

**NLWJC - KAGAN**

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**[07/22/1998 - 07/23/1998]**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-JUL-1998 07:15:51.00

SUBJECT: Re: Choice letter

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

READ:UNKNOWN

TEXT:

yes.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-JUL-1998 09:29:02.00

SUBJECT: FYI: Browner on Newshours with Jim Lehrer

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

CC: Cynthia Dailard ( CN=Cynthia Dailard/OU=OPD/O=EOP @ EOP [ OPD ] )  
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CC: Daniel J. Chenok ( CN=Daniel J. Chenok/OU=OMB/O=EOP [ OMB ] )  
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CC: Jerold R. Mande ( CN=Jerold R. Mande/OU=OSTP/O=EOP @ EOP [ OSTP ] )  
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TEXT:

We're sitting down with EPA staff and others to discuss the issues today at 1:00.

ONLINE FOCUS

SMOKE SCREEN?

July 21, 1998

The NewsHour with Jim Lehrer Transcript

A federal judge ruled the Environmental Protection Agency based their decisions

on the deadly effects of second-hand cigarette smoke on "selective information."

Carol Browner of the EPA and Charles Blixt of RJ Reynolds tobacco company

discuss the investigation.

KWAME HOLMAN: Thirty-four years after a landmark surgeon general's report issued the warning, there is no dispute cigarette smoking is a health hazard. But whether the smoke generated in the process is a threat to nonsmokers nearby long has been controversial.

In 1993, the federal environmental protection agency said second-hand smoke is harmful. The EPA report

stated second-hand smoke "is responsible for approximately 3,000 lung cancer deaths each year in nonsmoking adults and impairs the respiratory health of hundreds and thousands of children." Six months later, the tobacco industry filed a lawsuit that challenged the EPA's findings.

The judge's ruling.

Last week, in North Carolina, the federal judge in the case sided with the industry, saying the EPA made serious mistakes five years ago in evaluating the risk of second-hand smoke. In his ruling, Federal District Judge William Osteen said the "EPA publicly committed to a conclusion before research had begun" and the "EPA disregarded information and made findings on selective information."

That, the judge said, put into question the agency's 1993 decision to designate secondhand smoke a Class A carcinogen or a proven cause of cancer in humans. Only 15 other highly reactive substances, including asbestos and radon, are ranked Class A carcinogens.

The EPA report on second-hand smoke was the impetus for hundreds of jurisdictions around the United States to ban smoking in public places, including restaurants, office buildings, and airports. The report also has been used as evidence in lawsuits against the tobacco companies. In a video news release a tobacco executive said the new ruling attacking the EPA report is likely to undercut the basis for future suits claiming injury from second-hand smoke.

ELLEN MERLO, Senior Vice President Corporate Affairs, Philip Morris: I think this ruling gives us is an opportunity for reasonable dialogue, for developing reasonable options and solution to deal with the whole issue of secondhand smoke, like ventilation technology, working together to ensure that we're upholding the rights and the preference of both smokers and nonsmokers alike.

The ruling "an opportunity for reasonable dialogue."

JIM LEHRER: Carol Browner is the administrator of the Environmental Protection

Agency. Charles Blixt is the Executive Vice President and General Counsel of RJ

Reynolds tobacco company. He was a lead lawyer of the industry when it first challenged the EPA.

JIM LEHRER: Was the EPA wrong in 1993, Ms. Browner?

CAROL BROWNER, EPA Administrator: We stand by our science. I think there's wide agreement. The American people certainly recognize that exposure

to

second-hand smoke brings with it a whole host of health problems, not only lung cancer and those who choose not to smoke but a lot of problems for our young children. The

EPA report found problems in terms of respiratory illnesses. Subsequent studies have shown decreased birth weight, asthma in children, sudden infant death syndrome. There are real public health problems and what we did is we put out a scientific report that was independently peer reviewed. Eighteen well-respected scientists looked at it, agreed with the conclusion it is EPA reached. The judge simply made a procedural ruling.

Did the EPA ignore evidence?

JIM LEHRER: But the judge said you had foregone conclusions and ignored evidence that didn't support your conclusion.

CAROL BROWNER: Absolutely not true. We all know that the EPA report in 1993 was only one in a series of reports. You had in 1986 the Surgeon General saying tobacco smoke was a problem. You had the National Academy of Sciences. As a result of those 1986 reports, it is true that EPA sought to educate the American people about the dangers of tobacco smoke. That's part of our job, to educate the American people. But then we undertook a comprehensive review, 31 independent scientific studies were reviewed, 18 scientists from outside of EPA looked at the conclusions, the weight of the evidence, and they all unanimously agreed that second-hand tobacco smoke brings with it real health problems.

JIM LEHRER: And the judge's decision last week doesn't change anything from your point of view?

CAROL BROWNER: We stand by our science. I think the judge made a procedural ruling. What he essentially said is that industry, that R.J. Reynolds should have sat at the table to review the science. And we don't agree with that. We think independent scientists -- as we did -- are the appropriate people to review a body of scientific evidence.

Charles Blixt: "This opinion was about abuse of power by the EPA."

JIM LEHRER: Mr. Blixt, in your point of view a procedural ruling or something

sweeping about second-hand smoke?

CHARLES BLIXT, RJ Reynolds executive vice president and general counsel: This opinion wasn't about any abuse of procedure, Jim. This opinion was about abuse of power by the EPA. What the EPA essentially did was deliberately mislead about the American people what about what science has proven about second-hand smoke. The judge's opinion cut right to the heart of that science. Sixty pages of the opinion discussed the science that the EPA supposedly conducted in evaluating and conducting this risk assessment.

And as your lead-in story said, the judge specifically found that the EPA came to a pre-determined conclusion then cherry picked data, excluded any data which didn't support their pre-determined conclusion, changed the rules of science, didn't follow the law, and didn't follow its own internal regulatory procedures. All of which the judge used to strike down six of the chapters of the EPA report.

JIM LEHRER: So is it your position, the industry's position, that second-hand smoke is not harmful to health?

CHARLES BLIXT: It's not our position that second-hand smoke is not harmful to health. It's our position that the science doesn't support any finding or any conclusion that second-hand smoke causes cancer or heart disease or any of these other diseases that were listed. In fact, if it were proved, why would the World Health Organization be currently conducting the largest single study of this kind, spending millions of dollars, a study that's been going on for several years and the preliminary report of which says that the risk of cancer from second-hand smoke has not been established.

JIM LEHRER: And that's your position? Not that it isn't there, that it may not be possible...that it just hasn't been established yet?

CHARLES BLIXT: Well, science can't prove a negative, Jim. Science can't prove that something doesn't happen. All they can do is look at a hypothesis, not a pre-determined conclusion, as the EPA did, but form a hypothesis, undertake a scientific inquiry and determine if the hypothesis is proven by the data and in this case it's not.

Second-hand smoke: A health hazard?

JIM LEHRER: Let's move together from the 1993 report to where we are today.

Make your best case for the fact that second-hand smoke is, in fact, a health hazard, does, in fact, cause 3,000 people to die each year.

CAROL BROWNER: Study after study, studies that came after the EPA study-

JIM LEHRER: Such as?

CAROL BROWNER: The French study issued by the medical department of France.

The U.K. study. Even the World Health Organization study. You know, let's not

mislead the American people. I have a statement from the scientists in the World Health

Organization and they say their results support previous studies in Europe and the

United States which indicate that passive smoking -- secondhand smoke -- increases

the risk of lung cancer in humans. That's a statement from the scientists.

CHARLES BLIXT: But it's not...

CAROL BROWNER: Excuse me, hold on, my turn.

CHARLES BLIXT: She's reading from a report. The biennial report of the International Agency for Research...

CAROL BROWNER: I'm reading from a statement from the scientists who did the study and I'm...

JIM LEHRER: Let her answer the question.

CAROL BROWNER: More importantly, what you have here is a judge. A judge in

Winston-Salem, North Carolina essentially trumping the scientific opinion of 18

independent scientists. Trumping the opinion of the Surgeon General, the National

Academy of Sciences. You know, there's nothing else like this in EPA's history. We did

what we're supposed to do. We looked at all of the science, we reached conclusions,

we presented those to independent scientists, we asked the tobacco industry what they

thought about those in a draft form. They gave us thousands of pages. They appeared

for hours before the scientists reviewing these findings and at the end of the day, the

conclusion was unanimous. Secondhand smoke is bad.

And you know, it's extremely important that the American people understand that

nothing in this judge's ruling has changed that. There are real

health problems both in adults and most particularly our children. And Jim, just one last thing. The tobacco industry did not challenge EPA's scientific findings with respect to our children. The respiratory findings that EPA made.

Carol Browner: "What you have here is a judge...essentially trumping the scientific opinion of 18 independent scientists."

JIM LEHRER: Is that true?

CHARLES BLIXT: Well, the two chapters which dealt with respiratory diseases in children doesn't need to be attacked then.

CAROL BROWNER: You agree, then?

CHARLES BLIXT: It was so much weaker than the purported science the EPA had on the lung cancer issue.

CAROL BROWNER: But the judge let the two chapters stand.

CHARLES BLIXT: Let's get a couple factors correct. It wasn't a judge in Winston-Salem, North Carolina. It was a federal judge in the middle district of North Carolina which sits in Greensboro. The same judge who a year ago ruled contrary to what the tobacco industry desired--that the FDA had the authority to regulate the tobacco industry - an opinion which is now on appeal to the fourth circuit. The implication that it was a single judge in Winston-Salem . . .

CAROL BROWNER: It is a single judge. One judge's opinion.

CHARLES BLIXT: He's a federal judge.

CAROL BROWNER: I don't disagree. It's a federal judge. But it's one judge trumping 18 scientists.

CHARLES BLIXT: But, he didn't trump 18 scientists.

CAROL BROWNER: He did.

CHARLES BLIXT: If you read the opinion, Jim, he used the internal scientists from the EPA itself, and I'll cite you to page 64 of the opinion where he quotes four or five different scientists inside of EPA, a member of the scientific advisory board of the EPA all of whom said before the final draft was written that this was wrong.

The practical applications of this decision.

JIM LEHRER: We'll get back to all of the procedures in a moment. What I'm interested in tonight is the practical effect this should have on the way people conduct their lives and from your point of view, Mr. Blixt, what would you say to somebody listening to this tonight? Does this change the way they should handle their attitude toward second-hand smoke?

CHARLES BLIXT: It's always been our position that the attitude towards smokers should be one of accommodation and we still believe that. We believe smokers and non-smokers can be accommodated, can live together. Can be accommodated in the workplace, can be accommodated in the service industry, in restaurants and bars and we don't need the EPA to trump up science to come to an incorrect conclusion.

JIM LEHRER: We heard you on that.

CHARLES BLIXT: And then try to regulate where people can smoke.

CAROL BROWNER: Wait. No, no, no, no, no.

JIM LEHRER: Let me just finish with Mr. Blixt. As you know, as a result, as Kwame said in his report, as a result of the EPA report in 1993 and subsequent reports, there are a lot of city ordinances, a lot of state laws that have to do with smoking in public places, etc. Is it the industry's position that those things should be -- that they should be looked at, they should be reexamined, there should be a second look taken at all of those as a result of what this judge did in North Carolina?

CHARLES BLIXT: Well. Clearly what the EPA did was establish a foundation for all those regulations which is have been passed subsequent to that? That foundation has been pulled out from underneath the EPA and underneath all of these regulations. Does that mean all of these municipalities and states are going to go back and . . .

JIM LEHRER: Should they? Do you think they should?

CHARLES BLIXT: Well, I think there's been, as a result partially of the EPA's report and as a result of the anti-smoking industry's crusade to ban smoking I think that there's been an extreme and almost ridiculous separation of smokers. In some communities you can't even smoke in a public park. That's not accommodation and it's not reasonable. I think that people should look at these things, employers should look at these, businesses

should look at it, restaurants, bars, the service industry, and accommodate both smokers and non-smokers. I know there's a lot of people who are annoyed by smoke and they shouldn't have to be exposed to it if they don't want to be.

Should this ruling change laws and attitudes?

JIM LEHRER: Now, Ms. Browner, what do you think should be done as a result of this judge's ruling? Should anything change?

CAROL BROWNER: Absolute any nothing should change. The American people need too know that second-hand tobacco smoke is bad for their health, it's bad for adults and it's bad for children. And no city, no business that's made a sensible decision to protect people from second-hand smoke should change those decisions. They're right, that's what the American people want, that's what the American people have come to expect. I don't think we want to go back to a time when you enter a public building, when you enter an airplane and you gag because of the amount of smoke. If you choose not to smoke, you deserve to be protected. Our science was thorough on this. We stand by the science and nobody should walk away.

JIM LEHRER: Are you going to... Is the federal government or the EPA going to appeal Judge Osteen's decision?

CAROL BROWNER: We're looking at all of our options and clearly at the top of the list and what's most likely is we will appeal this. Again, we've never seen a judge go into a body of science -- a body of science not just reviewed by EPA but reviewed by 18 scientists from outside of EPA -- the head of the Yale Medical Center, the New York Medical Center -- they all, all 18, unanimously concurred with the conclusions that second-hand smoke causes lung cancer and it causes respiratory problems in our children.

JIM LEHRER: Is the industry going to pursue this to its final conclusion? In other words, if EPA appeals, you go with it and go all the way to the supreme court if you have to?

CHARLES BLIXT: Certainly we'll pursue whatever avenue in this litigation is necessary to see that the power of the EPA is not abused. Clearly that's what's happened here.

JIM LEHRER: What is it that you want... When this is all said and done, if you win,

what do you want to win?

CHARLES BLIXT: Well, when this started five years ago, Jim, all we were trying to do was to hold the EPA to its scientifically rigorous standards of doing a risk assessment. It may be politically correct to contend that smoking causes these diseases. It's not scientifically correct and a judge has now said it's not legally correct.

EPA regulation?

JIM LEHRER: So what do you want to do?

CHARLES BLIXT: What we want out of this case is for... as has now happened, the entire report dealing with cancer has been invalidated, we have a pleading on file, a supplemental pleading, to stop the EPA from trying to regulate in this area as they have tried to do.

CAROL BROWNER: We don't regulate as you know. Now wait, Jim, this is important.

CHARLES BLIXT: They have tried to conduct regulation and the judge found they have de facto regulated this industry.

CAROL BROWNER: No. No. No. Now hold on just a moment.

CHARLES BLIXT: It was a finding of the judge.

CAROL BROWNER: Excuse me. EPA issued a scientific report. Cities and businesses across the country of their own volition put in place regulations to ban smoking.

JIM LEHRER: There's no EPA regulation?

CAROL BROWNER: There's no EPA ...there is absolutely no EPA regulation on smoking. Now, admit that. That's true!

CHARLES BLIXT: What the judge has found...

CAROL BROWNER: Chuck, you know that's true. No.

CHARLES BLIXT: What the judge has found...

CAROL BROWNER: Cite the regulation.

CHARLES BLIXT: What the judge has found is that this is de facto regulation by the EPA.

CAROL BROWNER: No. No.

CHARLES BLIXT: The EPA, according to our supplemental complaint,

which will  
now be litigated--

CAROL BROWNER: We issued a scientific report.

CHARLES BLIXT: ...has tried to invade the private arena and tried to regulate the tobacco industry.

JIM LEHRER: I have a hunch we haven't heard the last of this but we have right at this moment. Thank you both very much.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kate P. Donovan ( CN=Kate P. Donovan/OU=OMB/O=EOP [ OMB ] )

CREATION DATE/TIME:22-JUL-1998 11:32:47.00

SUBJECT: URGENT: C/J/S HOUSE RULES SAP

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

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

TEXT:

Today, the House Rules Committee plans to meet at 3pm on  
Commerce/Justice/State FY99 Appropriations. Below is the draft SAP and  
the language is very similar to language you have already reviewed in  
previous SAPs and letters. Therefore, we need your comments by 1:30pm  
today. Thanks.

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D41]MAIL41259290U.226 to ASCII,  
The following is a HEX DUMP:

FF5750437A060000010A02010000000205000000736B00000002000049EA42134877D8487BAA1C

July \_\_, 1998  
(House Rules)

**COMMERCE, JUSTICE, STATE, THE JUDICIARY,  
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999**

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(Sponsors: Livingston (R), Louisiana; Rogers (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates the Committee's support for many of the President's priorities within the 302(b) allocation. For example, we appreciate the Committee's funding of law enforcement programs in general and the COPS program in particular. Funding COPS at the requested level of \$1.4 billion is consistent with the Balanced Budget Agreement and would enable us to achieve the goal of hiring 100,000 additional police officers by the year 2000.

However, the allocation is simply insufficient to make the necessary investments in other critical programs funded by this bill. The only way to achieve the appropriate investment level is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. We want to work with the Congress on mutually agreeable mandatory and other offsets that would be used to increase high-priority discretionary programs, including those funded by this bill. In addition, we hope that the Committee will reduce funding for lower priority and unrequested discretionary programs, and redirect funding to programs of higher priority.

The Administration has very serious concerns, discussed below, with the Committee's inadequate funding of a number of priority programs, as well as with objectionable language provisions. If the bill were presented to the President in its current form, the President's senior advisers would recommend that the President veto the bill.

Legal Services Corporation

The Committee bill funds the Legal Services Corporation (LSC) at \$141 million, \$142 million below the FY 1998 enacted level and \$199 million below the President's request of \$340 million. This funding level is unacceptable. It represents a 65-percent cut from the FY 1995 level of \$400 million, would severely cripple the program, and calls into question the Federal Government's commitment to ensuring that all Americans, regardless of income, have access to

the Judicial system. The Supreme Court recently ruled that interest on lawyer trust accounts (IOLTAs) are the private property of clients and cannot be used to generate resources for civil legal services. This eliminates a funding source that provided LSC programs with more than \$57 million last year and underscores the importance of action to fully fund the President's request. **[The Administration strongly supports an amendment expected to be offered to increase funding for the LSC.] -- in brackets pending review of offsets.**

#### Small Business Administration

The Administration strongly objects to the Committee's funding levels for the administration of the Small Business Administration's (SBA's) programs. The Committee's funding level for the Salaries and Expenses account regular operating expenses represents a 27-percent reduction from the President's request, and includes a requirement that all of the reduction be taken from headquarters functions. Such funding levels would require reductions in staff by more than 1,200 staff years through severe reductions-in-force. Not even the elimination of all headquarters employees would satisfy the Committee report requirement to take reductions solely from non-District Offices

#### Equal Employment Opportunity Commission

The Administration strongly urges the House to fully fund the President's request of \$279 million for the Equal Employment Opportunity Commission (EEOC), \$18.5 million above the Committee mark. The additional resources are essential and would allow EEOC to reduce the backlog of pending complaints and implement much-needed reforms in the way all complaints are managed, including an enhanced alternative dispute resolution program. We look forward to working with Congress to provide funding for EEOC and other programs included in the President's civil rights enforcement initiative.

#### Department of Commerce

- Decennial Census. The language in the Committee bill is unacceptable. It is critical that the Congress provide full-year funding for the Decennial Census without any restrictions on the use of statistical sampling. Delays or disruptions would unacceptably complicate the management of this massive operation. We urge the Rules Committee to permit an amendment that removes these onerous language restrictions and provide funding that allows the Census Bureau to implement its current plan. This plan was developed by statistical experts and based on recommendations from the National Academy of Sciences, which found that regardless of cost, the methods of the past could not achieve satisfactory accuracy. The statistical methods incorporated in the Bureau's plan would produce the most accurate census possible and virtually eliminate the large undercounts of minorities, children and other groups that occurred in the 1990 census.
- National Oceanic and Atmospheric Administration. The Administration objects to

inadequate funding for Administration priorities within the National Oceanic and Atmospheric Administration (NOAA), including: the Clean Water Initiative to protect coastal communities; the GLOBE program, which promotes scientific discovery and student achievement; and, activities to implement the Endangered Species Act and Magnuson-Stevens Act. Reductions to the Climate and Global Change Program would slow research to understand the implications of extreme weather events such as El Nino. In addition, by not fully funding the request for the National Weather Service, the Committee threatens vital services. Also, the Administration strongly objects to the extension of exclusive fishery management authority in Alabama, Louisiana, and Mississippi, which would undermine the current management regime to protect fisheries resources. Finally, the Administration is concerned with funding restrictions in bill language that could limit NOAA's ability to fulfill its mission.

The Administration is also particularly concerned about inadequate funding to fulfill contract obligations for follow-on polar and geostationary weather satellite programs. Renegotiation or termination of these contracts would jeopardize satellite continuity for both civilian and military operations and increase costs. The recent failure of the GOES-9 satellite underscores the need to maintain production schedules.

- National Institute for Standards and Technology. The Administration is concerned that the Committee's exclusion of the requested advance appropriation for the Advanced Measurement Laboratory would increase costs and delay completion by at least a year. We are also very disappointed by the lack of support for the Advanced Technology Program, which fosters cutting-edge research. The Committee allowance would support only \$43 million in new awards, 54 percent below the President's request of \$94 million for new awards.
- Statistics Initiatives. The Administration is concerned about inadequate funding for high- priority statistical initiatives, especially the improvement of National Account measures, the Poverty Measure initiative, and the Continuous Measurement program, which will provide annual demographic information on the population and eliminate the need for the "long form" in the 2010 Census.
- Minority Business Development Agency. Management reforms at the Minority Business Development Agency (MBDA) have improved delivery of programs and technical assistance, and MBDA has emerged as a stronger, more focused agency. The Administration objects to the reduction to MBDA's base and requests restoration of \$2.8 million.

- National Information Infrastructure Program and Other Issues. In the Committee bill, the National Information Infrastructure program is reduced by \$4 million (20 percent) below the FY 1998 enacted level. Such a reduction would substantially decrease seed money for innovative information technology projects. In addition, the Administration strongly objects to onerous reporting requirements that would require the Department to notify Congress before exporting satellites to China.

#### Year 2000 Computer Conversion

In the FY 1999 Budget, the President has requested more than \$1 billion for Y2K computer conversion. In addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and other unanticipated needs. It is essential to make Y2K funding available quickly and flexibly. The House effort to defer action on the emergency fund in the Treasury and General Government Appropriations bill is very troubling, particularly in light of several Subcommittees, including the Commerce, Justice, State Subcommittee, deciding to not fund the base Y2K request.

#### Department of Justice

The Administration appreciates the Committee's continued support for law enforcement and other Department of Justice activities. However, as discussed below, we are concerned about Committee action in a number of areas.

- Title V -- At-Risk Children's Grant Program. The Administration urges the House to provide \$95 million requested for the At-Risk children's proposal. The At-Risk proposal supports local community prevention programs such as mentoring, truancy prevention, and gang intervention to prevent young people from becoming involved in the criminal justice system.
- Drug Testing and Intervention. We are disappointed by the Committee's failure to provide any of the \$85 million requested for the drug testing and intervention program. Systematic drug testing is a proven, cost-effective means of using the coercive power of the criminal justice system to move non-violent offenders into drug treatment programs.
- Imposition of State Ethics Rules. The Administration strongly opposes the provisions in the bill that would impose State ethics rules on Federal attorneys and establish an independent board that could fire Federal agents, prosecutors, and civil law enforcement attorneys. These provisions would undermine Federal law enforcement by subjecting Department of Justice attorneys to multiple and inconsistent State rules of conduct, transferring to the States the authority to regulate the conduct of Federal attorneys in the performance of their Federal law enforcement duties.
- Protection Against Terrorism, Including Use of Chemical and Biological Weapons. We appreciate the Committee's support of the Administration's effort to combat terrorism, particularly the use of chemical and biological weapons. However, we ask that the Committee fully fund the request for the Attorney General's Counterterrorism Fund,

including funding for local bomb squad equipment.

- Protection Against Cybercrime and Attacks on Our Nation's Critical Infrastructures. The Committee mark excludes Counterterrorism Fund support to combat cybercrime, including funding for potential transfer to other agencies and for the FBI's National Infrastructure Protection Center. The Department of Commerce has identified funding requirements for the interagency Critical Infrastructure Assurance Office, which coordinates the development and integration of a national critical infrastructure plan. Failure to provide funding would endanger the Government's efforts to fight cybercrime.
- Indian Country. We appreciate the Committee mark for Indian Country. However, we urge the House to fully fund the Administration's request for Indian Country criminal justice assistance, including FBI and U.S. Attorneys resources.
- Federal Bureau of Investigation. The Administration is disappointed that the Committee's level for the Federal Bureau of Investigation (FBI) is \$52 million below the President's request. We are particularly concerned about the proposed \$30 million funding level for the FBI's Information Sharing Initiative (ISI), which is \$20 million below the request, and would prevent the FBI from improving its electronic case file information and thereby increasing the effectiveness and efficiency of the FBI's investigations. Furthermore, the reporting requirement on ISI would impede the FBI's ongoing efforts to provide critical information technology infrastructure support using existing resources.
- Immigration and Naturalization Service. We appreciate the Committee's support for the Administration's border control initiative. However, the Committee's \$2.567 billion mark, \$156 million below the President's request, is insufficient to support a comprehensive, bipartisan border management and enforcement strategy. The President's request supports increased border management funding for Border Patrol agents, critical infrastructure and technology, detention support, interior enforcement, and includes \$36 million more than the Committee's level for Border Patrol, detention, and office construction. We urge the House to fully fund the President's request.
- Bureau of Prisons/Abortion. The Administration urges the House to strike section 103 of the Committee bill, which would prohibit the Bureau of Prisons from funding abortions except in cases of rape or where the life of the mother is endangered. The Department of Justice believes that there is a great likelihood that this provision would be held unconstitutional.

- Juvenile Justice Block Grant. The Administration is concerned that the \$250 million Juvenile Justice Block Grant in the Committee bill may authorize a broad and unfocused range of spending, and urges the House to provide funding for more targeted activities, including direct funds for local prosecutors to target juvenile and quality of life crimes.
- Narrowband Communications. The Administration is disappointed that the Committee has not provided the \$86 million requested to establish a fund for the consolidation and coordination of the Department's conversion to narrowband communications systems. We urge the House to establish such a fund and to restore the \$24 million in base resources that are excluded from the Committee mark.

#### Potential Amendment Related to Presidential Executive Order

The Administration would strongly oppose an amendment that may be offered that would prohibit the use of funds in the Act for implementing the May 28, 1998, Presidential Executive Order which provides a uniform policy for the Federal Government to prohibit employment discrimination based on sexual orientation in the Federal civilian workforce.

#### International Affairs Programs

The Administration appreciates the Committee's support for the Department of State's Diplomatic and Consular Programs and Salaries and Expenses accounts. However, we are concerned about the Committee's reduction of \$26 million for the Department's operating requirements. Further, the Committee's reduction of \$38 million to the request for information technology improvements in the Capital Investment Fund would jeopardize the Department's effort to achieve Y2K compliance. In addition, limits placed on the amount of fees to execute the President's Border Security Program that can be used in FY 1999 could slow urgently needed border security improvements.

The Administration is very concerned about the Committee's \$245 million reduction to the request for Security and Maintenance of U.S. Missions. The Committee's mark does not fund construction of needed Embassy projects in Beijing and Berlin and would require offsets against regular security and maintenance activities to fund initial design work for these important projects. We request that the Committee provide a funding level consistent with the President's budget for urgently needed embassy facilities and ongoing security and maintenance programs, including Y2K-related activities.

The Administration appreciates the steps the Committee has taken to fund the request for arrearage payments this year. The Administration wants to work with the Congress to ensure that these funds are available in a timely fashion to retain our influence in these organizations and to identify reform measures that further U.S. interests. However, we strongly oppose the bill's authorization requirement that is intended to subject this important foreign policy measure to the unrelated issue of family planning policy. There is legitimate disagreement over this

issue, but none of the U.N. and related international organizations arrears payments is related to this issue. Therefore, it is wholly inappropriate to hold the payment of U.S. arrears hostage to the family planning issue.

Further, although the Committee has provided significant funding for the Contributions to International Organizations (CIO) and Contributions for International Peacekeeping Activities for FY 1999, the Administration is concerned that reductions in these accounts would increase arrears and impair the ability of the United States to address foreign policy interests through the mechanism of U.N. peacekeeping.

The Administration opposes the Committee's proposal to provide up to \$15 million for Comprehensive Nuclear Test Ban Treaty needs by transfer from the CIO account without any increase in funding. We strongly believe that these important activities should be funded at the \$29 million level, as requested in the Nonproliferation, Anti-terrorism, Demining and Related Programs account.

The Administration is concerned about the \$21 million overall reduction to the request for the U.S. Information Agency (USIA). Given that the USIA request is virtually at the FY 1998 level, the Committee's reduction would hurt core public diplomacy activities, Year 2000 compliance, critical broadcasting activities including broadcasting to Africa, and important grant programs. We urge the House to provide funding for USIA's operating and special accounts at the requested level.

Finally, the Administration is concerned about the Committee's reductions for the Arms Control and Disarmament Agency, the Asia Foundation, the American Institute in Taiwan, and the International Commissions. Such reductions would place a disproportionate burden on the operating budgets of these small agencies.

#### Federal Communications Commission

The Administration is very concerned about the lack of funding for any of the requested increases for the Federal Communications Commission (FCC). The Committee's funding level could require an agency-wide furlough or reduction-in-force, impairing the FCC's ability to implement the mandates of the Telecommunications Act of 1996 and to carry out critical mission operations.

#### Teamsters Election

The Administration objects to the continuation of last year's rider that prohibits the use of funds for supervising the Teamster's election, despite a court order requiring the Federal Government to pay for a supervised election.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-JUL-1998 11:47:10.00

SUBJECT:

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

TEXT:

Please call jen ASAP 62599- letter is ready

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-JUL-1998 12:03:18.00

SUBJECT: Child Care Item in CEA Weekly

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

The data CEA put in its weekly report are based on the NGA Fiscal Survey of States which we've circulated around (published in May). I'll fax you copies of the item. The President wrote "good" next to the sentence saying "While the Nation's welfare caseload fell by more than a quarter between 1996 and 1998, overall state spending on welfare decreased by less than 10 percent, and state spending on child care and job readiness training rose sharply." He cc'd the First Lady on the item and flagged it for Bruce yesterday.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-JUL-1998 12:27:53.00

SUBJECT: NAS Report and Single Food Agency

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: 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

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

READ:UNKNOWN

TEXT:

1. In mid-August, the prestigious National Academy of Science is supposed to release a report on the utility of a single food agency.

2. The report is likely to be very critical of the current food safety regulatory structure, particularly the that USDA has a lot of money but little authority and FDA

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Melinda D. Haskins ( CN=Melinda D. Haskins/OU=OMB/O=EOP [ OMB ] )

CREATION DATE/TIME:22-JUL-1998 13:17:31.00

SUBJECT: COMMENTS DUE ASAP on SSA (Barnes) Testimony on "Official Time" for HWM Hea

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

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

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

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

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

TO: Laura Oliven Silberfarb ( CN=Laura Oliven Silberfarb/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

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

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

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

CC: Richard E. Green ( CN=Richard E. Green/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

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

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

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

TEXT:

Please provide me with comments on LRM MDH 224 -- SSA's (Barnes) testimony for House Ways and Means' July 24th hearing on labor-management relations (e.g., "official time") -- ASAP today. We plan to clear the testimony this afternoon.

Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-JUL-1998 15:07:52.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

FYI- Leg. Affairs has made 2 minor changes & signed off- I have final letter now for your review; -laura

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Melissa N. Benton ( CN=Melissa N. Benton/OU=OMB/O=EOP [ OMB ] )

CREATION DATE/TIME:22-JUL-1998 15:42:36.00

SUBJECT: REVISED LABOR Report on HR3725 Postal Service Health and Safety Promotion

TO: Janet R. Forsgren ( CN=Janet R. Forsgren/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: David E. Tornquist ( CN=David E. Tornquist/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

TO: Kate P. Donovan ( CN=Kate P. Donovan/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Daniel J. Chenok ( CN=Daniel J. Chenok/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

TO: Lisa B. Fairhall ( CN=Lisa B. Fairhall/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

TO: Lori Schack ( CN=Lori Schack/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

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

READ:UNKNOWN

TO: Daniel N. Mendelson ( CN=Daniel N. Mendelson/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: Broderick Johnson ( CN=Broderick Johnson/OU=WHO/O=EOP@EOP [ WHO ] )

READ:UNKNOWN

TO: Steven J. Isakowitz ( CN=Steven J. Isakowitz/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

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

READ:UNKNOWN

TO: Robert G. Damus ( CN=Robert G. Damus/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

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

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

TEXT:  
Total Pages: \_\_\_\_\_

LRM ID: MNB211  
EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
Washington, D.C. 20503-0001

Wednesday, July 22, 1998

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Janet R. Forsgren (for) Assistant Director for Legislative Reference

OMB CONTACT: Melissa N. Benton  
PHONE: (202)395-7887 FAX: (202)395-6148

SUBJECT: REVISED LABOR Report on HR3725 Postal Service Health and Safety Promotion Act

DEADLINE: 5 p.m. Wednesday, July 22, 1998

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: Attached is the revised Labor letter, which Labor would like to send prior to the House Government Reform and Oversight markup of H.R. 3725 tomorrow morning. (Labor would also like to send an identical letter to the Senate Labor and Human Resources Committee, which this morning ordered reported by voice vote companion legislation--S. 2112).

THE DEADLINE IS FIRM.

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- David J. Haun
- Broderick Johnson
- Janet R. Forsgren
- James C. Murr

LRM ID: MNB211 SUBJECT: REVISED LABOR Report on HR3725 Postal Service Health and Safety Promotion Act

RESPONSE TO  
LEGISLATIVE REFERRAL  
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
- (2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Melissa N. Benton Phone: 395-7887 Fax: 395-6148  
Office of Management and Budget  
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: \_\_\_\_\_ (Date)

\_\_\_\_\_ (Name)

\_\_\_\_\_ (Agency)

\_\_\_\_\_ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

\_\_\_\_\_ Concur  
\_\_\_\_\_ No Objection  
\_\_\_\_\_ No Comment  
\_\_\_\_\_ See proposed edits on pages \_\_\_\_\_  
\_\_\_\_\_ Other: \_\_\_\_\_  
\_\_\_\_\_ FAX RETURN of \_\_\_\_\_ pages, attached to this response sheet

The Honorable Dan Burton  
Chairman  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Burton:

I am writing to express the Administration's support for H.R. 3725, a bill that would apply the requirements of the Occupational Safety and Health Act (OSH Act) to the U.S. Postal Service. We hope that Congress will give postal employees the full benefit of OSHA's expertise and authority.

The U.S. Postal Service, with more than 20,000 facilities, comprises 30 percent of the Federal civilian workforce. However, Postal Service workers, injury and illness cases involving lost time represent about 42 percent of the Government's lost time cases. The total injury and illness cases of the Postal Service constitute about 48 percent of the entire Government's claims. Consequently, we welcome the additional tools H.R. 3725 would provide in our efforts to improve occupational safety and health in the Postal Service.

In keeping with the Department of Labor's expressed concern during this and the previous Congress that many Federal employees are not adequately protected under the OSH Act, we would support an amendment to extend the requirements of the Act to all Federal employees with the exception of the uniformed members of the Armed Services. In addition, the Department of Justice advises that H.R. 3725 needs to be amended to ensure that the President retains his ability to review and resolve any interagency dispute concerning enforcement of the Act short of litigation and his ability to block any such litigation.

The Federal Government should be the model for providing employees workplaces that are safe and healthy. H.R. 3725 is an important step in improving the quality of public sector workplaces, which civil servants and their families deserve.

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

Sincerely,

Alexis M. Herman

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-JUL-1998 17:56:15.00

SUBJECT: Presidential Task Force on Employment of Adults w/ Disabilities

TO: Sandra L. Via ( CN=Sandra L. Via/OU=OMB/O=EOP @ EOP [ OMB ] )

READ:UNKNOWN

TO: Jocelyn Neis ( CN=Jocelyn Neis/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Barbara Chow ( CN=Barbara Chow/OU=OMB/O=EOP @ EOP [ OMB ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Erskine is meeting tomorrow (7/23) at 9:45 am with Sec. Herman and Tony Coehlo to discuss the work of the President's Task Force on Employment of Adults w/ Disabilities. We will have a short pre-brief at 9:30. (The meetings will be held in Erskine's office.) k

The following are invited to attend:

Chris Jennings  
Elena Kagan / Diana Fortuna  
Gene Sperling  
Minyon Moore  
Jack Lew or Barbara Chow

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-JUL-1998 19:08:58.00

SUBJECT: Update on House Class Action Bill

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Yesterday the House Judiciary Committee began marking up a revised version of Rep. Hyde's Class Action bill (markup is to continue July 28th according to the Congressional Record -- Sarah Rosen of the NEC is getting a full report). At a recent meeting, we agreed, as had Bruce urged, to oppose the bill based on our non-tobacco objections (no reason to transfer most class actions to federal court, concern about burdens on the federal court system, etc.). DOJ is going to draft a letter outlining their concerns (it will be an update of a June 18th letter -- the bill has been improved since then but not by enough). You should know that anti-tobacco advocates were emailing their contacts yesterday to urge them to call House members to oppose the bill (see excerpt below).

-----  
H.R. 3789 would allow tobacco companies, along with other defendants in class action lawsuits, to remove cases from state to federal courts -- giving federal courts jurisdiction over virtually every class action claim.

H.R. 3789 will lead to interminable delay for class action cases against the tobacco industry. The federal courts are already overburdened and are not equipped to handle the flood of cases that will be shifted from state courts to federal courts. In addition, federal courts are not expert in the state statutory and common law claims brought by most tobacco plaintiffs.

H.R. 3789 could effectively wipe out most class action litigation against the tobacco industry, limiting an important avenue of redress for consumers.

Class action lawsuits are one of the only ways that injured consumers can bring legal claims against tobacco companies. That is why Big Tobacco tried to wipe out class actions in the June 20, 1997 deal.

As Dick Daynard, Chairman of the Tobacco Products Liability Project at Northeastern University School of Law, has pointed out, H.R. 3789 could wipe out "the Engle case, the class on behalf of diseased Florida smokers presently in trial in a Miami state court, and would effectively discourage the filing of cases similar to Engle in the remaining 49 states. In addition, the Broin case, a class action on behalf of afflicted nonsmoking flight attendants which was tried in a Florida state court and partially settled last year for \$300,000,000, would probably have been dismissed in federal court or would, at best, still be in pro-trial skirmishes. H.R. 3789 would discourage other groups of afflicted nonsmokers from following suit."

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-JUL-1998 19:28:13.00

SUBJECT: Draft tp/background

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:

Elena,

Here is a draft of background and talking points for EB's meeting with Asian groups on Friday. They wanted info on both naturalization backlog and public charge. I talked with Michael D. about how to do the backlog reduction tps.

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D72]MAIL47428590E.226 to ASCII,  
The following is a HEX DUMP:

FF575043CC060000010A020100000002050000005C1E0000000200009A4A1929947CF61091BA4B  
756BF676534684D5F99BD11BD3BE7DF03D86BDD1373946B9A96DBF7C2B18992EC04460E2E00380

**Naturalization backlog**  
**July 22, 1998**

Background:

Many immigration advocates have expressed serious concerns over the naturalization backlog and INS's naturalization fee increases. The dramatic increase in naturalization applications (from 540,000 in FY 1994 to almost 1.6 million in FY 1997), along with the dedication of substantial resources over the past nine months to implement quality procedures, has resulted in an increase in the number of pending applications to nearly 1.9 million as of the end of May 1998. Currently, most applicants are experiencing a wait time of 18-24 months.

The naturalization program is funded through application fees. The advocates will likely ask for a one-time allocation of funds to assist with backlog reduction efforts. OMB and DPC are working with the INS to develop a credible backlog reduction plan that focuses on management and process reforms. In the meantime, waiting times continue to increase. At the same time, the INS plans to increase the fees on naturalization from \$95 to \$225 as of October 1st (this increase will more accurately reflect the actual cost of processing an applicant). In addition, the INS recently announced that their anticipated receipts for FY 1999 are down 46%.

Talking points:

- We agree that the growing backlog is unacceptable. The Administration is committed to both management reforms and providing the funding necessary to steadily reduce and eventually eliminate the backlog.
- Our FY 1999 budget anticipates significantly reducing the waiting time for naturalization applicants.
- In addition, the Domestic Policy Council and the Office of Management and Budget are working with the INS and Department of Justice to develop a comprehensive and effective plan to reduce, and eventually eliminate, the backlog. We are committed to achieving this goal.
- In the past year, the INS has implemented several reforms to the naturalization process that are designed to expedite processing, while maintaining integrity. Also, as you know, the Administration has developed a plan to restructure the INS that will improve accountability and allow for better leadership and focus on the services side of the operation.

If asked about the fee increase:

- We recognize that in some cases the anticipated fee increase will create a hardship. We will make sure that any proposal to increase the fee is accompanied by a waiver for those for whom the burden is too much. However, given the budget realities, an increase in the fee is the only way to reduce the backlog.

**Public charge**  
**July 22, 1998**

Background

Current immigration law requires the INS and the State Department (consular officers) to determine whether an applicant for admission to the United States is likely to become a "public charge." Current practice permits the INS and consular officers to take into consideration whether the applicant is in receipt of certain public benefits. The State Department has a policy of excluding consideration of food stamps and WIC, but including consideration of Medicaid, SSI and TANF. INS has the same general policy, though their practice is to sometimes consider food stamps. The word has spread within the immigrant community that enrolling yourself or your children in Medicaid or other benefit programs puts you at risk with the INS.

The DPC and OMB have been leading an inter-agency process to determine whether, given the increased use of Medicaid and food stamps by working families and children and our increased efforts to insure that all eligible children and families receive these benefits, the agencies should revise their policies.

Talking points:

- We are concerned about policies or practices that would endanger our efforts to enroll eligible children and families in Medicaid and food stamp programs.
- The DPC and OMB have been heading up an inter-agency process to look at this issue. We are at the tail end of that process, and hope to reach a clear resolution soon.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-JUL-1998 19:47:01.00

SUBJECT: Final Press Paper with NSC Clearance

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

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

TEXT:

3 pager

----- Forwarded by Thomas L. Freedman/OPD/EOP on 07/22/98  
07:46 PM -----

Jake Siewert  
07/22/98 07:40:48 PM  
Record Type: Record

To: Megan C. Moloney/WHO/EOP  
cc: See the distribution list at the bottom of this message  
Subject: Final Press Paper with NSC Clearance

Please include w/ Briefing memo.  
Message Copied

To: \_\_\_\_\_  
Linda Ricci/OMB/EOP  
Lael Brainard/CEA/EOP  
Thomas L. Freedman/OPD/EOP  
Beverly J. Barnes/WHO/EOP  
Brian A. Barreto/OPD/EOP  
Melissa G. Green/OPD/EOP  
Elizabeth R. Newman/WHO/EOP

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

TEXT:

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FF3FE011D6429EAE9C90958FB6672541203306E65366669130BBAC2B9608FCB13B34DAD9D17EF0

July 23, 1998

**FIVE AND A HALF YEARS OF PROGRESS, BUT CHALLENGES REMAIN.** For five and a half years, President Clinton and Vice President Gore have worked to expand opportunity for rural Americans and farm families. The Administration has provided critical disaster assistance to rural homeowners, farm owners, and business owners, as well as to ranchers who have lost livestock, fought to expand U.S. agricultural exports, improved our school lunch programs by buying surplus commodities, and worked to diversify the sources of enterprise and income in rural America. But rural America still faces challenges -- with the economic crisis in Asia weakening some of our best customers for farm products, strong world crop production bringing prices down, and farmers facing floods and fires and drought and crop disease.

**TODAY, PRESIDENT CLINTON ANNOUNCES IMPORTANT STEPS TO ADDRESS THESE CHALLENGES.**

- ***An Action Plan for Rural America.*** President Clinton today is laying out a four-point action plan for rural America that:
  - Expands the rural economy through exports and development;
  - Improves the farm income safety net;
  - Strengthens our rural infrastructure by improving transportation, protecting universal service, and improving our schools; and
  - Promotes health, welfare, and a clean environment for rural America.
- ***Agriculture Disaster Assistance for Texas Counties.*** President Clinton today is announcing that all Texas counties are eligible for disaster assistance, making additional help available to producers whose crops have been ravaged by drought. The President will dispatch Secretary Glickman to Texas and Oklahoma next week to survey the hardest-hit regions and to report back on other steps that we should take.

### **A FOUR-POINT ACTION PLAN FOR RURAL AMERICA**

#### **1. EXPANDING THE RURAL ECONOMY THROUGH EXPORTS AND DEVELOPMENT**

- ***Implementing the Wheat Purchase Initiative.*** On Saturday, President Clinton took strong steps to help our family farmers by reducing crop surpluses. He directed the Secretary of Agriculture to purchase 80 million bushels of wheat, which will lift prices for all wheat. The President launched a new initiative to press the struggle against world hunger, donating U.S. wheat to countries where the need is greatest -- places such as Sudan and Indonesia.
- ***Fighting for Full Funding of the IMF to Shore Up America's Customers Around the World.*** We must keep the market for our products growing by giving the International Monetary Fund the resources it needs to stabilize Asian economies that are critical customers for America's farmers. Farm and other exports are responsible for 30% of the economic growth we have enjoyed since 1993.
- ***Exempting Food Exports from U.S. Sanctions Policy.*** The President believes that commercial exports of food and other basic human necessities should be excluded from

economic sanctions as a matter of general principle -- except under compelling circumstances. President Clinton signed into law an exemption for US food exports from economic sanctions required by the nuclear non-proliferation law. This law allows American farmers to continue selling wheat to Pakistan, the market for 7 percent of US wheat. But Congress should do more to give us the flexibility we need to protect our domestic interests, without harming our foreign interests. This could best be accomplished by including in any sanctions legislation authority for the President to determine whether exempting food would be in the national interest.

- ***Promoting an Aggressive Regional Approach to Free Trade.*** The Clinton Administration has a comprehensive approach to opening agricultural markets in our key export markets. NAFTA opened Mexico and Canada to U.S. exports. We have established an agricultural negotiating group in talks for a Free Trade Area of the Americas and kicked off discussions on specific agricultural products among our Asian partners. We are also working to with the Europeans to approve the sale of genetically modified organisms there.
- ***Enforcing Our Trade Agreements.*** This administration has fought and won a number of important agricultural disputes, including the European Union's restrictions on hormone grown beef, and pork to the Phillippines. We have been aggressive in using every tool at our disposal to ensure that agreements made are agreements kept. And now, the President and Vice President are pressing France to clear the way for \$100 million in U.S. corn exports.
- ***Promoting Farm Exports.*** The Clinton Administration has nearly doubled USDA export financing in the past year to nearly \$6 billion. On July 7, the Administration proposed legislation to ensure the flexibility to move Export Enhancement Program (EEP) balances left at the end of the year into other programs to fund additional sales of US crops. This year, the President proposed that unused balances be carried over into subsequent years to expand US exports. Congress should move quickly to approve these initiatives.
- ***Increasing Access to Capital in Rural America.*** The Clinton Administration has invested more than \$175 million in the nation's three rural empowerment zones and 33 rural enterprise communities (EZ/ECs) since 1995, creating or saving over 7,000 jobs. And more than 700,000 rural citizens now receive additional services in the EZ/aEC's as a result of USDA loans, grants, and programs. The Administration wants to build on this effort to bring economic development to distressed rural areas by providing \$40 million in mandatory grants to each of the five new rural EZ's over the next 10 years.

## 2. IMPROVING THE FARM INCOME SAFETY NET

- ***Urging Congress to Help Farmers and Ranchers in Need through Emergency Funding.*** Last week, President Clinton called on Congress to relieve farm financial stress, urging emergency funding to address extraordinary conditions in many regions of the country. The bill is now going to conference, and the Administration urges the conference committee to include emergency funding for the three purposes the President recommended:

Automated Records Management System  
Hex-Dump Conversion

- Supplemental Crop Insurance Benefits would make new supplemental crop insurance payments to farmers who have had losses sufficient to trigger regular crop insurance indemnity payments in three out of the last five years (on the condition that the indemnity payment was greater than the insurance premium paid by both the farmer and USDA). This option avoids market intervention while providing assistance to areas in greatest need and would benefit about 45,000-50,000 farmers.
- Crop and Pasture Flood Compensation would make payments to farmers and ranchers whose crop or pasture land is under standing water (a problem particularly in parts of the Dakotas). They would receive payments equal to the rental value of the land each year the land is flooded.
- Replenish the Disaster Reserve for Livestock Feed Losses to replenish a fund used to provide emergency feed and livestock assistance to cover and prevent losses due to natural disasters. The 1996 Farm Bill limited the disaster reserve to about \$60 million in resources; these resources are now almost exhausted and there is no authority to replenish the fund. The program has helped get feed to cattle after blizzards in the Dakotas, New Mexico and the Midwest, but has also aided livestock producers in New York and California.

The Administration is continuing to assess the damage that farmers and ranchers have suffered because of natural disasters and will be providing the most current estimates to Congress so that the final conference report responds to all the disasters.

- ***Enhancing the Fund for Rural America.*** The Fund provides additional resources for rural development and innovative agricultural research that are vitally needed to improve the quality of life in rural America and increase the productivity of U.S. farmers. The Administration proposed creating the Fund in 1996 to boost the overall Federal investment in these activities. Unfortunately, Congress is not giving a penny to the Fund for Rural America. We will continue to fight for full funding -- \$300 million over the next five years.
- ***Modernizing Agricultural Research.*** The President recently signed into law the Agricultural Research, Extension, and Education Reform Act of 1998, which puts funding for crop insurance on a sure footing for the future, and boosts investment on agricultural research and rural development. Unfortunately, the House has moved to block \$120 million of this mandatory funding for next year.
- ***Improving Crop Insurance.*** The President has instructed Secretary Glickman to redouble his efforts to augment the current crop insurance program to more adequately meet farmers' needs to protect against farm income losses. Federal crop insurance represents a fundamental fabric of the farm safety net, yet circumstances in some regions reveal the shortcomings of the current program.

3. **STRENGTHENING RURAL INFRASTRUCTURE BY IMPROVING TRANSPORTATION, PROTECTING UNIVERSAL SERVICE, AND IMPROVING OUR SCHOOLS**

- ***Investing in Rural Transportation Systems.*** President Clinton recently signed the Transportation Equity Act for the 21st Century (TEA-21), which guarantees \$198 billion over six years to continue rebuilding America's transportation infrastructure. Rural America will benefit from new and rebuilt roads, expanded life-line paratransit services, a greater voice in transportation investment decision-making to ensure that rural areas receive their fair share of federal funds. TEA-21 also dedicates funding to help rural welfare recipients get to jobs, and extends the Ethanol Tax Credit through 2007, protecting the environment by encouraging the use of ethanol in gasoline.
- ***Developing a Long-Term Agricultural Transportation Strategy.*** In Kansas City on July 27-28, Secretary Glickman will host a summit on "Agricultural Transportation Challenges for the 21st Century." Transportation Secretary Rodney Slater will join Secretary Glickman in announcing plans to develop a Long-Term Agricultural Transportation Strategy to help meet these important challenges.
- ***Continuing Air Service.*** President Clinton has continued the record \$50 million in annual Essential Air Service operating subsidies to smaller, more isolated communities that otherwise would not be served by commercial carriers.
- ***Protecting Universal Service.*** President Clinton strongly supports universal service to ensure that all Americans have access to affordable telephone service for telecommunications. More than 38 million residential and business subscribers are served by telephone companies that receive support for serving "high cost" (rural) areas. Without universal service, telephone rates would be prohibitively expensive for many Americans living in rural areas, and they would not be able to access the Internet or phone service. All Americans would then lose, since our telecommunications system is much more valuable to the nation when we are all connected. The President strongly supports expanding universal service to include schools, libraries, and rural health care providers. Unfortunately, some members of Congress are threatening repeal of the e-rate and undermine universal service.
- ***Pushing for Rural School Modernization.*** Almost one-half of the nation's 80,000 public elementary and secondary schools are located in rural or small town areas. According to the U.S. General Accounting Office, 30 percent of those rural and small town schools (educating 4.5 million children) have at least one building in need of extensive repair or replacement. We must move forward this year with a comprehensive effort to address the needs of rural schoolchildren.
- ***Improving Distance Learning.*** President Clinton has proposed legislation to make it easier for Americans to gain access to new skills using distance learning. In his new Higher Education Act proposal, the President seeks to broaden opportunities for distance learners by including computers in the "cost of attendance" for purposes of financial aid; allowing institutions that offer more than 50 percent of their courses using distance learning to be

eligible for student aid; and providing grants to “virtual universities” and other experiments with distance learning with a program called “Learning Anytime, Anywhere Partnerships.” The Administration’s Distance Learning initiative includes loans and grants to help bring the most modern technology and education to rural America.

#### 4. **PROMOTING HEALTH, WELFARE, AND A CLEANER ENVIRONMENT FOR RURAL AMERICA**

- ***Advancing Telemedicine.*** The President has set a goal of connecting all rural clinics and hospitals to the “information superhighway.” In 1996, he signed the Telecommunications Act, which expanded the definition of universal service to include rural health care providers. The program is designed to ensure that rural health care providers pay no more than their urban counterparts for telecommunication services. This will help improve the quality of care in rural America by allowing patients to receive advice from the best specialists in the country.
- ***Improving Food Safety.*** The President's Food Safety Initiative is a comprehensive plan for improving food safety, including education, new technology, standards and more inspectors to make sure all food, including food that is imported, is safe. Congress should fund this \$101 million initiative when it is raised in conferences on appropriations bills. The President has also called on Congress to pass the Food Safety Enforcement Enhancement Act, which gives USDA the ability to assess civil fines and to order mandatory recalls of unsafe meat and poultry products.
- ***Welfare-to-Work.*** One of the biggest barriers facing people who move from welfare to work, particularly in rural areas, is finding transportation to get to jobs, training, and child care centers. The President’s new transportation bill authorizes \$750 million over five years for his initiative to help those on welfare get to work. Last year’s balanced bill included \$3 billion to help move the people who are hardest to place people into jobs -- \$700 million of it to be awarded on a competitive basis -- about 30% to rural areas.
- ***Promoting Clean Water.*** To promote private conservation efforts, the President’s new Clean Water Action plan includes more than \$100 million a year in new resources for farmers to help control polluted runoff, create 2 million miles of buffer zones next to waterways, and develop pollution prevention plans covering more than 35 million acres.
- ***Providing Safe Drinking Water:*** In 1994 President Clinton launched the Water 2000 Initiative to help upgrade and expand drinking water service in rural communities plagued by some of the nation’s worst water quality, quantity, and dependability problems. Water 2000 has already improved drinking water quality or provided a public water supply for the first time to some 2.5 million people in over 1,300 rural communities nationwide.
- ***Making Rural Areas Safer.*** The President has awarded more than \$2.3 billion in COPS grants to 10,500 law enforcement agencies serving small communities. 49% of the grants were awarded to communities with populations of fewer than 10,000.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Cynthia Dailard ( CN=Cynthia Dailard/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:23-JUL-1998 19:50:15.00

SUBJECT: New Price Elasticity Figures from Upcoming MMWR

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 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

TEXT:

On Wednesday at 5, CDC plans to release a new MMWR on price elasticity for adult smokers (age 18 and up). This information is confidential -- I don't know if the rest of HHS even knows about it yet. Generally, the report finds that minorities are much more price sensitive than whites; low-income people are much more price sensitive than higher income people; and younger people are much more price sensitive than older people.

Here is what we can expect to see in the report (this is adjusted for income):

Across all age groups: For every 10% increase in price, we would see the following percentage of people quit:

- 12 % of Hispanics
- 3.2% of African Americans
- 0.5% of Whites

Among 18-24 year olds: For every 10% increase in price, the following percentage of people would quit:

- 20.3% of Hispanics
- 8.6% of African Americans
- 0.6% of Whites

Among 40 year olds and up: For every 10% increase in price, the following percentage of people would quit:

- 5.4% of Hispanics
- 2.2% of African Americans
- 0.2% of Whites

Among people with family incomes below the median: For every 10% increase in price, 1.8% would quit.

Among people with family incomes above the median: For every 10% increase in price, 0.4% of people would quit.

Overall, the MMWR elasticity estimates for adults is -0.13 for quitting and -0.23 for quitting and reducing.

I will fax you an elasticity table from the report. We will make sure that Treasury is prepared for the release of the MMWR. Is there any particular analysis that you think they need to do?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 09:07:09.00

SUBJECT: Q's that will get asked today

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

USDA got the reporters to tell them what questions they want to ask.

(Some draft answers are also attached).===== ATTACHMENT 1 =====

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

TEXT:

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*Audio-bridge with President Clinton and Secretary Glickman  
Thursday, July 23 @ 3:00 p.m. ET  
Questioner list*

*Brownfield Network*

*Interviewer: Shelley Beyer*

*Phone: 573-893-5700*

*Topic: What can we do about low farm prices? Also interested in fast track and IMF.*

Based in Jefferson City, Missouri, this network has 200+ affiliate stations in Arkansas, Colorado, Illinois, Indiana, Kansas, Missouri, Nebraska and Tennessee.

*Q: What are you going to do about the rapid decline in farm income?*

*A: The first thing that we need to recognize is that this is a major drought coupled with other things that are beyond the control of the farmer -- severe weather and a serious economic downturn in Asia where many of our biggest customers are. That's why government must respond quickly to farmers and ranchers who are suffering.*

*That's why we are pushing Congress to approve emergency assistance for farmers and ranchers who are experiencing financial stress from natural disasters and low prices. In addition, we are purchasing surplus wheat which will be used to help needy people overseas. We are also challenging Congress to improve the farm safety net in a number of very specific ways. We are also looking for ways to strengthen crop insurance, which is a key component of the safety net so that those who suffer repeated disasters are adequately compensated.*

*Q: Why is IMF funding so important to farmers and ranchers?*

*A: When major U.S. agricultural markets like Indonesia, Korea, Russia, and other countries in Southeast Asia experience an economic crisis, they can't afford to buy our goods. The IMF helps stabilize those economies, while they make important structural reforms to open their economies. This provides U.S. farmers and ranchers with both benefits, because it ensures that our customers around the world are strong enough to buy American farm products.*

*That's why it is so disturbing that Congress has failed to act to provide full funding for the IMF. delaying this important legislation is a mistake that puts **American jobs, farmers, and savers at risk. There is no doubt that the resources of the IMF are stretched dangerously thin -- especially in the wake of the Russia package. Failing to act responsibly now only increases the***

**risks to American jobs and exports.**

*Q: What about Fast Track?*

*A:* Fast track is critical to our long term ability to negotiate strong agreements to break down unfair trade barreiers around the world. I applaud the agricultural community's support for free trade. Agriculture stands to gain perhaps more than any other sector of our economy from breaking down trade barriers overseas. That's why we have put agriculture at the top of the agenda for WTO trade negotiations set to begin in 1999.

But the most important thing we can do this year to give the IMF the funds it needs to improve help American farmers. The IMF helps stabilize those economies, while they make important structural reforms to open their economies. This provides U.S. farmers and ranchers with both benefits, because it ensures that our customers around the world are strong enough to buy American farm products.

That's why it's so disturbing that Congress has failed to act to provide full funding for the IMF. Delaying this important legislation is a mistake that puts **American jobs, farmers, and savers at risk. There is no doubt that the resources of the IMF are stretched dangerously thin -- especially in the wake of the Russia package. Failing to act responsibly now only increases the risks to American jobs and exports.**

*WHO-AM, Des Moines, Iowa*

*Interviewer: Gary Wergen*

*Phone: 515-242-3550*

*Topic: Gary will ask what we can do about low farm prices -- uncapping loans; accelerating payments. And, trade, specifically, IMF, sanctions and fast track.*

WHO-AM is a 50,000 watt clear-channel radio station that reaches most of Iowa and several surrounding states. The President has previously interviewed with WHO-AM.

*See above, for farm prices Q&A*

*See above, for IMF Q&A*

*Arkansas Radio Network -- Agriculture*

*Interviewer: Stewart Doan*

*Phone: 501-661-7612*

*Topic: Will ask about low commodity prices and reaction to the Democratic Congressional proposals to improve the safety net. Also interested in IMF funding and fast track.*

Based at KARN-AM/FM in Little Rock, this network has 29 Ag stations and 67 statewide affiliates. Stewart Doan will be the interviewer and is a farm broadcaster based in Little Rock. Mr. Doan is also the current president of the National Association of Farm Broadcasters. The NAFB will make audio from the entire program available to its more than 2000 radio station affiliates nationwide.

*Q: How would you strengthen the Farm Safety Net?*

*A: When I signed the 1996 Farm Bill, at a time when prices were strong, I made clear my concern that there was not an adequate safety net for farmers. The bill had to be signed to avoid putting farmers in an even more difficult situation under the old 1949 Farm Bill.*

We have also proposed legislation to Congress to improve the 1996 Farm Bill to strengthen the safety net for family farmers. Our proposals would extend the term of marketing assistance loans; increase planting flexibility; allow flexibility in farmers can receive advance AMTA payments, improve credit availability and modify the "one strike" policy for farmers who have had a debt writedown; let farmers use USDA guaranteed operating loans to refinance; expand and improve crop insurance; compensate farmers whose crop and pasture land is flooded; and provide emergency feed assistance to livestock producers suffering from drought, and allow us to use leftover EEP funds in future years for food aid and other purposes.

*Texas State Ag Network*

*Interviewer: Tony Purcell (Julius Graw as backup)*

*Phone: 817-543-5525*

*Topic: Concerned about drought relief for Texas. Also, the recent decision to purchase surplus wheat for humanitarian efforts.*

Based at KRLD-AM in Dallas, this network has 50 affiliate stations throughout Texas. This network is also affiliated with the Texas State Radio Network, which has an additional 60 stations (total of 110 statewide stations).

*Q: Why can't you do more to help livestock producers who suffer losses due to drought?*

*A: Unfortunately, the 1996 Farm Bill suspended USDA's emergency feed programs until 2002. This is authority we would like to have back. We expended all available funds from the sale of grain in the Disaster Reserve Assistance Program addressing last year's livestock emergencies and have no congressional authority to replenish those stocks. Last week, I proposed emergency legislation to replenish this reserve with commodities forfeited to the USDA. Congress should move quickly to get this legislation to my desk to sign it.*

*Red River Farm Network*

*Interviewer: Mike Hergert*

*Phone: 701-795-1315*

*Topic: Wants to follow up on Saturday's announcements. And, are we considering any changes to crop insurance?*

Based in Grand Forks, North Dakota, this network has 14 affiliate stations in Northwest Minnesota, and Eastern North Dakota.

*Q: What are you doing to improve crop insurance?*

*A: In addition to all our recent announcements, I have asked the Secretary to look at other ways we can help get our farmers through these tough times. We have already made several changes to crop insurance and we are studying new ways to make it better.*

*Agrinet Farm Radio Network*

*Interviewer: Bill Ray*

*Phone: 919-480-1372*

*Topic: What are the Administration's suggestions for long term help for farmers. Would we consider returning to provisions from the pre-1996 farm bill?*

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Based in Kill Devil Hills, North Carolina, this network has 300+ affiliates in Delaware, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia, North Carolina, South Carolina, New York, Illinois, Ohio, South Dakota, Texas and Wisconsin

**Q: Would you consider returning to provisions from the pre-1996 Farm Bill**

**A:** I have no intention of returning to the supply management programs of the past. We don't want to go back to the days when government micro-managed farmers, telling them what to plant and when to plant. The Farm Bill's flexibility has proven to be very beneficial to American agriculture in our global economy. Today, our farmers and their products are second to none in innovation and productivity.

But, when I signed the Farm Bill two years ago, I said I was very concerned about its failure to provide an adequate safety net. Unfortunately, that bill took away our authority to respond quickly to disasters. We still are not satisfied that the 1996 Farm Bill provides an adequate safety net for farmers and we have put forward a number of proposals to strengthen it.

*WGNS-AM, Murfreesboro, Tennessee*

*Interviewer: Bart Walker*

*Phone: 615-893-5373*

*Topic: What can we do to save the family farm. And, what do you see as the differences between the Republican and Democratic proposals to help farmers.*

WGNS-AM is 1,000 watt radio family owned and operated talk-news-sports station in Murfreesboro. The station does heavy early morning and late afternoon news and ag coverage and has high listenership among the local farm community.

**Q: What can we do to save the family farm?**

**A:** I am very concerned about the decline in family farms. We believe a comprehensive approach is needed to help keep farmers on the land. That's why we are working to expand markets abroad for American farm products and to make sure that there is a safety net when unforeseen events devastate people's lives and livelihoods.

Family farmers also need access to credit and that's why we have endorsed legislation which would give farmers a second chance by modifying the "one strike and you're out" provisions in the 1996 Farm Bill. The Agriculture Department has also established an Office of Outreach to provide technical assistance to farmers so they can remain competitive. In addition, we're targeting our agricultural research to address their needs.

**Q: What is the difference between the Republican and Democratic proposals to help farmers?**

**A:** There are some in Congress who just think we should leave the market alone and leave these families to the ups-and-downs of the market. They are apparently content to ride out this economic downturn and focus on increasing exports, even though many of our farmers and ranchers are suffering from economic and natural disasters that require action.

We believe the farm safety net needs to be strengthened. We have put forward proposals to address the inadequacies of the safety net which have not been acted upon by Congress. In the meantime, we have exercised what administrative authority we have to help farmers and ranchers -- buying surplus wheat and donating it to people around the world facing real hunger..

On the trade front, we are pushing Congress to provide full funding for the International Monetary Fund, which can help restore stability to the Asian economies, which are such critical customers for America's farmers. We are also pushing for a more rational sanctions policy that exempts basics such as commercial exports of food and medicine except under compelling circumstances.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 09:13:45.00

SUBJECT:

TO: CYNTHIA B (Pager) #DAILARD ( CYNTHIA B (Pager) #DAILARD [ UNKNOWN ] )  
READ:UNKNOWN

TO: DONNA L (Pager) #GEISBERT ( DONNA L (Pager) #GEISBERT [ UNKNOWN ] )  
READ:UNKNOWN

TO: JERRY (Pager) #MANDE ( JERRY (Pager) #MANDE [ UNKNOWN ] )  
READ:UNKNOWN

TO: PAUL J. (Pager) #WEINSTEIN ( PAUL J. (Pager) #WEINSTEIN [ UNKNOWN ] )  
READ:UNKNOWN

TO: GLEN (Pager) #WEINER ( GLEN (Pager) #WEINER [ UNKNOWN ] )  
READ:UNKNOWN

TO: SANDY (Pager) #THURMAN ( SANDY (Pager) #THURMAN [ UNKNOWN ] )  
READ:UNKNOWN .

TO: NEERA (Pager) #TANDEN ( NEERA (Pager) #TANDEN [ UNKNOWN ] )  
READ:UNKNOWN

TO: MARY (Pager) #SMITH ( MARY (Pager) #SMITH [ UNKNOWN ] )  
READ:UNKNOWN

TO: TODD (Pager) #SUMMERS ( TODD (Pager) #SUMMERS [ UNKNOWN ] )  
READ:UNKNOWN

TO: LEANNE (Pager) #SHIMABUKURO ( LEANNE (Pager) #SHIMABUKURO [ UNKNOWN ] )  
READ:UNKNOWN

TO: CHRISTA (Pager) #ROBINSON ( CHRISTA (Pager) #ROBINSON [ UNKNOWN ] )  
READ:UNKNOWN

TO: CYNTHIA (Pager) #RICE ( CYNTHIA (Pager) #RICE [ UNKNOWN ] )  
READ:UNKNOWN

TO: NICOLE (Pager) #RABNER ( NICOLE (Pager) #RABNER [ UNKNOWN ] )  
READ:UNKNOWN

TO: CATHY R. (Pager) #MAYS ( CATHY R. (Pager) #MAYS [ UNKNOWN ] )  
READ:UNKNOWN

TO: TANYA (Pager) #MARTIN ( TANYA (Pager) #MARTIN [ UNKNOWN ] )  
READ:UNKNOWN

TO: JEANNE (Pager) #LAMBREW ( JEANNE (Pager) #LAMBREW [ UNKNOWN ] )  
READ:UNKNOWN

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

TO: ANDREA (Pager) #KANE ( ANDREA (Pager) #KANE [ UNKNOWN ] )

READ:UNKNOWN

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

TO: CHRISTOPHER (Pager) #JENNINGS ( CHRISTOPHER (Pager) #JENNINGS [ UNKNOWN ] )  
READ:UNKNOWN

TO: DIANA (Pager) #FORTUNA ( DIANA (Pager) #FORTUNA [ UNKNOWN ] )  
READ:UNKNOWN

TO: TOM (Pager) #FREEDMAN ( TOM (Pager) #FREEDMAN [ UNKNOWN ] )  
READ:UNKNOWN

TO: JULIE (Pager) #FERNANDES ( JULIE (Pager) #FERNANDES [ UNKNOWN ] )  
READ:UNKNOWN

TO: MICHAEL (Pager) #COHEN ( MICHAEL (Pager) #COHEN [ UNKNOWN ] )  
READ:UNKNOWN

TO: JOSE (Pager) #CERDA ( JOSE (Pager) #CERDA [ UNKNOWN ] )  
READ:UNKNOWN

TO: ROBIN (Pager) #BACHMAN ( ROBIN (Pager) #BACHMAN [ UNKNOWN ] )  
READ:UNKNOWN

TO: SARAH (Pager) #BIANCHI ( SARAH (Pager) #BIANCHI [ UNKNOWN ] )  
READ:UNKNOWN

TEXT:

DPC Staff Mtg. will start at 9:40 today!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 10:10:39.00

SUBJECT: NEC paper on event:

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

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

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

TEXT:

any changes?

----- Forwarded by Thomas L. Freedman/OPD/EOP on 07/23/98  
09:56 AM -----

Jake Siewert  
07/23/98 09:41:04 AM  
Record Type: Record

To: Thomas L. Freedman/OPD/EOP, Linda Ricci/OMB/EOP  
cc:  
Subject: One Last Look

Please take one last look, b/c we'd like to get out before the event.  
Thanks.

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D12]MAIL46587690L.226 to ASCII,  
The following is a HEX DUMP:

FF57504354130000010A02010000000205000000B66D0000000200007836A3BCF9753818EE3416  
49F33695CF45256E3AC4484FF1E6D297BDC6443C6D97FB4F9F70DCD19E1DE75281D2259C18C3CA

July 23, 1998

**FIVE AND A HALF YEARS OF PROGRESS, BUT CHALLENGES REMAIN.** For five and a half years, President Clinton and Vice President Gore have worked to expand opportunity for rural Americans and farm families. The Administration has provided critical disaster assistance to rural homeowners, farm owners, and business owners, as well as to ranchers who have lost livestock, fought to expand U.S. agricultural exports, improved our school lunch programs by buying surplus commodities, and worked to diversify the sources of enterprise and income in rural America. But rural America still faces challenges -- with the economic crisis in Asia weakening some of our best customers for farm products, strong world crop production bringing prices down, and farmers facing floods and fires and drought and crop disease.

**TODAY, PRESIDENT CLINTON ANNOUNCES IMPORTANT STEPS TO ADDRESS THESE CHALLENGES.**

- ***An Action Plan for Rural America.*** President Clinton today is laying out a four-point action plan for rural America that:
  - Expands the rural economy through exports and development;
  - Improves the farm income safety net;
  - Strengthens our rural infrastructure by improving transportation, protecting universal service, and improving our schools; and
  - Promotes health, welfare, and a clean environment for rural America.
  
- ***Agriculture Disaster Assistance for Texas Counties.*** President Clinton today is announcing that all Texas counties are eligible for disaster assistance, making additional help available to producers whose crops have been ravaged by drought. The President will dispatch Secretary Glickman to Texas and Oklahoma next week to survey the hardest-hit regions and to report back on other steps that we should take.

### **A FOUR-POINT ACTION PLAN FOR RURAL AMERICA**

#### **1. EXPANDING THE RURAL ECONOMY THROUGH EXPORTS AND DEVELOPMENT**

- ***Implementing the Wheat Purchase Initiative.*** On Saturday, President Clinton took strong steps to help our family farmers by reducing crop surpluses. He directed the Secretary of Agriculture to purchase 80 million bushels of wheat, which will lift prices for all wheat. The President launched a new initiative to press the struggle against world hunger, donating U.S. wheat to countries where the need is greatest -- places such as Sudan and Indonesia.
  
- ***Fighting for Full Funding of the IMF to Shore Up America's Customers Around the World.*** We must keep the market for our products growing by giving the International Monetary Fund the resources it needs to stabilize Asian economies that are critical customers for America's farmers. Farm and other exports are responsible for 30% of the economic growth we have enjoyed since 1993.
  
- ***Exempting Food Exports from U.S. Sanctions Policy.*** The President believes that commercial exports of food and other basic human necessities should be excluded from

economic sanctions as a matter of general principle -- except under compelling circumstances. President Clinton signed into law an exemption for US food exports from economic sanctions required by the nuclear non-proliferation law. This law allows American farmers to continue selling wheat to Pakistan, the market for 7 percent of US wheat. But Congress should do more to give us the flexibility we need to protect our domestic interests, without harming our foreign interests. This could best be accomplished by including in any sanctions legislation authority for the President to determine whether exempting food would be in the national interest.

- ***Aggressively Opening Markets Around the World.*** The Clinton Administration has a comprehensive approach to opening agricultural markets in our key export markets -- bilaterally, regionally and multilaterally. Agricultural exports to Mexico have surged over the last year. In Latin America, we have established a negotiating group focused on agricultural trade in the Free Trade Area of the Americas process, and in the Asia-Pacific region, we have kicked off discussions aimed at lowering barriers to specific agricultural products. Across the Atlantic, the President and British Prime Minister Blair announced a new initiative with the European Union last May to address regulatory barriers to bioengineered agricultural exports. In his recent speech at the World Trade Organization, the President laid out an ambitious agenda for the next round of global agricultural negotiations, starting with a launch next year in the United States. And last month, the Secretary of Agriculture and the U.S. Trade Representative initiated an Administration-wide effort to combat phony technical barriers to agricultural exports.
- ***Enforcing Our Trade Agreements.*** We have been aggressive in using every tool at our disposal to ensure that agreements made are agreements kept. The United States is bringing and winning more cases in the WTO than any other country, and over one third of the cases we have initiated involve agriculture. For instance, the Administration has won important agricultural disputes at the WTO challenging the European Union's restrictions on some American-produced beef and Philippine barriers to pork and poultry. And now, the President and Vice President are pressing France to clear the way for \$200 million in U.S. corn exports to Europe. We have also made clear that we support legislation to create a new review mechanism to identify and address unfair trade practices in agriculture.
- ***Promoting Farm Exports.*** The Clinton Administration has nearly doubled USDA export financing in the past year to nearly \$6 billion. On July 7, the Administration proposed legislation to ensure the flexibility to move Export Enhancement Program (EEP) balances left at the end of the year into other programs to fund additional sales of U.S. crops. This year, the President proposed that unused balances be carried over into subsequent years to expand U.S. exports. Congress should move quickly to approve these initiatives.
- ***Increasing Access to Capital in Rural America.*** The Clinton Administration has invested more than \$175 million in the nation's three rural empowerment zones and 33 rural enterprise communities (EZ/ECs) since 1995, creating or saving over 7,000 jobs. And more than 700,000 rural citizens now receive additional services in the EZ/EC's as a result of USDA loans, grants, and programs. The Administration wants to build on this effort to

bring economic development to distressed rural areas by providing \$40 million in mandatory grants to each of the five new rural EZ's over the next 10 years.

## 2. IMPROVING THE FARM INCOME SAFETY NET

- ***Urging Congress to Help Farmers and Ranchers in Need through Emergency Funding.*** Last week, President Clinton called on Congress to relieve farm financial stress, urging emergency funding to address extraordinary conditions in many regions of the country. The bill is now going to conference, and the Administration urges the conference committee to include emergency funding for the three purposes the President recommended:
  - Supplemental Crop Insurance Benefits would make new supplemental crop insurance payments to farmers who have had losses sufficient to trigger regular crop insurance indemnity payments in three out of the last five years (on the condition that the indemnity payment was greater than the insurance premium paid by both the farmer and USDA). This option avoids market intervention while providing assistance to areas in greatest need and would benefit about 45,000-50,000 farmers.
  - Crop and Pasture Flood Compensation would make payments to farmers and ranchers whose crop or pasture land is under standing water (a problem particularly in parts of the Dakotas). They would receive payments equal to the rental value of the land each year the land is flooded.
  - Replenish the Disaster Reserve for Livestock Feed Losses to replenish a fund used to provide emergency feed and livestock assistance to cover and prevent losses due to natural disasters. The 1996 Farm Bill limited the disaster reserve to about \$60 million in resources, and those resources are now almost exhausted. The program has helped get feed to cattle after blizzards in the Dakotas, New Mexico and the Midwest, but has also aided livestock producers in New York and California.

The Administration is assessing the damage that farmers and ranchers have suffered because of natural disasters and will be providing the most current estimates to Congress.

- ***Enhancing the Fund for Rural America.*** The Fund provides additional resources for rural development and innovative agricultural research that are vital to improving the quality of life in rural America and increasing the productivity of U.S. farmers. The Administration proposed creating the Fund in 1996 to boost the overall Federal investment in these activities. Unfortunately, Congress is not giving a penny to the Fund for Rural America this year. We will continue to fight for full funding -- \$300 million over the next five years.
- ***Modernizing Agricultural Research.*** The President recently signed into law the Agricultural Research, Extension, and Education Reform Act of 1998, which puts funding for crop insurance on a sure footing for the future, and boosts investment on agricultural research and rural development. Unfortunately, the House has moved to block \$120 million of this mandatory funding for next year.
- ***Improving Crop Insurance.*** The President has instructed Secretary Glickman to redouble

his efforts to augment the current crop insurance program to more adequately meet farmers' needs to protect against farm income losses. Federal crop insurance represents a fundamental fabric of the farm safety net, yet circumstances in some regions reveal the shortcomings of the current program.

### 3. **STRENGTHENING RURAL INFRASTRUCTURE BY IMPROVING TRANSPORTATION, PROTECTING UNIVERSAL SERVICE, AND IMPROVING OUR SCHOOLS**

- ***Investing in Rural Transportation Systems.*** President Clinton recently signed the Transportation Equity Act for the 21st Century (TEA-21), which guarantees \$198 billion over six years to continue rebuilding America's transportation infrastructure. Rural America will benefit from new and rebuilt roads, expanded life-line paratransit services, a greater voice in transportation investment decision-making to ensure that rural areas receive their fair share of federal funds. TEA-21 also dedicates funding to help rural welfare recipients get to jobs, and extends the Ethanol Tax Credit through 2007.
- ***Developing a Long-Term Agricultural Transportation Strategy.*** In Kansas City on July 27-28, Secretary Glickman will host a summit on "Agricultural Transportation Challenges for the 21st Century." Transportation Secretary Rodney Slater will join Secretary Glickman in announcing plans to develop a Long-Term Agricultural Transportation Strategy to help meet these important challenges.
- ***Continuing Air Service.*** President Clinton has continued the record \$50 million in annual Essential Air Service operating subsidies to smaller, more isolated communities that otherwise would not be served by commercial carriers.
- ***Protecting Universal Service.*** President Clinton strongly supports universal service to ensure that all Americans have access to affordable telephone service for telecommunications. More than 38 million residential and business subscribers are served by telephone companies that receive support for serving "high cost" (rural) areas. Without universal service, telephone rates would be prohibitively expensive for many Americans living in rural areas, and they would not be able to access the Internet or phone service. All Americans would then lose, since our telecommunications system is much more valuable to the nation when we are all connected. The President strongly supports expanding universal service to include schools, libraries, and rural health care providers. Unfortunately, some members of Congress are threatening repeal of the e-rate and undermine universal service.
- ***Pushing for Rural School Modernization.*** Almost one-half of the nation's 80,000 public elementary and secondary schools are located in rural or small town areas. According to the U.S. General Accounting Office, 30 percent of those rural and small town schools (educating 4.5 million children) have at least one building in need of extensive repair or replacement. We must move forward this year with a comprehensive effort to address the needs of rural schoolchildren.
- ***Improving Distance Learning.*** President Clinton has proposed legislation to make it easier

for Americans to gain access to new skills using distance learning. In his new Higher Education Act proposal, the President seeks to broaden opportunities for distance learners by including computers in the "cost of attendance" for purposes of financial aid; allowing institutions that offer more than 50 percent of their courses using distance learning to be eligible for student aid; and providing grants to "virtual universities" and other experiments with distance learning with a program called "Learning Anytime, Anywhere Partnerships." The Administration's Distance Learning initiative includes loans and grants to help bring the most modern technology and education to rural America.

#### 4. **PROMOTING HEALTH, WELFARE, AND A CLEANER ENVIRONMENT FOR RURAL AMERICA**

- ***Advancing Telemedicine.*** The President has set a goal of connecting all rural clinics and hospitals to the "information superhighway." In 1996, he signed the Telecommunications Act, which expanded the definition of universal service to include rural health care providers. The program is designed to ensure that rural health care providers pay no more than their urban counterparts for telecommunication services. This will help improve the quality of care in rural America by allowing patients to receive advice from the best specialists in the country.
- ***Improving Food Safety.*** The President's Food Safety Initiative is a comprehensive plan for improving food safety, including education, new technology, standards and more inspectors to make sure all food, including food that is imported, is safe. Congress should fund this \$101 million initiative when it is raised in conferences on appropriations bills. The President has also called on Congress to pass the Food Safety Enforcement Enhancement Act, which gives USDA the ability to assess civil fines and to order mandatory recalls of unsafe meat and poultry products.
- ***Welfare-to-Work.*** One of the biggest barriers facing people who move from welfare to work, particularly in rural areas, is finding transportation to get to jobs, training, and child care centers. The President's new transportation bill authorizes \$750 million over five years for his initiative to help those on welfare get to work. Last year's balanced bill included \$3 billion to help move the people who are hardest to place into jobs -- \$700 million of it to be awarded on a competitive basis -- about 30% to rural areas.
- ***Promoting Clean Water.*** To promote private conservation efforts, the President's new Clean Water Action plan includes about \$100 million a year in new resources for farmers to help control polluted runoff, create 2 million miles of buffer zones next to waterways, and develop pollution prevention plans covering more than 35 million acres.
- ***Providing Safe Drinking Water:*** In 1994 President Clinton launched the Water 2000 Initiative to help upgrade and expand drinking water service in rural communities plagued by some of the nation's worst water quality, quantity, and dependability problems. Water 2000 has already improved drinking water quality or provided a public water supply for the first time to some 2.5 million people in over 1,300 rural communities nationwide.

- ***Making Rural Areas Safer.*** The President has awarded more than \$2.3 billion in COPS grants to 10,500 law enforcement agencies serving small communities. 49% of the grants were awarded to communities with populations of fewer than 10,000.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 10:15:19.00

SUBJECT: Revised Q & A on Rural Ag event

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

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

TEXT:

This is the long Q and A, as opposed to the ones tht answer the specific questions USDA expects will be asked at the radio address.

----- Forwarded by Thomas L. Freedman/OPD/EOP on 07/23/98  
10:13 AM -----

Megan C. Moloney  
07/23/98 10:05:55 AM  
Record Type: Record

To: Thomas L. Freedman/OPD/EOP  
cc:  
Subject: Revised Q & A on Rural Ag event

----- Forwarded by Megan C. Moloney/WHO/EOP on 07/23/98  
10:10 AM -----

Megan C. Moloney  
07/22/98 08:56:44 PM  
Record Type: Record

To: See the distribution list at the bottom of this message  
cc:  
Subject: Revised Q & A on Rural Ag event

A final (we are always hopeful) update of the expanded Q&A for this ag event....

Message Sent

To:

- 
- Barry J. Toiv/WHO/EOP
  - Darby E. Stott/WHO/EOP
  - Anne M. Edwards/WHO/EOP
  - Brenda M. Anders/WHO/EOP
  - Jonathan Murchinson/WHO/EOP
  - Joseph P. Lockhart/WHO/EOP
  - Megan C. Moloney/WHO/EOP
  - Lori L. Anderson/WHO/EOP
  - Elizabeth R. Newman/WHO/EOP
  - Julia M. Payne/WHO/EOP
  - Julianne B. Corbett/WHO/EOP
  - Estela Mendoza/WHO/EOP
  - Kara Gerhardt/WHO/EOP
  - Mark D. Neschis/WHO/EOP
  - Nanda Chitre/WHO/EOP
  - Amy W. Tobe/WHO/EOP
  - James M. Teague/WHO/EOP
  - Beverly J. Barnes/WHO/EOP
  - Michael D. McCurry/WHO/EOP
  - Mark A. Kitchens/WHO/EOP
  - Jason H. Schechter/WHO/EOP
  - Dorinda A. Salcido/WHO/EOP
  - Dag Vega/WHO/EOP

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D77]MAIL41409690S.226 to ASCII,  
 The following is a HEX DUMP:

FF57504395120000010A02010000000205000000A2E5000000020000F33003A24601A96884021A

*Question:* Is the farm sector in a crisis?

*Answer:* Overall, the U.S. agricultural economy is performing well, but some sectors of agriculture are under stress, and in certain states, considerable stress. Declining commodity prices are taking their toll, particularly on farmers in the Northern Plains, where wheat accounts for roughly 45 percent of the value of all agricultural production. In recent weeks, the Kansas City market for wheat dropped below \$3 per bushel for the first time since 1991. In the Northern Plains, farm income has fallen sharply due to three straight years of record and near-record world wheat production, declining exports, and repeated years of sustained crop losses.

The problems are not limited to the Northern Plains: this year, farm income from wheat, corn, and soybeans will be well below the five year average. With corn, cattle, and soybean prices all down, these regional problems are growing and are a cause for national concern.

*Question:* Why are prices weak for major commodities?

*Answer:* There are many reasons. For one, world grain production is up: this is the third year in a row of record and near-record wheat, corn, and soybean crops. At the same time, demand is down: this year our producers face a triple challenge on the export front: weak demand in Asia, increased export competition due to large world supplies, and a stronger U.S. dollar.

*STRENGTHENING THE FARM SAFETY NET*

**Question:** What are you going to do about the rapid decline in farm income?

**Answer:** We are purchasing surplus wheat which will be used to help needy people overseas. We are also pushing Congress to provide emergency assistance for farmers and ranchers who are experiencing financial stress from natural disasters and low prices. And we are challenging Congress to improve the farm safety net in a number of very specific ways.

**Question:** How would you assess Freedom to Farm?

**Answer:** We have seen that it works well during good economic times, but it fails to provide an adequate safety net. However, planting flexibility has certainly been a success, as have been the conservation programs.

**Question:** What is the difference between the Republican and Democratic proposals to help farmers?

**Answer:** The Majority really hasn't put forward any new proposals. They are apparently content to ride out this economic downturn, even though many of our farmers and ranchers are suffering from economic and natural disasters that require action.

We on the other hand, believe the farm safety net needs to be strengthened. We have put forward proposals to address the inadequacies of the safety net which have not been acted upon by Congress. In the meantime, we have exercised what administrative authority we have to help farmers and ranchers.

On the trade front, we are pushing Congress to provide full funding for the International Monetary Fund, and a more rational sanctions policy that exempts basics such as food and medicine -- except under compelling circumstances.

**Question:** Would you consider returning to provisions from the pre-1996 Farm Bill

**Answer:** We have no intention of returning to the supply management programs of the past. We don't want to go back to the days when government micro-managed farmers, telling them what to plant and when to plant. The Farm Bill's flexibility has proven to be very beneficial to American agriculture in our global economy.

But, when the President signed the Farm Bill, he made clear his concerns about the adequacy of the safety net. It took away much of our authority to respond quickly to disasters. We still are not satisfied that the 1996 Farm Bill provides an adequate safety net for farmers and we have put forward a number of proposals to strengthen it.

*Question:* How would you strengthen the Farm Safety Net?

*Answer:* When I signed the 1996 Farm Bill, at a time when prices were strong, I made clear my concern that there was not an adequate safety net for farmers. The bill had to be signed to avoid putting farmers in an even more difficult situation under the old 1949 Farm Bill.

We have also proposed legislation to Congress to improve the 1996 Farm Bill to strengthen the safety net for family farmers. Our proposals would extend the term of marketing assistance loans; increase planting flexibility; allow flexibility in farmers can receive advance AMTA payments, improve credit availability and modify the "one strike" policy for farmers who have had a debt writedown; let farmers use USDA guaranteed operating loans to refinance; expand and improve crop insurance; compensate farmers whose crop and pasture land is flooded; and provide emergency feed assistance to livestock producers suffering from drought, and allow us to use leftover EEP funds in future years for food aid and other purposes.

*Question:* Do you support Speaker Gingrich's call to make over \$5 billion in payments to producers in October?

*Answer:* We should give farmers the opportunity to receive their AMTA payments earlier than December 15, as the 1996 Farm Bill provides. Secretary Glickman proposed this earlier this year. I must remind everyone that the Gingrich plan does not offer additional income to family farms - it simply accelerates payments by a few months. We need more substantiate improvements in farm policy if we are to provide a proper safety net for family farmers.

*Question:* What has USDA proposed to improve access to credit for financially strapped borrowers?

*Answer:* Currently under the 1996 Farm Bill imposes a lifetime ban, without exception, on FSA loans to family farmers who have previously received FSA debt forgiveness. We have requested Congressional authority to give creditworthy USDA borrowers a second chance. Unless this provision changes, many of these borrowers will be forced out of business, even though they have the ability to repay the loans they need.

## AGRICULTURAL EXPORTS

*Question:* Why have U.S. agricultural exports fallen so sharply?

*Answer:* There are three main causes for this year's decline. The first has been the Asia crisis which is largely to blame for U.S. exports to the region falling by 17 percent over the first eight months of the year. This region accounts for almost 40 percent of worldwide U.S. exports. The second has been lower commodity prices, especially for grains, which has largely been responsible for the 12 percent decline in the value of our worldwide bulk commodity exports. The third is the strength of dollar, which has made U.S. exports less competitive against major exporters including Canada, Australia, and the European Union.

*Question:* What are you doing to boost commercial U.S. agricultural exports?

*Answer:* For one, we are making substantial credits available under USDA's export credit guarantee programs. In response to the Asia crisis, we made available \$2.4 billion in export credit guarantees in fiscal year 1998 to countries in Asia. Overall, we have announced export credit guarantees of nearly \$5.8 billion for fiscal year 1998, up from \$3.9 billion at this time a year ago. Our export credit guarantee program has proven to be the right tool at the right time.

We also continue to help U.S. producers develop foreign markets through a variety of programs (Market Access Program, Foreign Market Development Program, Cochran Fellowship Program, and Emerging Markets Program).

*Question:* Why is IMF funding so important to farmers and ranchers?

*Answer:* When major U.S. agricultural markets like Mexico, Korea, and those in Southeast Asia experience a macroeconomic crisis, the ensuing chaos and capital flight can sharply reduce U.S. agricultural exports to those markets. IMF loan programs helps stabilize those economies and induces them to undertake structural reform and trade liberalization. This provides U.S. farmers and ranchers with both short term and long term benefits. Should another crisis break out, we are concerned about their ability to offer assistance and the negative impact that would have on U.S. agricultural export interests.

*Question:* Why are normal trade relations with China important for farmers and ranchers?

*Answer:* MFN is critical for agriculture. At stake is the fate of \$3.3 billion in U.S. agricultural products. MFN will keep China in the market for U.S. agricultural products. If we were to revoke MFN, it is very likely that China would retaliate and turn to other countries, such as Australia, Canada, and the European Union, all of whom would line up quickly to fill the void left behind by the United States.

Moreover, revoking normal trade relations with China would undermine our efforts to resolve several key issues (i.e., access for U.S. wheat from the Pacific Northwest, citrus, plums and tobacco) and jeopardize ongoing WTO accession negotiations.

*Question:* How has agriculture fared under NAFTA?

*Answer:* NAFTA is now the number one regional market for U.S. agricultural exports. Although agricultural exports are down overall, we are seeing strong gains in exports to our NAFTA partners, Mexico and Canada. This year, U.S. agricultural exports to Mexico are up 19 percent over 1997 and exports to Canada are up 8 percent over 1997. *NOTE:* U.S. imports from Canada and Mexico are up as well. We are now running a substantial deficit in agricultural trade with Canada.

*Question:* Is the Administration still concerned about imports of wheat from Canada?

*Answer:* We continue to be concerned about high levels of Canadian wheat and barley imports are of significant regional importance to producers in the northern Plains who believe that excessive Canadian imports disrupt their market. Trade must be fair as well as free. We continue to monitor very closely shipments of wheat and barley from Canada. For the past five years, imports of wheat from Canada have been at historically high levels. As you know, the Canadian Wheat Board controls all wheat and barley exports. We are concerned that this gives Canada the opportunity to compete unfairly in international markets. This is of particular importance to producers in the Northern Plains compete with the CWB. For these reasons, we have requested a full audit of Canadian Wheat board sales, and hope to work with Canadian officials to address our concerns.

*Question:* Will USDA's purchase of wheat encourage more wheat imports from Canada?

*Answer:* This should not draw additional wheat into the United States. We expect typical trade patterns between the United States and Canada to continue. We are now in a global marketplace. To the extent our actions have a positive effect on price, it will be because we are increasing wheat utilization world-wide, not displacing commercial sales.

*Question:* How are you responding to the EU's continued refusal to allow imports of U.S. corn?

*Answer:* We continue to press the Europeans, specifically France, to approve unapproved corn varieties for import. The Vice President called the Prime Minister of France on this very issue on Tuesday morning. We believe these products are safe. Biotechnology offers great promise for improving farmers income and environmental protection.

Sanctions and Agricultural Exports

**Q:** Do you support Congressional efforts to exempt agricultural goods from unilateral sanctions?

**A:** First, we should be prepared to donate food to those around the world at risk of malnutrition or starvation. Moreover, I believe as a general principle that commercial exports of food and other human necessities should be excluded from sanctions, except under compelling circumstances. In implementing sanctions we must never forget their humanitarian impact. On July 14, I signed into law a bill to exempt USDA credit guarantees from mandatory sanctions under the Arms Export Control Act. This allowed U.S. exporters to sell 300,000 tons of wheat to Pakistan the very next day.

And I urge Congress to go further, and to include in any sanctions legislation Presidential authority to determine whether exempting food would be in the national interest.

**Q:** Does this mean you support lifting current restrictions on food and medicine exports to Cuba, Iran, North Korea, Sudan or Libya?

**A:** I currently could not support legislation lifting or modifying sanctions on any of those countries.

## *EXPORT SUBSIDIES*

*Question:* Why are we subsidizing dairy product exports under the Dairy Export Incentive Program (DEIP) and driving up the cost of butter?

*Answer:* DEIP sales were not a factor in driving up the price of butter in the United States. In July 31, 1997, it was anticipated that the full quantity of dairy products permitted by the Uruguay Round agreement would be exported under the DEIP in the 1997/98 (July/June) year. This commitment was fulfilled for three of the four eligible products: nonfat dry milk, whole milk powder, and cheese.

For butterfat, less than half was accepted for export under the DEIP. After January 1, 1998, only 342 tons were sold under the DEIP. High prices and strong demand within the United States are the principal reasons for the relatively low level of DEIP butterfat exports.

*Question:* What is USDA doing about subsidized EU barley?

*Answer:* We objected very strongly when the EU subsidized a shipment of barley to California last April, and then we retaliated with a shipment of US barley to their market using the Export Enhancement Program (EEP.) We remain very concerned over the continued high level of EU barley subsidies - still \$50 per ton, and are closely monitoring the situation to ensure that there is no repeat of last April's subsidized EU sale to California. Global import demand is weak, yet competition has intensified with abundant supplies of cheap barley available for export from a number of countries. Consequently, EU subsidies tend to exacerbate the downward price spiral as well as disrupt normal, free-trade patterns.

*Question:* Are you going to authorize an Export Enhancement Program (EEP) for wheat?

*Answer:* It is not fair, but American farmers and ranchers still have to compete with subsidized exports from the European Union and elsewhere. That is why EEP remains an important tool and we will use it where conditions warrant. Under the current market circumstances, we believe an EEP for wheat would result in lower prices for our farmers. Clearly in these circumstances an EEP for wheat would not be productive.

*Question:* What is your current position on the recent legislation submitted by the Department of Agriculture to allow the use of EEP money for several food aid programs?

*Answer:* I continue to support this legislation and would hope that Congress would act on this proposal. Our legislation would provide the Secretary of Agriculture the

ability to assure that funds designed to benefit U.S. agriculture do just that. My budget for next year also proposed that unused EEP balances be available for use in future years.

*CHARTER ACT AND FOOD AID*

*Question:* Under what authority are you operating the initiative you announced last Saturday?

*Answer:* The CCC Charter Act of 1948 provides broad authority to remove and dispose of, or aid in the removal and disposition of, surplus agricultural commodities. The wheat will be used for humanitarian donations under the authority of Section 416(b) of the Agricultural Act of 1949.

*Question:* When was the last time these authorities were used?

*Answer:* We are currently using the Section 416(b) authority and have used it extensively during the last 15 years. The Charter Act authority we are using has not been used since at least 1985. In 1985, Congress narrowed the authorities delegated to USDA for Charter Act use. With the passage of the 1996 Farm Bill, Congress restored much of this Charter Act authority including the authority to remove and dispose of, or aid in the removal and disposition of, surplus agricultural commodities.

*Question:* Are you going to expand the initiative beyond wheat?

*Answer:* At this time, we are focusing on wheat, but I have directed Secretary Glickman to continue to review the surplus situation facing other commodities.

*ESTATE TAX RELIEF FOR FARMERS*

*Question:* Farm leaders have called for Congress to provide farmers and ranchers with relief from the Estate Tax. Do you support this?

*Answer:* Last summer when I signed tax relief legislation into law, we completely exempted 96 percent of this nation's farm households from estate taxes and significantly reduced the estate tax burden on the remaining four percent. The topic of today's discussion should be on improving economic opportunity for all farmers and ranchers rather than providing additional relief for just the wealthiest four percent.

*DISASTER ASSISTANCE*

*Question:* What does your disaster designation mean for Texas farmers?

*Answer:* This makes available low-interest USDA emergency loans.

*Question:* Why can't you do more to help livestock producers who suffer losses due to drought?

*Answer:* Unfortunately, the 1996 Farm Bill suspended USDA's emergency feed programs until 2002. This is authority we would like to have back. We expended all available funds from the sale of grain in the Disaster Reserve Assistance Program addressing last year's livestock emergencies and have no congressional authority to replenish those stocks. Last week, I proposed emergency legislation to replenish this reserve with commodities forfeited to the USDA.

## *RAIL TRANSPORTATION PROBLEMS*

Automated Records Management System  
Hex-Dump Conversion

*Question:* What is the current situation with agricultural transportation?

*Answer:* Complicated. A lot of U.S. grain moves directly into the export markets or is exported in value-added forms like pork chops or drum sticks. But because of the Asian economic crisis, U.S. exports have really fallen off, so prices are low and there's a lot of grain in storage right now. The problem is that, as we head into the peak harvest period, folks may decide to move out the old grain all at once to make room for the new grain. That's the recipe for a real mess, particularly when the railroads are really struggling just to provide "routine" service levels.

*Question:* *What's USDA doing about the rail transportation problems?*

*Answer:* Next week, Secretary Glickman will be in Kansas City with Transportation Secretary Slater at a national agricultural transportation summit. There will be over 200 industry leaders there representing railroads, barge companies, shippers, receivers, and farm organizations. We'll be talking about what we can do now and how agricultural transportation is changing. A lot of the conference is going to focus on long-term issues like the impact of biotechnology, railroad capacity issues, the investments some countries like Argentina and Brazil are making in their inland waterways, but we'll also take time to review the current grain logistics situation.

Earlier this year, Secretary Glickman signed a memorandum of understanding with the Surface Transportation Board, agreeing to work cooperatively to develop better information on grain logistics -- such as how the railroads are performing and where the grain piles are. We hope that this kind of information will help shippers, receivers, and railroads know where the budding problems are and where to focus their attention.

## ORGANIC REGULATIONS

*Question: How close are we to getting national organic standards?*

*Answer:* On December 16, 1997, USDA announced the proposed rule governing national standards for growing, processing, labeling, importing, and certifying organically grown food and fiber. The comment period was open until April 30, 1998. The proposed rule was accessible on the Internet at its own website and comments were accepted online, and put back out on the Internet for public viewing, a government first. More than 275,000 comments were received, which will be considered in formulating a second proposed rule, due out by the end of 1998. USDA is committed to standards that the organic community can embrace.

*Question: Why did USDA rule out the "big three"--products of biotechnology, the use of irradiation in food processing, and the application of biosolids (municipal sludge) in organic food production?*

*Answer:* The first proposed rule did not take a position on these issues; instead, the proposal asked for public comment on these items. Biotechnology, irradiation, and biosolids are safe and have important roles to play in agriculture, but as the comments made clear, they neither fit current organic practices nor meet current consumer expectations about organics. Therefore these products and practices will not be included in the revised proposal, and food produced with these products and practices will not be allowed to bear the organic label.

*MILK MARKETING ORDERS*

*Question:* What is the current status of the Milk Marketing Order reform process?

*Answer:* At this time, USDA is reviewing the comments that were submitted in response to the proposed rule which was issued in January. Almost 4,500 comments have been received with more than 3,350 comments being submitted by dairy producers. Over half of the comments have been received from the Northeastern United States. The comments primarily address the issues of the Class I price structure (fluid milk) and the consolidation of the Federal milk orders which were set forth in the proposed rule.

*Question:* What is the next step in the Federal Order Reform process?

*Answer:* After the comments have been reviewed, additional information obtained, and further analysis completed on various proposed options, USDA will prepare a final decision that will set forth the specifics of the consolidated Federal orders. Producers will be provided the opportunity to vote to determine approval or disapproval of the consolidated orders. Once the voting process is completed, a final order will be issued that will implement the new orders.

The 1996 Farm Bill mandates that the new orders be effective no later than April 4, 1999. Currently there is legislation being considered by Congress that would extend the effective date by six months.

## *AGRICULTURAL RESEARCH*

*Question:* What kind of research is being funded by the Agriculture Research Service?

*Answer:* ARS research has made significant contributions in the areas of food safety with new tests to quickly detect food borne pathogens as well as preventative measures to eliminate salmonella in baby chickens. Other research to control wheat scab, so vital to the great plains ,to eliminating phosphates in livestock waste and control of pfisteria, ARS research is providing the technology to attain a sustainable, efficient, and environmentally sound agricultural system.

*Question:* How will the recently signed Agricultural Research, Extension, and Education Reform Act of 1998 support the needs of farmers, ranchers, and consumers?

*Answer:* Needed funds to continue research to provide a safer more nutritious food supply while protecting our environment will be made available. Production agriculture will gain through research in genomics to produce disease resistant, higher yielding crops as well as alternative uses of agricultural products to provide new avenues of revenue.

*TOBACCO*

*Question:* What will happen to tobacco farmers if Congress passes a streamlined tobacco bill?

*Answer:* I support a comprehensive approach to resolve the tobacco issue. I have made clear on many occasions that any tobacco legislation must protect tobacco farmers and their communities.

I am concerned that the Congress is considering legislation that does not address the concerns of tobacco growers. I am also concerned that the individual settlements with the State Attorneys General do not address the growers. Most tobacco farmers live and work on small family farms; in many cases, their families have been growing tobacco for generations. In some states, entire communities rely on income from the tobacco crop. I am committed to working with Members of Congress in both parties to ensure that we protect the financial well-being of tobacco farmers, their families, and their communities.

## RURAL DEVELOPMENT

**Question:** What can the Federal Government do in rural areas to promote economic growth?

**Answer:** USDA, through its Rural Development Agencies — Rural Business-Cooperative Service (RBS), Rural Housing Service (RHS) and Rural Utilities Service (RUS) — provides a wide range of assistance: grants and guaranteed loans to existing and start-up businesses, distance learning and telemedicine technologies, clean drinking water and proper disposal systems, assistance to help rural citizens become homeowners, essential community facilities (hospitals, childcare centers, fire stations) and numerous other services designed to help communities and their citizens realize a better quality of life.

In addition, the Empowerment Zone/Enterprise Community (EZ/EC) Initiative works with traditionally distressed and under-served communities in a comprehensive manner to create jobs, build infrastructure, spur investment through leveraging and partnerships, and build stronger communities that endure. After a very successful first round of designations, we are now ready to launch a second round.

**Question:** How much funding does the Federal Government provide for these programs?

**Answer:** USDA Rural Development program levels (including grants and loans) is nearly \$10 billion annually nationwide. In South Dakota, Rural Development expects to award \$90 million this year to help South Dakotans meet their housing, business and utility needs.

**Question:** What types of specific initiatives are presently being done?

**Answer:** Obviously everything being done is important. Successful economic development means that you not only create jobs in a community, but also that there is affordable housing, safe and reliable utilities, adequate infrastructure, good schools, hospitals, etc. Presently, my Administration has a home ownership that has pushed home ownership levels to record highs. We also have Water 2000 which is working to ensure that every rural citizen has access to clean, safe drinking water. As I mentioned, the second round to EZ/EC is coming up. We also have a Self-help housing Initiative where groups of rural residents partner with a not-for-profit organization to build their own homes. The "sweat equity" that they provide from physically building their homes is treated as a down-payment that they otherwise would not have had.

**Question:** What is the REAP Initiative?

**Answer:** The Rural Economic Area Partnership (REAP) Initiative was established to address the unique problems of the Northern Great Plains: low-density settlement patterns, historic dependence on agriculture, continued population loss and outmigration, stagnant or declining employment, and isolation that has led to disconnection from markets, suppliers, and centers of information and finance.

Two Zones were designated with each zone completing a strategic plan for economic revitalization. As part of this process, federal funds were targeted to the zones. To date, nearly \$30 million has been invested in the REAP area.

**Question:** What is the Administration's position on the House- and Senate-passed versions of the FY 1999 appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies?

**Answer:** The President's senior advisers have serious reservations about certain aspects of both the House and Senate versions of the bill.

*Farm Issues:* • The total funding in both bills is close to request (\$13.7B), but both achieve these levels in part by cutting key programs including 2 in the Ag research bill signed last month: the Fund for Rural America in FY 1999 (-\$60M); and agriculture research investment (-\$120M in FY 1999).

- The Senate bill provides \$500M in contingent emergency funds to assist farmers and ranchers suffering income loss due to repeated natural disasters and low commodity prices ("the Conrad Amendment")
- Both the House and Senate fail to fund the proposed \$7M increase for Outreach for socially disadvantaged farmers. Both versions of the bill include the requested statute of limitations waiver for civil rights complaints.

*Other issues:* • The House has not funded the \$7M increase for additional research as part of the Climate Change Technology Initiative or the \$23M increase for the Clean Water Action Plan.

- Neither bill accepted increased user fees proposed by the Administration -- the largest was \$473M to cover meat/poultry inspections by USDA's Food Safety and Inspection Service.
- There are no objectionable environmental riders in either bill.
- The House bill contains a provision that would prohibit the Food and Drug

Administration from using funds for the testing, development, or approval of any drug for the chemical inducement of abortion. **The Secretary of Health and Human Services would recommend that the President veto any bill that includes this provision. No Senate provision.**

- Both the House and the Senate fail to fund the proposed \$100M increase for FDA's efforts to reduce tobacco use among young people.
- The House bill would freeze WIC funding at the FY 1998 level of \$3,924M. This level is \$157M below the request and would result in cuts to the proposed participation level of 7.5M of over 100,000 participants. Senate bill \$24M more than the House.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 10:33:49.00

SUBJECT: INS naturalization backlog

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,

FYI. Michael Deich, Steve M. and David H. have been working on revised projections in light of the INS's recent determination (as of the end of last week) that their FY 1998 and FY 1999 naturalization application receipts are down 46%. That translates into a 46% reduction in revenues for those two years. The Hispanic Caucus and the immigration advocacy groups have been pressing for an additional appropriation of money for naturalization. They are particularly upset in light of the expected fee increase for naturalization (from \$95 to \$225) that INS will announce on August 1st (to take effect October 1st).

Steve M. is faxing me charts that explain (1) the current projections for nats. backlog reduction (that were part of our FY 1999 budget); (2) INS's projections with the old estimates; and (3) a revised plan (based on the current application estimates) that includes the fee increase + shifting some detention money (\$60 million) to naturalization backlog reduction (targeted to specific areas, consistent with the Coopers & Lybrand audit). This \$60 million is left over from FY 1998 and would otherwise lapse into the FY1999 detention budget.

According to Steve M., Jack Lew wants to find some additional money (like this \$60 million) for naturalization backlog reduction. Lew wants to call Cong. Becerra this afternoon to discuss this issue. Becerra has stated that he will support the fee increase (which he has opposed up until now) if the Administration supports some kind of additional appropriation. This \$60 million may do the trick. Doris is also scheduled to meet with Becerra today or tomorrow.

julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 10:53:20.00

SUBJECT: Abortion and Title IX

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

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

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

TEXT:

Are you available to meet in Chuck's office at 10:00 next Tuesday (7/28) on the subject of Title IX and abortion. We will be joined by someone from DOJ and someone from ED. Elena -- is there anyone else we should include at this point?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 11:12:06.00

SUBJECT: alexis is meeting w/Engler today

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

READ:UNKNOWN

TO: Andrea Kane ( CN=Andrea Kane/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:

Just learned that this is happening today. We're still obviously not in this loop. According to Ceci Rouse:

The farthest Alexis will go is to propose a 25% pilot, which would mean Detroit and a few surrounding counties. Biggest challenge is that GI bill is ready to go, may be conference action this week, and they hope it could be signed pre-recess. So their goal is a meaningful enough conversation with Engler that the Hill thinks we're credible and we want to work it out. Alexis told Sweeney last night what she'll propose, and he supposedly will try to carry some water on that.

Ceci says DOL is driving this more than NEC, which hasn't been that involved in the mechanics.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 11:38:15.00

SUBJECT:

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

TEXT:

FYI- Gingrich Brief w/ EBB is now at 11:45- Bruce is going

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 12:53:30.00

SUBJECT: Latest from Treasury

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

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

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

TEXT:

Don Lubick & co. just called.

1. On Arnold & Porter, they say we should wait until Monday to have the meeting. They say the key A&P guy is in Europe, and that having the meeting tomorrow would be counterproductive -- the unions would feel like they were doing an end run around their smartest guy on this issue when an extra day would allow him to be there and articulate their best arguments. I told them that, if our goal is to have this released Tuesday, a meeting on Monday would lessen the value of the meeting because the unions would know that the meeting couldn't possibly have any influence on the notice. They, of course, didn't seem to mind that.

This raises the question of whether we really want to or need to -- or can -- have this out on Tuesday, because of whatever Governors event is happening that day. Since the Marvin language controversy is not yet resolved, I'm not sure Tuesday is realistic from that angle anyway.

What do you think? Should we absolutely insist on tomorrow, or tell them Monday is OK?

2. They say they haven't circulated anything new to Marvin/DOL. Someone may have sent them a copy of the full notice, but they say it would have been the most recent version.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen ( CN=Sarah Rosen/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:23-JUL-1998 13:11:17.00

SUBJECT: Movement on Biomaterials Bill

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

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

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

TO: WEINSTEIN\_P@a1@CD@VAXGTWY ( WEINSTEIN\_P@a1@CD@VAXGTWY @ VAXGTWY [ UNKNOWN ] ) (O  
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

CC: Ron E Blankenship ( CN=Ron E Blankenship/O=EOP [ UNKNOWN ] )  
READ:UNKNOWN

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

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

READ:UNKNOWN

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

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

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

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

TEXT:

Note: Reply requested by COB Friday, if possible. House floor action possible next Tuesday.

The House may take up a stand-alone biomaterials bill on the suspension calendar next Tuesday or the following Tuesday. Senator Lieberman's office tells me that the Senator hopes to have the Senate take up the House version directly, thus avoiding a conference. As a result, Senator Lieberman wants to make sure that the Administration is comfortable with the version that will be adopted by the House and asked us for any comments.

Before the House Commerce and Judiciary Committees reported out their stand-alone biomaterials bill, majority and minority staff, along representatives of the Health Industry Manufacturers Association (the principal biomaterials bill proponent) and the Association of Trial Lawyers of America made significant, technical drafting changes to the Senate version. Senator Lieberman's office has asked us to review those changes and let them know whether or not we would object to the bill as rewritten. (Note: The House bill does not include the Baxter amendment.)

Fran Allegra (DoJ) and I have closely reviewed the rewrite. The changes clearly are motivated by an intent to clarify and improve the drafting of the biomaterials provision and almost all are changes to which we are indifferent or which we consider technical improvements.

Two changes are substantive but seem reasonable. The first would authorize the court to stay proceedings while the Secretary of HHS considers a petition to declare that the supplier was required to register the implant with the Secretary or include it on a list of devices filed with the Secretary, and thus can be found liable as a manufacturer notwithstanding the protection in the bill. As a practical matter, a court would be likely issue such a stay. This change just provides clear authority. (In addition, at our request on behalf of HHS, the time provided for the Secretary to make that declaration has been extended from 45 to 120 days.)

The second change limits the liability protection provided by the bill by allowing a supplier to be held liable as a seller, not only where the supplier acts expressly as a seller, but also where its acts effectively as a seller, but by closing in escrow and acting under contract with the manufacturer, avoid legal status as a seller. This provision was added by House counsel because of fear that biomaterials suppliers, who are also sellers, would find creative ways to avoid liability. HIMA reluctantly agreed to the change.

There were a few changes that raised new technical drafting issues. We provided the Hill staff with a list and they have tentatively agreed to all our further edits, subject to final review. We should hear back shortly. The staff plan to offer an amendment, including the technical changes we requested, as the bill is brought up on the suspension calendar next Tuesday or the Tuesday thereafter.

We have not said that the Administration supports this biomaterials bill, although last week we told Senator Lieberman that we would not object if biomaterials moved separately, so long as Senator Rockefeller did not object. (He has said that he does not.) When it comes up on the House floor, we will be asked to say officially whether we support this biomaterials bill. I assume that, if all our technical concerns are met, the answer is yes (or at least we have no objection), but please let me know by close of business Friday your views.

If you would like to receive a copy of the House bill, please let me know.

Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kate P. Donovan ( CN=Kate P. Donovan/OU=OMB/O=EOP [ OMB ] )

CREATION DATE/TIME:23-JUL-1998 13:22:54.00

SUBJECT: URGENT: FOREIGN OPERATIONS SENATE FLOOR SAP

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

READ:UNKNOWN

TO: Jeffrey M. Smith ( CN=Jeffrey M. Smith/OU=OSTP/O=EOP@EOP [ OSTP ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Martha Foley ( CN=Martha Foley/OU=WHO/O=EOP@EOP [ WHO ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: RUDMAN\_M@A1@CD@VAXGTWY ( RUDMAN\_M@A1@CD@VAXGTWY [ UNKNOWN ] ) (NSC)

READ:UNKNOWN

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

READ:UNKNOWN

TO: Kerri A. Jones ( CN=Kerri A. Jones/OU=OSTP/O=EOP@EOP [ OSTP ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

CC: Rosemary Evans ( CN=Rosemary Evans/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

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

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

CC: Judy Jablow ( CN=Judy Jablow/OU=CEQ/O=EOP@EOP [ CEQ ] )  
READ:UNKNOWN

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

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

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

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

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

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

CC: FARRAR\_J@A1@CD@VAXGTWY ( FARRAR\_J@A1@CD@VAXGTWY [ UNKNOWN ] ) (NSC)  
READ:UNKNOWN

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

CC: Robert L. Nabors ( CN=Robert L. Nabors/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

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

READ:UNKNOWN

TEXT:

We have just heard that the Senate may turn to the Foreign Operations bill next (after C/J/S is completed). This action could be as early as 3pm today. Therefore, we need your comments/clearance by 2:30pm Today.

FOREIGN OPERATIONS, EXPORT FINANCING,  
AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 1999  
(Sponsors: Stevens (R), Alaska; McConnell (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Subcommittee to accommodate certain of the President's priorities within the limited 302(b) allocation available to it. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, a number of key programs are seriously under-funded. To have an effective foreign policy, a strong national security policy, and to promote continued economic prosperity, it is essential that additional resources be made available to the Subcommittee. In addition, there are a number of objectionable restrictions on funding in the bill. For these reasons, if the bill were presented to the President in its current form, the President's senior advisers would recommend that he veto the bill. We intend to work with Congress to improve the bill as it moves forward.

This legislation is a critical element of America's national security budget. At the dawn of a new century, America faces unique challenges and unprecedented opportunities to strengthen our national security, enhance our global leadership, extend the reach of our democratic values, and deepen our own prosperity. The challenges we face are formidable. If this bill in its current form were to become law, however, it would erode our ability to promote critical American interests at home and abroad effectively. The responsibility of safeguarding our national security and exercising U.S. leadership cannot be secured within the resources available to the Subcommittee. We urge the Congress to provide the leadership needed to keep America safe, strong, and prosperous.

The only way to achieve the appropriate investment level for the programs funded through this bill is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings through user fees and certain mandatory programs to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. We want to work with the Congress on mutually-agreeable mandatory and other offsets that could be used to increase funding for high-priority discretionary programs, including those funded by this bill.

International Monetary Fund

The Administration welcomes and commends the Committee's efforts

to provide funding for both the International Monetary Fund's (IMF's) New Arrangements to Borrow and quota increase. The Administration believes that the immediate approval of these requests is necessary to provide the IMF with the resources it needs to protect the international financial system -- and therefore the U.S. economy -- against the risk of new, escalating, or spreading crises. As recent events, including the new stabilization program for Russia, clearly demonstrate, the IMF's need for additional resources grows more urgent by the day.

The Administration is concerned, however, with some of the provisions of the Committee-reported bill as currently drafted. The Administration is in agreement with many of the underlying objectives as policies that the United States should vigorously promote at the IMF and looks forward to working with the Congress to address these issues in a manner consistent with our goals.

#### New Independent States

The still incomplete peaceful transition of the New Independent States (NIS) to stable, market democracies is vital to the U.S. national security. The Congress has shared this view and provided considerable support for this program in the past. The current political/economic situation in Russia and the enormous economic potential of the Caspian Basin represent great opportunities to advance our mutual goals. The Administration commends the Committee for providing resources above the House level. However, the cuts embodied in the Committee's funding level for USAID assistance programs to the NIS would result in a funding level that is \$30 million below the FY 1998 level and \$185 million below the request.

These cuts would make it extremely difficult to push for market reforms and support democratic forces across the region. Further, the prohibition on all assistance to Russia -- not just the government -- pending certification of termination of all nuclear reactor and ballistic missile technology cooperation with Iran, is so rigid as to impede the Administration's ability to insure that termination. This would hold programs designed to foster the private sector across Russia hostage to Government policy in Moscow. In addition, the numerous Senate country-earmarks would make it more difficult for the Administration to shift assistance to take advantage of new opportunities such as the election of reform-minded governments, peace agreements settling ethnic disputes, or helping leverage reforms by coordination of our assistance with international financial institutions. The Administration strongly favors repeal of continued restrictions on U.S. assistance to Azerbaijan. These restrictions are a disincentive to securing peace in the Caucasus, and they do not serve U.S. national interests.

#### Middle East Assistance

The Administration welcomes the efforts of the Committee to work with us in encouraging changes in traditional levels of assistance to countries in the Middle East. We believe that Israel's initiative to reduce Economic Support Fund (ESF) assistance provides an important basis on which to build future assistance programs that meet our needs in the Middle East and beyond. However, due to the very constrained funding levels for international affairs programs, the Administration has proposed an accelerated approach to the reduction of Israel's ESF. We would encourage the Committee to give strong consideration to such an approach as the bill proceeds through the process. We are very concerned about the deletion of current authority to allow the Palestine Liberation

Organization (PLO) to maintain an office in Washington, D.C. This would severely undermine our ability to facilitate dialogue between Israel and the Palestinians at what is probably the most sensitive juncture of the peace process. Finally, we favor maintaining a Foreign Military Financing funding level of \$1.3 billion for Egypt in FY 1999.

#### Export-Import Bank

The Administration appreciates the Committee's effort to increase the funding for the Export-Import Bank (Ex-Im Bank) substantially. The funding increase represents a vote of confidence in the Bank's mission to sustain U.S. jobs and exports that would not otherwise go forward. However, the bill falls short of the level needed to meet anticipated U.S. exporter demand in FY 1999.

The Administration is concerned with the language prohibiting disbursements of Ex-Im Bank credits to programs or enterprises that are majority owned or managed by State entities. The Administration wants to promote private sector development in Russia and other NIS countries. The proposed language would imperil almost \$4 billion in U.S. exports tied to current transactions. Since the current language calls for cancellations of already-approved credits, it would provoke substantial litigation and undermine the credibility of Ex-Im Bank's financing support for U.S. exporters.

The Administration shares the Committee's goal of supporting private sector businesses in the region and would like to work with the Committee to develop responses to the difficult issue of how to work with governments in the transition period from command to free markets.

#### Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)

The Administration is concerned with the \$46 million, or 21 percent, cut to the \$216 million request for NADR, but greatly appreciates the Committee's support for the Korean Peninsular Energy Development Organization. Unfortunately, the NADR reduction undermines the multi-prong effort that NADR supports to reduce the proliferation threat to U.S. national and global security. Lack of funding for the Comprehensive Test Ban Treaty (CTBT) Preparatory Commission would harm U.S. national security interests as it would gut planned improvements in our ability to monitor nuclear testing worldwide. The recent Indian and Pakistani tests are a stark reminder of the importance of this monitoring. As well, we would be forced to reduce support for demining efforts, NIS science centers, and other related activities. The Commission and its International Monitoring System should be funded, regardless of ratification of the CTBT.

#### Global Environment Facility

The Administration is concerned with the refusal of the Committee to fund the request for the Global Environment Facility (GEF), which is helping to reduce long-term environmental risks that will affect all Americans. The \$300 million request for GEF (of which \$192.5 million is for arrears) is needed to assure that GEF does not run out of resources in FY 1999. Concerns that funding GEF would prejudice debate on the Kyoto Climate Protocol are misplaced: the new replenishment agreement is funded at the same level as the prior one, and GEF will continue with precisely the same broad work program that it had prior to Kyoto. The GEF is among the best vehicles that the U.S. has to encourage developing countries to shoulder greater responsibility for protecting both the local and global

environment. It is manifestly in our interests to clear our arrears and keep GEF running, and the Administration strongly urges the Senate to restore funding for this critical program.

#### Economic Support Fund

The Administration is concerned with the overall funding level for the Economic Support Fund (ESF). At the Committee mark, the Fund would be cut by 50 percent of the funds necessary to support economic and political stability in Latin America, as well as other emerging democracies in Africa and Asia. We strongly encourage the Senate to support a higher funding level for the ESF as the bill moves forward.

Excessive conditions on aid to Haiti, even with a national security waiver, would undercut our efforts to achieve a democratic, self-sustaining Haiti with an honest, independent judiciary.

#### Peacekeeping Operations

The Committee has reduced the \$83 million request for Peacekeeping Operations (PKO) by 17 percent. PKO provides vital assistance and support for many important national security and foreign policy activities, including commitments in Bosnia and Haiti, conflicts in Africa, and potential trouble spots such as in the Balkans. This reduction would limit the President's ability to respond to these and other evolving events.

#### Central and Eastern Europe

The Administration appreciates the continued support of the Senate for our efforts to achieve a lasting peace in the Balkans. The assistance programs are essential to meet the goals of the Dayton agreement, including the ability of refugees and displaced persons to return to their homes, reintegration of multi-ethnic communities and institutions, and helping the citizens of the region decide their futures through free and fair elections. The 11-percent reduction to the request for assistance to Bosnia is of concern because it would reduce our ability to react to unforeseen problems or opportunities. This lack of flexibility could impair our ability to reach the goals outlined above and, in turn, would pose a potential problem in terms of reducing our troop levels, a goal shared by the Administration and the Congress. Finally, restrictions in the bill intended to prevent war criminals from benefitting from U.S. assistance, though well-intentioned, would prove extremely difficult to administer. We look forward to working with the Senate to make this language more workable.

Additional reductions in the assistance program for the rest of the region are problematic as well. These reductions come at a time when we are working to phase out assistance. FY 1999 is planned to be the last year for new funding in Lithuania, Poland, and Slovakia, and the year in which we planned to begin capitalizing a joint public-private partnership to help sustain democracy after U.S. bilateral assistance is phased out.

#### African Development Fund

The Administration is concerned with the \$150 million cut to the request for the African Development Fund, which provides resources for the poorest countries in SubSaharan Africa, including the entire request to fund the annual commitment of \$67 million and \$83 million in arrears. Funding the request is necessary to support the reform measures underway

for the past three years at the African Development Bank and Fund. The Administration strongly urges the Senate to restore funding for this critical program.

#### Asian Development Fund

The Administration appreciates the Committee's support for the Asian Development Fund, reflected in the \$187 million funding of arrears. Nevertheless, the Committee's mark excludes the \$100 million request to fund our annual commitment to the Asian Development Fund; thus, it would result in substantial net new arrears to the Fund. The Administration is committed to clearing up current arrears and to avoiding the creation of new arrears. The Administration strongly urges the Senate to fund the Administration's request of \$150 towards arrears and \$100 million towards the annual commitment.

#### Community Adjustment and Investment Program

The Administration is very concerned with the Committee's failure to fund the Community Adjustment and Investment Program (CAIP), a program initially funded through the North American Development Bank, a multilateral development bank. The CAIP was established to help communities affected by adverse trade patterns associated with implementation of the North American Free Trade Agreement. To date, the program has assisted in more than 120 loans in 20 States, leveraging private sector financing of over \$70 million. The \$37 million requested would significantly bolster CAIP's ability to continue this work, as well as to support technical assistance, grants, and micro-lending. The Administration strongly urges the Senate to restore funding for this innovative program.

#### Peace Corps

The Administration is concerned with the \$49 million cut to the request for the Peace Corps. This reduction, to a level \$5 million below the FY 1998 funding level, would not only preclude the Peace Corps initiative to fund 10,000 volunteers by the year 2000, but would require the Peace Corps to reduce costs equivalent to closing six country programs and reducing the number of volunteers by 500. The Administration strongly encourages the Committee to support a higher funding level for the Peace Corps.

#### Treasury Debt Restructuring

The \$25 million funding level for international debt restructuring is inadequate to finance anticipated debt restructuring for some of the poorest countries in FY 1999, especially debt relief expected under the President's new Africa Initiative. The Administration's \$72 million request was made on the basis of debt reduction anticipated for up to 14 countries to receive debt relief through the Paris Club group of official creditors or through the Africa Initiative's bilateral concessional debt reduction component. If this \$25 million funding level is realized, the Administration will be unable to provide debt relief to a number of sub-Saharan African countries likely to be eligible under the Africa Initiative.

#### U.S. Agency for International Development (USAID) Development Assistance

Although the Committee provides (after permitted transfers) an amount for USAID Development Assistance very close to the President's

request, we are concerned about the multitude of earmarks, which would make it difficult to fully fund the shared assistance priorities of the President and Congress in regions such as Africa and Latin America. In particular, while the Administration is committed to helping Indonesia through its current economic crisis, we are concerned that the Committee's earmark for Indonesia, by reducing the President's flexibility, may actually impede our efforts to respond most effectively to the changing nature of the Asian economic crisis. The Administration also urges the inclusion of existing language that provides "withstanding" authority for activities intended to reduce global greenhouse gas emissions.

#### International Narcotics Control

The Administration is concerned about the \$53 million reduction to the \$275 million request for International Narcotics Control. Such a reduction would negatively impact country programs, especially in the Andean region, that are aimed at reducing the supply of cocaine. The reduction would force the redirection of available resources to cocaine producing countries at the expense of heroin reduction efforts in Southeast Asia.

#### International Organizations and Programs

The Committee bill reduces the request for International Organizations and Programs by \$44 million, which would limit significantly U.S. ability to participate and support a number of international organizations, particularly those involved with global environmental activities.

#### U.S. Agency for International Development (USAID) Operating Expenses

The Administration appreciates the Committee's effort to provide a small increase above the FY 1998 enacted level for USAID Operating Expenses. However, we are concerned that this level will not allow USAID to complete the Year 2000 conversion and implement other necessary management improvements while implementing the President's initiatives in Africa and Latin America and effectively managing its ongoing programs, including congressional priorities in areas such as infectious diseases and child survival. Therefore, we urge the Senate to provide additional funding for USAID Operating Expenses.

#### U.S. Agency for International Development (USAID) Operating Expenses: Inspector General

The Administration appreciates the Committee's effort to provide a small increase above the FY 1998 enacted level for Operating Expenses for the Office of the USAID Inspector General. However, we are concerned that this level will not provide sufficient funding to allow the Inspector General to carry out fully his increased audit responsibilities under the GPRA and GMRA while also responding to the increased costs of providing security in the Ronald Reagan Building. Therefore, we urge the Senate to provide additional funding for the USAID Inspector General.

#### U.S. Agency for International Development (USAID) Credit Programs

The Administration is concerned that the Committee has reduced the requested subsidy amount for the Urban Environment (UE) credit program, or provided transfer authority for USAID's Development Credit Authority (DCA). As the Congress and the Administration agreed in the FY 1998 appropriations legislation, USAID has taken substantial steps towards

developing the capacity to manage both its existing and future credit portfolios. We urge the Senate to restore the transfer authority for the DCA and increase funding for the UE program. Failure to do so would limit the ability of USAID to use credit to promote development in urban areas and to encourage the development of needed private sector financial mechanisms.

#### Overseas Private Investment Corporation

The Administration is pleased the Committee has provided full program funding for the Overseas Private Investment Corporation (OPIC). However, we are concerned with the provision of the bill that would withhold one-half of the agency's administrative budget. The Administration is working closely with the Committee to resolve any outstanding issues and notes that withholding funds would impede the agency's efforts to support American business and promote U.S. foreign policy.

#### African Development Foundation

The Committee has reduced the \$14 million request for the African Development Foundation (ADF) by 43 percent. Through its grants program, ADF supports community-based, self-help initiatives in Africa. This reduction would severely limit the ability of the Foundation to respond to the development needs at the grassroots level in Africa. The Administration urges the Senate to fund this program at the requested level.

#### Year 2000 Conversion

The need to conform with Year 2000 (Y2K) conversion requirements mandates the additional investments in information technology and credit management that are included in the requests for USAID Operating Expenses, Peace Corps, and the other agencies funded in this bill. It is essential to make Y2K funding available quickly and flexibly. We appreciate the action of the Senate Appropriations Committee to provide an emergency fund in the Treasury/General Government bill for such purposes but are concerned about the Subcommittee's decision not to fund the base Y2K conversion requests in this bill.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 13:52:51.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

call Ted Wertell at 53801re: VA/HUD SAP asap

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 14:07:07.00

SUBJECT: arnold & porter mtg

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

will be sometime Monday morning. that 's what they picked. Bill, I'll let you know the exact time.

Cynthia, the notice would be issued by press release and later compiled in some IRS publication. so this could be announced any day of the week.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 14:13:59.00

SUBJECT: AFT/NEA Education Conference

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

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

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

TEXT:

I will be writing these remarks. Do you have any thoughts/guidance on the message?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 14:37:45.00

SUBJECT: Firearms Follies

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Rahm/Bruce/Elena:

The Child Safety Lock amendment to the Senate CJS approps bill, which failed Monday night, triggered a bit of an uproar that continued until late last night. In brief, 3 important amendments came up:

(1) Smith (of New Hampshire) offered an amendment complicating implementation of the Brady Insta-Check system. It passed by a vote of 69-31 and is discussed below.

(2) Sessions raised the juvie bill, but it was ultimately deferred. Both D's and R's agreed to try and negotiate a time agreement for sometime in September.

(3) Durbin and Chafee offered their CAP bill, but it was tabled on 69-31 vote. The CAP amendment did not include Treasury and DOJ's changes, and was amended to include NRA-supported language linking increased gun tracing with the increased prosecution of federal gun cases.

The Brady amendment is of particular interest, especially if we're thinking of doing an in August to announce our support for extending the 5-day waiting period. Generally, the amendment would:

(1) prohibit the FBI from retaining any records from background checks (the FBI currently plans to keep records of its checks for up to 18 months for audit purposes);

(2) prohibit the FBI from charging a fee for each check (the FBI currently plans to charge gun dealers about \$15 per check to cover the operating costs of Insta-Check); and

(3) create a federal cause of action for anyone aggrieved by a violation of this provision, as well as allow successful plaintiffs to be awarded damages and attorney's fees.

This provision undermines Brady in several ways. Most importantly, though, it will put us in the position of either underfunding the Insta-Check system (estimated at \$80 million per year) or robbing from other FBI crime accounts (i.e., terrorism) to fund Insta-Check. An even

more likely result, however, is that the FBI will procure a separate appropriation for Insta-Check that will effectively cut other, less popular priorities were fighting for in the overall CJS bill (i.e., Legal Services). Additionally, a similar, and perhaps worse, version of this amendment may come up on the House CJS bill today or tomorrow.

To date, Democratic appropriators have not wanted to fight on this issue. The NRA has characterized the Brady user fee as a "gun tax" and the FBI's record-keeping requirement as "federal gun registration." Moreover, the Administration is a bit split on how to approach this issue. OMB feels strongly that we don't have the money to cut a deal and ask for a separate FBI appropriation. Justice prefers being able to charge a fee, but will settle for a separate appropriation that comes out of somebody else's funds. The FBI will do whatever it takes to protect its budget, no matter what we decide. And Treasury is concerned that, in trying to cut a deal, we will look to save money and exempt pawnbrokers from Brady Checks (estimated to save \$30 million and strongly supported by many pro-gunners).

My recommendation, though it pains me to say this, is that we link our support for extending the 5-day waiting period to a CJS/Brady-based veto threat. We could accuse the R's of undermining Brady and of currying favor with the NRA; threaten to veto the CJS bill over this; and challenge Congress to strengthen -- not weaken -- Brady by extending the 5-day waiting period. As it stand, we are already likely to veto the CJS bill over Legal Services and census sampling -- and Brady is a much more popular issue. We could do this in early August just after Congress leaves, and also use it as an opportunity to criticize Congress' lack of progress on the overall budget.

In the meantime, I would also recommend that we get w/OMB, Leg. Affairs, DOJ and Treasury -- and discuss what a possible compromise might look like. Do we really need to charge \$15 per check? Does the FBI really need to hold on to all records for a year and a half? Etc...

Let me know your thoughts. Forgive the long e-mail,

Jose'

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 16:18:10.00

SUBJECT: more from Treasury

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

1. Re the language that DOL was so concerned that Treasury had dropped: Treasury dropped it because they thought DOL would like it better that way. I'm triple-checking this, but it appears they would be happy to add it back in if that's what DOL wants.

2. Arnold & Porter is tentatively Monday morning at 10am, Don Lubick's office, room 1000 of main Treasury. Bill Marshall says he can attend.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 16:34:20.00

SUBJECT: Bill Marshall tried to talk to Marvin, but Marvin...

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

said he wasn't sure if he was supposed to talk only to Elena! So he put Bill off. Bill also learned that Marvin isn't done putting together alternative language, so presumably he is just delaying and being a pain.

But Elena, I assume you don't have a problem with Bill talking to Marvin. Let me know.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Theodore Wartell ( CN=Theodore Wartell/OU=OMB/O=EOP [ OMB ] )

CREATION DATE/TIME:23-JUL-1998 17:36:18.00

SUBJECT: Riggs Amendment Letter

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:

We would like to add this to the piece you saw earlier. Comments?

In addition, the amendment would impose an unfunded, expensive and extremely burdensome administrative requirement on the City, requiring it to set up a new system to separately track expenditures to ensure that no Federal funds were used to implement one particular City ordinance. Imposing such an expensive and unique requirement on one, single city in the United States would establish a new and far-reaching precedent that could be applied to render prohibitively expensive any local ordinance passed by any city or town in the country.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 18:22:07.00

SUBJECT: Additional Paper for Asian Pacific American Meeting

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

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

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

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

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

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

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

TEXT:

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D87]MAIL470792010.226 to ASCII,  
The following is a HEX DUMP:

FF5750438C040000010A02010000000205000000AD0D000000020000B87D5D1DC17F17FA321EF1  
3FE7FF9CC1A1EE12E9B73BEE9BAF4E6713C49C38000EFBAC263BA75E22364597674FA41BA0969B

July 23, 1998

MEMORANDUM FOR ERSKINE BOWLES

FROM: Beverly Barnes

RE: Additional Issue for Meeting With Asian Pacific American Leaders

Doris Matsui learned today of one additional issue that might come up in the meeting tomorrow. Below you will find background information and a talking point prepared by DPC.

Also, I have confirmed that Barbara Chow, Elena Kagan, Al Maldon, and Bob Nash will join you and Doris for the meeting.

**INS/DOL Collaboration on Labor Inspections**

Background:

The Immigration Reform and Control Act of 1986 (IRCA) requires the Department of Labor to determine, as part of its regular labor inspection process, whether the employer is in compliance with the requirement that the employer verify whether each of its employees is authorized to work (as demonstrated by the employer filling out an I-9 form for each employee). If the Labor inspector finds that the employer has not been filling out the I-9 forms (and therefore not verifying authorization to work), he is required to refer the matter to the INS. The Labor Department has no authority to sanction the employer for this violation.

Some within the immigrant and labor communities are concerned that the Department of Labor's role in enforcing the immigration laws might chill the reporting of other labor violations by undocumented workers.

Talking point:

- We are aware of the concerns about the Department of Labor's role in enforcing the immigration laws. We have been engaged in discussions with the DOL and INS to determine the best way to protect the rights of legal workers, consistent with the statutory requirements set forth by Congress.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 18:29:08.00

SUBJECT: EB briefing tomorrow

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:

This afternoon, Doris Matsui's office informed me of an additional meeting that might come up at the Asian-American meeting tomorrow. I prepared the attached background and talking point, in consultation with Maria E. (it is an issue that she has worked on since her days at the Labor Dpt.). I told Beverly that this was a draft, and that we would let her know of any changes in the am. Thanks.

julie

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

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D22]MAIL476992010.226 to ASCII,

The following is a HEX DUMP:

FF5750438C040000010A02010000000205000000D10A000000020000F84DE129F7068A315A7A53  
9D4548115F413B6A871309DE7D46A23170FFC9CA11A41A9EB4E08ADFB2C5C44649F0395A5C6C74  
AF22B7410144A80280217CF9E0CBB76229418BBAA850B6730882CDB3DBAB49526F3302F0A273B8  
DA7B4851E6278E0DA03543423967E121EA1153403C8D92510D9391A2B2455A5E05DF1EC1507ABC

**INS/DOL Collaboration on Labor Inspections**  
**July 22, 1998**

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Talking points:

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-JUL-1998 19:37:56.00

SUBJECT: HHS & AC

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

I spoke to HHS today, told them we were getting many calls regarding Air Conditioners for welfare recipients, and needed a one pager on how to refer these calls to the states. HHS said they would send info over on Friday morning.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kate P. Donovan ( CN=Kate P. Donovan/OU=OMB/O=EOP [ OMB ] )

CREATION DATE/TIME:23-JUL-1998 20:02:30.00

SUBJECT: URGENT DC APPROPS SENATE SAP

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

TO: G. E. DeSeve ( CN=G. E. DeSeve/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Jeffrey M. Smith ( CN=Jeffrey M. Smith/OU=OSTP/O=EOP@EOP [ OSTP ] )  
READ:UNKNOWN

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

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

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

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

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

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

TO: RUDMAN\_M@A1@CD@VAXGTWY ( RUDMAN\_M@A1@CD@VAXGTWY [ UNKNOWN ] ) (NSC)  
READ:UNKNOWN

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

TO: Kerri A. Jones ( CN=Kerri A. Jones/OU=OSTP/O=EOP@EOP [ OSTP ] )  
READ:UNKNOWN

TO: Kathleen A. McGinty ( CN=Kathleen A. McGinty/OU=CEQ/O=EOP@EOP [ CEQ ] )  
READ:UNKNOWN

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

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

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

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

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

READ:UNKNOWN

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

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

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

CC: Judy Jablow ( CN=Judy Jablow/OU=CEQ/O=EOP@EOP [ CEQ ] )  
READ:UNKNOWN

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

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

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

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

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

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

CC: FARRAR\_J@A1@CD@VAXGTWY ( FARRAR\_J@A1@CD@VAXGTWY [ UNKNOWN ] ) (NSC)  
READ:UNKNOWN

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

CC: Robert L. Nabors ( CN=Robert L. Nabors/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

READ:UNKNOWN

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

TEXT:

WE WERE JUST INFORMED THAT THE SENATE IS GOING TO DO DISTRICT OF COLUMBIA  
TONIGHT - NEED CLEARANCE WITHIN 30MINS (8:30).

S. 2333 -- DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1999  
(Faircloth (R), North Carolina)

This Statement of Administration Policy provides the Administration's views on S. 2333, the District of Columbia Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee.

The Administration appreciates the support of the Committee for developing a bill that provides sufficient Federal funding to implement successfully the National Capital Revitalization and Self-Government and Improvement Act of 1997. We are, however, deeply concerned about a number of provisions of the Committee bill and a potential amendment, as described below. We urge the Senate to approve a bill that addresses the Administration's concerns.

The Administration strongly supports improving public school choice for the District of Columbia through such innovative and proven approaches as charter schools. However, the Administration understands that an amendment may be offered that would provide for the use of private school vouchers in the District. The Administration would strongly oppose any legislation allowing the use of Federal taxpayer funds for private school vouchers. Instead of investing additional resources in public schools, vouchers would allow a few selected students to attend private schools, and would draw resources and attention away from the hard work of reforming public schools that serve the overwhelming majority of D.C. students. Establishing a private school voucher system in the Nation's Capital would set a dangerous precedent for using Federal taxpayer funds for schools that are not accountable to the public. If such an amendment were adopted and included in the bill presented to the President, his senior advisers would recommend that the President veto the bill.

#### Economic Development Initiative

We appreciate the Committee's \$25 million appropriation in support of management reforms. Nevertheless, the Administration strongly urges the Senate to grant the \$50 million requested in the FY 1999 Budget to capitalize the National Capital Revitalization Corporation (NCRC). The Administration believes that an independent economic development corporation is essential in order to ensure effective management coordination and oversight of projects in the District. Further, we believe that it is critical to the District's economic future to capitalize the NCRC in FY 1999.

The Administration appreciates the Committee's support in providing \$1 million to establish a National Museum of American Music and a City Museum and Visitors Center.

#### Adoption Services Improvements

The Administration supports section 149 of the Committee bill, The District of Columbia Adoption Improvement Act of 1998. This Act would provide much needed administrative and management reforms in the D.C. Child and Family Services Agency, including requiring Family Services to contract with private service providers to perform adoption and recruitment services and eliminating all administrative barriers to adoption. The Administration understands that an amendment may be offered that would prohibit unmarried couples from adopting children in the District. We would strongly oppose such an amendment.

#### Abortion

The Administration strongly opposes the abortion language of the Committee bill, which would prohibit the use of both Federal and District funds to pay for abortions except in those cases where the life of the mother is endangered or in situations involving rape or incest. The Administration continues to view the prohibition on the use of local funds as an unwarranted intrusion into the affairs of the District and would support an amendment, if offered, to strike this prohibition

#### Public Education System

We are concerned that the bill does not provide sufficient funding to support educational services for all the students who wish to attend charter schools and other public schools in the District of Columbia. We look forward to working with the Committee and with the D.C. Public Schools to ensure that there is adequate flexibility to allow all eligible charter schools and their students to receive sufficient funding.

The Administration is committed to working with the Senate to produce a bill that will assist the District in its continued efforts toward financial recovery.

