

NLWJC - KAGAN

EMAILS RECEIVED

ARMS - BOX 076 - FOLDER -003

[04/29/1998 - 05/01/1998]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Minyon Moore (CN=Minyon Moore/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:29-APR-1998 17:57:41.00

SUBJECT: WHITE HOUSE/PIR COORDINATING MEETING

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

TO: Katherine D. Sheckells (CN=Katherine D. Sheckells/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

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

TO: Miriam H. Vogel (CN=Miriam H. Vogel/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Michele Cavataio (CN=Michele Cavataio/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

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

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

TO: Tamara Monosoff (CN=Tamara Monosoff/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

TO: Lydia Sermons (CN=Lydia Sermons/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

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

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

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

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

TO: Lin Liu (CN=Lin Liu/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

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

TO: Michael J. Sorrell (CN=Michael J. Sorrell/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

TO: Audrey M. Hutchinson (CN=Audrey M. Hutchinson/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

TO: Claire Gonzales (CN=Claire Gonzales/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

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

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

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

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

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

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

TO: Lynn G. Cutler (CN=Lynn G. Cutler/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

TO: Judith A. Winston (CN=Judith A. Winston/OU=PIR/O=EOP @ EOP [PIR])

READ:UNKNOWN

TEXT:

We will have our regularly scheduled PIR/White House coordinating meeting on Thursday, April 30th at 4:00 p.m. in room 180. Please make every effort to attend or send a representative.

1. PRESIDENTIAL ACTIVITIES

2. PIR REPORTS
 - A. Statewide days of dialogue
 - B. May Advisory Board Meeting
 - C. Upcoming Religious Forum

3. Report from White House Offices

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 29-APR-1998 18:04:20.00

SUBJECT:

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

TEXT:

6:00 press conf. mtg. in Podesta's is starting now

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Darby E. Stott (CN=Darby E. Stott/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:29-APR-1998 18:47:08.00

SUBJECT: POTUS Q&A

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

READ:UNKNOWN

TEXT:

----- Forwarded by Darby E. Stott/WHO/EOP on 04/29/98
06:46 PM -----

Laura Emmett

04/29/98 12:02:28 PM

Record Type: Record

To: Amy W. Tobe/WHO/EOP, Lori L. Anderson/WHO/EOP, Darby E. Stott/WHO/EOP

cc: Cynthia A. Rice/OPD/EOP, Paul J. Weinstein Jr./OPD/EOP, Sarah A.

Bianchi/OPD/EOP

Subject: POTUS Q&A

Per Amy's request to Bruce, here are the Q&A's you requested

----- Forwarded by Laura Emmett/WHO/EOP on 04/29/98 12:00
PM -----

Elena Kagan

04/28/98 07:44:33 PM

Record Type: Record

To: Laura Emmett/WHO/EOP

cc:

Subject: POTUS Q&A

----- Forwarded by Elena Kagan/OPD/EOP on 04/28/98 07:47
PM -----

Bruce N. Reed

04/28/98 06:41:07 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Cynthia A. Rice/OPD/EOP, Paul J. Weinstein

Jr./OPD/EOP, Sarah A. Bianchi/OPD/EOP

cc:

Subject: POTUS Q&A

Amy Tobe asked that we pull together Q&A on 1)Tobacco and 2)Needle

Exchange to give the President tomorrow for a possible press availability later this week. Paul, could you pull together the latest and get it to Amy by midday tomorrow? thanks.

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D78]MAIL41982781Y.126 to ASCII,
The following is a HEX DUMP:

FF5750433C050000010A020100000002050000005E1F000000020000E134ED1CD143375003BE1A

Needle Exchange Q&As
April 29, 1998

Q: What is your position on the Solomon Amendment to prohibit any Federal funding for needle exchange programs?

A: The Administration strongly opposes this legislation because it is unnecessary and unwarranted. We believe that this legislation serves only to further politicize this issue. Congress should focus on those issues that immediately impact the health and well being of the nation: youth smoking, quality shortcomings, and Americans ages 55 to 65 that have been failed by the insurance market.

Q: If you believe that needle exchange is an issue that should be decided at the local level why does the Secretary need any authority to authorize Federal funding?

A: It has been the longstanding position of Congress to give the Secretary of Health and Human Services the authority to determine the scientific and public health merits for a wide range of public health activities. We believe it is unwarranted and unnecessary to take away the Secretary's authority and that this legislation is being pursued for purely political -- not policy -- reasons.

Q: If the science concludes that needle exchange programs reduce the transmission of HIV and do not increase drug use, why didn't you release federal funds for needle exchange programs?

A: We have always said that communities should make their own decisions on this issue, based on their own circumstances and using the best available scientific information. Releasing federal funding for needle exchange would have inappropriately shifted the focus away from communities -- where these decisions should be made -- to the national level. That could have severely undermined or threatened local programs that are currently in place, and hindered additional communities from deciding to put these programs into place. At the same time, such federal action could send an inappropriate message about the acceptability of drug use -- a message that is not sent when an individual community decides, on the basis of its unique circumstances, that a particular, carefully designed needle exchange program advances public health interests. For these reasons, the Administration concluded that it should simply give the scientific guidance that is necessary for communities to make their own decisions, rather than federalize the needle exchange issue.

**Q&As on Tobacco
April 28, 1998**

Q: Do you really think you'll get a tobacco bill this year?

A: I believe we have an historic opportunity to pass bipartisan legislation this year which contains all the elements necessary to reduce teen smoking. And I'm going to do everything I can to put politics aside and pass legislation that will achieve that objective. Senator McCain's legislation, which passed the Commerce Committee by a 19-1 vote, is a strong step in the right direction. **It shows real momentum in both parties to pass effective, comprehensive tobacco legislation this year.**

Q: Isn't the McCain bill a big government, big tax proposal?

A: No. What this bill does is to attack the problem of youth smoking comprehensively, as all experts say we need to do, by combining strong provisions on price, penalties, advertising and access, and FDA jurisdiction. Although we have some differences with Senator McCain, he also recognizes the need to move forward on all these fronts to reduce youth smoking. That's not about big government. It's about sensible, bipartisan steps to dramatically reduce youth smoking.

Q: But won't the McCain bill create 17 new federal bureaucracies?

A: No -- this isn't about big government. What the bill does is to ensure that the federal government has the authority to regulate tobacco products in order to reduce youth smoking, as well as the ability to target tobacco revenues to strong public health and research efforts. The so-called "bureaucracies" that the industry is now complaining about are nothing more than what's necessary to protect the public health in this way -- to ensure that cigarettes are not sold to minors, to promote effective education, and to encourage smoking cessation. The proof that this is an industry con job is clear: almost all these provisions were in the June 1997 proposed settlement put forward by 41 state attorneys general, which the industry agreed to. The industry is criticizing these provisions now only because the political tide has turned against it, and certain other aspects of the legislation have gotten stronger.

Q: Are you worried about the bill creating a black market?

A: We think we can minimize black market activity through a system similar to the one that's been in place for alcoholic beverages for over sixty years by: 1) creating a "closed" distribution system for tobacco products so that only licensed entities can sell or buy products; 2) clearly branding packages for export, to prevent them from being diverted; and 3) establishing and enforcing penalties and other actions for violators. Senator McCain's bill largely addresses these issues, and we are working with him on technical changes.

Q: Wouldn't this big government scheme extend the reach of the federal government to

every mom-and-pop grocery store or 7-11?

A: No. We are comfortable with a system that places primary responsibility for licensing retailers on state governments, as the McCain bill does. The important thing is to work with Congress to devise a scheme that will facilitate the effort to prevent smuggling, while not burdening retailers. The Administration will work with Congress, and the retailers themselves, on this issue.

Q: Won't the McCain bill bankrupt the companies? Lots of Wall Street analysts say it will.

A: We don't want to put the tobacco companies out of business. We just want to put them out of the business of selling cigarettes to kids. A central feature of comprehensive tobacco legislation is to ensure that most of the payments made by the tobacco companies are passed on to price, in order to reduce youth smoking. As a result, there will be at most a modest impact on the profitability of the tobacco companies. This is also an industry with significant cash flow and net assets that will allow it to easily absorb this modest profit decline. The operating earnings of RJR, Philip Morris, and Loews last year were *\$18 billion*. Even RJR, the most highly leveraged firm in this industry, had a \$1.5 billion operating profit for its domestic tobacco business, and has over \$4 billion in net assets from its Nabisco stock holdings. The only real risk of bankruptcy comes from losing a rash of lawsuits in court.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:29-APR-1998 18:54:59.00

SUBJECT: h1b letter

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

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

TEXT:
Here is the letter, reflecting agency comments.

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D26]MAIL47453781H.126 to ASCII,
The following is a HEX DUMP:

FF57504370040000010A020100000002050000000C318000000020000F4617DD0BD61DC2CDCF3E6
B471B2E1DA2E918F3E177E4B380C5D72C5AFAEB00EFCBD37912C9CE335D65C7AC132D8B295F7BB

April 30, 1998

The Honorable Lamar Smith
Chairman
Subcommittee on Immigration
Judiciary Committee
U. S. House of Representatives
Washington, D.C. 20510

Dear Mr. Chairman:

Today, your Subcommittee will mark-up H.R. 3736, the "Workforce Improvement and Protection Act of 1998" which is intended to address the growing demand for skilled workers in the information technology (IT) industry by enacting a temporary increase in the annual cap on the number of visas for temporary foreign "specialty" workers under the H-1B program, while also effecting reforms to the H-1B program that would help target their usage to industries and employers that are actually experiencing skill shortages.

The Administration believes that the first step in increasing the availability of skilled workers must be raising the skills of U.S. workers and helping the labor market work better to match employers with U.S. workers. Therefore, substantial additional efforts by industry to increase the skill level of U.S. workers and needed improvements in the H-1B visa program are necessary prerequisites for the Administration to support any short-term increases in the number of visas for temporary foreign workers.

We are pleased that H.R. 3736 is consistent with one of our primary objectives, insofar as it conditions a temporary increase in the H-1B cap on the enactment of meaningful reforms to the H-1B visa program. Your bill would help ensure that U.S. workers would not lose their jobs to a temporary foreign worker and that qualified U.S. workers would have the opportunity to fill a job before a temporary foreign worker is hired. Moreover, your bill modestly expands enforcement authority to help prevent employer abuses of the H-1B program. These reforms will effectively target H-1B visas to industries experiencing skill shortages.

Unfortunately, H.R. 3736 does not contain any provision for additional training opportunities for U.S. workers. Training is a vital component of our strategy to address the long-term demand for highly skilled U.S. workers and to enhance the international competitiveness of important U.S. industries. An effective training strategy would also work to reduce the demand for H-1B visas. We are also concerned that the increase in the annual number of H-1B visas reflected in this bill is too large, although we agree that the increase should last for only three years.

For these reasons, the Administration believes that this legislation would substantially improve the current H-1B program and, with the addition of meaningful training provisions and a modest reduction in the level of increase in the annual H-1B visa cap, would garner the Administration's support. Modifications to the H-1B program that appropriately protect U.S.

workers will also reinforce the Administration's strong support for legal immigration. We look forward to working with the Congress on these and other specific provisions in the bill.

The Office of Management and Budget advises that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

BRUCE REED
Assistant to the President
for Domestic Policy

GENE B. SPERLING
Assistant to the President
for Economic Policy

cc: Representative Melvin L. Watt, Ranking Member

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:29-APR-1998 19:53:18.00

SUBJECT: Q&A on meat recall

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

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

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

TEXT:

Here is a Q&A on the meat recall that was announced yesterday involving
ground beef at an Illinois plant. ===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D89]MAIL482257816.126 to ASCII,
The following is a HEX DUMP:

FF57504370040000010A02010000000205000000030D00000002000028C8186E74853E45B85708
79C79573B2FA6EEACB679821E331BBF988A2029A29DDD910082F20CD7996934E7D45C345E323F1

Q: What is happening involving a meat recall in Illinois? Have there been any reports of illness associated with the beef?

A: IBP, a company that produces ground beef at a plant in Joslin, Illinois, yesterday voluntarily recalled all the ground beef that was produced by the plant on April 14, 1998. A package of ground beef produced at the plant on that day and shipped to Florida was tested and found positive for E.coli 0157:H7. USDA has notified all state health departments, and there has been no known illness reported from the product. The positive test was performed as part of a regular program of testing conducted by the USDA. USDA officials have visited the IBP facility and continue to work closely with IBP in ensuring that all product is removed from commerce as soon as possible.

Q: How much beef is being recalled? What should consumers do?

A: The recall involves over 280,000 pounds of ground beef, and the recall is planned to reach every state where the beef may have been shipped. Consumers should follow safe handling labels and thoroughly cook the meat to an internal temperature of 160 degrees which kills harmful bacteria, including E.coli 0157:H7.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:29-APR-1998 20:11:50.00

SUBJECT:

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

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

TEXT:

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D61]MAIL489657815.126 to ASCII,
The following is a HEX DUMP:

FF57504370040000010A02010000000205000000161200000002000029562A5086562249AEB1A3
2DC884CBE2DEB50EFF46569786F7EE217E08890EF34AB7BC0A1C756A0BC62324A762CE2B555635
196EB4244C8E4DA400CF8C35596192A9BAD8055F9B27A103FFBEFDCEC3FE1809F4011BD1994805

Health Care/Tobacco Concerns of Asian Americans:

Immediately after this week's release of the Surgeon General's report on tobacco, a number of members of the minority caucuses wrote Dr. Satcher to raise concerns about the lack of data on the insular areas, particularly on residents of the Pacific Islands. They urged the Surgeon General to ensure that future health reports incorporate this data, so as to inform health care providers and other experts about the extent of the problems for this population. They strongly feel that such information is necessary to create a baseline of understanding of the challenges these populations face, which they believe is essential to learning if various interventions are actually improving the situation.

Although Asian American Members of Congress and advocates frequently raise the need for better data collection, they are extremely happy with your focus on race and health disparities. In particular, they were pleased you highlighted Asian-American-specific data in your radio address and in your speech as you received the Surgeon General's report. (There has been a 17 percent increase in smoking among Asian American high school students; the Surgeon General's report chronicled how tobacco companies have promoted their products by sponsoring numerous ethnic activities and events, such as Chinese New Year festivities and events related to Asian/Pacific Heritage month.)

Some members of the Caucus are searching for funding set-asides in the tobacco legislation. This may be unconstitutional; even if it is not, it would be extremely difficult to pass this Congress or not even particularly advisable. We are working with numerous organizations to develop the best alternatives to ensuring that the needs of special populations are adequately addressed in any tobacco legislation.

Talking Points:

- I have found the information on the increases in smoking amongst all our high school children in the last several years to be shocking. We cannot tolerate the fact that there has been a 17 percent increase in smoking by Asian American high school students. This is the time, this is the year, for comprehensive tobacco legislation. It would be the most significant public health achievement any of us could be a part of.
- I acknowledge that we need better data and a greater commitment to collecting health care information on populations living in the insular areas, particularly for the Pacific Islands. I am well aware of your letter to the Surgeon General and look forward to working with him and the rest of the Department in doing a better job in this area.
- I want to work with you on the tobacco bill, as well as on my race and health initiative, to ensure that we are crafting the strongest possible legislation to address the many health care challenges facing Asian Americans and all minorities. The health care disparities I have documented in the past are an embarrassment to the whole nation; we can and should do better. I am committed to that end.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Donna L. Geisbert (CN=Donna L. Geisbert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:30-APR-1998 08:00:28.00

SUBJECT: Weekly Tobacco Strategy Meeting

TO: DAILARD_C (DAILARD_C @ A1 @ CD @ VAXGTWY [UNKNOWN]) (OPD)
READ:UNKNOWN

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

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

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

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

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

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

TO: Peter G. Jacoby (CN=Peter G. Jacoby/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: MARR_C (MARR_C @ A1 @ CD @ VAXGTWY [UNKNOWN]) (OPD)
READ:UNKNOWN

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

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

TO: Sherman G. Boone (CN=Sherman G. Boone/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

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

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

TO: Jerold R. Mande (CN=Jerold R. Mande/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

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

READ:UNKNOWN

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

CC: MURRAY_MM (MURRAY_MM @ A1 @ CD @ VAXGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

CC: Satish Narayanan (CN=Satish Narayanan/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

CC: Dan J. Taylor (CN=Dan J. Taylor/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

CC: haverkamp_jennifer (haverkamp_jennifer @ ustr.gov @ INET @ VAXGTWY [UNKNOWN])
READ:UNKNOWN

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

CC: Jill M. Pizzuto (CN=Jill M. Pizzuto/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TEXT:

The Weekly Tobacco Strategy Meeting is scheduled for today, April 30, at 2:45 in Room 211, OEOP.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:30-APR-1998 10:04:09.00

SUBJECT: Bill Corr paged me, wants our 2-3 pagers on issues so he can get

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

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

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

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

TEXT:

his working groups up to speed ... his working groups are supposed to bring proposals to caucus by next Tuesday, and settle policy by end of the week. If you can't find your packets, Cynthia Dailard can give you a new set!

Bill said he'd like to get together with us tomorrow morning...talk about what's happened in the four working groups (all except law enforcement and antitrust)..... he's going to call me or Elena later today to discuss.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:30-APR-1998 10:12:43.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

Tarplin will meet you for the 11;15 w/ JR unless you want to cancel since
Bruce can't go

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:30-APR-1998 10:52:06.00

SUBJECT:

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

TEXT:

Cynthia is holding at 65584 w/ question for you

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:30-APR-1998 11:06:16.00

SUBJECT: Weekly Health Care Strategy Meeting

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

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

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

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

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

TO: BEIER_D (BEIER_D @ A1 @ CD @ VAXGTWY [UNKNOWN]) (VPO)
READ:UNKNOWN

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

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

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

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

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

CC: Satish Narayanan (CN=Satish Narayanan/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

CC: Miriam H. Vogel (CN=Miriam H. Vogel/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

READ:UNKNOWN

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

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

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

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

TEXT:

The weekly Health Care Strategy Meeting for today is CANCELLED.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:30-APR-1998 12:15:32.00

SUBJECT: Administration comments on Shaw's package of SSI crackdowns

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Shaw wants SSA comments on a package to get tough on SSI fraud/overpayments. SSA, OMB, and I have developed positions on his 30-odd proposals. But there are 3 close calls where we might need to disagree with SSA/OMB and advocate a tougher stand. Do you agree?

If someone gives information that they knew or should have known was false or misleading to get SSI benefits, Shaw wants penalties of 1 year for the 1st offense, 10 years for the 2nd, and lifetime ineligibility for the 3rd. SSA wants to say that lifetime sanctions are "too harsh and inflexible", and wants lesser penalties of 6 mos, 12 mos, and 24 mos.

But food stamps already has a penalty structure of 1 yr/10 yrs/lifetime sanctions, so I'm not sure how we justify opposing this for SSI. Do you agree?

Likewise, Shaw wants to impose a 10-year eligibility ban on someone who claims U.S. residency when they really live outside the U.S. SSA wants to oppose penalizing this false statement more harshly than other false statements. But I think Shaw's model is TANF's 10-year ban for those who claim residency in two states.

SSA wants to oppose Shaw's proposal to bar anyone convicted of 2 felonies from SSI for 10 years, and have a lifetime bar on anyone with 3 felony convictions. The best argument against this is someone who commits 3 felonies at 18, goes to jail and cleans up act, and then is injured 20 years later. I don't like this one, but I'm nervous about opposing. Maybe we should push for a modified version.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:30-APR-1998 14:24:28.00

SUBJECT: Tobacco Meeting - OPL

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: Barbara D. Woolley (CN=Barbara D. Woolley/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

I think this is a good idea--do you all have any objections? we'd like to do it for next friday 5/8, although the date is negotiable.

----- Forwarded by Maria Echaveste/WHO/EOP on 04/30/98

02:27 PM -----

Barbara D. Woolley

04/30/98 10:50:47 AM

Record Type: Record

To: Maria Echaveste/WHO/EOP

cc: Marjorie Tarmey/WHO/EOP

Subject: Tobacco Meeting - OPL

At the OPL staff meeting this morning, the OPL staff brainstormed on tobacco and how to get our groups more invested in the issue (not just the public health groups). We all agreed that a meeting in the Roosevelt Room with our key opinion leaders was key. The meeting should be a high level meeting with Erskine. The message to the leaders: the time is now, we need their grassroots to get involved, this is for our kids. What do you think?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:30-APR-1998 16:13:26.00

SUBJECT: We got comments from Bruce on nearly all the two pagers...we'll show you w

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

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

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

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:30-APR-1998 17:14:28.00

SUBJECT: Bilingual Ed

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:

Can you check this with Elena. Mike Cohen is out until Tuesday, does she want us to set this up or wait for Mike?

----- Forwarded by Marjorie Tarmey/WHO/EOP on 04/30/98
05:07 PM -----

Maria Echaveste

04/30/98 02:27:52 PM

Record Type: Record

To: Michael Cohen/OPD/EOP, Karen E. Skelton/WHO/EOP, Mickey Ibarra/WHO/EOP, Janet Murguia/WHO/EOP

cc: Marjorie Tarmey/WHO/EOP

Subject: Bilingual Ed

Folks--two things--one last meeting so we can decide if there is any opportunity for any senior member of the administration to go to calif--Mike --should we organize it--also I think we all deserve a celebration--maybe next Wed???Marjorie could you check my schedule.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jennifer R. Muller (CN=Jennifer R. Muller/O=OVP [UNKNOWN])

CREATION DATE/TIME:30-APR-1998 18:26:08.00

SUBJECT: Labor Law Meeting

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

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

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

Morley A. Winograd (CN=Morley A. Winograd/O=OVP [UNKNOWN])
READ:UNKNOWN

TEXT:

Morley Winograd would like to organize a labor law meeting on 5/5 or after
. What times are good for you?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:30-APR-1998 18:59:47.00

SUBJECT: Weekly Report

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

TEXT:

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D61]MAIL47498691X.126 to ASCII,
The following is a HEX DUMP:

FF575043F20F0000010A02010000000205000000ED4F000000020000024BA23469CB30342206DCE
6FA5C684AB6628E69854E42074C5A9E7A7C52A632FC99BB7469033FB629B428CE759B81815C019

May 1, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

RE: DPC Weekly Report

Tobacco -- Legislative Update: Senator Lott has said he will bring the McCain bill to the Senate on May 18th. On Wednesday, as you know, we had a very positive meeting with Lott and Daschle where we discussed developing an agreed upon manager's amendment as well as an amendment strategy for the floor. We then met separately with Senator McCain on Thursday, and he said that he would urge Lott to appoint Senator Mack to negotiate on behalf of the Republicans. We expect that negotiations could begin as soon as Tuesday.

The Commerce Committee will shortly release a new version of the McCain bill with technical changes. In addition, McCain's staff asked for our assistance in restructuring the bill so that it could operate effectively whether or not the industry consents. **In response, we plan to provide them shortly with proposed revisions that separated out all the provisions requiring the consent of participating manufacturers -- as well as the benefits they are seeking, such as the liability cap -- into a single stand-alone title.** The other titles would apply to all manufacturers, whether they consent or not, and include advertising restrictions originally included in the FDA rule but not the broader ones that raise constitutional difficulties (those would be put in the separate title). **ELENA: LA COUNTY OFFICIALS ARE IN TOWN NEXT WEEK, SO THIS WOULD BE A GOOD WEEK TO GET THIS IN. I HAVE ALREADY HEARD A RUMOR THEY ARE TRYING TO GET A MEETING WITH ERSKINE, THOUGH NOTHING IS ON HIS CALENDAR YET. THEY'LL PROBABLY ALSO PUSH FOR A VP MEETING.**

Child Support Enforcement -- Progress on Child Support Incentives Legislation: Both the House and Senate are moving forward on good legislation to reward states for high performance on child support collections, and to ensure that states face tough but reasonable penalties if they fail to establish child support enforcement computer systems on time. The penalty in current law is so extreme (withholding all TANF and child support funds) that it has never been enforced, while the proposed penalties are smaller -- e.g., 4% the first year, 8% the second year -- but automatic. We favor the tougher House bill. The Senate bill would allow states an extra year to comply without penalty, and let them "earn back" prior penalties once they come into compliance. About 15 states are likely to face some penalty.

The Senate bill was specifically crafted to satisfy members from California. That state faces far greater penalties than any other state because it is years away from having a functioning state-wide system and has continued to rely on county-based systems. However, L.A. County remains very unhappy with even the Senate position, and is pushing both Congress and the Administration to give it a special exemption from any penalty. L.A. County District Attorney Gil Garcetti argues that L.A. County has an excellent county system that has long functioned well and was designed with federal involvement under a waiver several years ago. DPC, HHS, and OMB hold that such an exemption would allow numerous other counties to make the same argument, and that the federal government must hold states accountable for their actions in this critical area. (States are not required to pass along penalties to counties.) Hill leaders do not generally support an L.A. County exemption, and California members like Matsui and Stark oppose it. Sen. Feinstein supports the exemption.

In addition, we are working with Congress on how to create a standard form for medical support orders, in order to make it easier for children to be covered by a non-custodial parent's health insurance. Finally, the House bill would exclude aliens who fail to pay child support from admission to the U.S. and make them ineligible for visas. We generally support this provision, but are working to ensure that it is better targeted so that it does not create a huge administrative burden for the INS.

Health Care -- Prescription Drug Coverage and Medicare: Prescription drug costs represents the highest out-of-pocket health care expenditure for three out-of-four elderly. Many older Americans "stretch-out" their supply of prescriptions to defray costs; their non-compliance with drug regimens frequently results in additional, more expensive health care treatments. A number of your Medicare Commissioners, as well as a host of outside validators (like Henry Aaron and Bob Reischauer), have indicated their interest in exploring options to providing prescription drug coverage for Medicare beneficiaries. They note that much of our future medical interventions will be pharmacologically-based and, as such, Medicare's current lack of coverage of out-patient drugs is antiquated. In response, DPC/NEC is setting up a work group to review policy options and costs. Costs will certainly determine the viability of any drug coverage. However, more studies are becoming available about the cost-effectiveness of drug coverage. Moreover, since more than half of Medicare's managed care plans now offer some type of prescription drug benefit, it is not inconceivable to contemplate required prescription drug coverage for at least these plans. Such a recommendation could be bolstered by studies that show that, notwithstanding the BBA Medicare reforms, most managed care plans remain overcompensated relative to the patients they serve. Finally, it may be advisable to raise this issue relatively early in the debate to illustrate that the Commission's and our review of the long-term challenges facing Medicare are focused on the need for program improvements as well as financing.

Health Care -- Patients' Bill of Rights Update: On Wednesday, Congressman Ganske and six other Republicans added their names as cosponsors to the Dingell Patients'

Bill of Rights legislation. In a White House released statement, you praised these members for providing “new momentum towards ensuring that a patients bill of rights will become the law of the land.” Congressman Ganske appreciated your comments and Congressman Dingell’s office indicated that it has helped place needed pressure on the Republican Leadership to move this legislation this year. On Friday, we met with the disability advocacy community to encourage them to mobilize their effective network to strongly push for passage of this bill. They have indicated that they are going to make this a much higher priority. (NOTE TO ELENA: THIS IS A MEETING THAT WILL TAKE PLACE TOMORROW AND I AM ASSUMING WHAT I BELIEVE THE OUTCOME WILL BE .)

Immigration -- H1B visas: H1B visas are temporary work visas that allow “highly skilled” immigrants (with a BA or equivalent) to work in this country for up to six years. Under current law, the number of H1B visas is capped at 65,000 per year. Last year, this cap was reached for the first time. The information technology industry strongly supports raising the annual cap to address what they maintain is a shortage of U.S. workers with IT skills. Others, including the Department of Labor, challenge the industry’s conclusions about a shortage and are concerned that the current H1B program does nothing to target its use to employers who are experiencing skills shortages. On April 30, 1998, the Administration sent a letter to Congress supporting Representative Lamar Smith’s bill, which includes a substantial reform of the H1B program, if it is modified to include meaningful training provisions and a more modest increase in the cap. Representative Smith’s bill was voted out of committee without amendment. We plan to continue to work with Smith and other Members (both House and Senate) to develop a bill that meets the Administration’s objectives.

Campaign Finance Reform -- Free Broadcast Time: Norm Ornstein, co-chair of the Advisory Committee on Public Interest Obligations of Digital Television Broadcasters is trying to forge a consensus proposal on free broadcast time. There are two main components to this proposal: 1) Each broadcast station would be required to provide 5 minutes of free air time per night (6:00 pm to 11:30 pm) over the last 30 days of an election. At least 3 minutes of the free time would be broadcast consecutively. Local stations would decide which candidates have access to the free air time. Stations would also design the format for the air time (commercials, interviews, mini-debates). This proposal would be implemented either as an FCC mandate or as part of a new "Code of Conduct". To give a voluntary agreement some teeth, the FCC would announce that no broadcast licenses would be renewed unless the station could justify why it did not meet the conditions of the Code of Conduct (currently the presumption is for automatic renewal); 2) Challenge Congress to replace "lowest unit rate cost" with a system that would provide one minute of free time for every two minutes purchased. Under Ornstein's proposal, the state parties would control the free time, not the candidates.

While we think that Ornstein’s proposal moves the debate in the right direction, we are concerned about giving the broadcasters too much control over format and candidate access. We believe the Committee and the FCC should develop guidelines for the broadcasters on access

and format. We have reservations about challenging Congress to enact the second part of Ornstein's plan. While the FCC cannot repeal "lowest unit rate cost" it could require broadcasters to provide one free minute of air time for every two minutes purchased. We think the Committee should recommend that the FCC institute such a system and challenge Congress to repeal "lowest unit rate cost" as a separate issue. Finally, we are concerned with the role of state parties in Ornstein's proposal and believe there should be a cap on the amount of free time that any one candidate could accumulate in order to prevent very wealthy candidates from abusing the system.

Education -- D.C. Student Opportunity Scholarship Act (Voucher Bill): The House passed legislation (214 to 206) that would set up a D.C. voucher program by providing scholarships of \$3200 for low-income students to apply toward the cost of a private school education. You have promised to veto this legislation when it reaches your desk. Congressional leaders have acknowledged that they lack the necessary votes to override a veto.

Education -- Administration Opposition to Unz Initiative Announced: The Los Angeles Times reported Monday that the administration was opposed to the Unz Initiative to eliminate bilingual education in California. The Times reported that the administration is in favor of reforms to bilingual education, including a three-year goal for teaching students English. Also on Monday, Secretary Riley issued a detailed statement explaining our position on the Unz Initiative. Senior staff in IGA, Public Liaison and Political Affairs reported that the reactions of state and local leaders was positive both to the message and the timing of the announcement.

Education -- Charter Schools in California: After two weeks of negotiations among Silicon Valley high-tech executives, the California Teachers' Association (CTA), and state legislators, a legislative conference committee reached a compromise Wednesday on a legislative alternative to a charter school ballot initiative backed by the executives and opposed by the CTA. If enacted, the bill would increase the cap on charter schools in the state from 100 to 250, and allow another 100 new schools each subsequent year. The bill would also amend California's charter school law to make it easier to start charter schools. Votes were expected Thursday, April 30 in both houses of the California legislature on the conference agreement. The bill would need to be signed into law by Friday, May 1 in order to keep the initiative off of the ballot.

Crime -- Assault Weapons: Despite efforts by both Republicans and Democrats on the conference committee considering the supplemental appropriations bill, a provision to exempt firearms "in transit" from the Administration's decision to ban semiautomatic assault rifles that accept large capacity magazines was not included in the final conference report. However, Senator Craig expressed his intention to offer a similar amendment during the appropriations process.

Crime -- COPS Initiative: The Department of Justice is preparing to launch a new \$240 million initiative to hire about 2,000 more police in high-crime and high-need neighborhoods. Under this initiative, the Justice Department will select 16 cities (8 small, 8

large) that agree to target crime and drug "hot spots," youth violence problems, or economically distressed areas and provide them with 100% grants to hire more police officers. By waiving the 25% local match, key cities that may not have been able to afford more police officers will be able to do so. Mayor Daley of Chicago has pushed the Justice Department to use its waiver authority in this targeted manner, and he is interested in announcing this new initiative with the Administration. We are working with Rahm to submit a scheduling request for such an event.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:30-APR-1998 18:51:30.00

SUBJECT:

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

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

TEXT:

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D86]MAIL49878691J.126 to ASCII,
The following is a HEX DUMP:

FF5750435A040000010A02010000000205000000026130000000200002AC9B042993C37EF2CA887
BF30C847E4210BDA62A90B2EDB17E31B550CF1A55D724D581819098B5ECAC4BAC972D65DAB045C

Prescription Drug Coverage and Medicare. Prescription drug costs represents the highest out-of-pocket health care expenditure for three out-of-four elderly. Many older Americans “stretch-out” their supply of prescriptions to defray costs; their non-compliance with drug regimens frequently results in additional, more expensive health care treatments. A number of your Medicare Commissioners, as well as a host of outside validators (like Henry Aaron and Bob Reischauer), have indicated their interest in exploring options to providing prescription drug coverage for Medicare beneficiaries. They note that much of our future medical interventions will be pharmacologically-based and, as such, Medicare’s current lack of coverage of out-patient drugs is antiquated. In response, DPC/NEC is setting up a work group to review policy options and costs. Costs will certainly determine the viability of any drug coverage. However, more studies are becoming available about the cost-effectiveness of drug coverage. Moreover, since more than half of Medicare’s managed care plans now offer some type of prescription drug benefit, it is not inconceivable to contemplate required prescription drug coverage for at least these plans. Such a recommendation could be bolstered by the fact that studies show that, notwithstanding the BBA Medicare reforms, most managed care plans remain overcompensated relative to the patients they serve. Finally, it may be advisable to raise this issue relatively early in the debate to illustrate that the Commission’s and our review of the long-term challenges facing Medicare are focused on the need for program improvements as well as financing.

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Ronald E. Jones (CN=Ronald E. Jones/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:30-APR-1998 13:42:07.00

SUBJECT: Draft Principles Letter on S1301 Consumer Bankruptcy Reform Act of 1997

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

TO: John S. Radzikowski (CN=John S. Radzikowski/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Pamula L. Simms (CN=Pamula L. Simms/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Thomas P. Stack (CN=Thomas P. Stack/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Mark A. Weatherly (CN=Mark A. Weatherly/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

TO: James C. Murr (CN=James C. Murr/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

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

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

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

TO: Peter G. Jacoby (CN=Peter G. Jacoby/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

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

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

TO: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP@EOP [OMB])

READ:UNKNOWN

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

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

TO: Courtney B. Timberlake (CN=Courtney B. Timberlake/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

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

TO: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP@EOP [CEA])
READ:UNKNOWN

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

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

CC: James J. Jukes (CN=James J. Jukes/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:

The following letter was prepared following meetings involving NEC Principals and Deputies. Discussions continue on who will sign the letter. Please provide comments to me ASAP, but no later than 10:00 AM, tomorrow, Friday, 5/1.

You will receive a hard copy of this request also.

DRAFT

Senator Orrin Hatch
Chairman

Senate Judiciary Committee
U.S. Senate
Washington, DC

Dear Mr. Chairman,

I am writing to express the Administration's general views on consumer bankruptcy reform proposals currently under consideration in the Congress.

Over the past two decades, consumer bankruptcy filings have risen sharply. While there are many contending theories on the cause of that increase, it is clear that there is no single explanation. Nonetheless, the growing number of filings, examples of abuse of Chapter 7 and state exemptions, and evidence of imprudent extensions of credit suggest some changes to the consumer bankruptcy laws are appropriate. The lack of definitive evidence about the reasons for the rise in bankruptcies means that it is difficult to predict the effect of reform efforts. The Administration, therefore, has developed the following set of principles to guide its review of changes to the consumer bankruptcy laws.

1. Access to Chapter 7 should not be governed by an arbitrary means test; the court must have discretion to fairly account for the great variations in circumstances that bring debtors into bankruptcy (including medical expenses, unemployment, divorce, responsibility for the care of others, etc.) . To promote more uniform application of bankruptcy standards, this determination should take place within indicative or presumptive guidelines established by Congress that take into account factors such as the debtor's income and ability to repay a portion of the debt.

2. National bankruptcy policy can respect state variation in exemption levels without allowing state exemptions to be used to shield luxury assets from creditors.

3. It is appropriate to expect debtors who can afford to repay a portion of their debts (taking into account all relevant circumstances) to act responsibly; but the bankruptcy and credit reporting system should reward those who complete a Chapter 13 plan.

4. Bankruptcy reform should not create opportunities for creditors to coerce debtors to forgo bona fide rights in bankruptcy.

5. Bankruptcy rules should discourage bad faith repeat filings and other attempts to abuse the privilege accorded by access to bankruptcy.

6. Child support and alimony payments should be carefully protected.

We must ensure that reforms have no unintended adverse impact on debtors' ability to meet these, and other, priority payments.

7. Bankruptcy data collection and accuracy must be improved.

Analysis and understanding of the forces affecting bankruptcy filings are impeded by the lack of high-quality, nationally uniform data. Better data collection and verification procedures should be incorporated in any reform proposals. Such data can be used to assess and monitor the impact of reform legislation.

8. Scrutiny must also be given to credit industry practices that

have led some borrowers to overextend themselves.

While some of these issues may fall outside of the Judiciary Committee's jurisdiction, Congress and the Administration should consider proposals to ensure that consumers are well informed about the dangers of excessive debt accumulation and understand the implications of their credit agreements.

The Clinton Administration is open to responsible consumer bankruptcy reform that meets these principles. We have reluctantly concluded that we cannot support H.R. 3150 in its present form. We would look forward to working with Congress toward legislation more similar to the approach of S. 1301 -- with modifications necessary to meet the principles articulated above.

Sincerely,

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:30-APR-1998 15:44:06.00

SUBJECT: h1b q&a

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Here is the draft q&a on H1B for the President.

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D99]MAIL42957591K.126 to ASCII,
The following is a HEX DUMP:

FF575043C8040000010A02010000000205000000C11A0000000200009D15B83F3E9BC8BD189EE2
EC5792D3E2C8C300EAC21EA343E40760422C9BA79F14DDC671833BB7CE919B5966D4176B787204

Question & Answer on Immigration: H-1B visas
May 1, 1998

Q: What is your position regarding the call by industry to increase the number of temporary visas available for highly skilled foreign workers?

A: I believe that the first step in increasing the availability of skilled workers for industry must be increasing the skills of U.S. workers and helping the labor market work better to match employers with U.S. workers. Therefore, substantial additional efforts by industry to increase the skill level of U.S. workers and needed improvements in the H-1B visa program to protect U.S. workers by targeting the program's use to employers experiencing genuine skills shortages are necessary prerequisites for me to support any short-term increase in the number of H-1B visas available for temporary foreign workers.

Q: Yesterday the House Judiciary Subcommittee on Immigration approved legislation that increases the number of H-1B visas for temporary foreign workers. What is your position regarding this legislation?

A: I am pleased that Representatives Smith's bill is consistent with one of my primary objectives, insofar as it links a temporary increase in the H-1B cap to the enactment of meaningful reforms to the H-1B visa program. The bill would help ensure that U.S. workers would not lose their jobs to a temporary foreign worker and that qualified U.S. workers would have the opportunity to fill a job before a temporary foreign worker is hired. Moreover, the bill modestly expands enforcement authority to help prevent employer abuses of the H-1B program. These reforms will effectively target H-1B visas to industries experiencing skill shortages.

Unfortunately, the bill does not contain any provision for additional training opportunities for U.S. workers. Training is a vital component of my strategy to address the long-term demand for highly skilled U.S. workers and to enhance the international competitiveness of important U.S. industries. I am also concerned that the increase in the annual number of H-1B visas reflected in this bill is too large, although I agree that the increase should be temporary.

I would be pleased to support this bill if it included meaningful training provisions and a modest reduction in the level of increase in the annual H-1B visa cap.

Q: What is your position regarding Senator Abraham's bill?

A: Senator Abraham's bill includes a large increase in the annual number of visas and provides no meaningful reform of the H-1B program. I would be happy to work with members of the Senate to develop a bill that is more consistent with the Administration's principles.

Background

H-1B visas are temporary work visas that allow "highly skilled" immigrants (with a BA or equivalent) to work in this country for up to six years. Under current law, the number of H-1B visas is capped at 65,000 per year. Last year, this cap was reached for the first time. The information technology (IT) industry strongly supports raising the annual cap to address what they maintain is a shortage of U.S. workers with IT skills. Others, including the Department of Labor, challenge the industry's conclusions about a shortage and are concerned that the current H-1B program does not target its use to employers who are experiencing skills shortages.

Though the Administration has never before squarely addressed the issue of the cap, we have consistently emphasized training and re-training U.S. workers to enable them to move into jobs within the high-tech industry. Also, since 1993 we have sought reforms to the H-1B program that would target their use to industries with genuine short-term skill shortages.

On April 2, 1998, the Administration (Secretaries Daley and Herman and Attorney General Reno) sent a letter to Congress that opposed Senator Abraham's bill (that provided for a large, temporary increase in the cap and the expansion of an existing scholarship program for low-income students, but did not provide meaningful reform of the H-1B program) and endorsed the approach advocated by Senator Kennedy (that would effect a temporary increase in the cap, but also included reform to the H-1B program and increased training for U.S. workers). On April 30, 1998, the Administration sent a letter to Congress supporting Representative Lamar Smith's bill, if it is modified to include meaningful training provisions and a more modest increase in the cap.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:30-APR-1998 10:06:38.00

SUBJECT:

TO: JENNIFER (Pager) #KLEIN (JENNIFER (Pager) #KLEIN [UNKNOWN])
READ:UNKNOWN

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

TEXT:

Leg. Affairs is running 10 min late for 10:00 child care mtg. in ward room

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Rebecca A. Cameron (CN=Rebecca A. Cameron/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:30-APR-1998 18:59:36.00

SUBJECT:

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

TEXT:

your briefcase is in Betty Currie's office - rebecca

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Darby E. Stott (CN=Darby E. Stott/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:30-APR-1998 17:25:44.00

SUBJECT: Prodi Visit

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

TO: Christopher S. Lehane (CN=Christopher S. Lehane/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

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

TO: CROWLEY_P (CROWLEY_P @ A1 @ CD @ VAXGTWY [UNKNOWN]) (NSC)
READ:UNKNOWN

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

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

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

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

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

TO: Adam W. Goldberg (CN=Adam W. Goldberg/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

TO: RUBIN_E (RUBIN_E @ A1 @ CD @ VAXGTWY [UNKNOWN]) (NSC)
READ:UNKNOWN

TO: Natalie S. Wozniak (CN=Natalie S. Wozniak/OU=NSC/O=EOP @ EOP [NSC])
READ:UNKNOWN

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

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Just a reminder to keep your talking points updated. There will be a press conference next Wednesday as part of the Prodi visit.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 1-MAY-1998 14:39:32.00

SUBJECT: Below is the exact wording from the SAP sent to the hill this week on DC v

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

"Choice among private schools should be paid for with private funds, with public funds used to fund choice among public school". If incorporated into what I just sent you, it would read....

"The President opposes the use of public funding for private school vouchers because this would drain critical funds from the public school system attended by 90% of our this nation's children with little or no accountability for how those funds are used. The President is not opposed to privately funded scholarships for private school tuition .As made clear in a Statement of Administration Policy this week, "Choice among private schools should be paid for with private funds, with public funds used to fund choice among public schools "

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Cecilia E. Rouse (CN=Cecilia E. Rouse/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 1-MAY-1998 12:19:55.00

SUBJECT: Background on H-1B for Sylvia

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

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

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

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

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

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

TEXT:

Here's a draft of the background on H-1B for Sylvia.

-- Ceci&Julie===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D72]MAIL44095402J.126 to ASCII,
The following is a HEX DUMP:

FF57504370040000010A02010000000205000000F417000000020000CFF820394F195ED92C9A4B
8552B448B5CB8B891B9C609170F2052D44EF8175E63DC361FD378683C84C8FF64E31B4DA4FA1A8

Background on H-1B Visas and Legislation

May 1, 1998

H-1B visas are temporary work visas that allow “highly skilled” immigrants (with a BA or equivalent) to work in this country for up to six years. Under current law, the number of H-1B visas is capped at 65,000 per year. Last year, this cap was reached for the first time. The information technology (IT) industry strongly supports raising the annual cap to address what they maintain is a shortage of U.S. workers with IT skills. Others, including the Department of Labor, challenge the industry’s conclusions about a shortage and are concerned that the current H-1B program does not target its use to employers who are experiencing skills shortages.

Though the Administration has never before squarely addressed the issue of the cap, we have consistently emphasized training and re-training U.S. workers to enable them to move into jobs within the high-tech industry. Also, since 1993 we have sought reforms to the H-1B program that would target their use to industries with genuine short-term skill shortages.

Thus, while it may be necessary in the short-term to increase the number of visas for temporary foreign workers, this must be done only in conjunction with:

- Increased efforts by various stakeholders, including industry, to increase the skill level of U.S. workers.
- Improvements in the temporary visa program to require employers to “recruit and retain” U.S. workers before hiring temporary foreign workers and prohibiting lay-offs of U.S. workers to replace them with temporary foreign workers. It is important to emphasize that these reforms would target the visa program’s use to employers (like many of those in the IT industry) experiencing genuine skills shortages.

On April 2, 1998, the Administration (Secretaries Daley and Herman and Attorney General Reno) sent a letter to Congress that opposed Senator Abraham’s bill (that provided for a large, temporary increase in the cap and the expansion of an existing scholarship program for low-income students, but did not provide meaningful reform of the H-1B program) and endorsed the approach advocated by Senator Kennedy (that would effect a temporary increase in the cap, but also included reform to the H-1B program and increased training for U.S. workers).

On April 30, 1998, the Administration sent a letter to Congress supporting Representative Lamar Smith’s bill (which includes targeted reforms to the H-1B program) if it is modified to include meaningful training provisions and a more modest increase in the cap.

A Note about Rep. Lofgren

Rep. Zoe Lofgren supports increasing the cap, but she has not endorsed our H-1B reforms. She is likely to raise two issues:

- Neither Sen. Abraham nor Rep. Smith include an application fee for each H-1B visa in

their bill. Rep. Lofren advocates charging such a fee to raise money for training and enforcement of the H-1B program. The Administration also strongly supports this fee.

- Rep. Lofren would also like the final bill to include a training provision. She has promoted a program called the Mathematics, Engineering, and Science Achievement (MESA) project. It is important for you to know that MESA is very similar to the Administration's High Hopes initiative (the major difference is that MESA focuses on math, science, and engineering while High Hopes can be broader). In fact, MESA was one of the prototypes used to develop High Hopes and many current MESA projects would be eligible to apply for a High Hopes grant if we succeed in getting it enacted. MESA is also similar to the middle school math and science strategy that the Department of Education and NSF are heading.

High Hopes will pass with the Higher Education Reauthorization Act in the House next week. It is not yet in the Senate version. We should emphasize working together to get High Hopes passed and to highlight the Department of Education/NSF middle school strategy.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 1-MAY-1998 17:05:57.00

SUBJECT: Markup of Riggs bill on special ed for prisoners postponed one week...

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

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

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

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

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

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

TEXT:
so we have more time here to make this decision.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 1-MAY-1998 10:07:10.00

SUBJECT: H1B update

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

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

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

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

TEXT:

Bruce/Elena:

At yesterday's subcommittee mark-up, Smith's bill was voted out with no amendments (on a voice vote). Afterwards, both the Intel lobbyist and someone from Senator Abraham's staff approached Peter saying that it appeared as if they had to deal with us. A very good sign. The Intel lobbyist was the most stridently opposed to our reform ideas when we met with high-tech lobbyists when this whole thing first started (a couple of months ago).

The full committee mark-up is scheduled for next Wed. or Thursday. Also, the Intel execs are in town next Wednesday and their lobbyist has asked for a meeting. Peter is going to try to set something up (to include Sally and Elena). Peter may want to cast this as "informational" rather than a place to deal, principally b/c he thinks that we may be able to get all that we want out of the full committee mark-up. Also, Peter is setting up a Democratic staff briefing for Monday (also to include Sally and Elena).

Finally, Abraham's bill is likely to go to the floor the week of May 11th (high-tech week in the Senate). We are going to begin working on a SAP.

Julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Mindy E. Myers (CN=Mindy E. Myers/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 1-MAY-1998 20:15:58.00

SUBJECT: 2pm Child Care Mtg on Monday

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

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

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

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

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

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

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

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

TEXT:

There will be a legislative follow-up child care mtg on Monday, May 4 at 2pm in the Ward Room. There will be legislative representatives from HHS, Education, and Treasury at the mtg.

Pls let me know if you'll be able to attend.

Thanks-

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sandra Yamin (CN=Sandra Yamin/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME: 1-MAY-1998 17:55:27.00

SUBJECT: MEETING -- RE: IDEA

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

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

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

TO: Mary I. Cassell (CN=Mary I. Cassell/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

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

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

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

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

CC: Iratha H. Waters (CN=Iratha H. Waters/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

CC: Jacqueline M. Peay (CN=Jacqueline M. Peay/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

TEXT:

Barbara Chow would like to meet w/ you on Tues. May 5 at 10:30AM in Rm 260 to discuss the ED position on HR. 3254 -- IDEA Technical Amendment Act of 1998. Please confirm your availability to attend. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 1-MAY-1998 11:07:08.00

SUBJECT: Jose out today

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

READ:UNKNOWN

TEXT:

FYI: If you need to get in touch with Jose today, I can page him or contact Leanne.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Amy W. Tobe (CN=Amy W. Tobe/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 1-MAY-1998 10:40:39.00

SUBJECT: 1998-04-30 INTERNAL Interview of the President by Al Hunt

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

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

TO: CROWLEY_P (CROWLEY_P @ A1 @ CD @ VAXGTWY [UNKNOWN]) (NSC)
READ:UNKNOWN

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

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

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

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

TO: RUBIN_E (RUBIN_E @ A1 @ CD @ VAXGTWY [UNKNOWN]) (NSC)
READ:UNKNOWN

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

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

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

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

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

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

TEXT:

this is embargoed. Hunt will give me the green light when he wants us to put this out. It's just fyi. (NSC: pls be sure to share with Steinberg et al.) Thanks.

----- Forwarded by Amy W. Tobe/WHO/EOP on 05/01/98 10:16 AM -----

SUNTUM_M @ A1
04/30/98 05:24:00 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: 1998-04-30 INTERNAL Interview of the President by Al Hunt

THE WHITE HOUSE
Office of the Press Secretary

Internal Transcript April 30, 1998

INTERVIEW OF THE PRESIDENT
BY AL HUNT OF THE WALL STREET JOURNAL AND CNBC

The Roosevelt Room

3:24 P.M. EDT

Q Mr. President, thank you for being with us. Let's talk about the American economy for a moment, which is really the envy of the world today. Federal Reserve Chairman Alan Greenspan says that it's the best economy in modern memory. But in your view, are there one or two developments that could jeopardize these good times?

THE PRESIDENT: Well, I think the thing that I'm most concerned about today is the necessity of having growth in every major region of the world to sustain our own. I mean, we're now in a position where about a third of our growth is due to exports, where a significant percentage of them go to Asia. And our own analyses are that the Asian financial crisis, within its present parameters, won't have a terribly destructive impact on the American economy now. But if we had slow growth everywhere at once, it would, which is why I think it's other important that we support the IMF and have a really disciplined effort to try to help move the Asian countries through this financial period and get them back to growth again.

And I feel the same way about what I'm trying to do in Africa as well. I just think that we have to understand that our welfare is more inextricably tied with others than ever before. So that's one of the things that I'm quite concerned about.

Q In that context, the greatest threat in Asia, most experts think, is Japan. You and Secretary Rubin have encouraged, have cajoled, have pressured the Japanese to try to stimulate their

economy, where it always seems to be too little, too late. What are the consequences if that persists, both in Asia and for the United States?

THE PRESIDENT: Well, let me say, this last stimulus package, if it's real, that is, if it's real money and it's implemented rapidly and vigorously, I think it will be a plus --

Q You think it's sufficient --

THE PRESIDENT: Well, I think -- let me finish, if I might. I think that it might be enough on its own terms if, in addition to that, they have other reforms in the economy, you know, to open the economy, to subject it to more genuine competition and open markets. Then I think between the two of those things you would really get growth going again. I think at least there is a chance that it is.

One of the problems that the Japanese have in their political system is that, because the pressures against doing these kinds of things are so enormous, very often they can be proposed and then their impact can be watered down or delayed in ways that make it difficult to implement. But if they actually do what the Prime Minister has proposed and they do it quickly, and they follow it up with other reforms with banking and competitive market reforms, then

I think that there is a chance we can see some real movement in Japan. And, of course, that would lead the whole region out.

And Prime Minister Hashimoto has got an enormously difficult challenge now, but he's a very able man, he's a strong man, and he's trying to, I think, really come to grips with this. And I'm hoping that he'll be able to.

Q You're going to China for almost a week this summer. Is there any chance you'd stop over in Tokyo to talk to the Japanese about this economic situation?

THE PRESIDENT: Well, I hope to see Prime Minister Hashimoto for an extended period in Birmingham, in England at the G-8 meeting before I go to China. I would not like to wait that long. I'd like to have the chance to really sit down and visit with him and see what, if anything else, we can do to help before then. So I'm looking forward to blocking out some good time on my schedule when we're together for the G-8 meeting.

Q And no reason then to go to Tokyo on your trip to China?

THE PRESIDENT: Well, my instinct is to treat this as I would another -- any other state visit, just to go and come. But I have been to Japan a couple of times, and I expect to go back again before I leave office. But I think what we need to do is to deal with this financial challenge they face as old friends and allies in a very straightforward way. I don't think that the symbolism of a visit is nearly as important as the reality of a partnership, and I'm going to do my best to be a good partner to them.

Q You mentioned the meeting coming up in Birmingham,

England. What do you expect to come out of that other than a call for more financial disclosure from other nations and the IMF? Is there any more substantive --

THE PRESIDENT: Well, I hope so, because I think that we really -- I hope we'll do a G-8 version of what we were doing at the Summit of the Americas in Santiago. I thought what we -- I hope we'll be talking about how globalization can work to the benefit of all the peoples in our countries, and then how it can only work if we're benefiting other nations as well.

Now, let me just give you an example. Great Britain now has a low unemployment rate, and the Dutch unemployment rate is down, but a number of the other European unemployment rates are still high, even though they're enjoying growth. The Canadians have had strong growth for the last couple of years. Their unemployment rate is only now beginning to yield to it. So there is a lot of interest among the G-8 about how they can generate more jobs without increasing inequality and without undermining growth.

So I expect we'll be talking about things like the earned income tax credit in the United States as a device for reducing inequality, but still increasing employment. I know we'll spend a lot of time on the training of the work force and wealthy countries' significant obligation to upgrade the skills of their own people because of the change in the globalization of the economy. So I think we'll have a lot of things that really affect people on the street in America and in these other countries.

Q Let me ask you a question about the European Monetary Union, with I guess 11 countries coming together. There has been a lot of celebration of that. Your administration has been very supportive. And yet, isn't there a concern that when you have countries with such incredibly diverse cultural and social and economic and political systems, that rather than lead to more unity it could produce more unrest, more disunity?

□,

THE PRESIDENT: It could if people feel that it's been sort of imposed on them. But I believe that the general tendency toward political and economic union in Europe is a positive one. The United States has supported it; I have personally supported it strongly. So I think that's positive. I think the efforts made by many European countries to get their fiscal house in order, get their deficits down so they can qualify for membership, has been truly impressive.

And the European states themselves will have to decide how they want to unify politically and economically, but if they choose to do this European Monetary Union, I want to be supportive. But I think that in order to make it work, they'll have to do other things as well. They'll have to find a way, first of all, within their countries to preserve a sense of sovereignty and integrity in these other countries while they're unifying the currency. And then, in dealing with the United States and others, they will have to find a way to continue to make sure that they're sending us the right signal that they're opening their economy -- they're unifying, but they're not closing others out, they're opening. And we are in negotiations and discussions with them now about how we might do

that. So, on balance, I'm positive about this.

Q Let's return to the domestic economy for a second. We now had six quarters where the economy has grown more rapidly than even your most optimistic of advisors, the latest just being in the last few days. But given the inevitable business cycle, do you think it's time to at least start to consider tapping on the brakes so you don't have to slam them on later?

THE PRESIDENT: Well, I think the only reason to tap on the brakes with high growth and low inflation is if you think it will actually prolong the period of growth. And there is a lot of debate out there in the world today about the nature of our growth and what would stop it and what would keep it going. So I think that the judgment ought to be what are the mix of policies we can adopt that are most likely to keep this period of economic growth going for the longest period of time.

I don't believe we've repealed the business cycle, but I think perhaps we've fundamentally altered it. That is, if you look at the impact of the technological revolution working through the economy, which is, I think, giving us higher productivity levels than we can measure accurately -- I think if you look at the globalization of commerce and America having still a relatively open economy, which keeps inflation down by having everything subject to more competition, if you look at the benefits we're reaping now from the painful adjustments that were made in the 1980s by the business community -- all these things happening now -- I think there is a chance that we now know it's more possible than it used to be for a government to have a prolonged period of growth if it's properly managed.

Do I think that there is no business cycle and that the laws of supply and demand in the global context never come back to shorten the leash on a country? No. I think it's still out there. But I think we can continue to prolong this if we do the right things.

Q Just to follow up for a moment, your predecessors were always -- several -- were quite critical of Chairman Greenspan whenever he put brakes on. Your administration, particularly Secretary Rubin, have had very good ties with Chairman Greenspan. Do I take it from that answer that, whereas your not encouraging him to tap on the brakes, that you wouldn't be critical if he did?

THE PRESIDENT: Well, we've tried to work together while respecting our independence. And I have believed always that if I provided America with a responsible budget that was moving toward balance so that in the short-term we were behaving in a responsible way, and that had the long-term investments necessary to triumph in the kind of economy we live in, that that would permit him to do his job with the lowest possible interest rates. That is, I thought he would be able to leave interest rates than he otherwise would feel he could. I think on balance that's what's happened.

I know that he couldn't possibly agree with every decision I've made in the last five and a half years, and he put the brakes on pretty tight in 1994, trying to keep this thing going. And we had a big -- we had a pretty good slow-down, but then we were able to keep it going, keep the expansion going. And so it's continued

right the way through until here we are, almost to the middle of '98. And I believe that he'll do what he thinks is right for the long-term interests of the American economy.

Q You were asked the other day at your news conference about the stock market continuing to go up, and you were an optimist. If you were private citizen Clinton today, would you invest in the market?

THE PRESIDENT: Yes, but I would also recognize that it goes down and it goes up and it goes down and it goes up. And what the American people need to know is that if you can hold your investments long enough, over any given 15- or 20-year period, the stock market has always out-performed private -- I mean, government bonds in earnings.

The insecurity is if you enter, particularly if you enter at a fairly high point now and you happen to get one of those downward bumps and you have to liquidate your investment. Then you could lose. But if you look at the stock market -- the stock market has always tracked the fundamentals in the end. And I just feel that if I can work with the American people and keep the fundamentals good, keep productivity up and investment for the long run up, keep the unemployment rate down, keep the inflation rate down -- if we keep the fundamentals in good shape, then the stock market, over time, will track that.

And I know that there are a lot of people who are worried because it's gone quite high lately, but the market -- they correct themselves; they always do, one way or the other. I just think over the long run, what -- if you're President, you can't be thinking about next month in the market, you have to be thinking about what's the long-run economic scenario. And then you just have to trust the market to follow the market realities in the American economy over time. I think that's what will happen.

Q In this booming economy, some critics have worried that it's been too uneven. I'll give you one example: The pay of CEOs of the largest companies last year rose 35 percent, rose 54 percent the year before. That's 13 times greater than the pay of average workers. And I think the figure now is that the average boss earns 326 times what the average worker earns. Is that, a, acceptable; and, b, should government do anything about it?

THE PRESIDENT: Well, I think that in and of itself, it's probably a phenomenon of companies bidding for management talent at a time when management talent is important in how these companies do in the market. So, in that sense, it may not be any different than asking whether it's acceptable that professional athletes earn as much money as they do.

I think the real question is, are working people earning a fair share of their company's prosperity and their country's prosperity. And are we, in the aggregate, decreasing the level of income and equality that developed over the last 20 years, because we had a very -- as you know, very sharp increase in inequality among various classes of working people, with folks on the bottom getting the short end of the stick. Government policies I think had something to do with it, but I think the larger thing was that we were changing the dominant economic factors of this age. And now the

dominant economic factors relate to people's level of education and skills, so that there became -- there's a huge education premium now in the work force, and people that don't have it, particularly younger workers, tend to get punished very harshly by the low incomes they earn.

So, to me, what I've tried to do is to reduce income inequality -- not necessarily by reducing upper-income people's incomes, except to ask them to pay their fair -- what I believe is a fair share of the country's tax burden -- but instead, by lowering the incomes of the lower 40 percent of the people and trying to create more high-wage jobs by tying more of them to trade, because we know trade-related jobs and technology-related jobs pay 17 to 20 percent more than average wages. And the evidence is that in the last couple of years we have slowly, finally, begun to reduce income inequality, particularly when you take into account the impacts of the earned income tax credit, which is worth about \$1,000 a year to a working family of four with an income under \$30,000.

Q Another of the benefits of the booming economy, of course, has been we have something that people thought unimaginable a few years ago, a budget surplus. The latest CBO estimate I think was --

THE PRESIDENT: Well, we hope we do. We think we will.

Q But with April receipts coming in I gather much stronger than anybody anticipated, I've now heard some people suggest you could have a budget surplus of as much as \$50 billion this year. Is that right? Is that reasonable?

THE PRESIDENT: Could be.

Q Could be that high? Now, you have said that you're going to veto -- that Social Security comes first with any budget surplus. If they try and enact a big tax cut before they do that, that you would veto it. But there's also a big spending highway pork bill coming down the pike right now. As things stand now, would you also veto that?

THE PRESIDENT: If it got into the surplus. I met with Senator Lott and Senator Daschle yesterday and we discussed this. And it's very interesting -- historically, always highways have been the one thing that Congress, whether Republican or Democrat, they always want to spend more on than the President. And part of it is the President's desire to maintain some control over the budget -- at least for me that's been the case. Now, I like the -- I believe we need to invest money in infrastructure -- in highways and mass transit and bridge repair. I think it's good for the economy in terms of the jobs it creates, but it's even better for the economy in terms of giving people safer roads to travel on and less wear and tear on their cars, less accidents -- fewer accidents -- the whole thing. I'm all for this.

And we need more mass transit because, among other things, it's an important part of the welfare reform component. If we're requiring people who are poor and on welfare to go take jobs and they have to travel, they've got to have some way to get there. So I'm for a hefty increase in investment in infrastructure.

But I think that these bill that have been passed, the thing the bothers me is, I can't see, based on what I understand to be the options, how either one of these bill can be funded without either getting into the surplus or cutting our investment in education, medical research, the environment, and other critical areas. So we're just going to have to try to find a way to fit all these things in in a manner that doesn't spend the surplus.

Q Let me ask you just a couple more quick questions. On Social Security, you've said very clearly you don't want to have a specific proposal now. But some of your Democratic colleagues -- Senator Moynihan and Kerrey, are talking about private accounts alongside traditional Social Security. No matter the specific details, is that a good idea to consider?

THE PRESIDENT: Absolutely, it should be considered. But what I want to say -- I'd like to make two points -- first is the reason that I think it would be a bad thing for me to have a specific proposal now is I think it would shut down debate rather than increase it. And then everything would be, are you for or against this proposal. Right now, we've still -- the American people I think, on this issue -- the good news is that everybody knows something fairly substantial is going to have to be done to make this system survive into the 21st century when all the baby boomers retire. That's good.

Secondly, I think the younger people are, the more likely they are to be open to all kinds of new ideas, and that's good. But I think that what has not been accomplished yet in the public education process that we're now undertaking this year is for people to understand the tradeoffs involved in making a set of choices.

That is, I could call you on the telephone, and I could say I am a reporter for the Clinton polling agency, and I'm going to ask you these 10 questions and do you like these ideas, and you might like them all. But if I said, you can only have four of them, and then you have to rank them in rank order of priority, that's a much more sophisticated judgment. That's what I'm trying to get done now.

On the individual accounts, I think it's absolutely, an idea that deserves a lot of consideration. There is some debate, as you know, in Congress about trying to dedicate the surplus to individual accounts now just starting. The problem I have with that proposal is that it doesn't deal with the underlying Social Security program. What are you going to do -- I think we still need some baseline Social Security in the 21st century that's a baseline protection for people that may not have a lot of money in the market, or may lose some in the market, or don't have a chance to accumulate a lot of wealth, and we've got to know how we're going to fix that. And then, the people -- admittedly, that's what Senators Moynihan and Kerrey tried to do. They tried to guarantee a baseline Social Security benefit and, over and above that, have an individual account. And that's one of the things that I think ought to be fully explored here.

Q We only have a few more minutes, but as long as we're talking about whether things are good or bad, there have been a rash of big mergers lately, particularly in the financial service banks. Do you think generally, without commenting on any one, but as

a general proposition, is that good or bad for consumers and the economy?

THE PRESIDENT: I don't know yet. I think to some extent, they were inevitable because of both the nationalization of finance, bank finance across our whole country, and the globalization of commerce, which puts a premium on bigness partly so you can afford to get into new market areas, partly so you can afford to handle bad years -- you have more money.

So I think some of this is inevitable. I think that the test which ought to be applied -- and I honestly have not had time to get a detailed analysis of it -- but the test of all these mergers ought to be this: Does it allow them to become more globally competitive in ways that don't unfairly raise prices or cut the quality of service to consumers in America? Or does it superficially allow them to become more globally competitive, but, in effect, undermine their competitive position because they're not attractive to their customers anymore because of what happens to prices or service?

And I think that's the test we ought to apply, that's the test government agencies ought to apply, in terms of any lawfulness -- you know they're looking at that. But I think it's too soon to say yet. On balance, I think it was inevitable. I think these things were coming, and we have to do what we can to make sure that they're good for the consumers of the country.

Q Next to the last question, on tobacco, would you be willing to give up some of the initiatives that you have proposed as part of the tobacco deal in order to get legislation that limits any revenue strictly to tobacco and health related areas?

THE PRESIDENT: Well, let me say, first of all, most of the initiatives that I proposed to fund -- in education, for example -- were not coming out of tobacco revenues, except those that were being collected to be sent back to the states.

Now, I wanted to say that those should be spent for the benefit of children and smaller class sizes in the earlier grades and in child care, and not children's health, for the simple reason that in the Balanced Budget Act we had the biggest increase in children's health in 35 years.

If Congress wanted to give the states some more flexibility in spending that money, we could argue about that, but that wouldn't be a deal breaker for me. We can also have a debate about that in the election, whether I was right or they were right and what we should do with the priorities in the future.

My sole concern, in terms of what bill I would sign or not, is the question of whether it will substantially reduce teenage smoking and thereby lift the health fortunes of all these children that are otherwise going to be imperiled.

Q Do you think the McCain bill does that, is that correct?

THE PRESIDENT: I do. I do. There are a couple things that if I were writing the McCain bill I'd change and maybe we can

even get a few changes in it. And I'm sure there are people on the other side who would like to change a couple things about it. But I think that the McCain bill is -- I think Senator McCain and the Democrats and Republicans who worked with him -- keep in mind, 19 people voted for that bill -- made an honest effort to, first of all, protect our children from the dangers of tobacco; secondly, raise enough money that we can invest it in an advertising campaign and medical research and to do the things that ought to be done from a health point of view; took decent care of the tobacco farmers, gave them an opportunity to buy their way out of what they are doing now in ways that seem to find favor among the farmers; and basically did the kinds of things that ought to be done. It's certainly a good vehicle through which we can work to try to get a bill out of the Senate and then hopefully get one out of the House.

Q Last question. One of the reasons the economy has done so well is unsurpassed consumer confidence. Consumers really feel good about how things are going in general. If you and Independent Counsel Kenneth Starr become embroiled in a huge high-stakes battle over impeachment charges and counter charges, could that threaten or jeopardize consumer confidence in general?

THE PRESIDENT: Oh, I don't think so, because, for one thing, I've done my best to demonstrate to the American people that I'm letting all this business from Mr. Starr be handled by my lawyers and others speaking on my behalf, that when I have to answer questions about it, I do, but that I'm working on their business. And I'm very optimistic about it. So I don't think that anything that can conceivably happen is likely to impact on consumer confidence -- unless somebody tries to do something completely irresponsible and insupportable. By the facts at hand, we're going to be fine on that.

Q Or impact upon your stewardship of --

THE PRESIDENT: No. No. I think that early on in this process I was somewhat bewildered by it and it was distracting. And finally, I decided what I owed the American people was not to be distracted, and so I'm doing pretty well now, and I intend to keep right on doing it.

Q Mr. President, thank you very much.

THE PRESIDENT: Thank you.

END

3:50 P.M. EDT

Message Sent

To: _____

Brenda M. Anders
Nanda Chitre
Douglas B. Sosnik
david t. johnson
Joseph P. Lockhart
Laura D. Schwartz
Michael McCurry
megan moloney

Jonathan Murchinson
Elizabeth R. Newman
Julia M. Payne
Joshua Silverman
Amy W. Tobe
Barry J. Toiv
Michael Waldman
terri tingen
Lori_Anderson @ OA.EOP.GOV@INET@LNGTWY
RUBIN_E @ A1@CD@LNGTWY
darby_E._stott @ oa.eop.gov@INET@LNGTWY
SUNTUM_M @ A1@CD@LNGTWY
WOZNIAK_N @ A1@CD@LNGTWY

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 1-MAY-1998 14:24:46.00

SUBJECT: press ofc needs statement by 3pm on POTUS position on privately funded vou

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Beverly Barnes in the press office called and has asked for a very brief (2-3 sentences) statement on the President's position on privately funded school vouchers/scholarships to private schools. The reporter (Tom Toch, from US News) is apparently doing a story on the House voucher vote this week, the Administration's threat to veto it, and attempt to contrast this position with Erskine's supposed leadership/involvement in local DC efforts to raise private funds for scholarships. Anyway, how's this.

"The President opposes the use of public funding for private school vouchers because this would drain critical funds from the public school system attended by 90% of our this nation's children with little or no accountability for how those funds are used. The President is not opposed to privately funded scholarships for private school tuition. (could add...As Secretary Riley made clear in a letter to Congress this week pledging to recommend a veto of a DC voucher bill, public funds should be used for public schools, and only private funds should be used for private school tuition.)

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 1-MAY-1998 16:01:15.00

SUBJECT: Veto threat Dept of Ed wants on disabled youth in prisons issue; can you l

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

We are supposed to decide on this today. Riley wants to send a letter to the Hill saying he'll recommend a veto of a bill by Riggs. The bill is scheduled for a markup next Wed. in the House. There is no companion Senate bill at this time.

Disabled children have a federal civil right to an education until they are 21. California doesn't want to honor this right for juveniles in adult prisons. Before last year's IDEA amendments, the penalty for this was (1) withholding all special funds and (2) taking action in court. Under the deal struck last year when IDEA was reauthorized, the first penalty was reduced to withholding only the small amount of funds associated with these students. The second penalty was not touched.

(Education made one other noteworthy compromise on this last year: Under last year's IDEA deal, youth only have rights if they had previously been identified as disabled. If they are identified as disabled in prison, the state is no longer under any obligation to education them.)

Education is now going after California in court. Riggs is mad, because he thought he reduced the penalty to the lesser monetary sanction. Education's position is that last year's deal didn't affect their right to take court action. Riggs' current bill would take away Education's power to go after California in court.

I think all of us in DPC basically support Riley making the argument in strong terms that this was a deal where we made compromises last year, and we don't want to reopen it. But we are not comfortable with the veto threat. Education will probably appeal this; my guess is that OMB will side with Education. Let us know if you agree with us. Colleagues, let me know if I've misstated any of your positions.