ten years. How do you justify the costs of this proposal?**

Answer: **Our OPD policy simply returns the benefit to the original intent of the program.** This policy is in no way a new entitlement. Under current law, Medicare asks beneficiaries to pay 20 percent copayments for Medicare services. An anomaly in outpatient payment methodologies has allowed hospitals to indirectly cost shift to beneficiaries. As a result, beneficiary copayments are now averaging almost 50 percent. The President's proposal simply restores the copayment to 20 percent -- similar to all other Part B services.

The current 50 percent coinsurance costs are significant for Medicare beneficiaries. Over three quarters of Medicare beneficiaries earn less than \$25,000 per year. Those without Medigap insurance or other secondary insurance simply cannot afford the huge unexpected bills they receive for OPD services. Those with Medigap coverage have seen their premiums increase as a result of this anomaly. It is only fair that this benefit, like all other Part B services, have a 20 percent coinsurance.

Our OPD policies achieve savings. Reducing the coinsurance to 20 percent is only one part of our proposal to improve OPDs. The President's budget also shifts OPDs to a prospective payment system which will provide financial incentives for hospital to reduce costs and simplify payments, achieving at least \$19 billion in savings over the next ten years.

Question: **Why are the costs in your OPD proposal backended. Aren't you just playing political games to balance the budget in 2002?**

Answer: The cost of buying down the OPD copayment is split between hospitals and the Federal government. We felt that an immediate move to a 20 percent copayment might create difficult transitions for hospitals who will already be targeted for reductions in payments from other policies. Having said this, we are more than willing to discuss alternative ways to address this problem.

Question: Your Medicare proposal contains mostly cuts on providers and managed care. Don't you think we need real structural Medicare reform?

Answer: Absolutely. My budget takes important steps to modernize Medicare and bring it into the 21st century through a number of structural reforms including

- **Establishing new private plans** -- including Preferred Provider Organizations and Provider Sponsored Organizations -- available to seniors and people with disabilities.
- *Establishing market-oriented purchasing for Medicare* including the new prospective payment systems for home health care, nursing home care, and outpatient hospital services, as well as competitive bidding authority and the use of centers of excellence to improve quality and cut back on costs.
- *Adding new Medigap protections* to make it possible for beneficiaries to switch back from a managed care plan to traditional Medicare without being underwritten by insurers for private supplemental insurance coverage. This should encourage more beneficiaries to opt for managed care because it addresses the fear that such a choice would lock them in forever.

Question: Do You support the Medicare Commission proposed by Senators Roth and Moynihan?

- **First, I want to praise Chairman Roth and Ranking Member Moynihan for working together -- on a bipartisan basis -- to propose the creation of a commission to address the long-term financing issues that face Medicare. Their efforts reflect a bipartisan spirit which we believe is critical to ensure the success of any process designed to address this important issue.**
- **No one is more committed than I am to seeking a bipartisan process to find long term solutions to Medicare. But my more immediate focus is reaching a bipartisan agreement on a balanced budget that extends the life of the Medicare Trust Fund in the near term. We have an historic opportunity to balance the budget. We should not let it pass.**
- As I have repeatedly said, we will need a bipartisan process to address the long-term financing issues facing Medicare, and I look forward to working

with both parties to develop the best possible process.

QUALITY COMMISSION

Question: What will this commission hope to accomplish?

Answer: The President is calling on the commission to develop a “consumer bill of rights.” He wants it to particularly focus on consumer appeals and grievance rights. He has also asked the Commission to address other issues including assuring:

First, that health care professionals are free to provide the best medical advice possible;

Second, that their providers are not subject to inappropriate financial incentives to limit care;

Third, that our sickest and most vulnerable patients (frequently the elderly and people with disabilities) are receiving the best medical care for their unique needs;

Fourth, that consumers have access to simple and fair procedures for resolving health care coverage dispute plans;

And fifth, and perhaps most important, that consumers have basic information about their rights and responsibilities, about the benefits plans offer, about how to access the care they need, and about the quality of their providers and their health plan.

Question: Will the patient bill of rights be mandated on states and private health plans?

Answer: No. The Commission will develop a model Bill of Rights that states, health care plans, health care providers, associations, and others can use to guide their own efforts. States have already been quite active in this area and the model should help them in future efforts. Many health plans and health care professionals have adopted a form of a bill of rights and this should assist them as well.

Question: Is this an “anti-managed care” commission?

Answer: Absolutely not. Quality and consumer rights are issues that transcend all models of care. We need to address those issues in a comprehensive manner

so that no matter what kind of insurance plan Americans join, they will know that the care they receive is of the highest quality and their rights as consumers are protected.

Question: Won't the commission serve to delay quality legislative initiatives including those that even the President has advocated? Isn't the commission going to compete with these initiatives?

Answer: This commission will complement, not compete with, legislation in the Congress that has broad-based support. The President will continue to support legislation in this area that has already received bipartisan support (e.g., barring gag rules, requiring 48-hour stays for women who have mastectomies). But this is just a start, we must go beyond these reforms to take a comprehensive look at the quality of care and how we can assure it. The Commission will work on building the consensus for more far-reaching reforms.

Question: Doesn't this Commission just serve as a mechanism to implement more government regulation in our health care system?

Answer: Not at all. The Commission has been given the charge of examining whether our rapidly changing health care system is still providing high quality care for all Americans and to ensure that consumers themselves have adequate grievances and appeals processes. Its focus is to help create consensus among the private and public sectors in how best to proceed. As such, its recommendations may or may not suggest additional Federal oversight activities, and it is just as likely as not that it will recommend no new major Federal role.

Question: Doesn't this commission just a reward for campaign contributors and Washington-insiders who know little about what Americans in our health care system experience?

Answer: Absolutely not. By any measure, these commission members are extremely well respected experts who have broad and different experiences in the health care system. They have expertise on a range of health care issues including the unique challenges facing rural and urban communities, children, women, older Americans, minorities, people with disabilities, mental illness and AIDS, as well as issues regarding privacy rights and ethics. They come from all parts of the country and reflect the diverse population in this country.

Question: How much will this cost and who's paying for it?

Answer: The Commission will cost an estimated \$1.8 million over the next year and be paid for by the Department of Health and Human Services. The members of the Commission will not be paid.

WELFARE REFORM: FOOD STAMP WORK REQUIREMENT

Question: Under the new welfare law, states began to cut off food stamps for non-disabled adults who aren't working after three months of benefits. Why does the Administration want to soften these provisions?

Answer: Enacting the welfare law was an historic accomplishment that represents a significant step forward in social policy for this country. However, as I said when I signed this bill,

I strongly support work requirements. But the welfare law's harsh and unreasonable time limit of 3 months in 36 cuts off people who want to work but can't find jobs. In my budget, I proposed an alternative: a real and tough work requirement without arbitrary cut-offs.

Under my proposal, those who refused to work or refused to take advantage of a work opportunity would face tough new penalties. We would limit food stamps to 6 months out of 12. This policy would encourage work while giving those out of work the transitory help they need to get back on their feet. We proposed new funding and a wage supplementation option to expand the number of work slots available to this group by nearly 400,000 over five years. I am looking forward to working with Congress to enact this sensible proposal.

Background:

- As of March 1, states began to cut off food stamp benefits for people who have not met the new work requirement in the welfare law.
- Under the law, able-bodied childless adults between the ages of 18-50 are not permitted to get food stamps for more than 3 months in a 3-year period, unless they are working at least 20 hours a week.
- USDA can waive the work requirement in cities or counties with high unemployment.

To date, USDA has granted waivers to 36 states that exempt specified counties or cities with high unemployment.

- Despite these exemptions, approximately 500,000 individuals will lose their food stamp eligibility in FY98 due to this provision. Under the Administration's proposal, approximately 35,000 individuals would lose eligibility in FY98. Unlike the welfare law, the Administration's proposal targets tough sanctions at those individuals who are unwilling to work and to play by the rules.

WELFARE REFORM: BENEFITS TO LEGAL IMMIGRANTS

Question: Immigrants shouldn't be coming to the U.S. to get on welfare. Why is the Administration making restoration of these benefits a priority?

Or alternative question:

Around the country, hundreds of thousands of frightened, elderly legal immigrants are scrambling to become citizens and avert a cut-off of their SSI and Medicaid benefits. What is the Administration doing about this?

Answer: I believe that legal immigrants should have the same opportunity, and bear the same responsibility, as other members of our society. The welfare law denies most legal immigrants access to fundamental safety net programs unless they become citizens -- even though they are in the U.S. legally, are working and paying taxes and are responsible members of our communities. My Administration has always supported making individuals who encourage their relatives to emigrate to the United States responsible for the immigrant's well being. However, as a nation, we should not turn our backs on anyone who has lost their ability to earn a living due to injury, disease, or illness.

At the same time, this provision of the welfare law has nothing to do with the goal of welfare reform -- putting people to work. It is simply unfair to immigrants who have entered this country legally.

Consequently, my budget proposes to make legal immigrants who become disabled after entering the United States eligible for SSI and Medicaid.

My budget would also provide poor immigrant children the same Medicaid health care coverage low-income citizen children receive.

The United States admits refugees and asylees into this country on a humanitarian basis. My budget proposes to lengthen the five-year

exemption for refugees from the ban from five to seven years in order to give this group adequate time to naturalize.

Finally, the law denies food stamps to most legal immigrants. My budget would delay the cutoffs from April 1, 1997 to August, 1997 in order to give immigrants more time to naturalize.

WELFARE REFORM FIX LEGISLATIVE PROPOSALS

Question: You say you are ready to work with Congress to fix the immigrant and food stamp parts of the welfare law, but the Republican leadership says the bill is fine as it is. Even some Democrats are saying the law shouldn't be changed until we have had a chance to see how it works. Doesn't this mean your proposals have no chance of being enacted?

Answer: I think it is very significant that the nation's Governors are now on record as recognizing that the cuts in benefits to legal immigrants are too harsh and need to be addressed -- even though their final resolution was softened at the last minute at the request of the Congressional leadership.

As the new welfare law is being implemented, the Governors are gaining a new appreciation of some parts of the bill that I have had a problem with from the beginning -- those parts that are not related to putting people to work. This is particularly true of those Governors in states with large numbers of legal immigrants. They are now looking more carefully at their state budgets and the fact that many legal immigrants who are disabled, many in nursing homes, will lose their SSI and Medicaid over the summer. In addition to noting that these provisions are unfair, they can see the potential costs to their own state budgets if they make the decision to ameliorate those cuts.

I think that, over time, more and more people will come to see the harm that these provisions could do to hard-working people who came to this country and, through no fault of their own, became disabled and could no longer support their families.

I don't think we need the following question anymore:

Question: Last summer when you said you would sign the welfare bill there were press reports that you wanted to restore about \$14 billion in cuts. Now we understand your budget includes \$18 billion in legislative restorations. Are you proposing to restore more in food stamps and benefits to immigrants that you were last year?

Answer: No, absolutely not. The budget includes \$18 billion in legislative proposals for

Food Stamps and immigrants that correspond directly to the commitments I made at the time I signed the bill. Because of a number of technical reestimates, the budget estimate for these legislative proposals is now higher.

The commitment I made to a \$3 billion program to help the private sector, states, and cities move welfare recipients to work was always separate from that total, and was paid for separately elsewhere in my budget.

WELFARE TO WORK

DISPLACEMENT

Question: Aren't you concerned that welfare recipients will displace hardworking Americans -- people who played by the rules and never relied on welfare? Recent stories in The Washington Post and The New York Times have provided anecdotal evidence that welfare recipients are taking jobs from the working poor.

Answer: Let me note that the welfare reform law that I signed prohibits worker displacement. Welfare reform programs cannot place welfare recipients in job openings created by company firings or layoffs (section 407(f) of the law). Welfare recipients can, however, be placed in jobs that are vacant for reasons other than firings or layoffs.

I believe that the growing economy will create enough jobs to meet my goal of putting one million welfare recipients to work by the year 2000 without displacing other workers. Remember, we've created 12 million new jobs over the last four years. Unemployment has dropped to 5.2 percent, as was announced on Friday.

I recognize that we should give some extra help to communities where it will be harder for welfare recipients to find jobs. That's why I've proposed in my budget a \$3 billion Welfare-to-Work Jobs Challenge fund which states and cities could use to create job opportunities for welfare recipients.

MINIMUM WAGE

Question: Some say displacement will happen because welfare recipients are allowed to work without being covered by the minimum wage law and the various protections of the Fair Labor Standards Act. Is this true?

Answer: Agency lawyers are in the course of examining to what extent the Fair Labor

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Standards Act applies to welfare to work programs. We expect to have an answer shortly, but do not have one at this time.

PRIVATIZING WELFARE

Question: Are you planning to let Texas privatize welfare? I understand you met with labor leaders 10 days ago to discuss this issue.

Answer: No decision has been made on the Texas request. It is a complicated issue involving both Medicaid and Food Stamps. The agencies are working as hard as they can to examine all of the relevant issues, and we hope to get the State of Texas their answer soon. I can tell you this: my Administration has fought hard to preserve federal guarantees for both Food Stamps and Medicaid and we don't intend to undermine them now. Regarding the meeting I had with labor leaders on March 28th -- it was a broad discussion of budget and welfare to work issues.

Question: Governor Bush is, in effect, calling Secretary Shalala a liar for not making a decision by April 1, as she had promised.

Answer: He knows better than that. The Administration gets a lot of waiver requests from the states. The agencies conduct a routine review process for each of them. Because this is a complicated issue, the review has been lengthy, probably a little more than we expected. But the agencies are working to provide Texas with a response as soon as possible.

PRIVATE SECTOR JOBS

Question: What are you doing to encourage private companies to hire welfare recipients without displacing current workers?

Answer: The \$3 billion Welfare to Work Jobs Challenge I propose in my budget could be used by cities and states to provide subsidies and other incentives for private businesses to add welfare recipients to their workforce. Complementing this initiative is the enhanced and expanded Work Opportunity Tax Credit that I also propose in my budget. First, the WOTC would be enhanced for long-term welfare recipients. This credit would allow employers who hire welfare recipients to claim a 50 percent tax credit on the first \$10,000 of wages paid to that person for two years. Wages may include the cost of training, health insurance, and day care. **Second, the WOTC would be expanded to make a new population -- 18-50 year olds made ineligible for food stamps under the new welfare law -- eligible for the existing base credit.**

In addition to my legislative proposals, I am reaching out to employers large and small to challenge them to hire welfare recipients. I met in the White House with a group of 14 CEOs interested in helping people move from welfare to work. Then, during the State of the Union Address, I announced commitments from five of these companies -- Sprint, Monsanto, UPS, Burger King, and United Airlines. I hope to be announcing commitments from even more companies

soon.

Question: *Why wasn't Marriot, which has done so much to put welfare recipients to work, one of the companies you praised in the State of the Union?*

Answer: The CEO of Marriot was invited to the initial meeting I had with CEOs of 14 companies interested in helping people move from welfare to work. Unfortunately, he had a conflict and could not attend. However, Marriot has a top notch welfare to work program already in place that we are reviewing and will encourage other corporations to emulate. I hope Marriot, as well as all of the corporations I met with in early January, will work with me and others to make the new welfare law a success.

Question: **You have mentioned several times that under the new welfare law, employers may turn the welfare and food stamp checks into temporary wage subsidies. How does this actually work?**

Answer: As of August 22, 1996 when I signed the welfare law, 11 states had received waivers to modify work supplementation rules. Most of those waivers sought to combine AFDC and food stamp benefits to subsidize jobs. Oregon pioneered this concept. HHS is currently gathering more recent statistics on work supplementation since I signed the law.

In Oregon, both private and public sector jobs are subsidized for up to six months per placement. The job is subsidized at minimum wage and gives employers cashed out AFDC and food stamps benefits to cover the minimum wage. In addition, the employee is entitled to the Earned Income Tax Credit (EITC). If the minimum wage and the EITC do not bring the recipient up to the poverty line, the employer must make up the difference by paying up to \$1 dollar an hour over the reimbursed minimum wage or may put \$1 for every hour worked into an Individual Development Account (IDA). Once a recipient is hired in a full-time, unsubsidized job, she becomes eligible for her wage, the EITC, *and* food stamps coupons previously used to subsidized her wage. Such a system creates an escalating financial incentive that always makes full-time, unsubsidized work the most attractive option.

FEDERAL GOVERNMENT HIRING

Question: What has the White House done to encourage federal government hiring of welfare recipients?

Answer: Most of the jobs required to make welfare reform succeed will come from the private sector. But I believe that the Federal Government, as the Nation's largest employer, should contribute to this critical national effort. That's why on March 8th, I directed the head of each federal agency and department to use all available hiring authorities to hire people off the welfare rolls into available job positions in the Government. To underscore the importance of this issue to the White House, I appointed Vice President Gore to oversee this effort.

I have called a Cabinet meeting for this Thursday, April 10th, to meet face to face with the members of my Cabinet to discuss how each agency intends to recruit, hire, and retain qualified welfare recipients.

Question: Will the White House hire any welfare recipients?

Answer: I expect the Executive Office of the President, like any other agency, to produce a detailed plan to assist in this effort and I would fully expect them to plan to hire welfare recipients.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1997 10:03:35.00

SUBJECT: Urgent Phone Call

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

READ:UNKNOWN

TEXT:

Melinda Haskins from OMB urgently needs to speak with you re: HHS letter on welfare technical bill

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1997 10:09:31.00

SUBJECT: Meeting with Dennis Rivera and Kenneth Raske

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

TO: Toby Donenfeld (CN=Toby Donenfeld/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

TEXT:

Hi! The meeting with Dennis Rivera and Kenneth Raske will be on Thursday, April 17th, at 2:00 in Chris Jennings' office, Room 216. This meeting request came from both Elena's office and Erskine's office. There is some flexibility with the date and/or time so please let me know of any scheduling conflicts. Thanks!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: June G. Turner (CN=June G. Turner/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1997 10:53:55.00

SUBJECT: Meeting Schedule for Reconciliation Working Group (RWG)

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

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

TO: Virginia N. Rustique (CN=Virginia N. Rustique/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

TO: Franklin D. Raines (CN=Franklin D. Raines/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

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

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

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

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

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

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

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

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

TO: Cathy R. Mays (CN=Cathy R. Mays/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: Janet Murguia (CN=Janet Murguia/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Michelle Crisci (CN=Michelle Crisci/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Dawn M. Chirwa (CN=Dawn M. Chirwa/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Donald A. Baer (CN=Donald A. Baer/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Floydetta McAfee (CN=Floydetta McAfee/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Elizabeth M. Toohey (CN=Elizabeth M. Toohey/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Ellen M. Lovell (CN=Ellen M. Lovell/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Susan M. Liss (CN=Susan M. Liss/O=OVP @ OVP [UNKNOWN])

READ:UNKNOWN

TO: Katharine Button (CN=Katharine Button/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Rebecca R. Culberson (CN=Rebecca R. Culberson/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Carolyn Curiel (CN=Carolyn Curiel/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Ruby G. Moy (CN=Ruby G. Moy/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

TO: MOORE_M (MOORE_M @ A1 @ CD @ LNGTWY [EOP]) (DON)
READ:UNKNOWN

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

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

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

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

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

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

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

TEXT:

There will be RWG Meetings at 11:00am Tuesday-Friday of this week. Below is the room schedule. If you have any questions please let me know (6-1960)

Tuesday - 231 OEOB (NEC Conf Room)

Wednesday - Roosevelt Room

Thursday - Room 476 OEOB

Friday - Roosevelt Room

Attendees

Don Baer

Beverly Barnes

Dawn Chirwa

Carolyn Curiel

Betty Currie

Michael Deich

Maria Echaveste
Terry Edmonds
Rahm Emanuel
Richard Hayes
Alexis Herman
John Hilley
Ben Johnson
Elena Kagan
Ann Lewis
Susan Liss
Ellen Lovell
Sylvia Mathews
Doris Matsui
Andrew Mayock
Cheryl Mills
Minyon Moore
Janet Murguia
Bob Nash
John Podesta
Vicki Radd
Frank Raines
Bruce Reed
Chuck Ruff
Richard Socarides
Doug Sosnik
Tracey Thornton
Melanne Verveer
Michael Waldman
Ann Walker
Kathy Wallman
Rob Weiner
Kitty Higgins
Marcia Hale
Flo McAfee

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lori L. Anderson (CN=Lori L. Anderson/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1997 13:08:19.00

SUBJECT: Press Paper Meeting

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

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

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

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

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

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

TEXT:

Lorrie McHugh has asked me to schedule a meeting to discuss press paper. Tentatively, I was planning on Tuesday, April 8 at 4pm. Does this time work well for everyone?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1997 13:52:48.00

SUBJECT: vp

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

READ:UNKNOWN

CC: Pauline M. Abernathy (CN=Pauline M. Abernathy/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Wendy Hartman in the VP's office just called me to discuss the VP's role in the Conference and asked for some paper on the Conference. I'm going to forward the POTUS' statement, the agenda as is, and a note saying that we had thought the VP might open the 2nd panel as the POTUS opens the first. I'll also suggest that Elaine follow up with you or me to discuss. Sound okay?

Also, fyi, Stacey Rubin in Leg Affairs mentioned that Hilley is rethinking the need for MOC to have a speaking role, given the role of the governors. I suggested that Hilley call you about this. By the end of this, we'll have more speakers than we have audience members.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jennifer D. Dudley (CN=Jennifer D. Dudley/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1997 18:03:24.00

SUBJECT: Bruce Lindsey is looking for the memo you discussed. Jen Dudley 6/2668

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

READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-APR-1997 18:28:18.00

SUBJECT: Final Version of CFR Letter

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

READ:UNKNOWN

TO: Laura K. Capps (CN=Laura K. Capps/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Jim Kohlenberger (CN=Jim Kohlenberger/O=OVP @ OVP [UNKNOWN])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Wendy Smith (CN=Wendy Smith/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Michelle Crisci (CN=Michelle Crisci/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Rahm I. Emanuel (CN=Rahm I. Emanuel/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Final Version including edits discussed at today's meeting.

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D74]MAIL435076693.016 to ASCII,

The following is a HEX DUMP:

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4DBFE2FC3937216267A83AC1539CCD697A22436EEB25E86A0A85789AB0B1731FC2BA32F8D34D78

Automated Records Management System
Hex-Dump Conversion

April _, 1997

Members of The Federal Election Commission
c/o Office of the General Council
999 E Street , NW
Washington, DC 20463

To the Members of the Federal Election Commission:

I am writing to you, pursuant to 11 CFR Part 200, to request that you take action, under your existing statutory authority, to ban "soft money" and end the system under which both political parties compete to raise unlimited sums from individuals, labor unions, and corporations.

The rules governing our system of financing federal election campaigns are sorely out of date. Enacted more than two decades ago when election campaigns were much less expensive, they have been overtaken by events, by dramatic changes in the nature and cost of campaigns and the flood of money that has followed them. Today, money is raised and spent in ways that simply were not contemplated when Congress last overhauled our campaign finance laws. We must bring the rules up to date to reflect the changes in elections and campaigning that have overtaken our political system.

An important step in this process would be to change the rules governing the use and solicitation of funds not subject to the contribution limitations and prohibitions of the 1971 Federal Election Campaign Act, as amended ("soft money"). Currently FEC regulations (11 CFR 106.5) allow political parties to raise and spend "soft money" in elections involving state and federal candidates by providing an allocation formula between federal and non-federal expenses incurred by party committees. These regulations, and limited additional guidance provided through advisory opinions, are the basis upon which party committees make expenditures and raise funds with respect to federal and state elections today. The use of so-called "soft money" by party committees today is largely based on the direction provided in these regulations.

Whatever the merit of those regulations at the time they were adopted, it has become abundantly clear today that they are no longer adequate to the task of regulating current campaigns. The role of "soft money" has grown dramatically in the past several elections so

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that by the 1996 elections the two parties raised more than \$250 million; \$138 million by the Republican Party and \$123 million by the Democratic Party, more than triple the total of four years before.

The current allocation system, in short, is simply outmoded. Accordingly, I propose that the FEC adopt new rules requiring that candidates for federal office and national parties be permitted to raise and spend only "hard money" -- funds subject to the restrictions, contribution limits, and reporting requirements of the Federal Election Campaign Act (FECA) of 1971, as amended.

The "soft money"ban I seek achieves the same goals as provisions of the "Bipartisan Campaign Reform Act of 1997", introduced by Senators John McCain and Russell Feingold, and Representatives Christopher Shays and Martin Meehan. Specifically, I am requesting that the Commission consider new rulemaking to accomplish the following:

1. Prohibit national political parties (and their congressional campaign committees or agents) from soliciting or receiving any funds not subject to the limitations or prohibitions of FECA. (This action would preclude, for example, contributions directly from corporate or union treasuries, or contributions from individuals in excess of the amount an individual can give to a national party's federal account.)
2. Prohibit any federal officeholder or candidate (and his or her agents) from soliciting or receiving any funds not subject to the limitations or prohibitions of FECA. (This action would preclude the same kind of contributions.)
3. Provide that any expenditure by any national, state, or local political party during a federal election year for any activity that influences a federal election (including any voter registration or get-out-the-vote drive, generic advertising, or any communication that refers to a federal candidate) must be paid for from funds subject to FECA. (This would end the allocation system, currently authorized by the FEC, under which "hard" and "soft" money are mixed for campaign activities that affect both state and federal elections.)

These steps, available to you under your existing statutory authority, will enable our election laws to catch up with the reality of the way elections are financed today, and along with new campaign finance reform legislation, will take significant strides toward restoring public confidence in the campaign finance process.

Sincerely,

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William Jefferson Clinton

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jennifer D. Dudley (CN=Jennifer D. Dudley/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1997 18:52:40.00

SUBJECT: Please call Bruce Lindsey 6/2668

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

READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kathleen M. Wallman (CN=Kathleen M. Wallman/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1997 19:05:40.00

SUBJECT: product liability

TO: KAGAN_E (KAGAN_E @ A1 @ CD @ LNGTWY [EOP]) (OPD)

READ:UNKNOWN

TEXT:

Are you preparing paper for the meeting with Erskine tomorrow? May I see it?

RECORD TYPE: PRESIDENTIAL (EXTERNAL MAIL)

CREATOR: M. Jill Gibbons@EOP@LNKTWY@EOPMRX

CREATION DATE/TIME: 7-APR-1997 19:24:00.00

SUBJECT: DC MOU: 4. 7. 97 Drafts

TO: MAZUR_M (MAZUR_M@A1@CD) (WHO)
READ: 7-APR-1997 19:51:42.01

TO: Alan B. Rhinesmith (Alan B. Rhinesmith@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: Harry G. Meyers (Harry G. Meyers@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: Marcia D. Occomy (Marcia D. Occomy@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: Catherine A. Poynton (Catherine A. Poynton@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: Kathleen M. Turco (Kathleen M. Turco@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: Kenneth L. Schwartz (Kenneth L. Schwartz@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: David J. Haun (David J. Haun@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: Bradley W. Kyser (Bradley W. Kyser@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: David E. Tornquist (David E. Tornquist@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: Diane R. Montgomery (Diane R. Montgomery@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: Barry T. Clendenin (Barry T. Clendenin@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: Mark E. Miller (Mark E. Miller@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: Nani A. Coloretti (Nani A. Coloretti@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: Robert B. Rideout (Robert B. Rideout@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: Michael L. Goad (Michael L. Goad@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: Albert Seferian (Albert Seferian@EOP@LNKTWY@EOPMRX)
READ:NOT READ

TO: Larry R. Matlack (Larry R. Matlack@EOP@LNKTWY@EOPMRX)

READ:NOT READ

TO: Mark D. Menchik (Mark D. Menchik@EOP@LN GTWY@EOPMRX)
READ:NOT READ

TO: Lewis P. Long (Lewis P. Long@EOP@LN GTWY@EOPMRX)
READ:NOT READ

TO: Mark A. Wasserman (Mark A. Wasserman@EOP@LN GTWY@EOPMRX)
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TO: Bruce D. Long (Bruce D. Long@EOP@LN GTWY@EOPMRX)
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TO: Justine F. Rodriguez (Justine F. Rodriguez@EOP@LN GTWY@EOPMRX)
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TO: Barry White (Barry White@EOP@LN GTWY@EOPMRX)
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TO: James B. Kazel (James B. Kazel@EOP@LN GTWY@EOPMRX)
READ:NOT READ

TO: Rosalyn J. Rettman (Rosalyn J. Rettman@EOP@LN GTWY@EOPMRX)
READ:NOT READ

TO: Robert G. Damus (Robert G. Damus@EOP@LN GTWY@EOPMRX)
READ:NOT READ

TO: Ananias Blocker III (Ananias Blocker III@EOP@LN GTWY@EOPMRX)
READ:NOT READ

TO: Dennis K. Burke (Dennis K. Burke@EOP@LN GTWY@EOPMRX)
READ:NOT READ

TO: Elena Kagan (Elena Kagan@EOP@LN GTWY@EOPMRX)
READ:NOT READ

TO: Kumiki S. Gibson (Kumiki S. Gibson@OVP@LN GTWY@EOPMRX)
READ:NOT READ

TO: Ellen S. Seidman (Ellen S. Seidman@EOP@LN GTWY@EOPMRX)
READ:NOT READ

TO: Christa Robinson (Christa Robinson@EOP@LN GTWY@EOPMRX)
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TO: Harry E. Moran (Harry E. Moran@EOP@LN GTWY@EOPMRX)
READ:NOT READ

TO: Ellen J. Balis (Ellen J. Balis@EOP@LN GTWY@EOPMRX)
READ:NOT READ

TO: Robert W. Schroeder (Robert W. Schroeder@EOP@LN GTWY@EOPMRX)
READ:NOT READ

CC: G. E. DeSeve (G. E. DeSeve@EOP@LN GTWY@EOPMRX)
READ:NOT READ

CC: Carol Thompson-Cole (Carol Thompson-Cole@EOP@LN GTWY@EOPMRX)

READ:NOT READ

CC: Michael Deich (Michael Deich@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Scott Quehl (Scott Quehl@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Daniel M. Tangherlini (Daniel M. Tangherlini@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: James C. Murr (James C. Murr@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: James J. Jukes (James J. Jukes@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TEXT:
Message Creation Date was at 7-APR-1997 19:17:00

Attached is the proposed DC MOU. This is being circulated for interagency and EXOP review under LRM# MJG56. Please provide any comments to Jill Gibbons by COB Tuesday, April 8th. Thanks

----- Forwarded by M. Jill Gibbons/OMB/EOP on 04/07/97 07:15 PM

Scott Quehl
04/07/97 07:07:20 PM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: DC MOU: 4. 7. 97 Drafts

The attached drafts of the MOU will be sent to agencies and EXOP tonight for comments due tomorrow cob. The first draft reflects new language from the EDC working group in Section IV and revised conditions for the District in Section V. The second draft reflects all of the legislative and MOU condition language, which Treasury would like to have circulated as part of the MOU.

Scott

Message Sent To: _____
Michael Deich/OMB/EOP
G. E. DeSeve/OMB/EOP
Carol Thompson-Cole/OMB/EOP
James J. Jukes/OMB/EOP
M. Jill Gibbons/OMB/EOP
Daniel M. Tangherlini/OMB/EOP
Patricia E. Romani/OMB/EOP
Ellen S. Seidman/OPD/EOP

Draft 4. 7. 1997

This draft reflects only the District's conditions for the Economic Development section under the MOU.

MEMORANDUM OF UNDERSTANDING BETWEEN:

THE DISTRICT OF COLUMBIA

Marion Barry, Jr., Mayor _____

Charlene Drew Jarvis, Council Chairperson Pro Tempore _____

DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY

Andrew Brimmer, Chairman _____

OFFICE OF MANAGEMENT AND BUDGET, EXECUTIVE OFFICE OF THE PRESIDENT

Franklin D. Raines
Chair, Federal District of Columbia Task Force _____

Dated: _____

SECTION I. PURPOSE

The parties respect the Home Rule Center as the fundamental basis for governance in the District. The purpose of this memorandum is to strengthen Home Rule and to agree to work toward the revitalization of the District of Columbia.

This memorandum is intended only to improve the management of, and the relationship between, the District of Columbia and the Federal government, and is not intended to and does not create any right, benefit, trust or responsibility, substantive or procedural, enforceable at law or equity by a party against the United States, its agencies, its officers, or any person.

SECTION II. PUBLIC LAW 104-8, "THE DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE ACT OF 1995"

The parties recognize the effectiveness of PL 104-8 and dedicate themselves to the cooperative implementation of its provisions. Among these provisions:

Finance.

- For each Fiscal Year for which the District is in a control period, the Mayor shall develop and submit to the Financial Responsibility and Management Assistance Authority (the "Authority") and District Council a Budget and Financial Plan for the applicable Fiscal Year and the next three Fiscal Years.
- Expenditures for the District government for each Fiscal Year, beginning in FY1999, may not exceed revenues for that Fiscal Year.
- During Fiscal Years 1996, 1997, and 1998, the District government shall make continuous, substantial progress toward equalizing its expenditures and revenues.
- The District may not borrow money during a control year unless the Authority provides prior certification that the borrowing is consistent with the financial plan and budget for the year.
- For the Secretary of the Treasury to make a short-term advance to the District, an Authority-approved Budget and Financial Plan must be in place, the Mayor must submit a requisition for an advance including a schedule for timing and amounts for advances, the Inspector General must certify the accuracy of the information provided to the Secretary, and the Secretary determines -- and the Authority certifies -- that the District lacks market access on reasonable terms, and that the Treasury has reasonable assurance of being reimbursed.

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Management.

- An Office of the Chief Financial Officer will be established in the Executive Branch of the District government, headed by the Chief Financial Officer, and including the Office of the Treasurer, Controller, Budget, Financial Information Services, and Finance and Revenue.
- An Office of the Inspector General will be established in the Executive Branch of the District government.
- During the control period, the Mayor shall submit proposed contracts and leases to the Authority for review, and cannot enter into a contract or a lease unless the Authority determines it is consistent with the Budget and Financial Plan.
- The Authority may submit recommendations to the Mayor, the Council, the President, and Congress on actions the District or Federal governments may take to ensure the District's compliance with a Budget and Financial Plan and promote its financial stability,

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management responsibility, and service delivery efficiency. The Mayor and the Council shall submit a statement to the Authority, President, and Congress providing notice as to whether the District will adopt the recommendations. An affirmative statement must include

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SECTION III. GENERAL PROVISIONS

1. **Balanced Budget.** PL 104-8 requires that the District balance its budget by FY1999. By this agreement, the District agrees to present and/or approve a balanced budget for the Fiscal Year beginning October 1, 1997.
2. **Agreement to be Bound.** The District agrees to be bound by and to use its offices and best efforts to implement this agreement.

SECTION IV. SUBMISSION OF LEGISLATION & FEDERALLY ASSUMED FUNCTIONS

On behalf of the Executive Office of the President, the Director of the Office Management and Budget intends to recommend the submission of legislation to the Congress that is consistent with the National Capital Revitalization and Self Government Improvement Plan (the "Plan") announced by the President on January 14, 1997.

Once implemented, the Plan will provide the District substantial relief from its operating expenditures, relief which will grow over time. It will also invest considerable resources to improve the District's criminal justice systems and capital infrastructure. If this legislation is enacted, the Federal government will undertake the functions described below. The Federal government will not undertake a function until the District government meets the conditions for that function, described in Section V.

1. **Medicaid.** The Federal government will increase its share of the District's Medicaid payments to 70 percent, thereby reducing the District's share to 30 percent. The Department of Health and Human Services will continue to provide more intensive technical assistance to help the District improve the management of its Medicaid program.
2. **Pensions.** The Federal government will take financial and administrative responsibility for virtually all pension benefits accrued under the plans for all active

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and retired police and firefighters, and teachers, and will take full responsibility for the pensions of judges. The bulk of the assets of the retirement plans will be transferred to the Federal government. The Federal government will pledge its full faith and credit to meet its responsibilities to pay these benefits. Benefits payable to current employees will be "frozen" based on service earned as of the date the legislation is introduced, and the Federal government will pay future retirement, death and some of their disability benefits to the extent they are earned based on the frozen service. While the Federal government will not be responsible for benefits earned during future years of service by members of the current retirement programs (other than judges), these members will get the benefit of pay increases on the frozen benefits. Frozen benefits will continue to be subject to cost-of-living adjustments under the terms of the existing programs. All future employee contributions (except for judges) will be paid into the new plans. The Secretary of the Treasury will appoint a third-party Trustee to administer the existing plans and manage pension assets.

3. ***Intermediate-Term and Short-Term Lending.*** The United States Treasury will provide an intermediate-term loan (15-year term) to assist the District to eliminate its accumulated fund balance deficit. The Treasury may also provide inter-year loans for liquidity purposes. The combined amount of the intermediate-term and inter-year liquidity loans may not exceed \$500 million. Both of these loans will have an interest rate of Treasuries of comparable maturity plus 1/8th of one percent. The Treasury may also provide intra-year loans for the purposes of liquidity.
4. ***Criminal Justice.*** The Federal and District governments will develop and implement a transition plan which transfers responsibility over a three-to-five-year period for incarcerating felons. The Federal Bureau of Prisons (BOP) will house adult felons convicted of D.C. Code violations and designated in the same manner as Federal inmates in correctional institutions operated or contracted by the BOP. This will occur after BOP's capacity has been increased through new construction at Lorton and other locations selected by BOP, and through renovation of existing facilities at Lorton, Virginia. After October 1, 2001, the BOP will also designate to Federal correctional institutions sentenced D.C. felons in the custody of the D.C. Department of Corrections, as the Director of BOP deems appropriate, in accordance with available capacity, until they have all been designated to Federal institutions. The BOP will accept employment applications from persons currently employed by the D.C. Department of Corrections for existing BOP vacancies, and will process such applications in accordance with existing Federal procedures and standards.

The Attorney General will select, after consultation with the Mayor, the D.C. City Council, and the Chair of the D.C. Financial Responsibility and Management Assistance Authority, a Trustee to oversee operations of the D.C. Department of Corrections until the BOP assumes responsibility for all incarcerated District felons.

The Federal and District governments will develop and implement a framework for changes to the D.C. sentencing system, including the abolition of parole, institution of

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determinate guideline sentencing and the enactment of the new mandatory minimum drug sentences, which are a prerequisite for the Federal Government accepting responsibility for the incarceration of felons convicted of D.C. Code violations. The sentencing system will be enacted within 24 months, or the Federal Government will not be required to obligate any funds appropriated for the purpose of incarcerating D.C. Code felons and will have no responsibility for housing such persons.

Consulting with representatives of the Federal and District judiciary, the Federal and District governments will also develop and implement a transition plan transferring responsibility for D.C. Code violation offender pretrial, public defender, parole, probation, and post-adjudication/post-conviction adult offender supervision from the District government to the Federal government over a three-to-five-year period. The United States Parole Commission will continue to assume responsibility for all D.C. felons housed in Federal Correctional Institutions who have sentences subject to provisions of parole.

The Federal government will take direct responsibility (in consultation with the D.C. judiciary) for funding the D.C. court system and related services (including plans relating to retirement benefits and other personnel matters), and establishing an independent budgetary, financial oversight, and administrative support system for the D.C. courts. The Courts will remain self-managed.

5. ***Economic Development.*** The Federal government will make tax benefits available to the District both to encourage hiring by firms in the District of residents of distressed areas in D.C., and to encourage economic revitalization throughout the District.

An economic development corporation (EDC) will be established as a non-Federal public authority in the District of Columbia, with the mission of revitalizing the nation's capital city and benefitting the District's residents and businesses. The Federal government intends (a) to capitalize the EDC with a \$50 million grant; (b) provide \$250 million in tax incentives to encourage business investment both downtown and in distressed communities, and to help businesses increase employment of residents of the District of Columbia; and (c) improve the District government's borrowing authority by removing impediments in its borrowing statutes so that the District government will have the same ability to finance projects as other cities have.

6. ***Infrastructure.*** The National Capital Infrastructure Commission (NCIC) will be established to assume certain State-like responsibilities for selection, funding, and oversight of National Highway System capital projects (including roads, bridges, and transit) and NHS operations and maintenance projects (excluding police authority, National Park Service roads, and transit) within the District. The NCIC will be governed by a five-member board to be composed of three representatives from the District and one representative from the Department of Transportation and one representative from the Economic Development Corporation. Contract administration will be performed by the Federal Highway Administration. In addition, eligibility for Surface Transportation Program (STP) funds will be expanded to include local public roads. To support NCIC

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projects, the National Capital Infrastructure Fund (NCIF) will be established in FY1998 with \$108 million for road, bridge, and transit capital projects. An additional \$17 million will be provided in FY1998-03 for NHS operations and maintenance. Federal-aid funds for the District's NHS, Interstate Maintenance, and Bridge programs will be transferred to the NCIC in FY1998-03. The Administration also proposes that the NCIC be authorized to accept contributions from other sources.

7. ***Personal Income Tax Collection.*** At the request of the District, the Internal Revenue Service will assume responsibility from the District of Columbia for administering and enforcing D.C. individual income and payroll taxes. This would include the processing of those taxes paid by individuals, as well as the payment of related employment and payroll taxes. The District government will maintain processing and collection responsibility for all other taxes collected for the District.

Upon enactment of the legislation to implement the Plan, the parties to the MOU will review the legislation and confer on whether any revisions to the MOU are necessary to ensure its consistency with the legislation.

SECTION V. DISTRICT CONDITIONS

The District government understands that it will be expected to undertake significant actions as part of the *National Capital Revitalization and Self-Government Improvement Plan* (the "Plan"). This section sets out the actions that the District government agrees to take as a condition of the Federal government actions under the legislation to carry out the Plan.

1. ***Medicaid.*** The District agrees to develop and implement plans satisfactory to the Secretary of Health and Human Services to accomplish each of the following:
 - 1.1. To develop an effective system for the identification and collection of amounts owed by third parties for medical care and services furnished to individuals under the District's Medicaid plan; and
 - 1.2. To ensure the timely audit and settlement of cost reports of institutional providers (including hospitals, nursing facilities, and intermediate care facilities for the mentally retarded) under the District's Medicaid plan, including prompt elimination of the backlog of such audits and settlements.
 - 1.3. To develop and implement, directly or under contract, a comprehensive health care management information system that will standardize data base development and management, and integrate health care delivery with a public health data system. Such a system shall at a minimum have the capacity to accomplish the following functions:
 - 1.3.1. To assist eligibility verification;
 - 1.3.2. To create utilization and financial profiles of providers;

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- 1.3.3. To identify services (including preventive services) received by program beneficiaries;
 - 1.3.4. To monitor the claims processing and other Medicaid operations of the fiscal agent;
 - 1.3.5. To monitor the quality of care provided under managed care contracts; and
 - 1.3.6. To coordinate information management with respect to the District's Medicaid program and other public health programs and functions.
- 1.4. To develop a comprehensive behavioral managed health care system, which combines substance abuse and mental health grant programs. Development of such a plan shall include a pilot project for better evaluation of in-patient acute psychiatric patient admissions, and the purchase of a comprehensive, risk-based system for managed care of behavioral health which covers all eligible populations and services.
2. ***Pensions.*** The District Government agrees (see Appendix One for definitions):
- 2.1. To establish a Replacement Plan for the current Retirement Program
 - 2.1.1. The Replacement Plan will cover all existing and new employees (except for judges) who are, or would be, covered by the Retirement Program, if the Retirement Program continued unchanged, and will be established by the date specified in legislation.
 - 2.1.2. To the extent required by current law, the Replacement Plan will be established through collective bargaining.
 - 2.1.3. After the Adoption Date, the Replacement Plan may not be amended in any manner that materially increases the cost of the Replacement Plan without provision of a mechanism for funding such increases, in accordance with Section 2.2.
 - 2.2. That the Replacement Plan will use appropriate funding methods and costs that do not exceed the sum available in the District of Columbia Budget and Financial Plan.
 - 2.2.1. The cost of any defined benefit plan will be determined in accordance with the measurement standards of Governmental Accounting Standards Board Statement No. 27 (GASB 27), with the following additional restrictions:
 - 2.2.1.1. funding methods will be limited to *entry age* or *frozen entry age*; and
 - 2.2.1.2. amortization of any unfunded actuarial liability is required over no more than 30 years on a *closed* basis.
 - 2.2.2. The cost of any defined contribution plan is the employer contribution required under the provisions of the plan.

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- 2.2.3. All costs of the Replacement Plan must be reflected in the D.C. Budget and Financial Plan in accordance with the standards described above.
- 2.2.4. All costs of the Replacement Plan must be paid in accordance with the D.C. Code 1981, Title 1, Chapter 7, subchapter III.
- 2.2.5. Contributions of all existing and new employees (except judges) will be paid into the Replacement Plan.
- 2.3. To transfer copies of books and records of the Retirement Program and the Fund and to be financially responsible for errors and omissions, including all necessary records of individual employees.
 - 2.3.1. Copies of any books and records pertaining to the Retirement Program and the Fund required by the Secretary of the Treasury or the Trustee must be made available to the Secretary or Trustee within 30 days after the Secretary or Trustee requests them.
 - 2.3.2. The District will reimburse the Trustee for all costs, including benefit payments, resulting from errors or omissions in the books and records pertaining to the Fund.
- 2.4. To transfer assets from the Fund
 - 2.4.1. Any and all assets of the Fund required to be transferred to the Trustee shall be transferred on the Transfer Date in a form specified by the Trustee.
 - 2.4.2. The District of Columbia Retirement Board will administer the retirement programs until the Trustee assumes these responsibilities. The District government will reimburse the Fund for any benefits paid out of the Fund between the Freeze Date and the transfer date that exceed payments that would have been the responsibility of the Federal government if the transfer had occurred simultaneously with the freeze.
- 3. ***Intermediate-Term and Short-Term Lending.*** The District agrees that:
 - 3.1. Any intermediate-term loan to eliminate the accumulated fund balance deficit would be for no more than 15 years, with an interest rate of Treasuries of comparable maturities plus 1/8 of one percent.
 - 3.2. Any inter-year loan for liquidity purposes and/or intermediate-term loan to eliminate the accumulated fund balance deficit will not exceed the amount of \$500 million.
 - 3.3. The Secretary of the Treasury may require early reimbursement if the District can obtain credit on the commercial market on favorable terms for refinancing as determined by the Secretary.

- 3.4. **The District must be in compliance with the approved Budget and Financial Plan before any lending can occur.**
- 3.5. **The District must provide a requisition for an advance of funds and a promissory note to reimburse the Treasury for the advance.**
- 3.6. **The Financial Responsibility and Management Assistance Authority must certify that there is an approved Budget and Financial Plan in effect for the District for the Fiscal Year that the requisition is made.**
- 3.7. **The Secretary of the Treasury must receive certification that the District is unable to obtain enough credit elsewhere to meet the District government's need for financing.**
- 3.8. The Federal government will work with the District government to amend its debt limit provisions in order to allow implementation of the District's capital plan in an orderly and sustainable manner.

4. ***Criminal Justice.*** This subsection of the Memorandum of Understanding (MOU) between the Federal government and the District of Columbia government (D.C.) outlines the offer of the Federal government, wholly on appropriations and D.C.'s acceptance and satisfaction of all other conditions and predicates identified and described herein, to assist D.C. by assuming responsibility for certain traditionally State responsibilities and the conditions that D.C. must agree to and fulfill should it choose to accept that offer as it relates to criminal justice functions, including, but not limited to, certain defendant and offender services, corrections and the judiciary. The MOU sets forth the expectations and responsibilities relating to proposed changes and reforms in the D.C. criminal justice and judicial system and the procedures (including new statutory and regulatory provisions) the Federal Government and D.C. will use to implement the MOU.

In particular, the MOU is designed to:

- 4.i. provide a framework for changes to the D.C. sentencing system, including the abolition of parole, institution of determinate guideline sentencing and the enactment of the new mandatory minimum drug sentences, which are a prerequisite for the Federal Government accepting responsibility for the incarceration of felons convicted of D.C. Code violations.
- 4.ii. ensure that such sentencing system is to be enacted within 24 months, or the Federal Government will not be required to obligate any funds appropriated for the purpose of incarcerating D.C. Code felons and will have no responsibility for housing such persons.

- 4.iii. ensure an appropriate transfer and transition of responsibility from D.C. to the Federal Government for pretrial, public defender, parole, probation, and post-conviction supervision and services for adult D.C. Code defendants and offenders.
- 4.iv. ensure an appropriate transfer of responsibility from D.C. to the Federal Government for the incarceration of sentenced felons convicted of D.C. Code violations, assuming sufficient resources are provided by Congress to develop necessary bed space to accommodate the resulting increase in the Federal Bureau of Prisons (BOP) population and D.C. Code violators are designated in the same manner as Federal inmates.
- 4.v. provide the basis for establishing an independent budgetary, financial oversight, and administrative support system for the D.C. courts.
- 4.vi. define the respective roles of the D.C. and Federal Governments in relation to lawsuits and resulting liability, as they may be affected by the reforms agreed to in this MOU.
- 4.vii. ensure the development by D.C. and the Federal Governments of transition plans
 - 4.vii.a. (in consultation with the Federal and D.C. judiciaries) for transferring responsibility for pretrial, public defender, parole, probation, and post-conviction supervision and services for adult D.C. Code defendants and offenders over a transition period of one to three years from the enactment of the federal implementing legislation.
 - 4.vii.b. for transferring responsibility for incarcerating sentenced felons convicted of D.C. code violations over a period of approximately three to five years.
 - 4.vii.c. (in consultation with the D.C. judiciary) for transferring responsibility for funding the D.C. court system and related services, including plans relating to retirement benefits and other personnel matters.
 - 4.vii.d. for transferring control of the property at Lorton, Virginia to the Federal Government.
- 4.1. Administration of District of Columbia Pretrial, Parole, Probation, and Post-Conviction Offender Supervision, Housing, and Public Defender Services
 - 4.1.1. *Federal Government Responsibilities*
 - 4.1.1.1. After consultation with the Mayor of D.C., representatives of the D.C. Council, the Chairman of the D.C. Financial Responsibility and Management Assistance Authority (Financial Authority), and members of the affected

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Federal and D.C. judiciaries, the Attorney General will select an Offender Supervision, Defender and Courts Services Trustee to:

- a) assure the smooth transition and continued operations of D.C.'s Pretrial Services Agency and Public Defender Service;
- b) implement an orderly shutdown of the D.C. Board of Parole in coordination with the U.S. Parole Commission and the Superior Court for the District of Columbia;
- c) establish and operate a new D.C. Offender Supervision, Defender and Courts Services Agency; and
- d) accomplish, without disruption of services, the transfer of the adult offender probation supervision functions of the D.C. Courts Social Services Division,

until the Federal Government assumes responsibility for each of these functions.

4.1.1.2. During the transition period, under the general auspices of the Trustee, the D.C. Pretrial Services Agency will continue uninterrupted to provide services and support for both juvenile and adult D.C. Code and Federal defendants and offenders to the U.S. District Court for the District of Columbia, the U.S. Court of Appeals for the District of Columbia, the Superior Court for the District of Columbia, and the District of Columbia Court of Appeals. The Director of Pretrial Services may employ such personnel as shall be necessary pursuant to procedures and standards established by the Trustee to facilitate transition to Federal status.

4.1.1.3. Following the transition period, the D.C. Pretrial Services Agency and the D.C. Public Defender Service will be organizationally housed in a new Federal D.C. Offender Supervision, Defender and Courts Services Agency.

4.1.1.4. The D.C. Board of Parole will be terminated after the Trustee establishes a transition agency with the capacity to provide adequate field supervision to adult D.C. offenders on parole, probation or supervised release, and the U.S. Parole Commission is capable of carrying out parole functions for D.C. Code felony offenders. Subject to appropriations, the D.C. Board of Parole's functions and jurisdiction *vis a vis* felon parolees will be assumed by the U.S. Parole Commission. Similarly, its functions and jurisdiction *vis a vis* misdemeanor parolees will be assumed by the D.C. court system. Substantive D.C. law will continue to apply to parole

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determinations for all D.C. Code offenders. The District of Columbia Superior Court Division of Social Services will continue to provide supervision to D.C. Code juvenile offenders and will assume responsibility for the supervision of misdemeanor parolees.

- 4.1.1.5. The Trustee will accept employment applications for new offender field supervision positions in the transition agency from persons currently employed by the D.C. court system and the D.C. Board of Parole. Applications will be processed in accordance with procedures and standards established by the Trustee to facilitate transition to subsequent Federal law enforcement employment in the successor Offender Supervision, Defender and Courts Services Agency. Positions will be advertised prior to hiring.
- 4.1.1.6. During the transition period, the Federal Government will transfer funds for the Pretrial Services Agency, the Public Defender Service and the supervision of D.C. offenders to the Trustee. The head of any Federal department or agency may provide the services of any personnel to the Trusteeship to assist in carrying out the Trustee's duties.
- 4.1.1.7. During the transition period, under the general auspices of the Trustee, the Public Defender Service will continue uninterrupted to provide services to D.C. Code defendants and the D.C. court system. The Director of the Public Defender Service may employ such personnel as shall be necessary pursuant to procedures and standards established by the Trustee to facilitate transition to Federal status.
- 4.1.1.8. During the transition period, the employees of and funds allocated to the Trustee and the agencies for which the Trustee is responsible shall not be counted against the personnel and budget ceilings imposed on D.C. by the Financial Authority or Congress.
- 4.1.1.9. The U.S. Marshals Service (USMS) will contract with D.C., at a mutually agreeable rate, to obtain space not needed by D.C. at D.C.'s Correctional Treatment Facility (CTF), to house persons in the custody of the USMS for whom the USMS requires bed space in the D.C. area.
- 4.1.1.10. Subject to appropriations, the Federal Government will provide funds to support the D.C. Board of Parole functions during the one to three year transition period culminating in the termination of the D.C. Board of Parole.

4.1.2. District of Columbia Responsibilities

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- 4.1.2.1. The District of Columbia will maintain responsibility for all D.C. Code juvenile offenders not prosecuted as adults.
- 4.1.2.2. The District of Columbia will have responsibility for housing and supervising persons charged with and/or convicted of misdemeanor violations in the Superior Court for the District of Columbia, both before and after sentencing.
- 4.1.2.3. The District of Columbia will continue to house persons charged with felonies under the D.C. Code and persons convicted of felonies under the D.C. Code but not yet sentenced, in the Superior Court for the District of Columbia. To the extent beds are available, D.C. will continue to house persons charged with felonies under the U.S. Code, and persons convicted of felonies under the U.S. Code but not yet sentenced in the U.S. District Court. D.C. will continue to receive reimbursement, at a mutually negotiated rate, from the Federal Government for the costs of housing such persons. "House" and "housing" include subsistence, transportation of persons to and from court appearances, revocation hearings, medical facilities, and the maintenance of necessary prisoner records.
- 4.1.2.4. The District of Columbia will continue to house persons sentenced by the Superior Court and detained pending a hearing for revocation of parole, probation, or supervised release, and will provide suitable facilities for such hearings. To the extent beds are available, D.C. will house persons sentenced by the U.S. District Court and detained pending a hearing for revocation of parole, probation, or supervised release, will provide suitable facilities for such hearings, and will continue to receive reimbursement by the Federal Government at a mutually negotiated rate for the costs of housing such persons and for providing such facilities. "House" and "housing" include subsistence, transportation of persons to and from court appearances, revocation hearings, and medical facilities, and the maintenance of necessary prisoner records.
- 4.1.2.5. The Trustee will be an independent officer of the D.C. Government and can be removed by the Mayor only with the concurrence of the Attorney General. The Attorney General has authority to remove the Trustee only for misfeasance or malfeasance in office.
- 4.1.2.6. The Trustee will propose funding requests for offender supervision and services for inclusion in the President's budget for each fiscal year of the transition.

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- 4.1.2.7. The Trustee will allocate funds for offender supervision (including adult felon parole and probation) in D.C., including funds for short term improvements, equipment contracts, and salary increases necessary to retain key personnel, maintain and enhance current levels of service, including offender drug testing, and provide for the safety and security of the community.
- 4.1.2.8. Upon receipt of funds identified by Congress or other entities for Pretrial Services, the Trustee will immediately transfer such funds to the Pretrial Services Agency.
- 4.1.2.9. Upon receipt of funds identified by Congress or other entities for the D.C. Public Defender Service, the Trustee will immediately transfer such funds to the Public Defender Service.
- 4.1.2.10. Effectively immediately and in view of the responsibility to be undertaken by the U.S. Parole Commission to carry out the functions of the D.C. Board of Parole pursuant to the parole laws and regulations of D.C., the D.C. Council will not enact legislation that changes or modifies parole laws and regulations as applicable to felony offenders without the concurrence of the Attorney General. D.C. will immediately take steps to modify parole as applicable to misdemeanants to provide for D.C. court supervision of D.C. misdemeanor parolees and the elimination of the D.C. Board of Parole. Following the assumption by the U.S. Parole Commission of the functions of the D.C. Board of Parole, the D.C. Council will cede to Congress the sole authority to legislate changes to the D.C. Code pertaining to the parole of D.C. felony offenders.
- 4.1.2.11. It is expected that the transition period for these offender, defender and court services will end no sooner than one year but not later than three years after the enactment of the related legislation.
- 4.1.2.12. The D.C. Corporation Counsel will provide representation for the Trustee and Trustee supervised agencies. (see litigation and liability section)

4.2. Administration of District of Columbia and Federal Prisons

4.2.1. *Federal Government Responsibilities*

- 4.2.1.1. The Federal Government will take administrative control of the nine parcels of land, collectively located at or in the vicinity of Lorton, Virginia ("the Lorton property"), and other appropriate sites. After the BOP's capacity has been increased through renovation of existing facilities and new

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construction at the corrections complex in Lorton and other locations selected by BOP, BOP will house felons who were convicted of D.C. Code violations and sentenced to terms of imprisonment. (A recently completed Congressionally mandated study of the D.C. Department of Corrections revealed that most of the institutions at Lorton have exceeded their useful lifespan and need major renovations or demolition.)

- 4.2.1.2. BOP will conduct a thorough preliminary assessment of the Lorton property to determine its environmental condition, including a study of the contamination on the property and an estimation of the costs associated with bringing the property into compliance with environmental and other applicable regulations. Based on preliminary information gathered pursuant to a review of the environmental conditions of a portion of the Lorton property, BOP could begin planning for renovation and construction immediately; actual physical renovations would not begin until Fiscal Year 1998. The estimated date for the completion of the preliminary environmental assessment process is March 21, 1998.**
- 4.2.1.3. BOP will oversee the operation of community corrections centers in D.C. as necessary to provide an appropriate transition for inmates who are nearing release from Federal prisons, including those convicted of D.C. Code violations. BOP intends to use existing community corrections centers in D.C. to the extent practicable and will work with D.C. officials to identify prospective sites, as needed to establish new community corrections facilities.**
- 4.2.1.4. D.C. Code offenders will be housed together with Federal offenders in facilities operated by BOP in Lorton, Virginia and elsewhere. Every effort will be made to house D.C. felons at facilities as close to D.C. as permitted by inmate program and security needs and BOP population management requirements. D.C. felons will be designated in the same manner as Federal inmates, and ordinarily initially assigned to institutions located within a 500-mile radius of their release residence. BOP anticipates that many of the initial designations for D.C. offenders will be within a significantly closer radius. BOP also will work with D.C. officials to identify sites for possible Federal correctional facility construction within D.C.**
- 4.2.1.5. During the transition period, based upon assurances from D.C. that felons convicted of violating the D.C. Code will, in the future, receive sentences similar to those received by comparable offenders convicted of comparable Federal offenses, BOP will house those sentenced D.C. felons in the custody of the D.C. Department of Corrections as the Director of the BOP deems appropriate in accordance with available**

capacity. If such a new structure for sentencing under the D.C. Code is in place as of October 1, 2001, BOP will accept D.C. felons sentenced under the new sentencing structure in accordance with the capacity of BOP. By October 1, 2002, and assuming fulfillment of all requisite conditions, BOP will have assumed responsibility for incarcerating all sentenced D.C. felons.

- 4.2.1.6. BOP will accept employment applications from persons currently employed by the D.C. Department of Corrections for BOP vacancies and will make hiring selections in accordance with existing Federal procedures and standards. Positions for new BOP facilities will be advertised prior to hiring.
- 4.2.1.7. After consultation with the Mayor, representatives of the D.C. Council, the Chair of the Financial Authority, members of the judiciary and others, the Attorney General will select a Corrections Trustee to oversee expenditures of the D.C. Department of Corrections relating to sentenced, incarcerated felons, until BOP assumes responsibility for all incarcerated sentenced D.C. felons.
- 4.2.1.8. The Federal Government will provide funds for the incarceration of sentenced D.C. felons through the Trustee to the D.C. Department of Corrections. The head of any Federal department or agency may provide the services of any personnel to the Trustee to assist in carrying out the Trustee's duties.
- 4.2.1.9. Of the Federal funds received by the Trustee, the Trustee will reimburse BOP for those funds identified by Congress to be used for the construction of new facilities and the major renovation of existing facilities. BOP will be responsible and accountable for determining how these funds will be used, including the type, security level, and location of new facilities.
- 4.2.1.10. During the transition period, the employees of and appropriations allocated to the Trustee and the agencies for which the Trustee is responsible shall not be scored or counted against the personnel and budget ceilings imposed on D.C. by the Financial Authority or Congress.

4.2.2. District of Columbia Responsibilities

- 4.2.2.1. Offenders convicted of D.C. Code violations will be sentenced pursuant to a new D.C. sentencing system, described below. BOP shall not be required to obligate any funds appropriated for the absorption of D.C. Code felons into the Federal prison system and will have no responsibility to house any persons convicted of felony

offenses, if the new sentencing system is not enacted within 24 months of the authorizing legislation's enactment.

- 4.2.2.2. **D.C. will continue to house felons sentenced to terms of imprisonment by the Superior Court for the District of Columbia until such persons have been designated by BOP. To the extent beds are available, D.C. will continue to house felons sentenced to terms of imprisonment by the U.S. District Court until such persons have been designated by BOP and will continue to receive reimbursement by the Federal Government, at a mutually negotiated rate, for costs of housing persons sentenced by the U.S. District Court.**
- 4.2.2.3. **The Trustee will be an independent officer of the D.C. government and can be removed by the Mayor only with the concurrence of the Attorney General. The Attorney General has authority to remove the Trustee only for misfeasance or malfeasance in office.**
- 4.2.2.4. **The Trustee will propose funding requests for the incarceration of sentenced D.C. felons, for inclusion in the budget submitted by the President to Congress for each fiscal year of the transition.**
- 4.2.2.5. **The Trustee will allocate funds to the D.C. Department of Corrections, including such sums as may be appropriated for short term improvements that are necessary for the safety and security of staff, inmates, and the community.**
- 4.2.2.6. **The D.C. Department of Corrections will implement the short term improvements in physical security identified in the "District of Columbia Department of Corrections Short-Term Improvements Plan (September, 1996)."**
- 4.2.2.7. **Upon receipt of Federal funds identified by Congress for constructing new prisons and making major renovations to existing facilities for the incarceration of D.C. felons, the Trustee will immediately reimburse BOP for such funds.**
- 4.2.2.8. **The D.C. Corporation Counsel will provide representation for the Trustee and Trustee supervised agencies. (see litigation and liability section)**
- 4.2.2.9. **During the transition, D.C. will transfer control of the property at Lorton, Virginia to the Federal Government, though the D.C. Department of Corrections may continue to house D.C. felons at facilities located at Lorton until such time as BOP absorbs such offenders into the Federal prison system.**

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- 4.3. Sentencing. The District of Columbia understands and agrees that the D.C. sentencing system will be changed pursuant to proposed legislation in the following manner:
- 4.3.1. Congress will amend the D.C. Code to abolish parole for all persons convicted of D.C. felony offenses committed on or after 3 years from the enactment of the Federal authorizing legislation.
 - 4.3.2. Congress will amend the D.C. Code so that good time calculations for all persons convicted of D.C. felony offenses committed on or after 3 years from the enactment of the Federal authorizing legislation will be made according to the Federal requirements.
 - 4.3.3. Congress will establish a new D.C. Board of Criminal Sentences (the Board) as an independent body within the D.C. Government. All persons convicted of D.C. felonies committed on or after 3 years from the enactment of the Act will be sentenced according to a determinate sentencing system promulgated by the Board and transmitted by the Board to the D.C. Council no later than 18 months after enactment of the Federal authorizing legislation.
 - 4.3.4. The Board will develop a sentencing system which shall include binding guidelines and may include such amendments or repeals of provisions in the D.C. Code relating to the maximum and minimum prison terms as are necessary to accomplish the purposes of the Act. Ninety days after the Board promulgates and transmits the sentencing system to the D.C. Council, the sentencing system, its guidelines, amendments and repeals will become effective unless disapproved in its entirety by a majority of the Council. If disapproved by the Council, the system may be enacted by Congress.
 - 4.3.5. The promulgated sentencing system will supersede any inconsistent provision of the D.C. Code.
 - 4.3.6. Congress will repeal certain other provisions of the D.C. Code to conform with the new sentencing system (D.C. Code Title 24, Chapters 2 and 8), including the Youth Rehabilitation Act.
 - 4.3.7. Congress will amend D.C. Code Title 33, Section 541 to adopt certain mandatory penalties necessary to further the Superior Court of the District of Columbia's Drug Intervention Program and effective local law enforcement. The new sentencing system will incorporate these mandatory penalties, thereby excluding local narcotics offenses from the mandate that sentences be similar to those that would be imposed upon comparable offenders in the Federal system.

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- 4.3.8. The Board will not have the authority to provide for capital punishment under any law applicable exclusively in D.C.
- 4.3.9. The Board will have seven voting members. All the members of the Board shall have knowledge and responsibilities with respect to criminal justice matters. The Attorney General (or her designee) will chair the Board. The other members will include two judges of the Superior Court for the District of Columbia and one representative each of the following entities: the D.C. Council, the Executive Branch of the D.C. Government, the D.C. Public Defender Service, and the U.S. Attorney for the District of Columbia. One representative each of the D.C. Corporation Counsel and BOP will serve as non-voting, ex officio members.
- 4.3.10. An affirmative vote of at least six Board members will be necessary to promulgate the sentencing system.
- 4.3.11. In developing the sentencing system, the Board will hold two or more public hearings, review other sentencing guideline system models, consult with sentencing reform experts, and solicit written comments from the public.
- 4.3.12. If the Board fails to promulgate a sentencing system within 18 months, the Board will terminate, and the Attorney General will develop a sentencing system to be transmitted to the D.C. Council for approval. Ninety days after the Attorney General transmits the sentencing system to the D.C. Council, the sentencing system, its guidelines, amendments, and repeals will become effective, unless the Council disapproves the system in its entirety and Congress, in turn, does not approve it.
- 4.3.13. The Board will have the mandate to ensure that the sentencing system it establishes, among other things:
- 4.3.13.1. will result in sentences for those convicted of D.C. felony offenses similar to those that would be imposed upon comparable offenders convicted of comparable offenses in the Federal system;
 - 4.3.13.2. will result in sentences that reflect the seriousness of the offense and provide for just punishment, afford adequate deterrence to potential future criminal conduct of the offender and others, and provide the defendant with needed educational or vocational training, medical care, and other correctional treatment;
 - 4.3.13.3. will provide certainty and fairness in meeting the purposes of sentencing, avoiding unwarranted sentencing disparities among similar defendants, while maintaining sufficient flexibility to permit individualized sentences;

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- 4.3.13.4. will take into account the high volume of sentencing proceedings in the D.C. Superior Court as bearing upon the degree of complexity of the sentencing system; and
 - 4.3.13.5. will ensure that the system is neutral as to the race, sex, marital status, ethnic origin, religious affiliation, national origin, creed, socioeconomic status, and sexual orientation of offenders, if not related to the commission of the offense.
- 4.3.14. As part of the sentencing system, the Board will develop binding guidelines for use in determining the sentence to be imposed upon convicted felons. The guidelines will specify:
- 4.3.14.1. when to impose a sentence of probation, a fine, or a term of imprisonment and the appropriate amount or length, thereof, as well as intermediate sanctions;
 - 4.3.14.2. when to impose a term of supervised release following imprisonment, and the appropriate length, thereof; and
 - 4.3.14.3. whether multiple sentences to terms of imprisonment should run concurrently or consecutively.
- 4.3.15. Ninety days after promulgation of the sentencing system, the Board will be terminated. There will be established a successor, Federally funded agency to amend the guidelines as necessary to achieve the purposes of the Act. The D.C. Council may recommend to Congress whether or not these amendments should be approved. However, the amendments will take effect as prescribed by the successor agency, unless they are modified or disapproved by Congress. The successor agency will have no powers to revise the D.C. Code but will recommend changes to the Code as may be necessary to further the purposes of the Act.
- 4.3.16. The Superior Court for the District of Columbia, D.C. Department of Corrections, and any other agency will submit information about convicted felons as required by the Board and the U.S. Department of Justice. This would permit an assessment of the extent to which sentences imposed by the Superior Court of the District of Columbia are similar to those imposed for comparable offenders in the Federal system. The results of this assessment would be used by the Board in developing the new sentencing system for D.C.

4.3.17. Four years after the enactment of the new sentencing system, there will be an evaluation to determine the extent to which the sentencing system has succeeded in accomplishing the goals set forth in the Act.

4.4. Liability and Litigation Responsibility and Authority

4.4.1. *Federal Government Responsibilities*

4.4.1.1. The Federal Government will be responsible for the defense of any claim arising from any alleged act or failure to act on the part of the United States, its agencies and personnel, in connection with pretrial, defender, offender supervision, sentencing reform, corrections, probation and parole services, and for any resulting liability, after responsibility for these services has passed to the Federal Government at the end of the transition period.

4.4.1.2. The Federal Government's assumption of responsibility for the defense of claims, and any resulting liability, set forth in paragraph 4.4.1.1. above shall include claims arising from any alleged act or failure to act of BOP, its agencies and personnel in connection with the demolition, repair, renovation, or construction of any building, structure, or other improvement of any kind at the Lorton, Virginia property.

4.4.1.3. The Attorney General, in her discretion, may direct any litigation involving the Trustees appointed pursuant to sections 4.1.1.1. and 4.2.1.6. above, pretrial services, offender supervision services, or sentencing reform during the transitional period, and may provide litigation services for the Trustees and the agencies responsible for pretrial services, offender supervision services, and sentencing reform during the transitional period in lieu of representation by D.C. Exercise of the Attorney General's discretion shall not change the terms of this agreement and shall not otherwise enlarge the liability of the United States, its agencies, or personnel. However, D.C. may petition the Attorney General to request reimbursement for litigation costs and liability arising from actions of the Trustees.

4.4.2. *District of Columbia Responsibilities and Liability*

4.4.2.1. D.C. will be responsible for the defense of any claim that has arisen or may arise from any act or alleged failure to act by D.C., its agencies or personnel, in connection with D.C.'s pretrial, defender, offender supervision, sentencing reform, corrections, or probation and parole services, and for any resulting liability. D.C. will remain responsible for defending and bearing any liability resulting from any such claim even if responsibility for the pertinent service has passed to the Federal Government. D.C. will

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also be responsible for the defense of any claim arising from any activity of D.C., its agencies or personnel as a result of any action agreed to in this MOU, and for any resulting liability.

4.4.2.2.D.C. is, and will remain, responsible for the defense of any and all claims described in paragraph 4.4.2.1. above, including the defense of claims arising from any alleged act or failure to act of the Trustees (see sections 4.1.1.1. and 4.2.1.6.). Except as provided in paragraph 4.5.3. and in paragraph 4.1.3.) above, the D.C. Corporation Counsel will provide litigation services as required to carry out this responsibility.

4.4.2.3. Notwithstanding paragraph 4.4.2.2. above, the Trustees and the agencies responsible for pretrial, defender, offender supervision services, and sentencing reform may choose not to utilize the Corporation Counsel and to engage other litigation services.

4.5. District of Columbia Courts

4.5.1. Congress will make all necessary amendments to the D.C. Code and other laws to terminate budgetary control and other involvement of the D.C. Government in the finances and administration of the D.C. court system, including the Superior Court of the District of Columbia and the District of Columbia Court of Appeals.

4.5.2. The Joint Committee on Judicial Administration of the D.C. courts will prepare and submit the budget for the D.C. court system. The budgetary requests of the D.C. courts system will not be subject to revision by the D.C. Government or the Executive Branch of the Federal Government.

4.5.3. The D.C. court system, through its Executive Office, will be authorized to contract with D.C. agencies, Federal agencies, and other public and private entities, for necessary supplies, equipment, and services.

4.5.4. Expenditures of the D.C. court system will be paid out of funds appropriated for those courts and credited to a Treasury account established for that purpose. Funds received by the D.C. court system will not be part of the funds or budget of D.C.

5. ***Economic Development.*** The District government will:

5.1. Implement timely and efficient zoning, permitting, and licensing processes by the end of fiscal year 1997.

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- 5.2. Offer personnel resources and fully cooperate with the Corporation in its review and evaluation of existing economic development plans, in the development of the Corporation strategic plan, and in subsequent implementation of the plan.
- 5.3. Support a legislative allocation to the Corporation of 50 percent of the applicable State ceiling on the authority of the District government to issue private activity bonds in each calendar year under section 141 of the Internal Revenue Code.
- 5.4. Support a legislative authorization to the Corporation of the right to exercise eminent domain in the name of the District of Columbia, and certain other powers specified above.
- 5.5. Give expedited consideration to the Corporation's requests for land transfers (including transfers from the Redevelopment Land Agency), zoning adjustments (including variances and special exceptions), and building and other permits and licenses for projects and activities as requested by the Corporation.
- 5.6. Support legislation that provides that all powers, rights, assets, duties, obligations, and liabilities of the Corporation will transfer to the District government upon the Corporation's dissolution

6. *Infrastructure.*

- 6.1. *Secretary of Transportation Responsibilities.* The Secretary of Transportation (hereinafter in this section referred to as the Secretary) agrees that:
 - 6.1.1. Beginning on October 1, 1997, the Secretary shall assume responsibilities generally carried out by a State under Title 23 of the U.S.C. relating to selection (consistent with the planning requirements of 23 U.S.C. 134 and 135), funding and oversight of the National Highway System (NHS) capital projects and shall assume responsibilities for funding the operations and maintenance of the NHS within the District of Columbia (exclusive of police authority and exclusive of funding those NHS routes currently under the jurisdiction of the National Park Service) with funds made available under the National Capital Revitalization and Self-Government Improvement Act of 1997, to be referred to henceforth in this section as the "Act."
 - 6.1.2. The Secretary shall advance NHS projects through the Federal Highway Administration (FHWA). The FHWA shall consult and coordinate NHS project responsibilities with the District of Columbia. In selecting projects, the FHWA shall give consideration to the District of Columbia Needs Assessment currently being developed by the Federal Highway Administration in cooperation with the District of Columbia Department of Public Works and the District of Columbia Strategic Transportation Plan.
 - 6.1.3. Beginning on October 1, 1997, the Secretary shall assume responsibility for advancing those NHS projects approved prior to that date that are not under construction or under a contract for such construction by October 1, 1997, unless the Secretary and the District of

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Columbia agree to continue to vest responsibility for such project advancement with the District of Columbia. Such projects that are transferred under this section shall also be governed by the requirements contained in section 6.2.4.

- 6.1.4. The Secretary may transfer National Capital Infrastructure Funds authorized under this Act and available for capital expenditures and NHS apportioned funds authorized to be transferred under this Act to other Federal-aid highway funding categories, consistent with title 23, United States Code provisions governing the transfer of NHS funds.
- 6.1.5. Funds made available to the Secretary for obligation on NHS projects under this Act shall be administered by FHWA. From time to time as work progresses on a project, payments shall be made by FHWA for the costs of construction, operations, maintenance, and other eligible activities under this Act in accordance with applicable procedures under Title 23, United States Code, or as established by the Secretary.
- 6.1.6. For Fiscal Year 1998, \$108 million shall be authorized to be appropriated to the National Capital Infrastructure Fund which shall be used for construction, reconstruction, and rehabilitation of the NHS in accordance with 23 U.S.C. 103 (i), including transit capital projects eligible for funding under section 103 (i).
- 6.1.7. In each of the fiscal years 1998 through 2003, the Secretary shall retain and deposit into the National Capital Infrastructure Fund:
 - (a) 100 percent of the District of Columbia's apportionment for the NHS;
 - (b) 100 percent of the apportionments for Interstate Maintenance; and
 - (c) 75 percent of the apportionment for the Highway Bridge and Replacement for use consistent with 23 U.S.C. 103 (i).
- 6.1.8. In each of the Fiscal Years 1998 through 2003, \$17 million shall be authorized to be appropriated to fund the operations and maintenance of the NHS within the District of Columbia, exclusive of those NHS routes under the jurisdiction and control of the National Park Service.
- 6.1.9. The Secretary shall be responsible for funding those operations and maintenance activities and costs, excluding police services (except for those construction zone, incident management and other police activities that are eligible for Federal-aid highway reimbursement under title 23, United States Code) associated with the management and operations of NHS highways including the following activities: routine maintenance of roadways and rights-of-way, road repair, snow removal, lighting, signage, and those utilities necessary for the NHS operations. The Secretary shall not be responsible for funding the District of Columbia share of operating expenses for any transit activities.

- 6.1.10. The Secretary shall continue to provide oversight and technical assistance to the District of Columbia for all Federal-aid projects that remain the responsibility of the District of Columbia.
- 6.1.11. The Secretary through the FHWA will enter into any agreements or contracts with any entity to advance, construct, reconstruct, rehabilitate, repair, maintain, or operate the NHS within the District of Columbia excluding those NHS roadways under the jurisdiction and control of the National Park Service, consistent with 23 U.S.C. 103 (i).
- 6.1.12. The Secretary shall encourage the hiring of local labor by contractors awarded contracts including welfare to work labor, on NHS projects financed under this Act to the maximum extent possible and consistent with federal law.
- 6.1.13. Unless reauthorized by Congress on, or prior to, September 30, 2003, the Secretary of Transportation's responsibilities, other than the completion of ongoing projects funded through this Act, would cease and no new deposits of Federal funds would be made into the National Capital Infrastructure Fund after September 30, 2003.
- 6.1.14. The Secretary shall provide the District of Columbia with the technical assistance necessary to reassume its NHS responsibilities by September 30, 2003. The April 1996 findings of FHWA's review of the organizational capacity of the District of Columbia's Department of Public Works shall guide the assistance.
- 6.2. *District of Columbia Responsibilities.* The District of Columbia agrees that:
 - 6.2.1. The District of Columbia shall continue to be responsible for providing police services on NHS highways (including, but not limited to civil police functions, crime prevention, investigations including traffic and accident investigation, and emergency traffic direction). The District shall continue to own the right-of-way of NHS highways that are located within the District of Columbia.
 - 6.2.2. The District of Columbia will continue to be responsible for all utilities and utility work that is not necessary for operation of the NHS even if such utilities are located within the right-of-way of the NHS.
 - 6.2.3. The District of Columbia shall continue to be responsible for non-NHS projects funded with Federal-aid highway funds. The authority to use Surface Transportation Program funds on local streets, highways, and roadways (except alleys) does not relieve the District of Columbia of the responsibility for the non-federal matching share. The use of other Federal-aid highway apportioned funds by the District of Columbia, other than as provided herein, also requires a non-Federal matching share.
 - 6.2.4. Beginning on October 1, 1997, the District of Columbia is relieved of the responsibility to provide the non-Federal match for NHS projects that are funded by the Secretary with monies made available for NHS projects under this Act. The relief from providing the non-federal match shall not include those projects that were approved by FHWA prior to

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October 1, 1997 for which Federal-aid highway funds have been obligated. The District of Columbia is responsible for providing the non-Federal match, the Federal-aid funds, and any obligation authority for any such projects transferred to the Secretary for project administration, oversight, or contracting.

- 6.2.5. The District of Columbia shall continue to be responsible for any liability incurred on the basis of the activities of the District of Columbia, its agencies, or personnel as a result of any acts or omissions in carrying out this Act. The United States, its agencies, and personnel will not incur any liability for any such acts or omissions.
- 6.2.6. The District of Columbia shall cooperate with the Federal Highway Administration in its technical assistance efforts in order to assure that the District of Columbia can reassume its NHS responsibilities by September 30, 2003. The goal of the effort shall be to satisfy the April 1996 findings of FHWA's review of the organizational capacity of the District of Columbia's Department of Public Works.

7. *Personal Income Tax Administration* The District agrees that:

7.1. General

- 7.1.1. The IRS shall administer and enforce the District's individual income and employment taxes.
- 7.1.2. The District shall continue to administer its unemployment benefits program.

7.2. Tax Codes

- 7.2.1. The IRS will administer the District's existing individual income and employment tax laws. The only provision the IRS cannot administer is the District's refundable property tax credit. If the District wishes to retain this provision, it must be transferred to its real estate tax administration.
- 7.2.2. All of the administrative, procedural, and enforcement provisions of the Internal Revenue Code of 1986 and related statutes will govern IRS administration of District taxes. The District will have to amend its own tax code to achieve this to the satisfaction of the Secretary of the Treasury.
- 7.2.3. To avoid the possibility of any inconsistent interpretations of similar provisions, the District will have to amend its definitional provisions to conform them to the Internal Revenue Code to the satisfaction of the Secretary of the Treasury.
- 7.2.4. The District must notify the Secretary of the Treasury of any future changes to its individual income and employment tax laws. The Secretary may object if, in his judgement, the prospective change would prove overly burdensome to the IRS, in which case such change shall not be administered or enforced by the IRS. If the Secretary does

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not object within 60 days after notification, the IRS will administer the provision within a reasonable time after enactment.

7.3. Transfers to the District

- 7.3.1. The IRS will set up separate accounting and deposit systems for its collections of District taxes. The District must, in turn, identify the person and/or office authorized to receive transfers of collected amounts and set up related deposit accounts.

7.4. Effective Date

- 7.4.1. The IRS administration of District taxes shall be prospective, starting on January 1 of the calendar year that is at least 18 months after the Secretary certifies that the District of Columbia has met the conditions set forth in the Memorandum of Understanding between the United States and the District of Columbia.

Appendix One

DEFINITIONS FOR THE PENSIONS SECTION OF THE MOU

“Adoption Date” means the date the Replacement Plan is adopted by the District Government or, if later, October 1, 1997.

“District Government” means, as appropriate, the “District government” as defined by section 305(5) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995 (Pub. L 104-8) or the District of Columbia Retirement Board as defined in section 102(5) of the Reform Act.

“Freeze Date” means the date of introduction of the Revitalization Act.

“Fund” means the District of Columbia Police Officers and Fire Fighters’ Retirement Fund, the District of Columbia Teachers’ Retirement Fund, and the District of Columbia Judges’ Retirement Fund as defined in section 102(10) of the Reform Act.

“Reform Act” means the District of Columbia Retirement Reform Act (Pub. L. 96-122).

“Replacement Plan” means the plan or plans described under Title I of the Revitalization Act.

“Retirement Program” means any of the retirement programs as described in section 102(7) of the Reform Act as in effect on the day before the freeze date.

“Revitalization Act” means the “District of Columbia Revitalization Act of 1997.”

“Secretary” means the Secretary of the Treasury or the Secretary’s designee.

“Transfer Date” means the date on which the assets and obligations of the Fund are transferred to the Trust.

“Trust” means the District of Columbia Retirement Trust created under Title I of the Revitalization Act.

“Trustee” means the firm designated by the Secretary of the Treasury under Title I of the Revitalization Act.

Draft 4. 7. 1997

*This draft reflects the full legislative language for the Economic Development section of the
MOU.*

MEMORANDUM OF UNDERSTANDING BETWEEN:

THE DISTRICT OF COLUMBIA

Marion Barry, Jr., Mayor _____

Charlene Drew Jarvis, Council Chairperson Pro Tempore _____

**DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT
ASSISTANCE AUTHORITY**

Andrew Brimmer, Chairman _____

**OFFICE OF MANAGEMENT AND BUDGET, EXECUTIVE OFFICE OF THE
PRESIDENT**

Franklin D. Raines
Chair, Federal District of Columbia Task Force _____

Dated: _____

SECTION I. PURPOSE

The parties respect the Home Rule Center as the fundamental basis for governance in the District. The purpose of this memorandum is to strengthen Home Rule and to agree to work toward the revitalization of the District of Columbia.

This memorandum is intended only to improve the management of, and the relationship between, the District of Columbia and the Federal government, and is not intended to and does not create any right, benefit, trust or responsibility, substantive or procedural, enforceable at law or equity by a party against the United States, its agencies, its officers, or any person.

SECTION II. PUBLIC LAW 104-8, "THE DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE ACT OF 1995"

The parties recognize the effectiveness of PL 104-8 and dedicate themselves to the cooperative implementation of its provisions. Among these provisions:

Finance.

- For each Fiscal Year for which the District is in a control period, the Mayor shall develop and submit to the Financial Responsibility and Management Assistance Authority (the "Authority") and District Council a Budget and Financial Plan for the applicable Fiscal Year and the next three Fiscal Years.
- Expenditures for the District government for each Fiscal Year, beginning in FY1999, may not exceed revenues for that Fiscal Year.
- During Fiscal Years 1996, 1997, and 1998, the District government shall make continuous, substantial progress toward equalizing its expenditures and revenues.
- The District may not borrow money during a control year unless the Authority provides prior certification that the borrowing is consistent with the financial plan and budget for the year.
- For the Secretary of the Treasury to make a short-term advance to the District, an Authority-approved Budget and Financial Plan must be in place, the Mayor must submit a requisition for an advance including a schedule for timing and amounts for advances, the Inspector General must certify the accuracy of the information provided to the Secretary, and the Secretary determines -- and the Authority certifies -- that the District lacks market access on reasonable terms, and that the Treasury has reasonable assurance of being reimbursed.

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Management.

- An Office of the Chief Financial Officer will be established in the Executive Branch of the District government, headed by the Chief Financial Officer, and including the Office of the Treasurer, Controller, Budget, Financial Information Services, and Finance and Revenue.
- An Office of the Inspector General will be established in the Executive Branch of the District government.
- During the control period, the Mayor shall submit proposed contracts and leases to the Authority for review, and cannot enter into a contract or a lease unless the Authority determines it is consistent with the Budget and Financial Plan.
- The Authority may submit recommendations to the Mayor, the Council, the President, and Congress on actions the District or Federal governments may take to ensure the District's compliance with a Budget and Financial Plan and promote its financial stability,

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management responsibility, and service delivery efficiency. The Mayor and the Council shall submit a statement to the Authority, President, and Congress providing notice as to whether the District will adopt the recommendations. An affirmative statement must include

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SECTION III. GENERAL PROVISIONS

1. **Balanced Budget.** PL 104-8 requires that the District balance its budget by FY1999. By this agreement, the District agrees to present and/or approve a balanced budget for the Fiscal Year beginning October 1, 1997.
2. **Agreement to be Bound.** The District agrees to be bound by and to use its offices and best efforts to implement this agreement.

SECTION IV. SUBMISSION OF LEGISLATION & FEDERALLY ASSUMED FUNCTIONS

On behalf of the Executive Office of the President, the Director of the Office Management and Budget intends to recommend the submission of legislation to the Congress that is consistent with the National Capital Revitalization and Self Government Improvement Plan (the "Plan") announced by the President on January 14, 1997.

Once implemented, the Plan will provide the District substantial relief from its operating expenditures, relief which will grow over time. It will also invest considerable resources to improve the District's criminal justice systems and capital infrastructure. If this legislation is enacted, the Federal government will undertake the functions described below. The Federal government will not undertake a function until the District government meets the conditions for that function, described in Section V.

1. **Medicaid.** The Federal government will increase its share of the District's Medicaid payments to 70 percent, thereby reducing the District's share to 30 percent. The Department of Health and Human Services will continue to provide more intensive technical assistance to help the District improve the management of its Medicaid program.
2. **Pensions.** The Federal government will take financial and administrative responsibility for virtually all pension benefits accrued under the plans for all active

and retired police and firefighters, and teachers, and will take full responsibility for the pensions of judges. The bulk of the assets of the retirement plans will be transferred to the Federal government. The Federal government will pledge its full faith and credit to meet its responsibilities to pay these benefits. Benefits payable to current employees will be "frozen" based on service earned as of the date the legislation is introduced, and the Federal government will pay future retirement, death and some of their disability benefits to the extent they are earned based on the frozen service. While the Federal government will not be responsible for benefits earned during future years of service by members of the current retirement programs (other than judges), these members will get the benefit of pay increases on the frozen benefits. Frozen benefits will continue to be subject to cost-of-living adjustments under the terms of the existing programs. All future employee contributions (except for judges) will be paid into the new plans. The Secretary of the Treasury will appoint a third-party Trustee to administer the existing plans and manage pension assets.

3. ***Intermediate-Term and Short-Term Lending.*** The United States Treasury will provide an intermediate-term loan (15-year term) to assist the District to eliminate its accumulated fund balance deficit. The Treasury may also provide inter-year loans for liquidity purposes. The combined amount of the intermediate-term and inter-year liquidity loans may not exceed \$500 million. Both of these loans will have an interest rate of Treasuries of comparable maturity plus 1/8th of one percent. The Treasury may also provide intra-year loans for the purposes of liquidity.
4. ***Criminal Justice.*** The Federal and District governments will develop and implement a transition plan which transfers responsibility over a three-to-five-year period for incarcerating felons. The Federal Bureau of Prisons (BOP) will house adult felons convicted of D.C. Code violations and designated in the same manner as Federal inmates in correctional institutions operated or contracted by the BOP. This will occur after BOP's capacity has been increased through new construction at Lorton and other locations selected by BOP, and through renovation of existing facilities at Lorton, Virginia. After October 1, 2001, the BOP will also designate to Federal correctional institutions sentenced D.C. felons in the custody of the D.C. Department of Corrections, as the Director of BOP deems appropriate, in accordance with available capacity, until they have all been designated to Federal institutions. The BOP will accept employment applications from persons currently employed by the D.C. Department of Corrections for existing BOP vacancies, and will process such applications in accordance with existing Federal procedures and standards.

The Attorney General will select, after consultation with the Mayor, the D.C. City Council, and the Chair of the D.C. Financial Responsibility and Management Assistance Authority, a Trustee to oversee operations of the D.C. Department of Corrections until the BOP assumes responsibility for all incarcerated District felons.

The Federal and District governments will develop and implement a framework for changes to the D.C. sentencing system, including the abolition of parole, institution of

determinate guideline sentencing and the enactment of the new mandatory minimum drug sentences, which are a prerequisite for the Federal Government accepting responsibility for the incarceration of felons convicted of D.C. Code violations. The sentencing system will be enacted within 24 months, or the Federal Government will not be required to obligate any funds appropriated for the purpose of incarcerating D.C. Code felons and will have no responsibility for housing such persons.

Consulting with representatives of the Federal and District judiciary, the Federal and District governments will also develop and implement a transition plan transferring responsibility for D.C. Code violation offender pretrial, public defender, parole, probation, and post-adjudication/post-conviction adult offender supervision from the District government to the Federal government over a three-to-five-year period. The United States Parole Commission will continue to assume responsibility for all D.C. felons housed in Federal Correctional Institutions who have sentences subject to provisions of parole.

The Federal government will take direct responsibility (in consultation with the D.C. judiciary) for funding the D.C. court system and related services (including plans relating to retirement benefits and other personnel matters), and establishing an independent budgetary, financial oversight, and administrative support system for the D.C. courts. The Courts will remain self-managed.

5. ***Economic Development.*** The Federal government will make tax benefits available to the District both to encourage hiring by firms in the District of residents of distressed areas in D.C., and to encourage economic revitalization throughout the District.

An economic development corporation (EDC) will be established as a non-Federal public authority in the District of Columbia, with the mission of revitalizing the nation's capital city and benefitting the District's residents and businesses. The Federal government intends (a) to capitalize the EDC with a \$50 million grant; (b) provide \$250 million in tax incentives to encourage business investment both downtown and in distressed communities, and to help businesses increase employment of residents of the District of Columbia; and (c) improve the District government's borrowing authority by removing impediments in its borrowing statutes so that the District government will have the same ability to finance projects as other cities have.

6. ***Infrastructure.*** The National Capital Infrastructure Commission (NCIC) will be established to assume certain State-like responsibilities for selection, funding, and oversight of National Highway System capital projects (including roads, bridges, and transit) and NHS operations and maintenance projects (excluding police authority, National Park Service roads, and transit) within the District. The NCIC will be governed by a five-member board to be composed of three representatives from the District and one representative from the Department of Transportation and one representative from the Economic Development Corporation. Contract administration will be performed by the Federal Highway Administration. In addition, eligibility for Surface Transportation Program (STP) funds will be expanded to include local public roads. To support NCIC

projects, the National Capital Infrastructure Fund (NCIF) will be established in FY1998 with \$108 million for road, bridge, and transit capital projects. An additional \$17 million will be provided in FY1998-03 for NHS operations and maintenance. Federal-aid funds for the District's NHS, Interstate Maintenance, and Bridge programs will be transferred to the NCIC in FY1998-03. The Administration also proposes that the NCIC be authorized to accept contributions from other sources.

7. ***Personal Income Tax Collection.*** At the request of the District, the Internal Revenue Service will assume responsibility from the District of Columbia for administering and enforcing D.C. individual income and payroll taxes. This would include the processing of those taxes paid by individuals, as well as the payment of related employment and payroll taxes. The District government will maintain processing and collection responsibility for all other taxes collected for the District.

Upon enactment of the legislation to implement the Plan, the parties to the MOU will review the legislation and confer on whether any revisions to the MOU are necessary to ensure its consistency with the legislation.

SECTION V. DISTRICT CONDITIONS

The District government understands that it will be expected to undertake significant actions as part of the *National Capital Revitalization and Self-Government Improvement Plan* (the "Plan"). This section sets out the actions that the District government agrees to take as a condition of the Federal government actions under the legislation to carry out the Plan.

1. ***Medicaid.*** The District agrees to develop and implement plans satisfactory to the Secretary of Health and Human Services to accomplish each of the following:
 - 1.1. To develop an effective system for the identification and collection of amounts owed by third parties for medical care and services furnished to individuals under the District's Medicaid plan; and
 - 1.2. To ensure the timely audit and settlement of cost reports of institutional providers (including hospitals, nursing facilities, and intermediate care facilities for the mentally retarded) under the District's Medicaid plan, including prompt elimination of the backlog of such audits and settlements.
 - 1.3. To develop and implement, directly or under contract, a comprehensive health care management information system that will standardize data base development and management, and integrate health care delivery with a public health data system. Such a system shall at a minimum have the capacity to accomplish the following functions:
 - 1.3.1. To assist eligibility verification;
 - 1.3.2. To create utilization and financial profiles of providers;

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- 1.3.3. To identify services (including preventive services) received by program beneficiaries;
- 1.3.4. To monitor the claims processing and other Medicaid operations of the fiscal agent;
- 1.3.5. To monitor the quality of care provided under managed care contracts; and
- 1.3.6. To coordinate information management with respect to the District's Medicaid program and other public health programs and functions.
- 1.4. To develop a comprehensive behavioral managed health care system, which combines substance abuse and mental health grant programs. Development of such a plan shall include a pilot project for better evaluation of in-patient acute psychiatric patient admissions, and the purchase of a comprehensive, risk-based system for managed care of behavioral health which covers all eligible populations and services.
2. ***Pensions.*** The District Government agrees (see Appendix One for definitions):
 - 2.1. To establish a Replacement Plan for the current Retirement Program
 - 2.1.1. The Replacement Plan will cover all existing and new employees (except for judges) who are, or would be, covered by the Retirement Program, if the Retirement Program continued unchanged, and will be established by the date specified in legislation.
 - 2.1.2. To the extent required by current law, the Replacement Plan will be established through collective bargaining.
 - 2.1.3. After the Adoption Date, the Replacement Plan may not be amended in any manner that materially increases the cost of the Replacement Plan without provision of a mechanism for funding such increases, in accordance with Section 2.2.
 - 2.2. That the Replacement Plan will use appropriate funding methods and costs that do not exceed the sum available in the District of Columbia Budget and Financial Plan.
 - 2.2.1. The cost of any defined benefit plan will be determined in accordance with the measurement standards of Governmental Accounting Standards Board Statement No. 27 (GASB 27), with the following additional restrictions:
 - 2.2.1.1. funding methods will be limited to *entry age* or *frozen entry age*; and
 - 2.2.1.2. amortization of any unfunded actuarial liability is required over no more than 30 years on a *closed* basis.
 - 2.2.2. The cost of any defined contribution plan is the employer contribution required under the provisions of the plan.

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- 2.2.3. All costs of the Replacement Plan must be reflected in the D.C. Budget and Financial Plan in accordance with the standards described above.
- 2.2.4. All costs of the Replacement Plan must be paid in accordance with the D.C. Code 1981, Title 1, Chapter 7, subchapter III.
- 2.2.5. Contributions of all existing and new employees (except judges) will be paid into the Replacement Plan.
- 2.3. To transfer copies of books and records of the Retirement Program and the Fund and to be financially responsible for errors and omissions, including all necessary records of individual employees.
 - 2.3.1. Copies of any books and records pertaining to the Retirement Program and the Fund required by the Secretary of the Treasury or the Trustee must be made available to the Secretary or Trustee within 30 days after the Secretary or Trustee requests them.
 - 2.3.2. The District will reimburse the Trustee for all costs, including benefit payments, resulting from errors or omissions in the books and records pertaining to the Fund.
- 2.4. To transfer assets from the Fund
 - 2.4.1. Any and all assets of the Fund required to be transferred to the Trustee shall be transferred on the Transfer Date in a form specified by the Trustee.
 - 2.4.2. The District of Columbia Retirement Board will administer the retirement programs until the Trustee assumes these responsibilities. The District government will reimburse the Fund for any benefits paid out of the Fund between the Freeze Date and the transfer date that exceed payments that would have been the responsibility of the Federal government if the transfer had occurred simultaneously with the freeze.
- 3. ***Intermediate-Term and Short-Term Lending.*** The District agrees that:
 - 3.1. Any intermediate-term loan to eliminate the accumulated fund balance deficit would be for no more than 15 years, with an interest rate of Treasuries of comparable maturities plus 1/8 of one percent.
 - 3.2. Any inter-year loan for liquidity purposes and/or intermediate-term loan to eliminate the accumulated fund balance deficit will not exceed the amount of \$500 million.
 - 3.3. The Secretary of the Treasury may require early reimbursement if the District can obtain credit on the commercial market on favorable terms for refinancing as determined by the Secretary.

- 3.4. **The District must be in compliance with the approved Budget and Financial Plan before any lending can occur.**
- 3.5. **The District must provide a requisition for an advance of funds and a promissory note to reimburse the Treasury for the advance.**
- 3.6. **The Financial Responsibility and Management Assistance Authority must certify that there is an approved Budget and Financial Plan in effect for the District for the Fiscal Year that the requisition is made.**
- 3.7. **The Secretary of the Treasury must receive certification that the District is unable to obtain enough credit elsewhere to meet the District government's need for financing.**
- 3.8. The Federal government will work with the District government to amend its debt limit provisions in order to allow implementation of the District's capital plan in an orderly and sustainable manner.

4. ***Criminal Justice.*** This subsection of the Memorandum of Understanding (MOU) between the Federal government and the District of Columbia government (D.C.) outlines the offer of the Federal government, wholly on appropriations and D.C.'s acceptance and satisfaction of all other conditions and predicates identified and described herein, to assist D.C. by assuming responsibility for certain traditionally State responsibilities and the conditions that D.C. must agree to and fulfill should it choose to accept that offer as it relates to criminal justice functions, including, but not limited to, certain defendant and offender services, corrections and the judiciary. The MOU sets forth the expectations and responsibilities relating to proposed changes and reforms in the D.C. criminal justice and judicial system and the procedures (including new statutory and regulatory provisions) the Federal Government and D.C. will use to implement the MOU.

In particular, the MOU is designed to:

- 4.i. provide a framework for changes to the D.C. sentencing system, including the abolition of parole, institution of determinate guideline sentencing and the enactment of the new mandatory minimum drug sentences, which are a prerequisite for the Federal Government accepting responsibility for the incarceration of felons convicted of D.C. Code violations.
- 4.ii. ensure that such sentencing system is to be enacted within 24 months, or the Federal Government will not be required to obligate any funds appropriated for the purpose of incarcerating D.C. Code felons and will have no responsibility for housing such persons.

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- 4.iii. ensure an appropriate transfer and transition of responsibility from D.C. to the Federal Government for pretrial, public defender, parole, probation, and post-conviction supervision and services for adult D.C. Code defendants and offenders.
- 4.iv. ensure an appropriate transfer of responsibility from D.C. to the Federal Government for the incarceration of sentenced felons convicted of D.C. Code violations, assuming sufficient resources are provided by Congress to develop necessary bed space to accommodate the resulting increase in the Federal Bureau of Prisons (BOP) population and D.C. Code violators are designated in the same manner as Federal inmates.
- 4.v. provide the basis for establishing an independent budgetary, financial oversight, and administrative support system for the D.C. courts.
- 4.vi. define the respective roles of the D.C. and Federal Governments in relation to lawsuits and resulting liability, as they may be affected by the reforms agreed to in this MOU.
- 4.vii. ensure the development by D.C. and the Federal Governments of transition plans
 - 4.vii.a. (in consultation with the Federal and D.C. judiciaries) for transferring responsibility for pretrial, public defender, parole, probation, and post-conviction supervision and services for adult D.C. Code defendants and offenders over a transition period of one to three years from the enactment of the federal implementing legislation.
 - 4.vii.b. for transferring responsibility for incarcerating sentenced felons convicted of D.C. code violations over a period of approximately three to five years.
 - 4.vii.c. (in consultation with the D.C. judiciary) for transferring responsibility for funding the D.C. court system and related services, including plans relating to retirement benefits and other personnel matters.
 - 4.vii.d. for transferring control of the property at Lorton, Virginia to the Federal Government.
- 4.1. Administration of District of Columbia Pretrial, Parole, Probation, and Post-Conviction Offender Supervision, Housing, and Public Defender Services
 - 4.1.1. *Federal Government Responsibilities*
 - 4.1.1.1. After consultation with the Mayor of D.C., representatives of the D.C. Council, the Chairman of the D.C. Financial Responsibility and Management Assistance Authority (Financial Authority), and members of the affected

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Federal and D.C. judiciaries, the Attorney General will select an Offender Supervision, Defender and Courts Services Trustee to:

- a) assure the smooth transition and continued operations of D.C.'s Pretrial Services Agency and Public Defender Service;
- b) implement an orderly shutdown of the D.C. Board of Parole in coordination with the U.S. Parole Commission and the Superior Court for the District of Columbia;
- c) establish and operate a new D.C. Offender Supervision, Defender and Courts Services Agency; and
- d) accomplish, without disruption of services, the transfer of the adult offender probation supervision functions of the D.C. Courts Social Services Division,

until the Federal Government assumes responsibility for each of these functions.

4.1.1.2. During the transition period, under the general auspices of the Trustee, the D.C. Pretrial Services Agency will continue uninterrupted to provide services and support for both juvenile and adult D.C. Code and Federal defendants and offenders to the U.S. District Court for the District of Columbia, the U.S. Court of Appeals for the District of Columbia, the Superior Court for the District of Columbia, and the District of Columbia Court of Appeals. The Director of Pretrial Services may employ such personnel as shall be necessary pursuant to procedures and standards established by the Trustee to facilitate transition to Federal status.

4.1.1.3. Following the transition period, the D.C. Pretrial Services Agency and the D.C. Public Defender Service will be organizationally housed in a new Federal D.C. Offender Supervision, Defender and Courts Services Agency.

4.1.1.4. The D.C. Board of Parole will be terminated after the Trustee establishes a transition agency with the capacity to provide adequate field supervision to adult D.C. offenders on parole, probation or supervised release, and the U.S. Parole Commission is capable of carrying out parole functions for D.C. Code felony offenders. Subject to appropriations, the D.C. Board of Parole's functions and jurisdiction *vis a vis* felon parolees will be assumed by the U.S. Parole Commission. Similarly, its functions and jurisdiction *vis a vis* misdemeanor parolees will be assumed by the D.C. court system. Substantive D.C. law will continue to apply to parole

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determinations for all D.C. Code offenders. The District of Columbia Superior Court Division of Social Services will continue to provide supervision to D.C. Code juvenile offenders and will assume responsibility for the supervision of misdemeanor parolees.

- 4.1.1.5. The Trustee will accept employment applications for new offender field supervision positions in the transition agency from persons currently employed by the D.C. court system and the D.C. Board of Parole. Applications will be processed in accordance with procedures and standards established by the Trustee to facilitate transition to subsequent Federal law enforcement employment in the successor Offender Supervision, Defender and Courts Services Agency. Positions will be advertised prior to hiring.
- 4.1.1.6. During the transition period, the Federal Government will transfer funds for the Pretrial Services Agency, the Public Defender Service and the supervision of D.C. offenders to the Trustee. The head of any Federal department or agency may provide the services of any personnel to the Trusteeship to assist in carrying out the Trustee's duties.
- 4.1.1.7. During the transition period, under the general auspices of the Trustee, the Public Defender Service will continue uninterrupted to provide services to D.C. Code defendants and the D.C. court system. The Director of the Public Defender Service may employ such personnel as shall be necessary pursuant to procedures and standards established by the Trustee to facilitate transition to Federal status.
- 4.1.1.8. During the transition period, the employees of and funds allocated to the Trustee and the agencies for which the Trustee is responsible shall not be counted against the personnel and budget ceilings imposed on D.C. by the Financial Authority or Congress.
- 4.1.1.9. The U.S. Marshals Service (USMS) will contract with D.C., at a mutually agreeable rate, to obtain space not needed by D.C. at D.C.'s Correctional Treatment Facility (CTF), to house persons in the custody of the USMS for whom the USMS requires bed space in the D.C. area.
- 4.1.1.10. Subject to appropriations, the Federal Government will provide funds to support the D.C. Board of Parole functions during the one to three year transition period culminating in the termination of the D.C. Board of Parole.

4.1.2. District of Columbia Responsibilities

- 4.1.2.1. The District of Columbia will maintain responsibility for all D.C. Code juvenile offenders not prosecuted as adults.
- 4.1.2.2. The District of Columbia will have responsibility for housing and supervising persons charged with and/or convicted of misdemeanor violations in the Superior Court for the District of Columbia, both before and after sentencing.
- 4.1.2.3. The District of Columbia will continue to house persons charged with felonies under the D.C. Code and persons convicted of felonies under the D.C. Code but not yet sentenced, in the Superior Court for the District of Columbia. To the extent beds are available, D.C. will continue to house persons charged with felonies under the U.S. Code, and persons convicted of felonies under the U.S. Code but not yet sentenced in the U.S. District Court. D.C. will continue to receive reimbursement, at a mutually negotiated rate, from the Federal Government for the costs of housing such persons. "House" and "housing" include subsistence, transportation of persons to and from court appearances, revocation hearings, medical facilities, and the maintenance of necessary prisoner records.
- 4.1.2.4. The District of Columbia will continue to house persons sentenced by the Superior Court and detained pending a hearing for revocation of parole, probation, or supervised release, and will provide suitable facilities for such hearings. To the extent beds are available, D.C. will house persons sentenced by the U.S. District Court and detained pending a hearing for revocation of parole, probation, or supervised release, will provide suitable facilities for such hearings, and will continue to receive reimbursement by the Federal Government at a mutually negotiated rate for the costs of housing such persons and for providing such facilities. "House" and "housing" include subsistence, transportation of persons to and from court appearances, revocation hearings, and medical facilities, and the maintenance of necessary prisoner records.
- 4.1.2.5. The Trustee will be an independent officer of the D.C. Government and can be removed by the Mayor only with the concurrence of the Attorney General. The Attorney General has authority to remove the Trustee only for misfeasance or malfeasance in office.
- 4.1.2.6. The Trustee will propose funding requests for offender supervision and services for inclusion in the President's budget for each fiscal year of the transition.

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- 4.1.2.7. The Trustee will allocate funds for offender supervision (including adult felon parole and probation) in D.C., including funds for short term improvements, equipment contracts, and salary increases necessary to retain key personnel, maintain and enhance current levels of service, including offender drug testing, and provide for the safety and security of the community.
- 4.1.2.8. Upon receipt of funds identified by Congress or other entities for Pretrial Services, the Trustee will immediately transfer such funds to the Pretrial Services Agency.
- 4.1.2.9. Upon receipt of funds identified by Congress or other entities for the D.C. Public Defender Service, the Trustee will immediately transfer such funds to the Public Defender Service.
- 4.1.2.10. Effectively immediately and in view of the responsibility to be undertaken by the U.S. Parole Commission to carry out the functions of the D.C. Board of Parole pursuant to the parole laws and regulations of D.C., the D.C. Council will not enact legislation that changes or modifies parole laws and regulations as applicable to felony offenders without the concurrence of the Attorney General. D.C. will immediately take steps to modify parole as applicable to misdemeanants to provide for D.C. court supervision of D.C. misdemeanor parolees and the elimination of the D.C. Board of Parole. Following the assumption by the U.S. Parole Commission of the functions of the D.C. Board of Parole, the D.C. Council will cede to Congress the sole authority to legislate changes to the D.C. Code pertaining to the parole of D.C. felony offenders.
- 4.1.2.11. It is expected that the transition period for these offender, defender and court services will end no sooner than one year but not later than three years after the enactment of the related legislation.
- 4.1.2.12. The D.C. Corporation Counsel will provide representation for the Trustee and Trustee supervised agencies. (see litigation and liability section)

4.2. Administration of District of Columbia and Federal Prisons

4.2.1. *Federal Government Responsibilities*

- 4.2.1.1. The Federal Government will take administrative control of the nine parcels of land, collectively located at or in the vicinity of Lorton, Virginia ("the Lorton property"), and other appropriate sites. After the BOP's capacity has been increased through renovation of existing facilities and new

construction at the corrections complex in Lorton and other locations selected by BOP, BOP will house felons who were convicted of D.C. Code violations and sentenced to terms of imprisonment. (A recently completed Congressionally mandated study of the D.C. Department of Corrections revealed that most of the institutions at Lorton have exceeded their useful lifespan and need major renovations or demolition.)

4.2.1.2. BOP will conduct a thorough preliminary assessment of the Lorton property to determine its environmental condition, including a study of the contamination on the property and an estimation of the costs associated with bringing the property into compliance with environmental and other applicable regulations. Based on preliminary information gathered pursuant to a review of the environmental conditions of a portion of the Lorton property, BOP could begin planning for renovation and construction immediately; actual physical renovations would not begin until Fiscal Year 1998. The estimated date for the completion of the preliminary environmental assessment process is March 21, 1998.

4.2.1.3. BOP will oversee the operation of community corrections centers in D.C. as necessary to provide an appropriate transition for inmates who are nearing release from Federal prisons, including those convicted of D.C. Code violations. BOP intends to use existing community corrections centers in D.C. to the extent practicable and will work with D.C. officials to identify prospective sites, as needed to establish new community corrections facilities.

4.2.1.4. D.C. Code offenders will be housed together with Federal offenders in facilities operated by BOP in Lorton, Virginia and elsewhere. Every effort will be made to house D.C. felons at facilities as close to D.C. as permitted by inmate program and security needs and BOP population management requirements. D.C. felons will be designated in the same manner as Federal inmates, and ordinarily initially assigned to institutions located within a 500-mile radius of their release residence. BOP anticipates that many of the initial designations for D.C. offenders will be within a significantly closer radius. BOP also will work with D.C. officials to identify sites for possible Federal correctional facility construction within D.C.

4.2.1.5. During the transition period, based upon assurances from D.C. that felons convicted of violating the D.C. Code will, in the future, receive sentences similar to those received by comparable offenders convicted of comparable Federal offenses, BOP will house those sentenced D.C. felons in the custody of the D.C. Department of Corrections as the Director of the BOP deems appropriate in accordance with available

capacity. If such a new structure for sentencing under the D.C. Code is in place as of October 1, 2001, BOP will accept D.C. felons sentenced under the new sentencing structure in accordance with the capacity of BOP. By October 1, 2002, and assuming fulfillment of all requisite conditions, BOP will have assumed responsibility for incarcerating all sentenced D.C. felons.

- 4.2.1.6. BOP will accept employment applications from persons currently employed by the D.C. Department of Corrections for BOP vacancies and will make hiring selections in accordance with existing Federal procedures and standards. Positions for new BOP facilities will be advertised prior to hiring.
- 4.2.1.7. After consultation with the Mayor, representatives of the D.C. Council, the Chair of the Financial Authority, members of the judiciary and others, the Attorney General will select a Corrections Trustee to oversee expenditures of the D.C. Department of Corrections relating to sentenced, incarcerated felons, until BOP assumes responsibility for all incarcerated sentenced D.C. felons.
- 4.2.1.8. The Federal Government will provide funds for the incarceration of sentenced D.C. felons through the Trustee to the D.C. Department of Corrections. The head of any Federal department or agency may provide the services of any personnel to the Trustee to assist in carrying out the Trustee's duties.
- 4.2.1.9. Of the Federal funds received by the Trustee, the Trustee will reimburse BOP for those funds identified by Congress to be used for the construction of new facilities and the major renovation of existing facilities. BOP will be responsible and accountable for determining how these funds will be used, including the type, security level, and location of new facilities.
- 4.2.1.10. During the transition period, the employees of and appropriations allocated to the Trustee and the agencies for which the Trustee is responsible shall not be scored or counted against the personnel and budget ceilings imposed on D.C. by the Financial Authority or Congress.

4.2.2. District of Columbia Responsibilities

- 4.2.2.1. Offenders convicted of D.C. Code violations will be sentenced pursuant to a new D.C. sentencing system, described below. BOP shall not be required to obligate any funds appropriated for the absorption of D.C. Code felons into the Federal prison system and will have no responsibility to house any persons convicted of felony

offenses, if the new sentencing system is not enacted within 24 months of the authorizing legislation's enactment.

- 4.2.2.2. **D.C. will continue to house felons sentenced to terms of imprisonment by the Superior Court for the District of Columbia until such persons have been designated by BOP. To the extent beds are available, D.C. will continue to house felons sentenced to terms of imprisonment by the U.S. District Court until such persons have been designated by BOP and will continue to receive reimbursement by the Federal Government, at a mutually negotiated rate, for costs of housing persons sentenced by the U.S. District Court.**
- 4.2.2.3. **The Trustee will be an independent officer of the D.C. government and can be removed by the Mayor only with the concurrence of the Attorney General. The Attorney General has authority to remove the Trustee only for misfeasance or malfeasance in office.**
- 4.2.2.4. **The Trustee will propose funding requests for the incarceration of sentenced D.C. felons, for inclusion in the budget submitted by the President to Congress for each fiscal year of the transition.**
- 4.2.2.5. **The Trustee will allocate funds to the D.C. Department of Corrections, including such sums as may be appropriated for short term improvements that are necessary for the safety and security of staff, inmates, and the community.**
- 4.2.2.6. **The D.C. Department of Corrections will implement the short term improvements in physical security identified in the "District of Columbia Department of Corrections Short-Term Improvements Plan (September, 1996)."**
- 4.2.2.7. **Upon receipt of Federal funds identified by Congress for constructing new prisons and making major renovations to existing facilities for the incarceration of D.C. felons, the Trustee will immediately reimburse BOP for such funds.**
- 4.2.2.8. **The D.C. Corporation Counsel will provide representation for the Trustee and Trustee supervised agencies. (see litigation and liability section)**
- 4.2.2.9. **During the transition, D.C. will transfer control of the property at Lorton, Virginia to the Federal Government, though the D.C. Department of Corrections may continue to house D.C. felons at facilities located at Lorton until such time as BOP absorbs such offenders into the Federal prison system.**

- 4.3. Sentencing. The District of Columbia understands and agrees that the D.C. sentencing system will be changed pursuant to proposed legislation in the following manner:
- 4.3.1. Congress will amend the D.C. Code to abolish parole for all persons convicted of D.C. felony offenses committed on or after 3 years from the enactment of the Federal authorizing legislation.
 - 4.3.2. Congress will amend the D.C. Code so that good time calculations for all persons convicted of D.C. felony offenses committed on or after 3 years from the enactment of the Federal authorizing legislation will be made according to the Federal requirements.
 - 4.3.3. Congress will establish a new D.C. Board of Criminal Sentences (the Board) as an independent body within the D.C. Government. All persons convicted of D.C. felonies committed on or after 3 years from the enactment of the Act will be sentenced according to a determinate sentencing system promulgated by the Board and transmitted by the Board to the D.C. Council no later than 18 months after enactment of the Federal authorizing legislation.
 - 4.3.4. The Board will develop a sentencing system which shall include binding guidelines and may include such amendments or repeals of provisions in the D.C. Code relating to the maximum and minimum prison terms as are necessary to accomplish the purposes of the Act. Ninety days after the Board promulgates and transmits the sentencing system to the D.C. Council, the sentencing system, its guidelines, amendments and repeals will become effective unless disapproved in its entirety by a majority of the Council. If disapproved by the Council, the system may be enacted by Congress.
 - 4.3.5. The promulgated sentencing system will supersede any inconsistent provision of the D.C. Code.
 - 4.3.6. Congress will repeal certain other provisions of the D.C. Code to conform with the new sentencing system (D.C. Code Title 24, Chapters 2 and 8), including the Youth Rehabilitation Act.
 - 4.3.7. Congress will amend D.C. Code Title 33, Section 541 to adopt certain mandatory penalties necessary to further the Superior Court of the District of Columbia's Drug Intervention Program and effective local law enforcement. The new sentencing system will incorporate these mandatory penalties, thereby excluding local narcotics offenses from the mandate that sentences be similar to those that would be imposed upon comparable offenders in the Federal system.

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- 4.3.8. The Board will not have the authority to provide for capital punishment under any law applicable exclusively in D.C.
- 4.3.9. The Board will have seven voting members. All the members of the Board shall have knowledge and responsibilities with respect to criminal justice matters. The Attorney General (or her designee) will chair the Board. The other members will include two judges of the Superior Court for the District of Columbia and one representative each of the following entities: the D.C. Council, the Executive Branch of the D.C. Government, the D.C. Public Defender Service, and the U.S. Attorney for the District of Columbia. One representative each of the D.C. Corporation Counsel and BOP will serve as non-voting, ex officio members.
- 4.3.10. An affirmative vote of at least six Board members will be necessary to promulgate the sentencing system.
- 4.3.11. In developing the sentencing system, the Board will hold two or more public hearings, review other sentencing guideline system models, consult with sentencing reform experts, and solicit written comments from the public.
- 4.3.12. If the Board fails to promulgate a sentencing system within 18 months, the Board will terminate, and the Attorney General will develop a sentencing system to be transmitted to the D.C. Council for approval. Ninety days after the Attorney General transmits the sentencing system to the D.C. Council, the sentencing system, its guidelines, amendments, and repeals will become effective, unless the Council disapproves the system in its entirety and Congress, in turn, does not approve it.
- 4.3.13. The Board will have the mandate to ensure that the sentencing system it establishes, among other things:
- 4.3.13.1. will result in sentences for those convicted of D.C. felony offenses similar to those that would be imposed upon comparable offenders convicted of comparable offenses in the Federal system;
 - 4.3.13.2. will result in sentences that reflect the seriousness of the offense and provide for just punishment, afford adequate deterrence to potential future criminal conduct of the offender and others, and provide the defendant with needed educational or vocational training, medical care, and other correctional treatment;
 - 4.3.13.3. will provide certainty and fairness in meeting the purposes of sentencing, avoiding unwarranted sentencing disparities among similar defendants, while maintaining sufficient flexibility to permit individualized sentences;

- 4.3.13.4. will take into account the high volume of sentencing proceedings in the D.C. Superior Court as bearing upon the degree of complexity of the sentencing system; and
 - 4.3.13.5. will ensure that the system is neutral as to the race, sex, marital status, ethnic origin, religious affiliation, national origin, creed, socioeconomic status, and sexual orientation of offenders, if not related to the commission of the offense.
- 4.3.14. As part of the sentencing system, the Board will develop binding guidelines for use in determining the sentence to be imposed upon convicted felons. The guidelines will specify:
- 4.3.14.1. when to impose a sentence of probation, a fine, or a term of imprisonment and the appropriate amount or length, thereof, as well as intermediate sanctions;
 - 4.3.14.2. when to impose a term of supervised release following imprisonment, and the appropriate length, thereof; and
 - 4.3.14.3. whether multiple sentences to terms of imprisonment should run concurrently or consecutively.
- 4.3.15. Ninety days after promulgation of the sentencing system, the Board will be terminated. There will be established a successor, Federally funded agency to amend the guidelines as necessary to achieve the purposes of the Act. The D.C. Council may recommend to Congress whether or not these amendments should be approved. However, the amendments will take effect as prescribed by the successor agency, unless they are modified or disapproved by Congress. The successor agency will have no powers to revise the D.C. Code but will recommend changes to the Code as may be necessary to further the purposes of the Act.
- 4.3.16. The Superior Court for the District of Columbia, D.C. Department of Corrections, and any other agency will submit information about convicted felons as required by the Board and the U.S. Department of Justice. This would permit an assessment of the extent to which sentences imposed by the Superior Court of the District of Columbia are similar to those imposed for comparable offenders in the Federal system. The results of this assessment would be used by the Board in developing the new sentencing system for D.C.

4.3.17. Four years after the enactment of the new sentencing system, there will be an evaluation to determine the extent to which the sentencing system has succeeded in accomplishing the goals set forth in the Act.

4.4. Liability and Litigation Responsibility and Authority

4.4.1. *Federal Government Responsibilities*

4.4.1.1. The Federal Government will be responsible for the defense of any claim arising from any alleged act or failure to act on the part of the United States, its agencies and personnel, in connection with pretrial, defender, offender supervision, sentencing reform, corrections, probation and parole services, and for any resulting liability, after responsibility for these services has passed to the Federal Government at the end of the transition period.

4.4.1.2. The Federal Government's assumption of responsibility for the defense of claims, and any resulting liability, set forth in paragraph 4.4.1.1. above shall include claims arising from any alleged act or failure to act of BOP, its agencies and personnel in connection with the demolition, repair, renovation, or construction of any building, structure, or other improvement of any kind at the Lorton, Virginia property.

4.4.1.3. The Attorney General, in her discretion, may direct any litigation involving the Trustees appointed pursuant to sections 4.1.1.1. and 4.2.1.6. above, pretrial services, offender supervision services, or sentencing reform during the transitional period, and may provide litigation services for the Trustees and the agencies responsible for pretrial services, offender supervision services, and sentencing reform during the transitional period in lieu of representation by D.C. Exercise of the Attorney General's discretion shall not change the terms of this agreement and shall not otherwise enlarge the liability of the United States, its agencies, or personnel. However, D.C. may petition the Attorney General to request reimbursement for litigation costs and liability arising from actions of the Trustees.

4.4.2. *District of Columbia Responsibilities and Liability*

4.4.2.1. D.C. will be responsible for the defense of any claim that has arisen or may arise from any act or alleged failure to act by D.C., its agencies or personnel, in connection with D.C.'s pretrial, defender, offender supervision, sentencing reform, corrections, or probation and parole services, and for any resulting liability. D.C. will remain responsible for defending and bearing any liability resulting from any such claim even if responsibility for the pertinent service has passed to the Federal Government. D.C. will

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also be responsible for the defense of any claim arising from any activity of D.C., its agencies or personnel as a result of any action agreed to in this MOU, and for any resulting liability.

4.4.2.2.D.C. is, and will remain, responsible for the defense of any and all claims described in paragraph 4.4.2.1. above, including the defense of claims arising from any alleged act or failure to act of the Trustees (see sections 4.1.1.1. and 4.2.1.6.). Except as provided in paragraph 4.5.3. and in paragraph 4.1.3.) above, the D.C. Corporation Counsel will provide litigation services as required to carry out this responsibility.

4.4.2.3. Notwithstanding paragraph 4.4.2.2. above, the Trustees and the agencies responsible for pretrial, defender, offender supervision services, and sentencing reform may choose not to utilize the Corporation Counsel and to engage other litigation services.

4.5. District of Columbia Courts

4.5.1. Congress will make all necessary amendments to the D.C. Code and other laws to terminate budgetary control and other involvement of the D.C. Government in the finances and administration of the D.C. court system, including the Superior Court of the District of Columbia and the District of Columbia Court of Appeals.

4.5.2. The Joint Committee on Judicial Administration of the D.C. courts will prepare and submit the budget for the D.C. court system. The budgetary requests of the D.C. courts system will not be subject to revision by the D.C. Government or the Executive Branch of the Federal Government.

4.5.3. The D.C. court system, through its Executive Office, will be authorized to contract with D.C. agencies, Federal agencies, and other public and private entities, for necessary supplies, equipment, and services.

4.5.4. Expenditures of the D.C. court system will be paid out of funds appropriated for those courts and credited to a Treasury account established for that purpose. Funds received by the D.C. court system will not be part of the funds or budget of D.C.

5. *Economic Development.*

This Memorandum of Understanding between the Federal government and the District government outlines (i) legislation that the Federal government intends to support, and (ii) the conditions that District government must agree to and fulfill before the Federal government will support the legislation.

5.i. Outline of Legislation

The Federal government intends to support legislation that will (A) provide the District government with a new vehicle to spur economic development in the District of Columbia, and capitalize the new vehicle with a \$50 million grant; (B) provide \$250 million in tax incentives to encourage business investment both downtown and in distressed communities, and to help businesses increase employment of residents of the District of Columbia; and (C) improve the District government's borrowing authority by removing impediments in its borrowing statutes so that the District government will have the same ability to finance projects as other cities have.

5.i.a. The Economic Development Corporation

Overview. The legislation will include congressional findings recognizing the need for economic development in the District of Columbia, the unique disadvantages that the District government faces, when compared to other cities, in its efforts to finance economic development from local tax revenues because Federal law limits the tax base and taxing authority of the District government, and the national interest in having the Federal government assist the District of Columbia in becoming a safe, clean, and beautiful city worthy of the seat of the Federal government, which is a goal that will be realized only through the development of a strong local economy.

The legislation will state the purposes for the part of the legislation pertaining to economic development, which focus on expanding employment and business opportunities in the District of Columbia, increasing the rate of private sector investment in the District of Columbia, developing comprehensive strategies for the economic development of the District of Columbia, assisting the implementation of projects throughout the District of Columbia, and enhancing the institutional capacity of the District government to accomplish and realize economic development.

The legislation will establish the District of Columbia Economic Development Corporation (the Corporation) under Article I, section 8, clause 17 of the Constitution of the United States. The Corporation will be established as a corporate body and instrumentality of the District government, and will not be part of the Federal government.

Board of Directors, Officers and Employees, Reports. The powers of the Corporation will be vested in a board of directors (the Board) consisting of nine voting members. Six of the Board members will be appointed by the President in consultation with the Congress. Of those six, four will be selected from the for-profit business community, such as persons involved in real estate development, retailing, manufacturing, construction, or financial services, and two will be selected from community-based organizations. The eligibility requirements for being appointed as one of the six appointed Board members will be that the person maintains a primary residence or has a primary place of

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business in the District of Columbia and that the person not be an officer or employee of the Federal government or the District government. The remaining three Board members will be ex officio members. Of those three, one will be chosen by the President from a Federal agency, a second will be senior officer of the District government chosen by the Mayor, and a third will be senior officer of the District government chosen by the Council. The appointed Board members will have six-year terms, with four of the first six appointed Board members having shorter, staggered terms. The President will have the authority to remove any appointed Board member for cause. Each ex officio member will serve at the pleasure of the official who designated that member. The President will choose one of the appointed Board members to serve as the Chair of the Board.

The Board will appoint a Chief Executive Officer of the Corporation who will direct and supervise the general management and administrative affairs of the Corporation as prescribed by the Board. The Chief Executive Officer will appoint a Chief Financial Officer and a General Counsel with the approval of the Board, and may appoint additional officers and employees as appropriate. The Board will fix the pay for the Chief Executive Officer, the Chief Financial Officer, and the General Counsel; the Chief Executive Officer will fix the pay for all other officers and employees of the Corporation. No officer or employee of the Corporation will be paid more than the Executive Schedule level III annual pay rate under 5 U.S.C. 5312. Neither the Civil Service laws governing competitive appointments, position classifications, and pay rates, nor the District of Columbia employment laws governing appointments and salaries, will apply to the appointment of the officers and employees of the Corporation. The Corporation will be authorized to establish its own employment benefit plans; however, an employee of the Federal government or the rest of the District government who leaves the Federal government or the rest of the District government to work for the Corporation may remain enrolled in the retirement, life insurance, and health insurance programs of the Federal government or the rest of the District government, as the case may be, and the Corporation will make the required employer contributions to those programs. No political test or qualification may be used with regard to hiring or taking any other personnel action regarding the officers and employees of the Corporation

The Corporation will be prohibited from spending any funds to influence legislation or in connection with any political campaign on behalf of or in opposition to any candidate for public office.

The Corporation will submit a report by April 1 of each year to the Mayor, the Council, the Authority, the President, the Congress, and the public concerning its - operations for the prior fiscal year. This annual report will include a financial statement audited by an independent auditor.

The Corporation will prepare an annual performance plan for the operations of the Corporation. The elements of the performance plan will include performance

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goals, performance benchmarks to measure the Corporation's performance results, and a methodology for comparing performance results with performance goals. The annual report of the Corporation will also include information regarding the performance results achieved by the Corporation in the fiscal year being reported compared with the performance goals established in the performance plan for that year.

The Corporation will engage an independent consultant to perform in fiscal years 2001 and 2005 an evaluation of the efficacy of the authorities granted and the changes in law made in the tax provisions of the legislation as aids to the Corporation in carrying out the purposes of the legislation. The Corporation will submit a report to the Mayor, the Council, the Authority, the President, and the Congress on the conclusions of these evaluations 30 days after the close of the fiscal years in which the evaluation is performed.

The Corporation will establish written rules and procedures to ensure that the solicitation, acceptance, use, and disposition of gifts, grants, and subsidies will not reflect unfavorably upon the ability of the Corporation, or of any its officers or employees, to carry out the responsibilities of the Corporation in a fair and objective manner. The Corporation will establish written rules and procedures to ensure that the procurement of goods and services by the Corporation and the acquisition and disposition of property by the Corporation will produce the best value for the Corporation, in the judgment of the Corporation, and will not reflect unfavorably upon the ability of the Corporation, or of any its officers or employees, to carry out the functions of the Corporation in a fair and objective manner. The procedures governing dispositions of property by the Corporation will include public notice.

General Powers. The Corporation will have numerous general powers, including the power to sue and be sued; to adopt, amend, and repeal bylaws and procedures for its governance; to make and perform contracts; to solicit, accept, use, and dispose of gifts of money, services, and property from any source; and to lease, purchase, use, improve, and dispose of any property. Some of the powers of the Corporation will be limited by other provisions of the legislation, such as the power to employ officers and employees and to fix their salaries and the power to enter into financial assistance agreements. The Corporation will also be granted the power to exercise any other power usually possessed by public enterprises or private corporations performing similar functions that is not inconsistent with applicable Federal of District law.

Economic Development Plans. The Corporation will be directed initially to give priority to reviewing and evaluating existing economic development plans for the District of Columbia, followed by the development of a comprehensive strategic plan for carrying out the purposes of the part of the legislation pertaining to economic development. The Corporation will be required to consult with the rest of the District government in strategic planning.

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Financial Assistance. The Corporation will be authorized to provide financial assistance for economic development projects directly or in participation with any other source of financing, private or public, including any agency or instrumentality of the rest of the District government. Financial assistance may take the form of a loan, extension of credit, equity investment, grant, fixed contribution to a loan loss or debt service reserve fund, or any other similar form of financing or refinancing, but may not be a guarantee, insurance of payment of principal and interest, or any other similar form of credit support that provides recourse to the Corporation, and may include an exchange, lease, or sale of land.

The total amount of financial assistance that will be permitted to be provided or committed under the legislation will be limited to the total amount of the capital and land of the Corporation, and financial assistance to any one person or project will be limited to 15 percent of the total capital and land of the Corporation. There also will be a procedure for waiving the limits on the amount of financial assistance to one person or project.

The Corporation will be authorized to establish one or more for-profit or not-for-profit corporate subsidiaries. No subsidiary of the Corporation will have any power that the Corporation does not have. The Corporation will also be authorized to establish one or more revolving funds for providing different types of financial assistance. Funds from any source, including returns on financial assistance, will be permitted to be deposited into any revolving fund and transferred between revolving funds, and will be available for providing additional financial assistance and for paying the expenses of the Corporation.

The Corporation will establish criteria for selecting the type of financial assistance that is most appropriate for different types of economic development projects, including criteria that include a preference for the type of financial assistance that represents the least commitment of the capital of the Corporation.

The Corporation will also establish procedures to provide the rest of the District government with a reasonable opportunity to review and comment on economic development projects to which the Corporation is considering providing financial assistance.

The Corporation will consider certain factors when reviewing applications for financial assistance, such as the likelihood the project can be expected to create or retain private sector jobs in the District of Columbia, the contribution of the project to the economy of the District, whether the project will serve the interests of the community where it will be located, whether the project is consistent with the comprehensive strategic plan developed by the Corporation, and whether the project will improve links between the economy of the District of Columbia and the economy of the region.

The legislation will establish conditions precedent to the Corporation's approval of any application for financial assistance for any economic development project, such as the Corporation determining that there is a strong probability that the project would not be undertaken without financial assistance from the Corporation, that financial assistance from the Corporation will not compete with or supplant funds from sources other than the Corporation, including the rest of the District government, that are otherwise available for the project, and that the rest of the District government has been provided a reasonable opportunity to review and comment on the project. A project's compliance with applicable Federal and District of Columbia law will also be a condition precedent to the Corporation's approval of the project's application for financial assistance.

Eminent Domain. The Corporation will be authorized to exercise, in the name of the District of Columbia, the power of eminent domain to aid in carrying out the purposes of the part of the legislation relating to economic development. The provisions of the District of Columbia Code that govern condemnation proceedings for the acquisition of property by the Mayor shall apply to the Corporation.

Regulatory Relief. The Corporation will be authorized to request that the Authority use its powers under section 103 of the District of Columbia Financial Responsibility and Management Assistance Act of 1995 to order appropriate officers or employees of appropriate regulatory authorities of the District government to give expedited consideration to applications for District of Columbia regulatory licenses, permits, and approvals of economic development projects provided financial assistance by the Corporation. The Corporation will be authorized to request the Mayor to cause any delayed or denied permit, license, or approval to be issued or to demonstrate good cause for the delay or denial. If the Mayor does not cause the necessary license, permit, or approval to be issued or demonstrate in writing good cause for the delay or denial within 30 days of the Corporation's request, the Corporation will be authorized to request that the Authority use its powers to order appropriate officers or employees of appropriate regulatory authorities of the D.C. government to take the action necessary to cause the license, permit, or approval to be issued.

Appropriations. The legislation will authorize appropriations of \$50,000,000 in no-year funds to carry out the purposes of the economic provisions of the legislation in fiscal year 1998. The Corporation will be required to provide at least \$20,000,000 or 40 percent of the amount appropriated, whichever is less, either directly to non-profit organizations for job training, placement, and related activities in those organizations for targeted residents of the District of Columbia, or to non-profit third-party intermediaries to promote and finance such job training, placement, and related activities in for-profit and not-for-profit organizations. There will be a procedure for the Corporation to waive the minimum amount requirement for financial assistance to non-profit organizations for job training and placement.

Project Revenue Obligations. The Corporation will be given authority to issue project revenue obligations, including refunding obligations, and to use the proceeds to provide financial assistance for economic development projects. The Corporation will have the duty to consult with the rest of the District government so that the Corporation and the rest of the District government together make the most effective use of available resources and authorities, avoid to the extent practicable competition and duplication of efforts, and maximize the benefit to the District of Columbia.

The project revenue obligations issued by the Corporation will be special obligations of the Corporation payable solely from the revenues, assets, and property of the economic development project for which financial assistance is provided, to the extent such revenues, assets, and property are pledged therefor. The resolution of the Board authorizing the issuance of any project revenue obligations will be permitted to prescribe such matters as the form and terms of the obligations, the method of issuance, the rights and remedies of the holders, and the security for the obligations. The Board will be permitted to authorize the Chief Executive Officer to enter into agreements providing security for the repayment of the project revenue obligations that the Corporation issues. The Corporation will be permitted to establish reserve funds for the project revenue obligations and to manage those reserve funds.

The amount of any project revenue obligations that the Corporation issues will be excluded from the limitations on the amount of general obligation bonds that the District of Columbia is authorized to issue. The resolution of the Corporation authorizing the issuance of project revenue bonds will not be considered to be an act of the Council subject to the 30-day congressional review period provided in section 602(c) of the District of Columbia Self-Government and Governmental Reorganization Act. The issuance by the Corporation of project revenue bonds shall not be considered to be a borrowing of money by the District government for purposes of the prior certification requirement of section 204 of the District of Columbia Project Financial Responsibility and Management Assistance Act of 1995. Project revenue obligations issued by the Corporation will not be obligations of the District of Columbia or the United States, and neither the faith and credit nor the taxing power of the District of Columbia nor the full faith and credit of the United States will be pledged for the payment of any project revenue obligation issued by the Corporation. Each project revenue obligation issued by the Corporation will be required to contain on its face a statement that effect.

Other Matters. All funds and revenues of the Corporation that are not required to be otherwise disposed will be held and invested by the Corporation or deposited with and invested by a custodian selected by the Corporation.

The Corporation will not have any power to impose or collect taxes or to pledge or create any lien on taxes imposed or collected by the rest of the District government.

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Any action against the Corporation or any action otherwise arising out of or pertaining to the part of the legislation relating to the Corporation must be brought in the United States District Court for the District of Columbia, with appeals heard in the United States Court of Appeals for the District of Columbia Circuit.

Any petition for review of a regulation or procedure adopted by the Corporation under the legislation with respect to providing financial assistance must be filed within 90 days after the date of publication of notice of adoption of the regulation or, if the permitted petition for review is based solely on grounds arising after such ninetieth day, within 90 days of the date on which the grounds arise. No judicial review of a regulation with respect to providing financial assistance will be permitted in a proceeding reviewing any determination by the Corporation to make, deny, or take no action with respect to an application for financial assistance.

The provisions of the District of Columbia Code governing procurement, disposition of property, and open meetings will not apply to the Corporation.

The Corporation will be exclusively administered by its Board and not the Mayor nor the Council.

In any action brought by or on behalf of the Corporation, or against the Corporation, the Corporation will be permitted to be represented by the counsel that it selects.

Dissolution. The Corporation will not be permitted to award or commit to award any new financial assistance or to issue any new revenue obligations after September 30, 2007. The Corporation will be permitted to meet existing financial assistance commitments to provide financial assistance under commitments entered into on or before September 30, 2007.

Beginning on October 1, 2007, the Board will be required to diligently pursue an orderly termination of the affairs of the Corporation on or before September 30, 2010. The corporation will liquidate the assets of the Corporation unless the Council elects to have some or all of the Corporation's assets transferred to an agency or instrumentality of the rest of the District government. The Corporation will be required to transfer the proceeds of all liquidations to the Mayor for deposit into such account of the District government as the Mayor determines appropriate. The Council will be permitted to direct the Corporation to transfer some or all of the assets of the Corporation to an agency or instrumentality of the rest of the District government and to direct to Corporation to deposit some or all of the moneys of the Corporation (other than moneys reserved to fulfill financial assistance commitments) to one or more accounts of the District government.

If the Board completes the termination of the affairs of the Corporation on or before September 30, 2010, the Board will transfer to the Mayor the moneys of the Corporation reserved to fulfill financial assistance commitments, will transfer assets and deposit moneys of the Corporation as directed by Council, will transfer to the Mayor the balance of the moneys of the Corporation for deposit into such account of the District government as the Mayor determines appropriate, and will submit a final report on the Corporation to the Council, the Authority (if it is still in operation), the President, and the Congress.

If the Board has not completed the termination of the affairs of the Corporation on or before September 30, 2010, the Mayor will succeed to all of the powers, assets, duties, and liabilities of the Corporation and the Board on October 1, 2010, including the duties to complete the termination of the affairs of the Corporation, to liquidate or transfer assets of the Corporation and deposit moneys of the Corporation, and to submit a final report on the Corporation to the Council, the Authority (if it is still in operation), the President, and the Congress.

For purposes of any outstanding project revenue obligation issued by the Corporation on or before October 1, 2010, the District government will be deemed to be the issuer after the dissolution of the Corporation.

5.ii.b. Tax Provisions of the Legislation

Overview. The legislation will add six new provisions to the Internal Revenue Code of 1986 (the Code). These provisions are described below. The new tax provisions will take effect on the date the legislation is enacted.

The District of Columbia Employment Credit. New section 1400A of the Code will provide for a tax credit to employers in the District of Columbia that hire certain residents of the District of Columbia. The credit will be equal to 40 percent of up to \$10,000 in wages paid to a qualified employee during the employee's first year of employment with the employer. Thus, the maximum credit per employee will be \$4,000. Generally, qualified employees will include any individual that meets a residence test, a work-location test, and an income test. For purposes of the \$10,000 ceiling, certain non-cash benefits such as health insurance, educational assistance, and dependant care assistance will be permitted to be taken into account.

To meet the residence test, the employee must reside in the District of Columbia and either be a member of one of the Work Opportunity Tax Credit (WOTC) targeted groups (including the new food stamp recipient group proposed in the President's fiscal year 1998 budget) or live in a population census tract that has a poverty rate of 15 percent or more. The work-location test will be satisfied if either substantially all of the services provided by the employee for the employer during the year are in District of Columbia or the employer's principal place of business is in District of Columbia. Thus, for example, an employee of a

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construction company that has its principal place of business in District of Columbia will qualify even if the employee works on projects in Maryland or Virginia during the year. The income test, which only will apply if the employee is not a member of a WOTC targeted group, will be satisfied if the employer does not expect to pay the employee more than \$28,500 during the employee's first year of employment.

This employment credit will be available with respect to qualified employees hired after the date of enactment and before October 1, 2002. In addition, the WOTC and the welfare-to-work tax credit proposed in the President's fiscal year 1998 budget will be extended an additional two years, through September 30, 2002, with respect to individuals who reside in the District of Columbia, satisfy the work-location test, and are either members of a WOTC targeted group or long-term family assistance recipients.

Additional Section 179 Expensing. Under current section 179 of the Code, businesses with less than \$200,000 of investments in business equipment and machinery during a year are eligible to take a current deduction, or "expense," up to \$18,000 of the cost of such property each year, rather than capitalizing that cost and taking depreciation deductions over several years (the \$18,000 annual cap increases gradually to \$25,000 between 1998 and 2003). The \$18,000 is reduced for each dollar of investment over \$200,000, so that no expensing is available for businesses with annual investments of \$218,000 or more.

Under new section 1400B of the Code, businesses that have a significant portion of their activities in higher poverty areas in the District of Columbia and that have a work force at least 35 percent of which is made up of District of Columbia residents, will be eligible for expensing for an additional \$20,000 of business equipment and machinery acquired each year. In addition, to the extent the equipment and machinery is to be used in the District of Columbia, an expanded ceiling will be available to businesses acquiring up to \$400,000 in such property during the year (the \$38,000 amount available in 1997 phases out for businesses with between \$400,000 and \$476,000 in investment). For purposes of this incentive (as well as the Tax-exempt Economic Development Bonds discussed below), higher poverty areas of the District of Columbia will mean any population census tract with a poverty rate of 15 percent or more.

This additional expensing will be available for business equipment and machinery placed in service between January 1, 1998, and December 31, 2002.

Tax-exempt Economic Development Bonds. New section 1400C of the Code will make a new category of tax-exempt, private activity bonds available in District of Columbia. Under these rules, the bond proceeds will be permitted to be used to finance a broader range of business property --including commercial and retail facilities, as well as the underlying land --than under the laws currently applicable to the District of Columbia. The businesses eligible to borrow the proceeds of

these bonds will be limited to those that have a significant portion of their activities in higher poverty areas of the District of Columbia and that have a work force at least 35 percent of which is made up of District of Columbia residents (i.e., the businesses eligible for additional section 179 expensing except that there is no cap on the annual investment in business equipment and machinery). The aggregate amount of these bonds per eligible District of Columbia business will not be allowed to exceed \$15 million, and these bonds will be subject to the District of Columbia's annual \$150 million private activity bond volume cap.

These special tax-exempt bond provisions will apply to bonds issued after the date of enactment and before January 1, 2003. During that period, the legislation will allocate to the Corporation 50 percent of applicable State ceiling on the authority of the District government to issue private activity bonds in each calendar year under section 141 of the Code.

Allocable Tax Credits for Equity Investments in and Loans to District of Columbia Businesses. The Economic Development Corporation (The Corporation) will be authorized by new section 1400D of the Code to allocate \$95 million in nonrefundable credits to taxpayers that make equity investments in and loans to District of Columbia businesses. The equity credit, which will not be permitted to exceed 25 percent of the amount invested, will be available with respect to investments in corporations or partnerships. This credit will be subject to recapture if the equity interest is disposed of within 5 years. The lender credit will be available with respect to loans made to District of Columbia businesses for purchasing depreciable tangible property and any functionally related and subordinate land. The maximum amount of the credit that the Corporation will be authorized to allocate with respect to a loan is 25 percent of the principal amount of the loan (measured by the cost of the property purchased). The Corporation will allocate the credits pursuant to criteria it establishes, including the degree to which the business borrowing the funds or receiving the equity will provide job opportunities for low-and moderate-income residents, and whether the business receiving the loan or equity infusion is located in a high-poverty area of the District of Columbia.

These credits may be allocated and claimed between January 1, 1998, and December 31, 2002.

Status of The Corporation for Federal Income Tax Purposes. New section 1400F of the Code will clarify the status of the Corporation for federal income tax purposes so that, for example, charitable contributions to the Corporation will be deductible and the Corporation will have the ability to issue tax-exempt bonds.

5.i.c. Improvements to the District government's borrowing authority.

The Federal government will support legislation that will remove impediments in the District government's borrowing statutes so that the District government will have the same ability to finance projects as other cities have.

Outline of District Conditions

- 5.1. The District government will implement timely and efficient zoning, permitting, and licensing processes by the end of fiscal year 1997.
- 5.2. The District government will offer personnel resources and fully cooperate with the Corporation in its review and evaluation of existing economic development plans, in the development of the Corporation strategic plan, and in subsequent implementation of the plan.
- 5.3. The District government will support a legislative allocation to the Corporation of 50 percent of the applicable State ceiling on the authority of the District government to issue private activity bonds in each calendar year under section 141 of the Internal Revenue Code.
- 5.4. The District government will support a legislative authorization to the Corporation of the right to exercise eminent domain in the name of the District of Columbia, and certain other powers specified above.
- 5.5. The District government will give expedited consideration to the Corporation's requests for land transfers (including transfers from the Redevelopment Land Agency), zoning adjustments (including variances and special exceptions), and building and other permits and licenses for projects and activities as requested by the Corporation.
- 5.6. The District government will support legislation that provides that all powers, rights, assets, duties, obligations, and liabilities of the Corporation will transfer to the District government upon the Corporation's dissolution

6. *Infrastructure.*

- 6.1. *Secretary of Transportation Responsibilities.* The Secretary of Transportation (hereinafter in this section referred to as the Secretary) agrees that:
 - 6.1.1. Beginning on October 1, 1997, the Secretary shall assume responsibilities generally carried out by a State under Title 23 of the U.S.C. relating to selection (consistent with the planning requirements of 23 U.S.C. 134 and 135), funding and oversight of the National Highway System (NHS) capital projects and shall assume responsibilities for funding the operations and maintenance of the NHS within the District of Columbia (exclusive of police authority and exclusive of funding those NHS routes currently under the jurisdiction of the National Park Service) with funds made available under the National Capital Revitalization and Self-Government Improvement Act of 1997, to be referred to henceforth in this section as the "Act."

- 6.1.2. The Secretary shall advance NHS projects through the Federal Highway Administration (FHWA). The FHWA shall consult and coordinate NHS project responsibilities with the District of Columbia. In selecting projects, the FHWA shall give consideration to the District of Columbia Needs Assessment currently being developed by the Federal Highway Administration in cooperation with the District of Columbia Department of Public Works and the District of Columbia Strategic Transportation Plan.
- 6.1.3. Beginning on October 1, 1997, the Secretary shall assume responsibility for advancing those NHS projects approved prior to that date that are not under construction or under a contract for such construction by October 1, 1997, unless the Secretary and the District of Columbia agree to continue to vest responsibility for such project advancement with the District of Columbia. Such projects that are transferred under this section shall also be governed by the requirements contained in section 6.2.4.
- 6.1.4. The Secretary may transfer National Capital Infrastructure Funds authorized under this Act and available for capital expenditures and NHS apportioned funds authorized to be transferred under this Act to other Federal-aid highway funding categories, consistent with title 23, United States Code provisions governing the transfer of NHS funds.
- 6.1.5. Funds made available to the Secretary for obligation on NHS projects under this Act shall be administered by FHWA. From time to time as work progresses on a project, payments shall be made by FHWA for the costs of construction, operations, maintenance, and other eligible activities under this Act in accordance with applicable procedures under Title 23, United States Code, or as established by the Secretary.
- 6.1.6. For Fiscal Year 1998, \$108 million shall be authorized to be appropriated to the National Capital Infrastructure Fund which shall be used for construction, reconstruction, and rehabilitation of the NHS in accordance with 23 U.S.C. 103 (i), including transit capital projects eligible for funding under section 103 (i).
- 6.1.7. In each of the fiscal years 1998 through 2003, the Secretary shall retain and deposit into the National Capital Infrastructure Fund:
 - (a) 100 percent of the District of Columbia's apportionment for the NHS;
 - (b) 100 percent of the apportionments for Interstate Maintenance; and
 - (c) 75 percent of the apportionment for the Highway Bridge and Replacement for use consistent with 23 U.S.C. 103 (i).
- 6.1.8. In each of the Fiscal Years 1998 through 2003, \$17 million shall be authorized to be appropriated to fund the operations and maintenance of the NHS within the District of Columbia, exclusive of those NHS routes under the jurisdiction and control of the National Park Service.

- 6.1.9. The Secretary shall be responsible for funding those operations and maintenance activities and costs, excluding police services (except for those construction zone, incident management and other police activities that are eligible for Federal-aid highway reimbursement under title 23, United States Code) associated with the management and operations of NHS highways including the following activities: routine maintenance of roadways and rights-of-way, road repair, snow removal, lighting, signage, and those utilities necessary for the NHS operations. The Secretary shall not be responsible for funding the District of Columbia share of operating expenses for any transit activities.
- 6.1.10. The Secretary shall continue to provide oversight and technical assistance to the District of Columbia for all Federal-aid projects that remain the responsibility of the District of Columbia.
- 6.1.11. The Secretary through the FHWA will enter into any agreements or contracts with any entity to advance, construct, reconstruct, rehabilitate, repair, maintain, or operate the NHS within the District of Columbia excluding those NHS roadways under the jurisdiction and control of the National Park Service, consistent with 23 U.S.C. 103 (i).
- 6.1.12. The Secretary shall encourage the hiring of local labor by contractors awarded contracts including welfare to work labor, on NHS projects financed under this Act to the maximum extent possible and consistent with federal law.
- 6.1.13. Unless reauthorized by Congress on, or prior to, September 30, 2003, the Secretary of Transportation's responsibilities, other than the completion of ongoing projects funded through this Act, would cease and no new deposits of Federal funds would be made into the National Capital Infrastructure Fund after September 30, 2003.
- 6.1.14. The Secretary shall provide the District of Columbia with the technical assistance necessary to reassume its NHS responsibilities by September 30, 2003. The April 1996 findings of FHWA's review of the organizational capacity of the District of Columbia's Department of Public Works shall guide the assistance.
- 6.2. *District of Columbia Responsibilities.* The District of Columbia agrees that:
 - 6.2.1. The District of Columbia shall continue to be responsible for providing police services on NHS highways (including, but not limited to civil police functions, crime prevention, investigations including traffic and accident investigation, and emergency traffic direction). The District shall continue to own the right-of-way of NHS highways that are located within the District of Columbia.
 - 6.2.2. The District of Columbia will continue to be responsible for all utilities and utility work that is not necessary for operation of the NHS even if such utilities are located within the right-of-way of the NHS.
 - 6.2.3. The District of Columbia shall continue to be responsible for non-NHS projects funded with Federal-aid highway funds. The authority to use Surface Transportation Program

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funds on local streets, highways, and roadways (except alleys) does not relieve the District of Columbia of the responsibility for the non-federal matching share. The use of other Federal-aid highway apportioned funds by the District of Columbia, other than as provided herein, also requires a non-Federal matching share.

- 6.2.4. Beginning on October 1, 1997, the District of Columbia is relieved of the responsibility to provide the non-Federal match for NHS projects that are funded by the Secretary with monies made available for NHS projects under this Act. The relief from providing the non-federal match shall not include those projects that were approved by FHWA prior to October 1, 1997 for which Federal-aid highway funds have been obligated. The District of Columbia is responsible for providing the non-Federal match, the Federal-aid funds, and any obligation authority for any such projects transferred to the Secretary for project administration, oversight, or contracting.
- 6.2.5. The District of Columbia shall continue to be responsible for any liability incurred on the basis of the activities of the District of Columbia, its agencies, or personnel as a result of any acts or omissions in carrying out this Act. The United States, its agencies, and personnel will not incur any liability for any such acts or omissions.
- 6.2.6. The District of Columbia shall cooperate with the Federal Highway Administration in its technical assistance efforts in order to assure that the District of Columbia can reassume its NHS responsibilities by September 30, 2003. The goal of the effort shall be to satisfy the April 1996 findings of FHWA's review of the organizational capacity of the District of Columbia's Department of Public Works.

7. ***Personal Income Tax Administration*** The District agrees that:

7.1. General

- 7.1.1. The IRS shall administer and enforce the District's individual income and employment taxes.
- 7.1.2. The District shall continue to administer its unemployment benefits program.

7.2. Tax Codes

- 7.2.1. The IRS will administer the District's existing individual income and employment tax laws. The only provision the IRS cannot administer is the District's refundable property tax credit. If the District wishes to retain this provision, it must be transferred to its real estate tax administration.
- 7.2.2. All of the administrative, procedural, and enforcement provisions of the Internal Revenue Code of 1986 and related statutes will govern IRS administration of District taxes. The District will have to amend its own tax code to achieve this to the satisfaction of the Secretary of the Treasury.

7.2.3. To avoid the possibility of any inconsistent interpretations of similar provisions, the District will have to amend its definitional provisions to conform them to the Internal Revenue Code to the satisfaction of the Secretary of the Treasury.

7.2.4. The District must notify the Secretary of the Treasury of any future changes to its individual income and employment tax laws. The Secretary may object if, in his judgement, the prospective change would prove overly burdensome to the IRS, in which case such change shall not be administered or enforced by the IRS. If the Secretary does not object within 60 days after notification, the IRS will administer the provision within a reasonable time after enactment.

7.3. Transfers to the District

7.3.1. The IRS will set up separate accounting and deposit systems for its collections of District taxes. The District must, in turn, identify the person and/or office authorized to receive transfers of collected amounts and set up related deposit accounts.

7.4. Effective Date

7.4.1. The IRS administration of District taxes shall be prospective, starting on January 1 of the calendar year that is at least 18 months after the Secretary certifies that the District of Columbia has met the conditions set forth in the Memorandum of Understanding between the United States and the District of Columbia.

Appendix One

DEFINITIONS FOR THE PENSIONS SECTION OF THE MOU

“Adoption Date” means the date the Replacement Plan is adopted by the District Government or, if later, October 1, 1997.

“District Government” means, as appropriate, the “District government” as defined by section 305(5) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995 (Pub. L 104-8) or the District of Columbia Retirement Board as defined in section 102(5) of the Reform Act.

“Freeze Date” means the date of introduction of the Revitalization Act.

“Fund” means the District of Columbia Police Officers and Fire Fighters’ Retirement Fund, the District of Columbia Teachers’ Retirement Fund, and the District of Columbia Judges’ Retirement Fund as defined in section 102(10) of the Reform Act.

“Reform Act” means the District of Columbia Retirement Reform Act (Pub. L. 96-122).

“Replacement Plan” means the plan or plans described under Title I of the Revitalization Act.

“Retirement Program” means any of the retirement programs as described in section 102(7) of the Reform Act as in effect on the day before the freeze date.

“Revitalization Act” means the “District of Columbia Revitalization Act of 1997.”

“Secretary” means the Secretary of the Treasury or the Secretary’s designee.

“Transfer Date” means the date on which the assets and obligations of the Fund are transferred to the Trust.

“Trust” means the District of Columbia Retirement Trust created under Title I of the Revitalization Act.

“Trustee” means the firm designated by the Secretary of the Treasury under Title I of the Revitalization Act.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kevin S. Moran (CN=Kevin S. Moran/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1997 20:07:54.00

SUBJECT: "0-3" Communications Meeting

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

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

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

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

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

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

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

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

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

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

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

TEXT:

Please come to a early childhood development conference communications meeting tomorrow (Tuesday, 4/8) at 12pm in Ann Lewis' office.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Brian A. Reich (CN=Brian A. Reich/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1997 20:27:19.00

SUBJECT: Fact Check Meeting

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

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

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

TO: Russell W. Horwitz (CN=Russell W. Horwitz/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

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

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

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

TEXT:

There will be a fact check meeting in Waldman's Office (OEOB 196) at 2:00pm. We will hope to see you then.

Tell me if you are unable to attend.

Thanks

Brian Reich
6-2593

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Brian A. Reich (CN=Brian A. Reich/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1997 20:27:46.00

SUBJECT: Conference Call with Benjamin Barber

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

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

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

TEXT:

REMINDER: There will be a conference call with Benjamin Barber concerning National Service on Tuesday at 10:00am.

Kevin Moran will arrange for those interested to be involved in the call.

If you have any questions, don't hesitate to ask. Thank You.

Brian Reich
6-2593