

NLWJC - KAGAN

EMAILS RECEIVED

ARMS - BOX 070 - FOLDER -009

[12/05/1997-12/06/1997]

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. email	Michael Sorrell to Ananias Blocker III. Subject: [blank] [partial] (1 page)	12/05/1997	P6/b(6)
001b. email attachment	Memo re: President's Initiative on Race [partial] (1 page)	12/05/1997	P6/b(6)
002. email	Phone No. (Partial) (1 page)	12/05/1997	P6/b(6)

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
WHO ([Kagan])
OA/Box Number: 500000

FOLDER TITLE:

[12/05/1997 - 12/06/1997]

2009-1006-F

jm49

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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December 5, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

RE: DPC Weekly Report

Race -- Advisory Board Meetings: DPC staff is working with staff from NEC and the Race Initiative to develop the agenda for the December 17th Advisory Board in Fairfax, Virginia. The topic for this meeting is K-12 education, and the discussion will likely focus on issues of racial isolation, equity and school reform. Planning has also begun for the January 13th Board meeting in Phoenix, Arizona, where the topic will be employment.

Immigration -- INS Reorganization: We have completed the meetings with agencies and advocates that are part of our review of the Commission on Immigration Reform's recommendations to improve the nation's immigration system. We have met with representatives from the Department of Justice (including the INS), the Department of State, the Department of Labor, representatives from the Commission, and immigrant advocacy groups to discuss their views. We are hoping to make a preliminary recommendation by the end of this month.

Race -- Race and Service Link: The attached column by Steve Waldman of U.S. News argues that service by people of diverse backgrounds, such as AmeriCorps' CityYear program, does more to foster diversity and racial understanding than dialogue or more traditional efforts to promote racial harmony. Harris Wofford has also forwarded that column to you with a suggestion that the race initiative focus more on common action by Americans of different backgrounds.

You indicated earlier that you are interested in performing service yourself on Martin Luther King Day, in recognition both of Dr. King and the movement to make the holiday "a day on, not a day off." One option we are exploring is that you could spend time on January 19th at a literacy project connected to D.C. Reads, with AmeriCorps members, local work-study students, and senior volunteers participating. We would invite children in kindergarten to third grade, along with their parents and/or tutors. The Corporation suggests that, in addition to having

reading stations, the kids would assemble and decorate a small bookshelf, which they could then take home along with five or ten books to start their collection.

Automated Records Management System
Hex-Dump Conversion

MEMORANDUM FOR THE PRESIDENT

Automated Records Management System
Hex-Dump Conversion

FROM: BRUCE REED

SUBJECT: EDUCATION OPPORTUNITY ZONES

This initiative, which you discussed in your Town Hall meeting earlier this week, would designate from 20 to 40 urban and rural school districts as Education Opportunity Zones. Education Opportunity Zones would have a strong focus on standards, accountability, and performance. High-poverty urban and rural school districts would be eligible for additional Federal funding, under this proposal, *if* (1) they adopt tough reform measures -- like those in Chicago -- that make administrators, principals, teachers, and students accountable for success or failure, and (2) in time, show real improvements in student achievement. As proposed, the initiative would cost between \$221 million and \$250 million in FY 99 (\$1.1 billion to \$1.3 billion over five years).

The purpose of this initiative is to demonstrate that a serious approach to high standards can work. Therefore, funds would be targeted to school systems that have already begun to make progress in raising student achievement, at least in some low-income portions of the district, or that can show that they have begun to put into place effective reform policies, so that local efforts can be expanded or accelerated.

Conditions and Purposes of Funding

To receive funds, local school districts would have to demonstrate how they will:

- provide students and parents with expanded choice within public education;
- hold schools accountable for helping students reach high academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
- hold teachers and principals accountable for quality, including rewarding outstanding teachers, and fairly and quickly removing ineffective teachers;
- require students to meet academic standards at key transition points in their academic careers.

School districts could use Education Opportunity Zone funds to:

- provide extra help to students who need it to meet challenging standards, through after-school or Saturday tutoring programs and/or summer school;
- provide bonuses to schools that make significant gains in student achievement;
- turn around failing schools by implementing proven reform models, providing intensive

teacher training, building stronger partnerships between schools and parents, businesses, and community-based organizations, or closing down failing schools and reopening them as charter schools.

- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for Professional Teaching standards and providing them with financial bonuses when they do; and implement programs to identify low performing teachers, assist them to improve, and remove them if they fail to do so.

Funding Levels

As proposed, the Department of Education would award 3-year competitive grants to 10-20 urban school districts and 10-20 rural school districts or consortia (including districts serving Native American students) selected as Education Opportunity Zones. Each urban Education Opportunity Zone would receive approximately \$10-25 million in its first year, and each rural zone would receive from \$500,000 to \$5 million (for consortia).

The stream of federal support under these grants would be structured so as to ensure that reforms can be sustained over the long term. Continued support in years 4 and 5 would be contingent upon demonstrated success in raising student achievement and willingness to work with similar districts to help them replicate successful reforms. A total of \$16 million would be available each year for national activities, such as providing technical assistance, documenting successes, and disseminating lessons learned to urban and rural communities across the U.S.

We are currently considering two options for funding the initiative -- one with a greater FY 99 cost, the other with a greater 5-year cost.

- **Option 1:** The Department of Education would select only one group of zones -- approximately 15 urban and 15 rural. FY 99 request: \$250 million, with a five year cost (including national activities) of \$1.07 billion.
- **Option 2:** The Department of Education would select two groups of zones -- approximately 10 urban and 10 rural zones beginning in year 1 (FY 99) and an additional 10 urban and 10 rural zones beginning in year 3 (FY 2000). FY 99 request: \$221 million, with a five year cost (including national activities) of \$1.31 billion.

Outstanding Issues

We are still working with other offices and the Department of Education on some remaining issues with this initiative. First, we are developing a component that would give Education Opportunity Zones greater flexibility in the use of other federal education funds as long as they continue to meet agreed-upon performance goals. In addition, we are exploring whether we could fund this initiative under existing authority, rather than seek new legislative authorization.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael J. Sorrell (CN=Michael J. Sorrell/OU=PIR/O=EOP [PIR])

CREATION DATE/TIME: 5-DEC-1997 18:43:33.00

SUBJECT:

TO: Ananias Blocker III (CN=Ananias Blocker III/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

TO: Emil E. Parker (CN=Emil E. Parker/OU=OPD/O=EOP @ EOP [OPD])
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TO: Laura K. Demeo (CN=Laura K. Demeo/OU=WHO/O=EOP @ EOP [WHO])
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TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])
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TO: Marjorie Tarmey (CN=Marjorie Tarmey/OU=WHO/O=EOP @ EOP [WHO])

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

TO: edley (edley @ law.harvard.edu @ INET @ LNKTWY [UNKNOWN])
READ:UNKNOWN

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

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

MEMORANDUM FOR THE PRESIDENT

FROM: JUDITH A. WINSTON

**THRU: ERSKINE BOWLES
SYLVIA MATHEWS**

**SUBJECT: PRESIDENT'S INITIATIVE ON RACE WEEKLY REPORT --
NOVEMBER 24- DECEMBER 5**

ADVISORY BOARD ACTIVITIES

Brown University. On November 24, Angela Oh was the closing speaker for the Asian Pacific American Heritage celebration at Brown University. She spoke to 50 students, faculty, and administrators about the Initiative and the role of Asian Pacific Americans in the Initiative. She urged the students to become actively engaged in the Initiative.

Town Hall Meeting. On December 3, you hosted your first Town Hall Meeting in Akron. Over 5,000 people attended and it aired live on C-Span. In attendance from your Advisory board were Chairman Dr. John Hope Franklin, Angela Oh, Rev. Suzan Johnson Cook, Governor William Winter and Linda Chavez Thompson.

K-12 School Visits. Visits by each Advisory Board Member to schools in their respective cities are being arranged for the next three weeks. The purpose of these visits is to provide each Advisory Board member with a real experience of race in schools today.

OFFICE OF THE EXECUTIVE DIRECTOR

Asian American Academics. On November 22, I met with the Director of the UCLA Asian American Studies Center to discuss the Initiative and how best to create partnerships to access the expertise of Asian American academics.

NAACP Roundtable. I briefed a group of 25 NAACP leaders from across the country who were convened for the purpose of discussing the future of the organization. I recounted the Presidential Town Hall meeting and participated in dialogue aimed at making the NAACP a more racially inclusive organization.

OUTREACH

CEO Roundtable. Secretary Slater moderated a meeting of more than 80 corporate CEOs in Miami. Advisory Board Member Bob Thomas and Deputy Director Mike Wenger organized this event. Republic Industries and its CEO Wayne Huizenga hosted the Roundtable. The next Roundtable will be held in January.

RESEARCH AND POLICY PLANNING

Policy. We are continuing to plan and organize the December 17 Advisory Board meeting which will focus on issues of race in public primary/secondary education. We are in the process of drafting a proposed agenda, which will include dialogue with the Board about both the challenges facing primary/secondary education in America as they intersect with race (e.g., urban segregation, insufficient resources in terms of teaching and facilities) and about promising practices in dealing with those challenges. Attached is a proposed agenda for this meeting.

In preparation for the January Advisory Board meeting on employment issues, we met DOL and DPC representatives to identify topics for discussion. We will follow up the planning task with a larger group meeting with senior DOL and EEOC officials next week.

Research. The Policy staff reviewed the Council of Economic Advisors (CEA) chapter on Race as part of the President's Economic Report.

Promising Practices. On December 3, the working group highlighted another 26 examples of promising practices on the PIR web page, which bring the current total to 40. Ten organizations which have been highlighted as promising practice from across the country also participated during the Dec. 3 town hall meeting. The group plans to highlight another ten examples of promising practices by Christmas.

Data. Staff met with the PIR data working group members and briefed them on CEA's new role in data analysis and coordination of the fact book.

Fairfax. Staff reviewed and provided commentary on a draft of the Fairfax case study authored by Policy Studies Associates (a contractor). It is scheduled to be unveiled right before the Dec. 17 Advisory Board meeting as a related event.

COMMUNICATION

PSA. On Tuesday, December 2, 1997, we unveiled a public service announcement (PSA) that was developed by the Ad Council in consultation with the Leadership Conference on Civil Rights and the White House staff. The PSA targets Young America. The PSA features young people who talk about the values they have in

common while asking viewers what they would do to help build One America. The PSA also has a web-site listing.

Watch Parties. Approximately 100 Town Hall Watch Parties were held across the country. Over 20,000 Americans viewed the town hall meeting through these watch parties. There will be a minimum of 54 town meeting sites in sixteen states. We've asked people to hold their own discussions after listening to the Town Hall Meeting and then fill out a report to the President letting him know their thoughts about the issue of race.

Bi-Weekly Report. On November 25, The One America on the Move bi-weekly report went out.

One America Conversations. On November 24, Maria Soto and Tamara Monosoff conducted a One America Conversations at Mount Saint Mary's College in Emmitsburg, MD.

Blastfax. On November 22, the second America On the Move document, which updates our Initiative accomplishments was faxed to community leaders across the nation.

WORK TEAMS

YOUTH

On Friday, November 28, 1997, a letter from the President was mailed to 25,000 young leaders asking them to join the President in his efforts to examine the current state of race relations in America. This letter provides a call to action to young America and was targeted to high school senior class presidents, University and College class presidents, and leaders of national and local community organizations.

On Monday, December 1, 1997, Vice President Gore will host a briefing with youth and youth-oriented media (i.e. MTV, Rolling Stone, Vibe, Essence) where he discussed the importance of having young America involved in this initiative. In addition, we featured a local high school football captain who has organized other high school captains to become involved in the Initiative.

FEDERAL AGENCY ACTIVITIES

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael J. Sorrell (CN=Michael J. Sorrell/OU=PIR/O=EOP [PIR])

CREATION DATE/TIME: 5-DEC-1997 18:49:22.00

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Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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 WHO ([Kagan])
 OA/Box Number: 500000

FOLDER TITLE:

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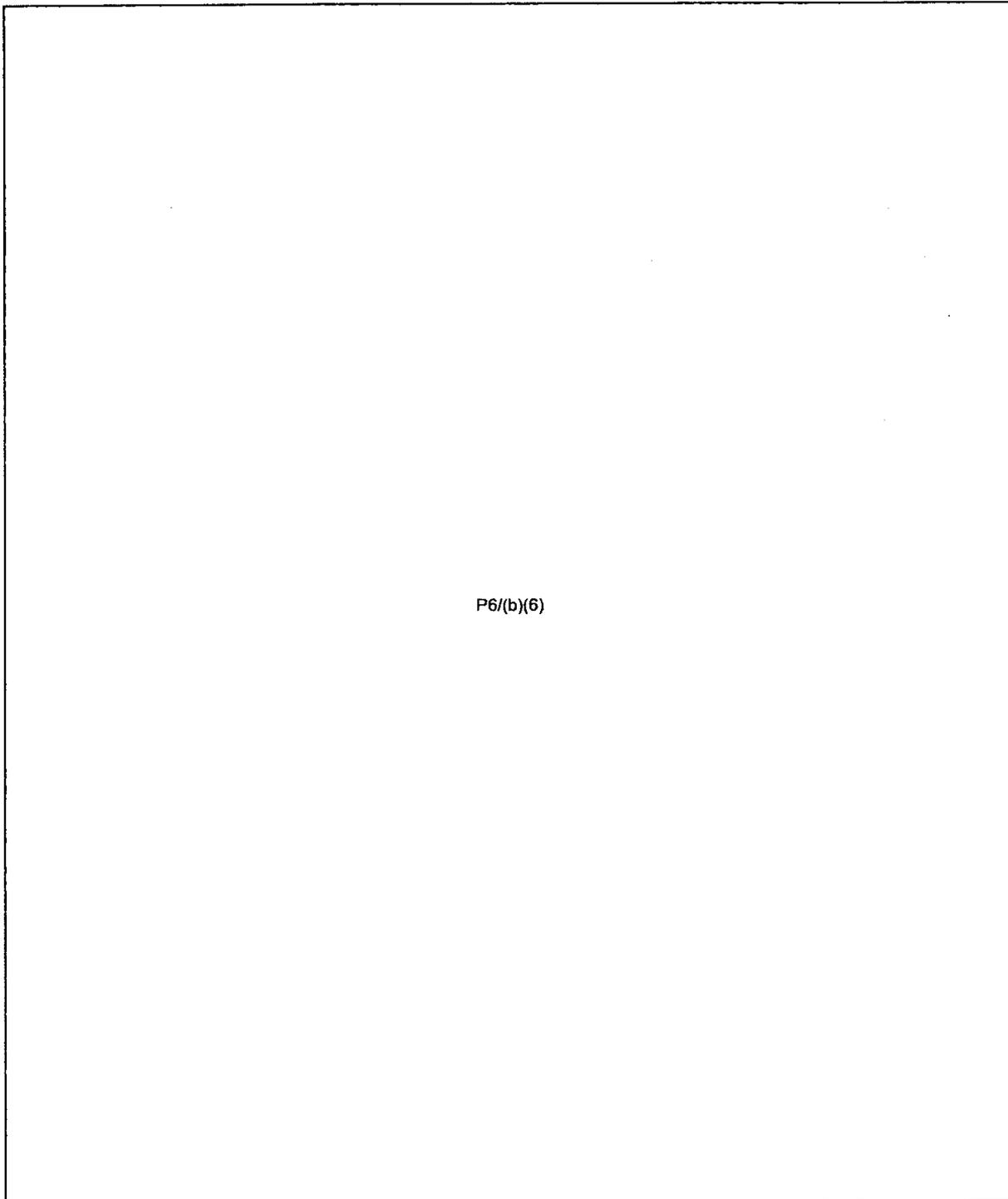
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TEXT:

Please ignore the first memo. This is the correct version.===== ATTA
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D52]MAIL47678683A.316 to ASCII,
The following is a HEX DUMP:



(002)

P6/(b)(6)

MEMORANDUM FOR THE PRESIDENT

FROM: JUDITH A. WINSTON

**THRU: ERSKINE BOWLES
SYLVIA MATHEWS**

**SUBJECT: PRESIDENT'S INITIATIVE ON RACE WEEKLY REPORT --
NOVEMBER 24- DECEMBER 5**

AKRON TOWN HALL MEETING

Town Hall Meeting. On December 3, you hosted your first Town Hall Meeting in Akron. Over 5,000 people attended and it aired live on C-Span. In attendance from your Advisory Board were Chairman Dr. John Hope Franklin, Angela Oh, Rev. Suzan Johnson Cook, Governor William Winter and Linda Chavez Thompson.

Watch Parties. Approximately 100 Town Hall Watch Parties were held across the country. Over 20,000 Americans viewed the town hall meeting through these watch parties.

Promising Practices. Ten organizations which have been highlighted as promising practices from across the country also participated in your Akron Town Hall meeting.

ADVISORY BOARD ACTIVITIES

Brown University. On November 24, Angela Oh was the closing speaker for the Asian Pacific American Heritage celebration at Brown University. She spoke to 50 students, faculty, and administrators about the Initiative and urged the students to become actively engaged in the Initiative.

Status Report. Attached to this report, you will find Angela Oh's status report on the Initiative. We are hoping to have all of the Advisory Board members complete

these in the upcoming weeks.

K-12 School Visits. Each Advisory Board Member plans to visit elementary or secondary schools in their respective cities during the next three weeks. The purpose of these visits is to provide each Advisory Board member with a real experience of race in schools today and tied in with the focus of the December Advisory Board Meeting.

Advisory Board Meetings. The December 17 Advisory Board meeting will focus on issues of race in public primary and secondary education. It will include dialogue about the challenges facing primary and secondary education in America as they intersect with race (e.g., urban segregation, insufficient resources in terms of teaching and facilities) and about promising practices in dealing with those challenges with people familiar with those issues. Attached is a proposed agenda for this meeting.

We are working closely with the Department of Labor staff and the DPC in preparing for the January Advisory Board meeting on employment issues.

OFFICE OF THE EXECUTIVE DIRECTOR

NAACP Roundtable. I briefed a group of NAACP leaders from across the country and discussed the importance, purpose, and critical success of, Presidential Town Hall meeting. I also participated in dialogue aimed at making the NAACP a more racially inclusive organization.

OUTREACH

CEO Roundtable. On December 1, Secretary Slater moderated a meeting of more than 80 corporate CEOs in Miami, included Advisory Board Member Bob Thomas, who has relocated to Republic Industries in Miami and its CEO Wayne Huizenga. It was very successful, as evidenced from the attached news article. We plan at least four more of these meetings. The next Roundtable will be held in January.

RESEARCH AND POLICY PLANNING

Promising Practices. There are now 40 promising practices posted on the Initiative web page.

Fairfax County Schools. The Fairfax case study is scheduled to be unveiled December 15 by Advisory Board member Linda Chavez-Thompson.

COMMUNICATION

PSA. On Tuesday, December 2, 1997, we unveiled a public service announcement

(PSA) that was developed by the Ad Council in consultation with the Leadership Conference on Civil Rights and the White House staff. The PSA targets Young America and features young people who talk about the values they have in common while asking viewers what they would do to help build One America. The PSA also has a web-site listing and a 1-800 number.

YOUTH

Call to Action Letter. On November 28, 1997, your letter to youth was mailed to 25,000 young leaders asking them to join you in your efforts to examine the current state of race relations in America. This letter provides a call to action to Young America and was targeted to high school senior class presidents, University and College class presidents, and leaders of national and local community organizations. **We have already begun to receive responses to these letters.**

Youth Briefing. On Monday, December 1, 1997, Vice President Gore hosted a briefing with youth and youth-oriented media (i.e. MTV, Rolling Stone, Vibe, Essence) where he discussed the importance of having young America involved in this initiative. The event featured a local high school football captain who has organized other high school captains to become involved in the Initiative.

FEDERAL AGENCY ACTIVITIES

DEPARTMENT OF TREASURY

Conversations That Bring Us Together. On November 28, the Treasury Department issued a press release on a *One America* roundtable conversation on race. The roundtable was hosted by Alex Rodriguez, Deputy Assistant Secretary for Administration, in Boston. The release went out to both the national and regional media markets.

Department of Interior

Tuskegee Airmen Historic Site. The National Park Service Southeast Region is conducting a study of Moton Field, the small Tuskegee, AL airport that served as a training base for the black Tuskegee Airmen of World War II fame, to determine whether the site should become part of the national park system. The study is being funded by a \$75,000 grant from AL Department of Economic and Community Affairs. Moton Field could potentially come under NPS management as a separate park unit or as part of Tuskegee Institute National Historic Site.

UNITED STATES DEPARTMENT OF AGRICULTURE

Outreach. Under Secretary for Food, Nutrition, and Consumer Services Shirley Watkins began her Food and Nutrition Service-District of Columbia initiative to reach out to the African-American Community. As part of this project,

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001b. email attachment	Memo re: President's Initiative on Race [partial] (1 page)	12/05/1997	P6/b(6)

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
WHO ([Kagan])
OA/Box Number: 500000

FOLDER TITLE:

[12/05/1997 - 12/06/1997]

2009-1006-F
jm49

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Consumer Advisor Joyce Willis met with Washington ministers on November 24 on the plan, "Do It Here First: How Churches Can Make Food and Consumer Service Programs Available To The Community." Future plans include meeting with the Under Secretary, and an all-day educational seminar for ministers interested in participating in the plan.

Department of Housing and Urban Development

Housing Discrimination: On November 25, Secretary Cuomo continued HUD's fight against housing discrimination by announcing charges against the owners and managers of an apartment complex in Richmond, VA, who are refusing to rent to African-Americans. A HUD investigation found several white tenants who said that the on-site apartment manager, [P6/(b)(6)] boasted to white tenants that she would not rent to African-Americans. The manager no longer works at the 160-unit Wedgewood Village Apartments. HUD filed civil charges against [P6/(b)(6)] the apartment management company, and the owners of the apartments, alleging violations of the Fair Housing Act for discriminating against prospective black tenants. In addition, HUD issued an order barring Lewis from employment by any company that receives HUD housing assistance for one year. [001]

DEPARTMENT OF TRANSPORTATION

Conversations That Bring Us Together: DOT has eight commitments from senior staff to lead small round table discussions on race over the next few weeks. Several staff members attended training at the New Executive Office Building on November 24.

FRA Update: FRA has incorporated an internal reporting system, in order to insure that all efforts toward the One America concept are recognized and fully implemented. In this internal reporting system, all Associate Administrators and the Chief Counsel, have been asked to submit the name of an employee in each functional area who will serve as the contact person for weekly reporting of race relations items. In addition, the Office of Civil Rights will initiate programs designed to promote constructive dialogue within the FRA and to unite individuals along a path to improve internal race relations.

Coast Guard Update: On November 19, the first of two award ceremonies was held recognizing selected Coast Guard units for their participation in the Coast Guard Partnership in Education 2000 Program. Outstanding unit achievement in this program is recognized each year. The program, started in 1991, is one of the Coast Guard's formal steps to achieving a more diverse workforce by reaching out to women and to minority communities. It is designed to enhance educational opportunities and career awareness for the Nation's youth regardless of their ethnic and racial backgrounds and genders, as well as giving them exposure to positive

Coast Guard role models both on the job and in the classroom.

Outreach. On November 24, Secretary Slater participated in a press conference by the Leadership Conference on Civil Rights. He joined government, civic and corporate leaders to launch its new website to help combat hate crimes.

Minority Educational Institutions (MEIs): On December 1, OSDBU signed Cooperative Agreements with five Hispanic Serving Institutions to provide training to small, women-owned and Disadvantaged Business Enterprises (S/DBEs) in the use of and access to Electronic Commerce and Internet business use. Under the Agreement, each MEI will also receive funding for transportation-related student internships and to provide information dissemination and outreach activities regarding the Presidential initiative to hire individuals off the welfare rolls and the DOT Garrett A. Morgan Technology and Transportation Futures Program. As of December 1, OSDBU has Cooperative Agreements with 14 MEIs, including 8 HBCUs, totaling \$880,000.

DEPARTMENT OF ENERGY

“One America” Event in San Diego: Secretary Pena held a race relations discussion with students at San Diego State University’s Aztec Center on December 5. Secretary Peña hosted a dialogue with 20-25 students as part of the “One America: Conversations that Bring Us Together” national effort of encouraging dialogue on race and diversity. The roundtable was observed by an audience of approximately 100 college and high school students.

DEPARTMENT OF EDUCATION

Outreach. The Secretary was interviewed by *USA Today* at the White House’s request for a story that ran Monday announcing the beginning of the “Conversations That Bring Us Together” initiative. Secretary Riley held the first of several Administration official-led sessions. Leslie Thornton held a race round table in Philadelphia as well.

Race Town Hall: Secretary Riley traveled to Akron, OH to participate in the Race Town Hall with the President.

DEPARTMENT OF VETERANS AFFAIR

Conversations That Bring Us Together: On December 3, the Assistant Secretary for Human Resources and Administration hosted VA’s first dialogue on race. The Assistant Secretary invited 11 members of the public, representing a cross-section of our racially and ethnically diverse society.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-DEC-1997 19:04:11.00

SUBJECT: INS reform: summary

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Unable to convert ARMS_EXT:[MESSAGE.D85]MAIL404696837.316

The following is a HEX dump of the file:

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D85]MAIL414696838.316 to ASCII,

The following is a HEX DUMP:

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-DEC-1997 19:27:23.00

SUBJECT: I need your input on child support enforcement

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

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

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

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

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

TEXT:

I need your input on several areas of child support enforcement:

1. Raines Child Support Idea

I've spoken with OMB at greater length about this issue. Attached is an analysis of the options and what I see as their advantages and disadvantages. My questions are:

a.) Do you agree that we should oppose including these options in the budget?
I do oppose converting to a block grant -- but I do think a version Keith and I devised ("revised match") may be worth pursuing -- see attached.

b.) Should we should have a broader process to consider them i.e., a DPC-OMB-IGA-NEC mtg? I do, because I fear that unless people understand what these policies do, they will be tempted simply by the prospect of a \$1.8 to \$3.0 billion saver.

2. Child Support Computer Systems Penalty Legislation

As you know, I have brought NEC, HHS, and OMB together several times since September to discuss the child support computer systems situation and possible solutions. Many of the issues are analogous to the penalty issues we discussed in the TANF regulations. With some pushing from me and from OMB, HHS now agrees that a new penalty structure should include:

- 1) Penalties that are simple to administer and automatic, with little HHS discretion.
- 2) An up-front penalty imposed immediately upon failure, which should be large enough to motivate states to improve their systems development, but not so large as to severely disrupt states' child support efforts or to lead states to believe the penalty would never be imposed.
- 3) The penalties should include an incentive for early completion, either by providing an earn-back of the initial penalty or by imposing subsequent incremental penalties, or both.

- 4) A "system completion plan" should be signed by the governor.
- 5) HHS should retain the ability to disapprove the state child support plan and withhold all federal child support funds.

HHS has prepared several, more detailed options based on these principles. We have not authorized HHS to share any of these options with the Hill because 1) we hadn't run them up the flagpole; 2) Haskins offered to take a first cut at drafting and to send it to us for our reaction. Monahan and others from HHS have met with Haskins and company to provide background information on the problem and to share our general principles (mainly to tell Ron -- much to his surprise -- that we think giving HHS a lot of discretion is a bad idea).

Do you think we should be taking a more pro-active approach? Any comments/ suggestions?

You should know that we will have a delicate line to walk in our budget, even without including the new Raines idea. Here's why. If the budget assumes we will withhold all federal child support funds from states without computer systems, it will show child support savings, giving any legislative fix a cost -- not what we want. If the budget assumes no savings from denying funds to states without computer systems, then we have to explain why this doesn't fit with our "get tough" rhetoric. The answer will have to hinge on the length of the administrative and judicial appeal process (up to three years) with an assumption that by the end of those three years all states will have in place the required state wide computer systems.

3. Response to Senator Feinstein

As you may recall, Senator Feinstein raised the idea of a six month moratorium on child support penalties when she met with the President on crime issues in September, and then she subsequently sent him a letter. I wanted to wait until the end of the session to reply to her... and finally I've drafted the attached. I think similar language can be used in replies to Rep. Clay Shaw (who sent a letter to the President arguing against Feinstein) and to the LA County Board of Supervisors (who sent a letter making the same arguments as Feinstein). Please comment on this version, and then I will send a revised copy with the incoming letters to you via Cathy.

4. California Letter

On November 20th, California and Lockheed Martin mutually decided to cancel their child support computer systems contract due to operational problems and cost overruns. This puts the state out of compliance with what is called the Advance Planning Document -- the plan that the state submits to HHS for approval in order to get federal funds to help pay for the computer systems costs. HHS has drafted a letter from one of their OCSE staff to the state saying that the feds will not pay for any more computer systems development until the state submits, and has approved, a new Advanced Planning Document. (The rest of federal financial support for child support enforcement will continue to be provided.) Although this letter is from a mid-level staffer, I reviewed it for content and tone and plan to show it to Emily, before telling HHS they can send it. It is in unquotable bureaucratize. Should I do anything else? I need to respond to HHS Monday.

Keep in mind that this letter is particular to California, because of its

problems with its contractor. However, after January 1, HHS will need to send to all the states that do not have operating statewide computer systems a notice of intent to disapprove their child support enforcement plans. As you know, states without approved state plans get no federal child support dollars of any kind. However, states will continue to receive federal funds until the appeal process is concluded, which could last until 1999 (longer for judicial appeals).

5. Thompson Idea

What did you think of Gov. Thompson's idea that he and Carper and you should barnstorm the country on child support enforcement? I kind of like the idea...I think we do need to pump up the volume on this issue. Should I try to flesh out an idea for a campaign that could be a bipartisan State of the Union announcement? ===== ATTACHMENT 1 ===

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

TEXT:

Unable to convert ARMS_EXT: [ATTACH.D25]MAIL42470783L.316 to ASCII, The following is a HEX DUMP:

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December 4, 1997

Senator Dianne Feinstein
United States Senate
Washington, DC 20510

Dear Senator Feinstein,

Thank you for sharing your proposal for a six month moratorium on the penalties for states that failed to have effective child support enforcement automated systems in place by October 1st.

States have had nine years to develop these computer systems, and although some states have not met the current deadline, we do not plan to extend it further. Having statewide child support computer systems in every state is essential for the implementation of the tough, new child support enforcement rules enacted last year as part of welfare reform.

We do, however, believe that the current law, which requires us to withhold all federal child support funds when a state misses the deadline, will undermine efforts to collect child support for needy families. Thus, we plan to accept Congressman Clay Shaw's invitation to work to devise new legislation which will create an additional set of penalties for states that have not put in place these critical statewide computer systems. This will ensure that states have strong financial incentives to get their computer systems in place while not hurting overall child support collection efforts by denying all federal funds unless absolutely necessary. We expect new legislation to be enacted before any state completes the appeals process.

We look forward to working with you to improve our child support enforcement program.

Sincerely,

Bruce Reed
Assistant to the President for Domestic Policy

cc: Representative E. Clay Shaw, Jr.

Child Support Enforcement Restructuring

Automated Records Management System
Hex-Dump Conversion

There are two separable questions involved here:

- Should we cut federal spending on child support enforcement?
- Should we restructure the current system, in which the federal government shares in state costs of collecting child support by paying about two-thirds of costs, to one in which the states receive a federal block grant?

Should we cut federal spending for child support enforcement in the FY '99 budget?

<i>ARGUMENTS</i>	<i>COUNTER-ARGUMENTS</i>
Could provide \$1.8-\$3.0 billion in savings for other Presidential initiatives	Taking funds used to obtain child support for kids in order to provide more money for kids in other ways would be robbing Peter to pay Paul.
The federal government pays more for child support than it receives in collections from states.	The federal government funds child support collection efforts to provide more support for <u>children</u> , not the federal coffers -- thus it is losing money because it is paying for a service to American families.
States are profiting from the child support enforcement system, collecting almost \$500 million more a year than their costs -- funds they do not have to spend on further child support collection activities.	The new incentive legislation which we support and is now on the Hill would require states receiving incentive funds to reinvest those funds in child support enforcement.

Should we restructure the financial contribution to child support enforcement?

Current Structure: Currently, the federal government pays 66 percent of general child support costs incurred by the states. States must provide the federal government with a share of child support collections from non-custodial parents of welfare families (to recoup the costs of welfare payments made to those families). The federal government also pays states incentive payments based on performance. Overall, the federal government loses money on child support enforcement and the state governments gain money.

Block Grant Proposal: Raines' proposal would provide states with a block grant for operating expenses and require them to maintain their current spending in exchange for being able to keep all the collections from welfare families. In addition, the feds would distribute incentive funds based on performance. The block grant amount could be set so that overall, the federal government saves money compared to current spending (OMB has drafted two versions, one which saves \$1.8 billion, and the other which saves almost \$3.0 billion, although a revenue neutral proposal could be structured). OMB envisions that while this option would provide states with less money to collect child support, they could easily make up the difference by add a fee to the child support collected from non-custodial parents of non-welfare families.

Revised Match Proposal: Another alternative would allow states to keep all the collections from welfare families, but reduce the federal match rate to a percentage lower than 66 percent to make up the difference. In addition, the feds would distribute incentive funds based on performance.

	<i>Current Structure</i>	<i>Block Grant Proposal</i>	<i>Revised Match Proposal</i>
Pays states incentive payments based on performance?	Yes*	Yes*	Yes*
The federal government pays a percentage of state child support collection costs.	Yes	No	Yes
The state must give the federal government a share of child support collections for welfare families.	Yes	No	No

* Bipartisan, Administration-sponsored legislation to change definition of performance on which payments are made is now on Hill and expected to pass next session. This legislation would require states to invest the child support incentive payments in child support enforcement activities, which is not now required.

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	<i>ADVANTAGES</i>	<i>DISADVANTAGES</i>
<i>Current Structure</i>	Encourages state investment in child support enforcement, because it matches 66 of each additional dollar.	The system is a complicated combination of federal payments and collections.
	It treats fairly states in different situations -- i.e., those who already made substantial investments, and those that will make investments in the future.	There is a potential for future federal costs if states move child support paying families out of TANF into state-only programs.
<i>Block Grant Proposal</i>	It simplifies the federal/state payment structure.	It would be unfair to states that have not, but will, make substantial investments in child support enforcement.
	It greatly reduces the potential for future federal costs if states move child support paying families out of TANF into state-only programs.	It puts states at risk of financial costs, and may make them less eager to invest in child support enforcement and collect support for families.
		The proposal will divert the energy of the state leadership from improving child support systems to opposing this proposal.
<i>Revised Match Proposal</i>	Encourages state investment in child support enforcement, because it matches each additional dollar (although at a lower rate than the current 66).	The system would be a complicated combination of federal payments and collections.
	It treats relatively fairly states in different situations -- i.e., those who already made substantial investments, and those that will make investments in the future.	The proposal will divert the energy of the state leadership from improving child support systems to opposing this proposal -- although not as much as the block grant proposal.
	It greatly reduces the potential for future federal costs if states move child support paying families out of TANF into state-only programs.	

MEMORANDUM

FROM:

SUBJECT: SSA Report on Implementation of Children's SSI Cutoffs

DATE: December 5, 1997

As you know, the welfare law tightened the definition of childhood disability for SSI, and required the Social Security Administration to redetermine the eligibility of approximately 288,000 children (out of one million children now on the rolls). Advocates charge that SSA has done a poor job on these reevaluations, causing eligible children to be dropped from the rolls. At his confirmation hearing, Commissioner Ken Apfel promised a "top to bottom" review of SSA's process. This memo summarizes that report, which is nearing completion and will be released in about a week.

Overall, the report concludes that SSA did a relatively good job of redetermining eligibility for these children. However, the report identified three areas of concern (described further in an attachment), along with actions to address them.

While SSA has not made all of its final decisions, the agency expects that as a result of this report it will review the cases of approximately 50,000 children terminated from the program, out of a total of 136,000 terminations to date. All children terminated who were coded as having mental retardation will have their cases reviewed. SSA is also planning to review all terminations in the ten states with the lowest accuracy rates (D.C., Mississippi, Oregon, Pennsylvania, Idaho, Maryland, North Carolina, Washington, Tennessee, and California). Finally, SSA will offer all 75,000 families who did not appeal SSA's termination decision a new opportunity to do so.

The report will include a lower projection of the number of children who will ultimately lose SSI after all appeals are completed -- about 100,000 children, compared to SSA's original projection of 135,000. This drop of 35,000 is caused by a reestimate of the baseline and SSA's actions to date (25,000 cases) and the new actions announced in this report (10,000 cases). At the time the welfare law was enacted, the estimate was that 180,000 children would lose SSI.

With the report, SSA also plans to release case studies of a random sample of 150 children who have lost benefits. This document is intended to explain to the public what types of children are no longer eligible. Most of the children have mental disabilities other than mental retardation, including learning disabilities and ADHD. Over a third have improved since they were first found eligible. The majority are teenagers; only a handful are age six or younger.

Advocates will probably have a mixed reaction -- generally pleased about the implementation actions, but still arguing that SSA's regulation interpreting the statute is needlessly strict. The report does not address the latter issue. The Republican leadership in Congress has been

extremely supportive of SSA's actions to date, but it is likely they will criticize this report and see it as bending over backwards to restore benefits.

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SSA Report on Childhood Disability Process

SSA's report examined three areas of concern raised by advocacy groups:

I. Mental Retardation

Advocates' Charge: Too many children with mental retardation were cut from the rolls.

SSA Finding: Of the 136,000 children terminated to date, 42,000 were "coded" as mentally retarded (MR). However, most of these children do not actually have MR, because until recently SSA's systems did not have all the necessary codes. Instead, most of these children have other mental disorders, such as learning disabilities and or "borderline intellectual functioning" (which falls short of full-fledged MR). However, some unknown subset of the 42,000 do have MR, but either their impairments are not severe enough to qualify them for SSI, or they were denied incorrectly.

Even with these terminations, approximately 350,000 children with MR will remain on the rolls, out of the total of one million children on SSI.

SSA Action: SSA will review all cases terminated that were coded as MR, to ensure that all those decisions were made properly.

II. State Variations in Cutoffs

Advocates' Charge: Errors in cutoffs appear likely, since termination rates varied widely by state, from 32% in Nevada to 82% in Mississippi. Also, SSA may not have acquired all documentation, such as school records, needed to judge a child's disability. Finally, some states were disqualifying too many families for failure to cooperate without making adequate efforts to reach them.

SSA Findings: SSA data show that on average 93% of termination decisions were both accurate and complete in terms of including all required documentation. This exceeds SSA's required level of state performance for SSI. However, 10 states had accuracy/completion rates below 90%. Another 9 states had accuracy/completion rates below the national average. (SSA's experience is that about one-third of the errors identified in these measures will ultimately prove to be accurate decisions that simply lacked documentation.) SSA found that many inaccurate decisions stem from an overly strict interpretation of the new rules for children who exhibit maladaptive behavior.

Claims that SSA did not acquire all needed documentation were determined to be mostly unfounded. However, SSA found wide state variations in the percentage of children cut off because their families did not cooperate with the redetermination. In the four states with the highest rates of cutoffs due to failure to cooperate, 68% of the cases did not include documentation that all required efforts to contact the family had been made.

SSA then performed a regression analysis to determine whether wide state to state variations in overall termination rates should be expected because of legitimate factors, such as the child's age and impairment and whether the child was initially added to the rolls based on the less strict criteria eliminated by the welfare law. SSA found that these factors would lead you to expect the cutoff rate to vary from 40% in Idaho to 78% in Mississippi. While this regression analysis does not fully explain the actual state-by-state variance, it does convince SSA that most of the variance among states is due not to errors, but to characteristics of the children.

SSA Action: In the ten states with the lowest accuracy rates, SSA will review all cases terminated. In states with below average accuracy rates, SSA will review a sample of cases to see if additional reviews are needed. SSA will also provide more training on maladaptive behavior. In states with above average rates of cutoffs due to failure to cooperate, SSA will review all cases terminated.

III. Appeal Rights

Advocates' Charge: Too few families are appealing because SSA's notice to families was confusing, and workers discouraged appeals. Also, SSA discouraged families from requesting that benefits be continued during the appeal, and didn't do enough to publicize free legal services.

SSA Finding: SSA found that its workers did not discourage appeals, although this may have occurred in isolated instances. At the same time, a poll conducted by SSA confirms that many families did not understand their appeal rights.

SSA Action: All 75,000 families of children who were terminated and did not appeal will be given a new opportunity to do so. All 30,000 families of children who appealed but did not request continuation of benefits during the appeal will also be given a new opportunity to make that request. SSA will also publicize the availability of free legal services for families.

December 5, 1997

MEMORANDUM FOR THE PRESIDENT

Automated Records Management System
Hex-Dump Conversion

FROM: BRUCE REED

RE: CHILD CARE INITIATIVE

As you know, the White House staff has been working closely with various agencies to develop options for your consideration for your child care initiative. Today, I chaired a meeting with the First Lady and appropriate members of your Cabinet to discuss the initiative. While we will forward shortly a detailed decision memorandum, I wanted to give you a sense of the range of proposals under consideration. Attached is the detailed discussion memorandum prepared for today's meeting. In brief, the proposals under consideration are:

Proposals under Consideration

Tax Relief for American Families. Modify the Child and Dependent Care Tax Credit (CDCTC) to better assist low- and middle- income Americans with child care costs (the CDCTC has not been adjusted for inflation since 1982).

Tax Credits for Businesses. Provide a tax credit to businesses that incur costs related to building or operating child care facilities, training child care workers, or providing resource and referral services to employees (some version of Senator Kohl's proposal).

Subsidies. Increase federal investment in the Child Care and Development Block Grant (CCDBG) to enable states to provide child care subsidies to additional low-income working families with children under 13. Currently, we assist only about 13% of the families eligible.

Standards Enforcement. Invest in a fund (possibly structured as a set-aside from additional investment in the CCDBG) for states to improve licensing and enforce state child care health and safety standards -- specifically, to increase the number of unannounced inspections of child care facilities (which the military credits for its improvements).

Scholarships and Training for Child Care Providers. Establish a Child Care Provider Scholarship Fund (which you announced at the White House Conference on Child Care) to provide scholarship funds to students working toward a child care credential, and expand Department of Labor's Child Care Apprenticeship Program to fund training of child care providers.

Research and Evaluation. Establish a new fund to support research and demonstration projects, data collection, technology development, a National Center on Child Care Statistics, and a national child care hotline. Currently, no funds are targeted for these activities on a national level.

Early Learning Fund. Establish a new fund to promote early learning and parent involvement and education. The fund would support the following activities: providing basic training to child care providers (including first aid and CPR, and training in child development); creating and supporting family day care networks (*e.g.* connecting individual child care providers to centers for education and support); assisting providers in meeting accreditation and licensing requirements; linking child care providers with health professionals; and providing home visits, parent education, and consumer education about child care. This program would provide challenge grants to communities.

Early Head Start. Increase the Early Head Start set-aside (perhaps by doubling it), while boosting overall funding in Head Start to ensure that increasing the set-aside does not reduce the resources available for children ages 3-5.

School-Age Opportunities. Expand the 21st Century Community Learning Center Program to provide start-up funds to school-community partnerships to establish before- and after-school programming for school-age children in public schools.

Stay-at-Home Parents. Enable more new parents to make the choice to stay home with their children by expanding FMLA to cover businesses with 25 employees and/or to extend the time period from 12 weeks to 24 weeks, or by providing paid parental leave coverage for a limited amount of time for new parents below a set income level. Another option under consideration is to establish a demonstration project to enable states to test innovative approaches to help parents to stay at home during their children's first years of life.

Views of Your Advisors

Your advisors feel that any proposed tax off-sets should be spent on tax credits (*e.g.*, the child and dependent tax credit or tax credits to businesses). Secretary Rubin supports the tax proposals, particularly credits to businesses. However, he cautions (as does John Hillely) that, as it is unlikely for a tax bill to be enacted this year, our child care initiative should not rely heavily on tax pieces.

On the non-tax spending proposals, while there is considerable consensus on many of the items described above, there is disagreement on the levels of investment in affordability versus quality improvements. More specifically, Frank Raines recommends that we help low-income families afford child care, target the needs of young children, and help states enforce state health and safety standards. CEA agrees that child care affordability for low-income families should be the top priority. HHS, while believing that affordability is critical, feels that efforts to improve children's health and safety in child care must be central to the package. Gene Sperling argues strongly that a separate piece of the initiative should focus on early learning and parents as first teachers, based on the research highlighted at the recent White House Conferences. The VP's office, the Department of Education, and the Attorney General feel strongly that the great need for increased after-school programming must be addressed as a central part of the initiative.

Rahm Emanuel envisions your child care proposal to be the next significant initiative in your on-going commitment to working families.

December 5, 1997

Automated Records Management System
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MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
GENE SPERLING

SUBJECT: **Expanding the Low-Income Housing Tax Credit (LIHTC)**

Overview

This memorandum details several options to increase the cap on the LIHTC and to potentially index it to the rate of inflation in future years. This initiative, along with proposals to raise the number of incremental vouchers, expand homeownership, and strengthen the Fair Lending Law would build on the housing successes of your first four years.

Affordable Housing and the Low-Income Housing Tax Credit

Enacted as part of the Tax Reform Act of 1986, and made permanent by you in 1993, the LIHTC offers corporate and individual investors a credit against their federal income taxes based on the cost of acquiring, rehabilitating, or constructing low-income housing. The tax credit is a major federal resource for affordable housing, producing 90,000-100,000 low-income rental units per year.

However, because the amount of the LIHTC that can be allocated each year is capped relative to the population, its ability to serve its public policy mission is being eroded by inflation. The amount of the LIHTC that states may allocate each year is \$1.25 times the state's population. Since 1986, the purchasing power of the LIHTC has eroded by about 45%; if the cap had been indexed in 1986, the current credit would be more than \$1.75 per capita.

After several years of attacks from conservative Republicans to repeal the credit on the grounds that it is a form of "corporate welfare" and your repeated vetos of efforts to sunset the LIHTC, the credit currently enjoys bipartisan support in Congress and across the nation among state and local officials. Senators D'Amato and Graham have introduced legislation (S. 1252) that would provide for a significant increase in the annual volume cap. Groups such as the Local Initiatives Support Corporation (LISC) are strong supporters of this legislation.

Options

1. Index LIHTC for Inflation -- Cost: \$175 Million Over Five Years -- An inexpensive option would be to change the LIHTC statute and index the LIHTC to the Consumer Price Index. This would insure that the credit does not experience any additional future decline in value from inflation. However, this proposal would not make up any of the lost value of the credit since 1986. This would cost roughly \$175 million over five years.

2. Raise the LIHTC Cap -- Cost: \$359 Million to \$600 Million Over Five Years -- This is a moderate-cost approach that would partially offset the real loss of the credit value since 1986. For \$359 million over five years, we could increase the credit from its current value of \$1.25 to \$1.37 per capita. A more expensive, but still moderate approach, would be to increase the credit to \$1.50 per capita, which would cost approximately \$600 million over five years according to preliminary Treasury estimates. We could also add indexation to one of these increases, but this would increase the costs. Tax Policy at Treasury notes that indexation would raise the cap substantially in the outyears which would recreate the inefficiency problems the program suffered through several years ago.
3. Support S. 1252 (D'Amato-Graham) -- Cost: \$1.6 Billion Over Five Years -- This proposal would increase the annual volume cap of the LIHTC to \$1.75 per capita and index it for future years. This proposal would cost \$1.6 billion over five years.

Recommendation

Tax Policy at Treasury raises several concerns with any raise in the cap on the LIHTC (e.g., there are more efficient ways to increase low-income housing than using the tax code and having tight caps increases the efficiency of the program since projects must compete vigorously for the credit). While their argument has some merit, the LIHTC has proven to be an increasingly efficient tool and remains the only politically feasible option available to help build more affordable housing for people with low incomes. Moreover, LISC, Enterprise Foundation, and the other community development groups view the LIHTC as yours, since you were the one who permanently extended it. If Congress acts this year to increase the cap -- which is likely -- and we do not have a proposal on the table, you may lose the LIHTC as one of your lasting legacies.

The DPC and NEC recommend that you chose option 2. Option 2 would provide a modest increase in the LIHTC, while ensuring that the efficiency effects from relatively tight caps remain. The DPC and NEC believe that option 1 -- while ensuring that the credit is no longer eroded by inflation -- is too small and Tax Policy believes that as the caps are increased over time, the efficiency of the program would decrease. Option 3 -- at a cost of \$1.6 billion -- may not be feasible in the current constraints of the budget.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Diana Fortuna (CN=Diana Fortuna/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-DEC-1997 20:22:28.00

SUBJECT: Treasury decision on FICA/FUTA?

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

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

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

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

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

TEXT:

Cynthia heard a rumor from Levin's staff that Treasury is getting close to a decision on workfare and FICA/FUTA, so I checked with Karl Scholz. He said it is probably true. IRS is now reviewing an interpretation would treat FICA/FUTA in the same way as the EITC -- i.e., workfare would be exempt from these taxes.

If the IRS clears it (not a given), it would be ready sometime after December 15, but perhaps before the New Year. It will go through a normal OMB clearance process here.

It will include a limited definition of work experience/community service that is similar to what Wendell was pushing a while back, and that we were comfortable with. The goal of the definition is to prevent states from shoe-horning all kinds of work into those 2 categories in order to avoid FICA taxes. He couldn't recall all of this, and we have to double-check that it's OK, but it includes things like stipulating that the check has to come from the welfare office. Karl said that DOL may not think this is strong enough and may raise concerns about the whole thing (!).

In the meantime, we have to decide how to respond to Levin's rumor. I think we can say that they may be getting close but it's not over till it's over. But it may be hard to control how this becomes public, given all the agencies that will know, and the Treasury-Wendell-Levin link.

But it could be good news!

Withdrawal/Redaction Marker

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RR. Document will be reviewed upon request.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-DEC-1997 20:30:49.00

SUBJECT:

TO: DOUG (Pager) #SOSNIK (DOUG (Pager) #SOSNIK [UNKNOWN])
READ:UNKNOWN

TO: FRANK (Pager) #ADAMS (FRANK (Pager) #ADAMS [UNKNOWN])
READ:UNKNOWN

TO: JOHN (Pager) #HILLEY (JOHN (Pager) #HILLEY [UNKNOWN])
READ:UNKNOWN

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

TO: MARIA (SKY) (Pager) #ECHAVESTE (MARIA (SKY) (Pager) #ECHAVESTE [UNKNOWN])
READ:UNKNOWN

TO: ANTONY. J. (Pager) #BLINKEN (ANTONY. J. (Pager) #BLINKEN [UNKNOWN])
READ:UNKNOWN

TO: BRUCE N. (Pager) #REED (BRUCE N. (Pager) #REED [UNKNOWN])
READ:UNKNOWN

TO: GENE (Pager) #SPERLING (GENE (Pager) #SPERLING [UNKNOWN])
READ:UNKNOWN

TO: RON (SKY) (Pager) #KLAIN (RON (SKY) (Pager) #KLAIN [UNKNOWN])
READ:UNKNOWN

TO: ANN F (Pager) #LEWIS (ANN F (Pager) #LEWIS [UNKNOWN])
READ:UNKNOWN

TO: SIDNEY (SKY) (Pager) #BLUMENTHAL (SIDNEY (SKY) (Pager) #BLUMENTHAL [UNKNOWN])
READ:UNKNOWN

TO: JOHN D. (SKY) (Pager) #PODESTA (JOHN D. (SKY) (Pager) #PODESTA [UNKNOWN])
READ:UNKNOWN

TEXT:

a draft of the sotu memo is under your door. call waldman @home if you
need it faxed to you. P6(b)(6)

[002]

MEMORANDUM

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TO: Elena Kagan

FROM: Julie A. Fernandes
Leanne A. Shimabukuro

DATE: December 5, 1997

RE: INS Reform Meetings

The following is a summary of the meetings that we have held with various groups and agencies concerning our review of the final recommendations of the Commission on Immigration Reform ("CIR") and other reform proposals.

1. The Immigration and Naturalization Service (INS)
November 13, 1997

INS generally supports reform that would split enforcement functions from service functions at the field level, though they are in favor of keeping the functions integrated at the regional office level. Their proposal is heavily focused on improving the customer services orientation of non-enforcement employees. They also favor putting the Border Patrol in the chain of command, to address the issue of the increasing alienation of the Border Patrol from the rest of INS. The INS is also looking into ways to create pay parity between INS inspectors and inspectors with Customs as the disparity creates negative tension between officers that need to work together on the Border.

At that same meeting, OMB outlined their proposal of a higher level division between enforcement and services. OMB's view is that there is insufficient attention given to either of the two parts, so a more significant split would be a good remedy. OMB also advocates for the establishment of one enforcement officer for the border instead of the current organization of Border Patrol agents, inspectors and investigators.

2. The Department of State
November 19, 1997

The CIR recommended the creation of an Undersecretary for Migration at the State Department who would head an office in charge of virtually all immigration services -- visas, adjustment of status, naturalization, labor certification, etc. The CIR has also recommended that the State Department perform all of the refugee applications overseas. Under the current system, State's immigration role is limited to: (1) issuance of passports; (2) staffing consular

offices abroad; (3) the processing of approximately 6.5 million visas overseas (including six million non-immigrant and ½ million immigrant visas) in conjunction with the INS; (4) an advisory role re: asylum cases adjudicated in the U.S.; and (5) advising the President about world conditions to assist him in determining the annual number of refugees the United States will accept from various regions of the world.

The State Department representatives expressed some interest in exploring the possibility of assuming full responsibility for refugee processing. They seemed to view this as a way to control a fee-based process, and thus boost their consular offices (which are now, according to them, understaffed -- particularly in high growth countries). They also acknowledged the value of "one-stop shopping" for benefits and the consolidation of enforcement. This, in their view, would assist quality control -- primarily reducing fraud. State also agreed that the visa process needs to be more streamlined to reduce some of the duplication between agencies and greater clarification is needed regarding ultimate responsibility for certain decisions where more than one agency plays a role. To this end, State and INS have been involved in an effort called Data-Share, that would create a shared database between agencies. This effort started aggressively, but has stalled.

On the other hand, the State representatives voiced significant skepticism of their ability to assume the responsibilities of a large part of the INS -- particularly since they are in the process of absorbing both the USIA and ACTA. They were also very opposed to the CIR recommendation to make consular decisions reviewable (as part of their assuming greater, system-wide responsibility for the visa process). Finally, though they were in favor of the Administration having an immigration policy that recognized both the domestic and foreign policy aspects of this issue, they expressed a general philosophical view that immigration was more of a domestic issue, and thus was mis-matched with State.

3. Advocacy Groups (e.g., MALDEF, ABA, AILA, etc.)
November 21, 1997 (enforcement) and December 4, 1997 (services)

In general, the advocates believe that the most important reforms we could make would be in the areas of standards and accountability. Specifically, they are concerned that no direct line of authority exists between Headquarters and the District offices, leaving the District Directors as final decision makers on significant matters -- including interpretation of regulations. Further, many of those present advocated for a high level DOJ official to handle immigration (e.g., an Assistant Attorney General for Immigration). Their view is that without such a person, the DOJ is less institutionally responsive to immigration issues. In addition, there was support for the creation of a permanent office at the White House to handle the various migration issues on a more global policy level.

None of the advocates endorsed the CIR recommendations; in fact, they primarily criticized them. However, they did acknowledge some need to separate enforcement functions from services functions. According to the representative from AILA, this needs to be done, at a

minimum, at the district level, but the problem of mixing enforcement and services (to the detriment of services) exists throughout the agency. However, they expressed concern that complete separation between enforcement and services (as in the Reyes bill) may result in even less accountability by enforcement agents who are perceived as fairly independent. There is some belief that the fact that INS workers train in both enforcement and services mitigates the harshness of enforcement. However, there is also concern that promotions are generally only made from the enforcement side (most District Directors are former investigators), and thus that final services-related decisions are being made by enforcement officers.

On the general issue of State's role, the advocates were more comfortable with allowing the Department of Justice to retain control of the service process because of Justice's greater familiarity with and dedication to due process rights -- in contrast to State which frequently opposes administrative review of field decisions. Finally, all were opposed to giving State any enhanced authority in the area of refugees. Apparently, it has been a long fight to get State out of this process, because of years of politicization (see, e.g., Central Americans).

On the issue of streamlining, the advocates suggested scaling back the Department's role in the processing of petitions for non-immigrant visas. Under the current system, State often re-adjudicates the application instead of just checking Interpol and possible foreign policy concerns, which is simply duplicating processes. It was proposed that INS control the process, but consult with State for the limited purpose of international checks.

On the labor issues, the advocates seemed to generally favor permitting the DOL to sanction employers who fail to check whether their employees are authorized to work. However, they voiced concern about protections for undocumented workers who report labor violations. Also, the advocates expressed the view that the labor certification process for immigrant visas does not work well because it takes way too long, and is not responsive to rapid changes in the labor market. Though they expressed a preference for moving the process out of the Labor Department, they did not present a substantive reform proposal. However, according to Maria and others, there have been a couple of studies on this issue over the past couple of years.

Finally, on the issue of administrative review, the advocates favor a consolidation that would place all review at the INS, but ultimately favor a return to greater federal court review of BIA (or Attorney General) decisions.

4. Department of Labor
November 24, 1997

Currently, Labor performs three basic immigration-related functions: (1) adjudication of applications by employers for employment-based visa categories (both temporary and permanent); (2) enforcement of labor standards which are part of the criteria for some employment-based visa categories (temporary and permanent); and (3) referral of findings of I-9

non-compliance (verification of employee work eligibility) to the INS. The CIR recommends empowering Labor to sanction employers for I-9 violations (rather than just referring them to INS, where there is often no follow-up). The CIR also recommended eliminating Labor's role in the labor certification part of the visa process.

Labor has strong reservations about moving the labor certification process out of their agency (either to State or to INS). Though many criticize Labor for taking too long to process a labor certification (and thus forcing employers to hire workers with temporary visas until the paperwork is completed), they believe that the link between employment-based immigration and the labor market supports the continued use of a some sort of labor market test in deciding whether an employer is permitted to import a foreign worker. Labor believes that if this test is to have any meaning, it must be conducted by the Dept. of Labor.

Labor also believes that adjudication and compliance should be in the same agency. Thus, that Labor should have the authority to impose sanctions on employers for the wide range of violations related to labor standards -- including whether the employer adequately tested the labor market before hiring a foreign worker. Labor also favors consolidating all non-immigrant programs and giving them all a set of labor standards that the Department could enforce. In addition, Labor is in favor of their being permitted to sanction employers for failure to verify whether their employees are authorized to work in the U.S., though they do not want to be responsible for turning over employees who are possibly working illegally to the INS. They are concerned that a fear of deportation could chill the reporting of poor labor standards, which adversely affects all workers. Finally, in the area of employment-based immigration, Labor is in favor of moving from a three-step to a two-step process, which would include removing INS from the process entirely.

5. Michael Meyers
Chief Democratic Counsel, Senate Judiciary Committee
November 25, 1997

According to Meyers, there is little known support on the Hill for the CIR recommendations. Chairman Abraham has stated that he favors a split between enforcement and services, without expanding on what this means. Also, Meyers has received indications from Lamar Smith's staff that though they may be interested in changes to the INS, they are not likely to be interested in dispersing INS functions into different agencies. Meyers also believes that INS is not "mature enough" to be a separate agency, and it is unlikely that there would be much potential support for this type of option. He believes that the functions would best be kept within INS, but acknowledges that any "reform" proposal would need to be sold as dramatic change.

Meyers suggested that a possible option would be a split between enforcement and services within INS that goes all the way up -- would create two Deputy Commissioners, with two separate chains of command: one with responsibility for enforcement and the other for

services. He also favors moving INS law enforcement up to the level (training; pay; etc.) of other law enforcement agencies within the DOJ. Meyers suggested that the enforcement side could be organized like a police department: start as a border patrol agent (beat cop), move up to an investigator (detective) and further potential to move up to Deputy Commissioner. Under the current INS structure, the Border Patrol is almost completely set apart from the rest of the enforcement staff. Thus, the career ladder ends at a fairly early point, which causes the Border Patrol to lose a lot of good people. Also, they are generally isolated from the rest of enforcement, creating a perception of lack of accountability.

Meyers is very much in favor of the change that would allow the Department of Labor to sanction employers for failing to verify the work eligibility of employees. Though this would likely be disfavored by some Republicans (who tend to prefer the current, impotent system) it might be a good principled stand for us to take, even if the Republicans knock it down. Finally, Meyers also expressed support for the CIR's proposed consolidation of administrative review.

6. Commission on Immigration Reform
November 25, 1997

Several members of the CIR met with us to clarify some of the positions taken in their final report, and to answer our questions. In general, the CIR wanted to propose reforms that eliminated both perceived conflicting responsibilities within the existing structure, that made a greater distinction between legal and illegal immigration, and that made the system more efficient and easier to run and access.

On the enforcement side, the CIR recommended folding INS enforcement functions into Main Justice and upgrading it to a Division, which would require costly changes in salary structure. The CIR also recommended that the inspection function be re-cast as an enforcement function. On the services side, the CIR recommended that State assume responsibility for most of the service functions, with Labor left to enforce labor standards, including non-compliance with I-9 process.

The CIR believes that State has the capacity to handle all of the service functions now performed by the INS. In addition, the CIR views immigration policy ("international migration") increasingly becoming more of a foreign policy issue, thus more compatible with State's mission. They found attractive the idea of State building on its domestic capacity (passport offices). The CIR concluded that moving immigration services to State (a global fee-generating service) would allow them to save their consular offices abroad, which are at risk of being further devalued and de-funded.

The CIR looked at Canada and Australia to determine how this issue is handled in other countries. Both Canada and Australia have a Cabinet-level office that is in charge of migration generally. Their focus, however, is less on enforcement and more on facilitation of the process.

The CIR also recommended an independent appeals process, not located within DOJ or State. In the context of fewer issues being appealable to federal court, this would provide the needed integrity for the administrative procedure. However, under their proposed system, this would also likely require review of consular decisions, to which State is very opposed.

When asked to recommend changes within the existing system, the CIR suggested that an interim step could be to upgrade of the Commissioner's position within the DOJ, and to create two deputies (one for services, one for enforcement), each with a separate line of authority. This would go a long way toward solving "mission overload," but would not address the problem of duplication of effort and dispersion of responsibility between agencies. Next, they suggested that Labor should be removed of their responsibility for labor certification. Though it is an open question how some other agency or entity would handle this, it is clear that the present system does not work well. Finally, they reiterated their support for allowing Labor to sanction employers for failure to comply with I-9 requirements, and possibly making the hiring of authorized workers a labor standard, enforced by the DOL.

7. Carnegie Endowment
December 1, 1997

The Carnegie Endowment is currently in the process of drafting a report on INS reform that will likely be ready in February 1998. Carnegie was not in favor of the CIR recommendations. However, they do think that more reform is needed, and attention on the CIR report may fuel the ability to make such reforms. In general, they favor reducing the redundancies in the processes, making it smarter, more transparent and more logical. They recognize that a more dramatic proposal that they might favor (possibly creating an independent agency) is not likely to get support on the Hill, and is thus no more realistic than the CIR recommendation.

There are, however, a set of reforms that Carnegie supports. On the labor front, Carnegie would like to see the DOL with the authority to sanction employers for failing to verify whether their employees are authorized to work (I-9 failures), but would like Justice to continue to prosecute employers for knowingly hiring unauthorized workers. They are also in favor of taking the labor certification process from DOL -- possibly to privatize it, which they believe would be more efficient and cheaper. Finally, they expressed interest in making legal hiring a labor standard, enforced by DOL as part of their general review of employers for compliance with other labor standards (minimum wage laws; equal pay for equal work; etc.)

On creating a more streamlined process, Carnegie is interested in looking at how to eliminate unnecessary steps in the visa process. They have called for more cooperation between agencies, that could possibly include data sharing -- with the appropriate privacy protections. Also, they are concerned that there continues to be a lack of high level policy coordination on the larger immigration questions. This could be rectified through elevating the Commissioner (to an

AAG), or through the creation of a more permanent immigration or international migration office somewhere else in the Executive branch, including possibly the White House.

8. Department of Justice -- John Morton
December 2, 1997

The Attorney General is concerned with accountability within the existing system. Justice has thought about proposing a programmatic and policy split between services and enforcement within the INS that might create better lines of authority, and thus greater accountability. An open question remains as to how the split between enforcement and services would be structured. They seem at this stage to be inclined to consider a split that is more aggressive than the INS proposal to split at the district office level. Justice is also interested in proposals that better integrate the Border Patrol within the rest of the INS enforcement structure, in a way that upgrades the other components (though they have not thought about the police department model). In conjunction with a service/enforcement split, Justice is looking at breaking out of the district model, to (1) a more regional model for enforcement (including detention); and (2) a more community-based model for services (along the lines of the service centers now being piloted by INS).

Though Justice has not seriously considered moving enforcement out of INS and into Main, they are reluctant to create another law enforcement sub-agency within the Department. Also, DOJ is opposed to the creation of an independent agency for administrative review. They do not want to diminish the Executive's adjudicative and policy-making role.

Justice is interested in coordinating, to the extent possible, the DPC review with the Booze-Allen study that has been authorized. If we decide that internal restructuring is where we want to go, we should let INS and DOJ know our suggestions as soon as possible, so that they can use this study to look at areas of reform that we identify, rather than wasting time on those that we clearly oppose.

Finally, the Commissioner is set to propose several changes to the 1996 Immigration Act within the next couple of weeks to the DOJ. There is a question about whether this should proceed on a different track from the INS review process. We believe that a separate track would be advisable at this time.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Richard Socarides (CN=Richard Socarides/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 6-DEC-1997 12:08:40.00

SUBJECT: Human Rights Campaign on Medicaid / HIV

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

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

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

TO: Philip G Dufour (CN=Philip G Dufour/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Donald H. Gips (CN=Donald H. Gips/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Maurice Daniel (CN=Maurice Daniel/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

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

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

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

TO: Heidi Kukis (CN=Heidi Kukis/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

TO: Virginia M. Terzano (CN=Virginia M. Terzano/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Ron Klain (CN=Ron Klain/O=OVP @ OVP [UNKNOWN])

READ:UNKNOWN

TEXT:

----- Forwarded by Richard Socarides/WHO/EOP on 12/06/97
12:04 PM -----

rwockner @ netcom.com
12/05/97 11:31:00 PM

Record Type: Record

To: Stuart D. Rosenstein, Richard Socarides
cc:
Subject: NC5562: HRC on Medicaid HIVer exclusion

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NEWS RELEASE from the
Human Rights Campaign
1101 14th Street NW
Washington, DC 20005
email: david.smith@hrc.org

FOR IMMEDIATE RELEASE
Friday, Dec. 5, 1997

HRC CALLS ON SHALALA TO STAND BY COMMITMENTS TO MAKE
LIFE-SAVING THERAPIES AVAILABLE TO LOW-INCOME PEOPLE WITH HIV

Dubs Continued Exclusion of People With HIV a 'Moral Outrage'

WASHINGTON -- Responding to reports that the Clinton administration has abandoned attempts to expand Medicaid coverage to low-income people who are HIV-infected, the Human Rights Campaign labeled the move a "moral outrage," and called upon Health and Human Services Secretary Donna Shalala to stand by the commitments of President Clinton and Vice President Gore to make new life-saving drugs available to people who cannot afford them.

An AIDS-specific expansion of the Medicaid program would allow states to enroll people who are HIV positive, who would otherwise be excluded from the program until they developed full-blown AIDS. Such an expansion will save resources because the high costs of hospitalization and treating opportunistic infections will be curtailed. Vice President Gore announced his support for such a Medicaid expansion in April and called on the Health Care Financing Administration to issue a report within 30 days on such an initiative.

According to The Washington Post and the Associated Press, the Health Care Financing Administration, which oversees Medicaid, has determined that expanding Medicaid to cover low-income people who are HIV-infected but who are not yet diagnosed with AIDS is too expensive.

"[S]everal proposals were tested and all were too expensive, Victor Zonana, a spokesman for the Department of Health and Human

Services, said Thursday," according to the Associated Press.

"For administration officials to acknowledge that new treatments administered early in the course of HIV disease save lives, and then fail to develop programs to make those treatments available is a moral outrage," said Winnie Stachelberg, political director of the Human Rights Campaign.

The administration's own guidelines for the treatment of HIV disease, released in June, clearly indicate that early treatment is essential. For the administration not to develop a comprehensive plan to ensure that these treatments are available to all those who need them is a life-threatening contradiction.

Stachelberg pledged that the Human Rights Campaign, working with its coalition partners, will continue to press the Clinton administration to rapidly develop a solution to this problem. "People's lives are at stake," Stachelberg said. "'Too expensive' is an unacceptable excuse for not making these treatments available to people who cannot otherwise afford them."

The Human Rights Campaign is the largest national lesbian and gay political organization, with members throughout the country. It effectively lobbies Congress, provides campaign support and educates the public to ensure that lesbian and gay Americans can be open, honest and safe at home, at work and in the community.

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

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IQTZOJGTC000Y37K@PMDF.EOP.GOV>; Fri, 05 Dec 1997 23:34:40 -0500 (EST)

Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IQTZOGFVKG0152UZ@PMDF.EOP.GOV>; Fri,

05 Dec 1997 23:34:35 -0500 (EST)

Received: from netcom9.netcom.com ([192.100.81.119])
by STORM.EOP.GOV (PMDF V5.1-7 #6879)

with ESMTTP id <01IQTZNQR0HW003MWL@STORM.EOP.GOV>; Fri,

05 Dec 1997 23:34:02 -0500 (EST)

Received: (from rwockner@localhost)

by netcom9.netcom.com (8.8.5-r-beta/8.8.5/(NETCOM v1.02)) id UAA17291; Fri,
05 Dec 1997 20:31:58 -0800 (PST)

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

Pediatric Labeling. This week, *The New York Times* reported that the pharmaceutical industry has raised ethical concerns about the Administration's pediatric labeling regulations. Specifically, the article reported that the industry was claiming that clinical trials required would unnecessarily expose children to inappropriate, and potentially harmful, doses of medication. This story, which primarily focused on the potential costs to pharmaceutical companies, did not back up its headlines with any substantive example. Nor did it suggest any concerns that the industry had not raised previously when you released the regulation in August. The article failed to mention that the regulation allows the FDA Commissioner to waive testing requirements for any trial that provides unacceptable health risks to children. Moreover, the American Association of Pediatrics and other consumer advocates immediately responded to this article by emphasizing the need for this regulation. They pointed out that it was unethical not to have this regulation and it exposed all the nation's children to medications that physicians have inadequate information about. As to the industry's concern about costs, it is also important to note that the FDA reform bill you recently signed into law contained a provision that would compensate companies for this testing through the six month extension of market exclusivity for these drugs. These facts may help explain why there was no media followup to this story.

Tobacco/Medicaid Testimony. On Monday HCFA's Nancy-Ann Min DeParle is testifying before the House Commerce Subcommittee on Health on the issue of Federal recoupment of the Medicaid portion of any state's tobacco settlement agreement. In her testimony, Nancy-Ann will praise states for their successful lawsuits against the tobacco industry and the settlements they have obtained. She will also point out how the Federal government, through the FDA, strengthened the hands of states in filing their suits in the first place. Her testimony has been designed avoid being confrontational but to simply state that the current statute does not give significant leeway with regard to recapturing overpayments. It will also reiterate our longstanding public position that it is our hope and expectation that the Federal/State allocation issue will be resolved in through a Federal legislative solution on this subject.

Medicaid AIDS Demonstration. Late this week, *The Washington Post* and *The New York Times* reported that the Department of Health and Human Services has concluded that an AIDS Medicaid demonstration would be extremely expensive and certainly would not meet the normal budget neutrality waiver requirement. This spring, the Vice President requested that HHS look into the feasibility of a demonstration program to allow AIDS patients to become eligible for Medicaid much earlier so they could access to promising therapies earlier when they are thought to be more effective, helping keep people with HIV healthier and more able to work. This request raised expectations in the AIDS community. However, it was learned through subsequent analysis that this program could cost well over \$8 billion and would certainly violate the Administration's budget neutrality rule for Medicaid demonstrations. The AIDS community was briefed on this problem and was generally accepting that the costs of such a demonstration would be significant. Notwithstanding the *Post's* suggestion that we are abandoning this concept altogether, we have currently requested that HCFA develop a legislative Medicaid demonstration proposal that would cap the costs yet still provide some earlier access to these

drugs in Medicaid. There is no doubt that the AIDS community is watching the Administration's actions closely, particularly with regard to the FY 1999 budget and will push for your continued support for AIDS research and treatment. We are preparing options for your consideration, both through Medicaid and the discretionary budget.

Automated Records Management System
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-DEC-1997 13:55:09.00

SUBJECT: Women's Groups

TO: Elena Kagan (CN=Elena Kagan/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: Ann F. Lewis (CN=Ann F. Lewis/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: Susan M. Liss (CN=Susan M. Liss/O=OVP @ OVP [UNKNOWN])

READ:UNKNOWN

TO: Audrey T. Haynes (CN=Audrey T. Haynes/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Some of the women's groups called and asked if they could come in and have a brainstorming session with us on how to go forward on family planning issues in a more strategic fashion. They have done some thinking and want to discuss it with us.

One specific thing they have raised and I thought that Chris might want to think about is they are suggesting increases to title 10 funding to make abortion less necessary.

Jen would you please make sure Melanne knows. (I couldn't get her on email.)

Thanks.