NLWJC - KAGAN

EMAILS RECEIVED

ARMS - BOX 081 - FOLDER -006

[08/05/1998 - 08/06/1998]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa M. Jones (CN=Lisa M. Jones/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME: 5-AUG-1998 17:23:36.00

SUBJECT: See memo below

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

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

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

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

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

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

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP@EOP [CEA])
READ:UNKNOWN

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

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

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

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

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

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

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

TEXT:

This memo was signed on Tuesday, August 4th.

MEMORANDUM FOR ERSKINE BOWLES

THROUGH: Jack Lew

FROM: Donald R. Arbuckle

SUBJECT: Heads-up Consumer Confidence Rule

EPA will issue by the statutory deadline of August 6th a final rule requiring all community drinking water systems to provide their customers with □&consumer confidence□8 reports. These reports must contain information on contaminant levels detected in the systems□, drinking water, as well as on the EPA standards against which the detected levels are compared to determine if they pose a health risk. The reports must also contain various health warnings and information on the potential sources of detected contaminants.

In this final rule, EPA has added a number of requirements in response to criticisms at the proposed stage by the environmental community. These changes include additional mandatory health warnings and a requirement to report the range of detection levels as well as the annual average (the average is generally used to determine compliance with the standards). We understand that environmental groups have held press conferences today (Tuesday) in more than 20 cities heralding the as yet unpublished final rule but describing it as weak, and urging states and local governments to go beyond the minimum requirements.

We concluded review yesterday so that EPA could meet its statutory deadline. The rule is a high priority of Administrator Browner who was personally involved in its development, and is tentatively scheduled as the subject for next Saturday□,s radio address.

cc: Maria Echaveste
Rahm Emanuel
Larry Stein
Ron Klain
Thurgood Marshall, Jr.
Ann Lewis
Sally Katzen
Minyon Moore
John Podesta
Bruce Reed
Gene Sperling
Katy McGinty
Elena Kagan
Barry Toiv
Michael Waldman
Janet Yellen
Mickey Ibarra
T. J. Glauthier

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Christa Robinson (CN=Christa Robinson/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-AUG-1998 16:35:01.00

SUBJECT: LA Message Event

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

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

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

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

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

TEXT:
Gray Davis did not want to endorse the Reiner/tobacco initiative in Los Angeles. The President will make a clean water announcement instead. (Bruce, they took your suggestion and moved the Radio Address announcement. Thanks.)

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-AUG-1998 20:12:22.00

SUBJECT: INS reform

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:
FYI. According to Alan Erenbaum from INS, Hyde became convinced that the INS reform bill would be too controversial to mark-up, so it did not happen.

julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-AUG-1998 12:49:52.00

SUBJECT: H-1B -- q&a

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,
The press office has been receiving some calls on the status of the Rep. H-1B compromise and our reaction to it. Attached are some draft q&a for them.

julie

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D90]MAIL459710120.226 to ASCII,
The following is a HEX DUMP:

FF57504370040000010A0201000000020500000082 0F0000000200000D74976EDFA7D43FD7684C
10507A9B3BC1D8141317DACF7B360EA8A6B8DE921D7A26C82FC2163828C953D56C32469E2DE4C1

H-1B Legislation
August 5, 1998

Q: Why has the Administration not embraced the Republican compromise on H-1B legislation?

A: Although the Republican agreement includes a training provision and limited protections for U.S. workers, it falls short in several respects. The attestations are weak and too many employers are exempt from their obligations. Also, the training provision would not generate sufficient funds.

Q: Some Republicans and hi-tech executives claim that the Administration keeps moving the bar on what it would consider an acceptable bill. What has been going on?

A: Our position on this issue is unchanged: in order for the President to sign a bill that increases the cap on H-1B visas, it must contain both a significant training component and meaningful reform to the H-1B program to ensure that American companies recruit U.S. workers and not lay-off U.S. workers in order to replace them with H-1B workers.

The Republican agreement that was unveiled late last week falls short in several respects. It would generate inadequate training funds and would exempt large numbers of employers from the attestation obligations. We have had a series of detailed discussions with the sponsors of the bill and have suggested changes that would increase the funding for training and strengthen the protections for U.S. workers.

Q: The House leadership is threatening to bring their bill to a vote tomorrow. Will you veto it?

A: It is unclear at this point whether this bill is scheduled for tomorrow. However, if the Congress passes this.bill and it is presented to the President, his senior advisors will recommend that he veto it. While the President is willing to sign a bill to raise the caps, he also wants to make sure that we protect and provide training for U.S. workers. We want to work with the Congress to develop a balanced bill that addresses the growing demand for highly skilled workers.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-AUG-1998 12:10:20.00

SUBJECT: Reminder--comments on LRM MNB217--Transportation testimony on PLAs--are du

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

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

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

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

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

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

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

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

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

TO: Martha Foley (CN=Martha Foley/OU=WHO/O=EOP@EOP [WHO])
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: David E. Tornquist (CN=David E. Tornquist/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

TEXT:

This is a reminder that your comments on the subject testimony are due.

Please provide all comments no later than 2 p.m. today. If I do not hear from you, I will assume you have no comments and will clear the document.

Please call (5-7887) if you have any comments or questions. Thanks!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-AUG-1998 18:39:58.00

SUBJECT: Debate on Federalism Exec Order is underway; Hefley should be next

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-AUG-1998 19:17:08.00

SUBJECT:

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

TEXT:
Press Office is anxious for you to call Gannet reporter on Native Americans ASAP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-AUG-1998 16:23:39.00

SUBJECT: one-pager and Q&A to review

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

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

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

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

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

TEXT:
Here is the one-pager and Q&A to review.==========ATTACHMENT 1 ========
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D69]MAIL472825126.226 to ASCII,
The following is a HEX DUMP:

FF57504316050000010A0201000000020500000005A2500000002000046135 12FA7672A6F66CA9A

Automated Records Management System
Hex-Dump Conversion

Draft

QUESTIONS AND ANSWERS
NATIVE AMERICAN ECONOMIC DEVELOPMENT CONFERENCE
August 6, 1998

Q: What did the President announce at the Native American economic development conference?

A: The President announced several initiatives aimed at improving economic self-sufficiency, increasing educational opportunities, and providing health care to Native Americans. The President issued a directive which: (1) called for the Department of Commerce, in collaboration with the Department of the Interior and tribal governments, to issue a report within 9 months on the infrastructure technology needs in Indian country; (2) required the Departments of the Interior and Commerce and the Small Business Administration to develop, within 90 days, a strategic plan, in consultation with all interested parties, including tribal governments, to coordinate existing federal economic development programs for Native Americans; and (3) called for the Department of Treasury and the Department of Housing and Urban Development (HUD), in partnership with local tribal governments and in cooperation with other federal agencies, to create a one-stop mortgage center in Indian country to streamline the mortgage process. The President also announced that the U.S. Department of Agriculture will provide $70 million to create technology-based jobs in Indian country.

Because the building blocks of economic opportunity lie in obtaining a good education, the President signed an executive order at the conference which seeks to improve achievement in reading and math for American Indian and Alaska Native students in grades K-12. In order to improve the provision of health care to Native Americans, the President announced that the state funding for the Children's Health Insurance Program (CHIP) would be adjusted to accurately reflect states' populations of Native American children. Finally, the President called on Congress to pass legislation to elevate the Director of the Indian Health Service to an Assistant Secretary.

Native American Education Executive Order

Q: What is the Native American education executive order?

A: **This executive order is designed to improve the academic performance of American Indian and Alaska Native students in grades K-12. The order focuses special attention on the following five goals: (1) improving student achievement in reading and mathematics; (2) increasing high school completion and post-secondary attendance rates; (3) reducing the influence of long-standing factors that impede educational performance, such as poverty and substance abuse; (4) creating strong, safe, and drug-free school environments conducive to learning; and (5) expanding the use of science and educational technology. This order is structured to address**

Indian educational needs through participation at the federal, state, and local levels. At the federal level, the order establishes an Interagency Task Force which will plan initiatives, develop an education resource guide, and assist in implementing a comprehensive research agenda on Indian education. At the regional level, the order mandates a series of regional forums to be convened to identify promising practices. Finally, at the local level, this executive order sets up pilot sites which will receive comprehensive technical assistance in support of the goals of the order.

Economic Development Initiatives

Q: What did the President direct several federal agencies to do with respect to economic development in American Indian and Alaska Native communities?

A: The President announced a directive with the following three components:

- Technology Infrastructure Study. The President directed the Department of Commerce, in collaboration with the Department of the Interior and tribal governments, to issue a report within 9 months on the technology infrastructure needs within Indian country, including distance learning facilities, telecommunications capabilities, and manufacturing facilities.

- Strategic Plan to Coordinate Economic Development. The President also directed the Department of the Interior, the Department of Commerce, and the Small Business Administration to develop, within 90 days, a strategic plan that will coordinate existing economic development initiatives across agencies for Native American and Alaska Native communities. In developing this strategic plan, the agencies should consult with all interested parties, including tribal governments. The plan will build upon current efforts in the agencies and detail future efforts on such matters as providing technical assistance, enhancing infrastructure, and developing software.

- One-Stop Mortgage Center. The President also directed the Departments of Treasury and Housing and Urban Development, in partnership with local tribal governments and in cooperation with other federal agencies, to initiate a project to help streamline the mortgage lending process in Indian country in order to improve access to mortgage loans on Indian reservations. The agencies will initiate this effort through a year-long pilot program on the Navajo Nation and in at least one other location.

Q: What did the President announce with respect to creating technology-based jobs in Indian country?

A: The President announced that the U.S. Department of Agriculture (USDA), through its Bringing Rural America Venture Opportunities (BRAVO) initiative, will direct $70 million of its contracting dollars through Fiscal Year 2000 to assist seven American Indian and Alaska Native tribes in establishing small start-up technology companies. Through the 8(a) program, USDA, large technology companies doing business with USDA, and the Tribal Colleges and other land-grant educational institutions will work with these newly-established companies to assist them in obtaining government contracts.

Q: What is the status of technology infrastructure in Indian country?

A: A recent report, prepared by the Department of Commerce, shows that although many more Americans now own computers, minorities and low-income households are still far less likely to have personal computers or access to the Internet than white or more affluent households. Even more alarming, this study reveals that this "digital divide" between households of different races and income levels is growing. The report concluded that significant segments of the population, particularly in rural areas, remain unconnected by telephone or computer. Because reservations are often in remote areas and the income levels are low, this report supports the conclusion that more must be done to build a technology infrastructure in Indian country.

Q: What difficulties does a resident of an Indian reservation face in obtaining a mortgage?

A: There are unique issues facing prospective home buyers in Indian country such as trust land status (where the United States holds the land in trust for a tribe or an individual), tribal sovereignty issues, and limited availability of services such as appraisals and title insurance. Because of these issues, obtaining a mortgage in Indian country is often much more time consuming and complicated than a comparable transaction off the reservation.

Q: How long does the mortgage lending process in Indian country take?

A: The length of time to obtain a mortgage varies by Indian reservation and Bureau of Indian Affairs (BIA) area office. In most parts of Indian country, the process can take anywhere from several months to several years. Unfortunately, these delays sometimes result in problems for lenders who cannot hold open an extension of credit over such a long time period without closing the loan.

Q: When will the mortgage pilot programs be operational?

A: Treasury and HUD have already identified a local partner for the first pilot on the Navajo Nation called the Navajo Partnership for Housing (NPH). This organization currently provides home buyer education services, which include hosting home buyer orientation and home ownership counseling programs. Despite

its success at preparing residents of the reservation for home ownership, NPH has not reached its projected number of mortgage closings because of the systemic problems in the residential mortgage approval process. This pilot will demonstrate, over the course of the year, ways to streamline and consolidate the process to shorten significantly the approval time.

Over the year of the pilot, as the federal and tribal governments streamline and consolidate their processes, the length of the mortgage process should shorten significantly.

Health Care Initiatives for Native Americans

Q: What did the President say with respect to the Director of the Indian Health Service at HHS?

A: The President called on Congress to pass legislation to elevate the Director of the Indian Health Service to an Assistant Secretary. Elevating the IHS Director to the position of Assistant Secretary will strengthen the government-to-government relationship; facilitate communication and consultation with the Tribes on matters of Indian health; and raise awareness of Indian health concerns throughout HHS and the entire federal government.

Q: What did the President announce with respect to the CHIP program?

A: The President announced a change in the state-by-state allocation of the $24 billion in the Children's Health Insurance Program (CHIP) to appropriately count Native American children. States receive a share of CHIP funds based on their proportion of uninsured children below 200 percent of poverty. When the Census Bureau produced these counts last September, it did not include Native American children with access to the Indian Health Service as "uninsured." Thus, even though such children are eligible for CHIP coverage, the states with a large number of Native American children did not receive a larger share of funds. The President announced that both the Census Bureau and the Administration recognize that this was inequitable and thus will revise the allotments. These revised allotments will be published in October with the preliminary 1999 allotments. This effort builds upon the Department of Interior's Bureau of Indian Affairs and HHS's Indian Health Service proposed actions to increase enrollment of uninsured Native American and Alaska Native children which include developing and distributing culturally relevant referral information (e.g., brochure, poster, supplementary packets of information) to Native American families through the Bureau of Indian Affairs, especially focusing on tribal schools, colleges and social services agencies.

Q: What are the new state allotments with this adjustment?

A: Because states' CHIP allotments will change with the annual Census update in the

number of uninsured children in October, we will publish both the correction to include Native American children and the new uninsured children counts at that time. We believe that this change will result in an increase in funding to states with a large number of Native American children of about $15 million.

Background on the Conference and American Indians and Alaska Natives

Q: What is the Native American economic development conference?

A: This conference is sponsored by the White House (Office of Intergovernmental Affairs and the Domestic Policy Council), the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Housing and Urban Development, Interior, Justice, Labor, State, Transportation, the Treasury, and the Comptroller of the Currency and the Small Business Administration. Secretary Babbitt, Secretary Daley, Secretary Glickman, Secretary Herman, Attorney General Reno, and Administrator Alvarez were speakers at the conference.

The conference had approximately 800 participants including tribal leaders and members, businesses, and federal agency personnel. This conference was attended by over 100 tribes from over 20 states and by over 150 businesses, both Native-owned and non-Native-owned. This conference covered topics such as commerce in Indian country; building infrastructure and positive climate for business; tribal self-government and economic self-determination; agriculture and economic development; rural business; community development in Indian country; electronic commerce; welfare to work initiatives; and tourism.

Q: What are some demographics on American Indians and Alaska Natives?

A: Indian America is made up of more than 550 tribes, with a total population of approximately 2.4 million. Nearly half of the American Indian and Alaska Native population resides on 314 reservations, Indian lands, and in Alaska Villages that make up Indian country.

Q: What are the economic conditions in Indian country?

A: While economic conditions in Indian country have improved in recent years, American Indian and Alaska Native communities continue to lag behind the rest of the United States with respect to social, economic, and educational attainment levels. Income levels of American Indians and Alaska Natives are substantially below those of all other Americans, and about 34 percent continue to live below the poverty level. In comparison, the national poverty level is about 14 percent. Complicating factors such as geographical isolation, under-developed infrastructures, and demographics add to the challenges confronting tribes as they

work toward a better standard of living and quality of life for tribal peoples.

Q: What are the educational attainment levels for Native Americans?

A: In 1990, approximately 66 percent of Native Americans 25 years or older were high school graduates compared with approximately 75 percent of the total population. About 9 percent of Native Americans completed a bachelor's degree or higher compared with 20 percent of the total population.

Q: Is this conference part of the Race Initiative?

A: This conference addresses many of the same issues that have been addressed by the Race Initiative. However, this conference also addresses issues unique to American Indian and Alaska Native communities such as tribal self-government and economic self-determination. Members of the President's Initiative on Race are actively participating in this conference.

Draft

THE PRESIDENT ANNOUNCES INITIATIVES FOR NATIVE AMERICANS RELATED TO ECONOMIC DEVELOPMENT, HEALTH CARE, AND EDUCATION

August 6, 1998

Today, the President will attend a conference, sponsored by the White House and fifteen federal agencies, entitled "Building Economic Self-Determination in Indian Communities," and will announce several initiatives aimed at improving economic self-sufficiency, increasing educational opportunities, and providing health care to Native Americans. The initiatives focus on: improving student achievement in reading and math for grades K-12; assessing the technology infrastructure needs of Indian country; coordinating existing federal economic development programs for Native Americans; creating a one-stop mortgage center in Indian country to streamline the mortgage process; creating technology-based jobs in Indian country; and adjusting the state funding from the Children's Health Insurance Program (CHIP) to accurately reflect states' populations of Native American children. In addition, the President called on Congress to pass legislation to elevate the Director of the Indian Health Service to an Assistant Secretary.

Creating Educational Opportunities for Native American Students

Native American Education Executive Order. The President signed an executive order at the conference which is designed to improve the academic performance of American Indian and Alaska Native students in grades K-12. The order focuses special attention on the following five goals: (1) improving student achievement in reading and mathematics; (2) increasing high school completion and post-secondary attendance rates; (3) reducing the influence of long-standing factors that impede educational performance, such as poverty and substance abuse; (4) creating strong, safe, and drug-free school environments conducive to learning; and (5) expanding the use of science and educational technology. This order is structured to address Indian educational needs through participation at the federal, regional, and local levels. At the federal level, the order establishes an Interagency Task Force which will plan initiatives, develop an education resource guide, and assist in implementing a comprehensive research agenda on Indian education. At the regional level, the order mandates a series of regional forums to be convened to identify promising practices. Finally, at the local level, this executive order sets up pilot sites which will receive comprehensive technical assistance in support of the goals of the order.

Expanding Economic Development in Indian Country

Executive Directive for Economic Development in American Indian and Alaska Native Communities. The President announced the following directive which has the following three components:

- Technology Infrastructure Study. The President directed the Department of Commerce, in collaboration with the Department of the Interior and tribal governments, to issue a report within 9 months on the technology infrastructure needs within Indian country, including distance learning facilities,

telecommunications capabilities, and manufacturing facilities.

- Strategic Plan to Coordinate Economic Development. The President also directed the Department of the Interior, the Department of Commerce, and the Small Business Administration to develop, within 90 days, a strategic plan that will coordinate existing economic development initiatives across agencies for Native American and Alaska Native communities. The plan will build upon current efforts in the agencies and detail future efforts on matters such as providing technical assistance, enhancing infrastructure, and developing software.

- One-Stop Mortgage Center. The President also directed the Departments of Treasury and Housing and Urban Development, in partnership with local tribal governments and in cooperation with other federal agencies, to initiate a project to help streamline the mortgage lending process in Indian country in order to improve access to mortgage loans on Indian reservations. The agencies will initiate this effort through a year-long pilot program on the Navajo Nation and in at least one other location.

Providing $70 Million to Create Technology-Based Jobs in Indian Country. The President announced that the U.S. Department of Agriculture (USDA), through its Bringing Rural America Venture Opportunities (BRAVO) initiative, will direct $70 million of its contracting dollars through Fiscal Year 2000 to assist seven American Indian and Alaska Native tribes in establishing small start-up technology companies in order to obtain government contracts.

Improving Health Care for Native Americans

Legislation to Elevate the Director of the Indian Health Service to an Assistant Secretary. The President called on Congress to pass legislation to elevate the Director of the Indian Health Service to an Assistant Secretary. Elevating the IHS Director to the position of Assistant Secretary will strengthen the government-to-government relationship; facilitate communication and consultation with the Tribes on matters of Indian health; and raise awareness of Indian health concerns throughout HHS and the entire federal government.

Correct state CHIP allotments for undercount of Native American children. The President announced a change in the state-by-state allocation of the $24 billion in the Children's Health Insurance Program (CHIP) to appropriately count Native American children. States receive a share of CHIP funds based on their proportion of uninsured children below 200 percent of poverty. When the Census Bureau produced these counts last September, it did not include Native American children with access to the Indian Health Service as "uninsured." Thus, even though such children are eligible for CHIP coverage, the states with a large number of Native American children did not receive a larger share of funds. The President announced that both the Census Bureau and Administration recognize that this was inequitable and thus will revise the allotments. These revised allotments will be published in October with the preliminary 1999 allotments. This effort will build upon **both the Department of Interior's Bureau of Indian Affairs and HHS's Indian Health Service proposed actions to increase enrollment of uninsured Native American and Alaska Native children including developing and**

distributing culturally relevant referral information.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-AUG-1998 10:27:22.00

SUBJECT: Native American Education exec order

TO: Michael Cohen (CN=Michael Cohen/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:
You should have a copy of the order . I'm meeting with Mac Reed at 11:15 to have a final review of the order. Let me know if you have changes. We're going to try to get this in to Phil Caplan by the early afternoon

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jennifer M. Palmieri (CN=Jennifer M. Palmieri/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 5-AUG-1998 09:21:42.00

SUBJECT: Trip next week

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

TEXT:
I spoke with Counselor Sosnik, Chief of Staff for next week's trip, and he thinks that it would be an excellent idea for you to travel as the DPC rep on the trip. You should e-mail your request to be placed on the manifest to Chris Wayne in the Advance Office.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Ingrid M. Schroeder (CN=Ingrid M. Schroeder/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME: 5-AUG-1998 09:36:59.00

SUBJECT: LRM #IMS398 - REVISED Statement of Administration Policy on HR3736 Workfor

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

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

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

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

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

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

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

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

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

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

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

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

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

TO: Charles W. Fox (CN=Charles W. Fox/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Mary Jo Siclari (CN=Mary Jo Siclari/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CC: Rachel E. Levinson (CN=Rachel E. Levinson/OU=OSTP/O=EOP@EOP [OSTP])
READ:UNKNOWN

CC: dodlrs (dodlrs @ osdgc.osd.mil [UNKNOWN])
READ:UNKNOWN

CC: ogc_legislation (ogc_legislation @ ed.gov @inet [UNKNOWN])
READ:UNKNOWN

CC: clrm (clrm @ doc.gov @ inet [UNKNOWN])
READ:UNKNOWN

CC: dol-sol-leg (dol-sol-leg @ dol.gov @ inet [UNKNOWN])
READ:UNKNOWN

CC: Darlene O. Gaymon (CN=Darlene O. Gaymon/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: lrm (lrm @ nsf.gov @ inet [UNKNOWN])
READ:UNKNOWN

CC: lrm (lrm @ os.dhhs.gov @ inet [UNKNOWN])
READ:UNKNOWN

CC: US@2=TELEMAIL@3=GOV+TREAS@5=DO@4=MS01@7=LLR@6=TREASURY@mrx@lngtwy (1=US@2=TELEM
READ:UNKNOWN

CC: mjtaylor (mjtaylor @ dol.gov @ inet [UNKNOWN])
READ:UNKNOWN

CC: US@2=TELEMAIL@5=JMD@7=Deborah@6=Clifton@mrx@lngtwy (1=US@2=TELEMAIL@5=JMD@7=Deb
READ:UNKNOWN

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

TEXT:
Total Pages: ____

LRM ID: IMS398
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Wednesday, August 5, 1998

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Ronald E. Jones (for) Assistant Director for Legislative Reference
OMB CONTACT: Ingrid M. Schroeder
PHONE: (202)395-3883 FAX: (202)395-3109
SUBJECT: REVISED Statement of Administration Policy on HR3736 Workforce Improvement and Protection Act of 1998

DEADLINE: 2pm Wednesday, August 5, 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: HR 3736 is scheduled for House floor action on Thursday, August 6th. Therefore the above deadline is firm. The attached SAP comments on the version of H.R. 3736 which was circulated on July 30th and is identical to the SAP circulated on July 30th. Please note the senior advisors veto recommendation in the first paragraph.
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Larry R. Matlack
Barry White
Sandra Yamin
Barbara Chow
Steven M. Mertens
David J. Haun
Daniel J. Chenok
Evan T. Farley
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Kate P. Donovan
Lisa Zweig
Charles Konigsberg
James J. Jukes
LRM ID: IMS398 SUBJECT: REVISED Statement of Administration Policy on HR3736 Workforce Improvement and Protection Act of 1998

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: Ingrid M. Schroeder Phone: 395-3883 Fax: 395-3109
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-3454

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

DRAFT -- NOT FOR RELEASE
August 5, 1998
(House)

H.R. 3736 - Workforce Improvement and Protection Act of 1998
(Smith (R) Texas and 3 cosponsors)

The Administration strongly opposes House passage H.R. 3736, the □&Workforce Improvement and Protection Act of 1998,□8 as amended. If this bill is presented to the President, his senior advisors will recommend that he veto it.

This bill is intended to respond to a skills shortage in the information technology industry by increasing the annual cap on the number of temporary visas for foreign □&specialty□8 workers under the H-1B program. Regrettably, H.R. 3736, as amended, emphasizes providing opportunities for foreign workers rather than providing opportunities for and protecting U.S. workers.

The Administration supports sound and balanced legislative efforts to address shortages of skilled workers within certain sectors of our economy. The most important way to increase the availability of skilled workers must be to improve the skills of U.S. workers and ensure that employers seek U.S. workers first. While it may be necessary in the short-term to increase the number of visas for temporary foreign workers, this must only be done in conjunction with additional efforts to increase the skill level of U.S. workers and meaningful reforms to the H-1B program.

Although this bill provides for certain employers to attest to recruitment and lay-off provisions, the attestations are too weak to adequately protect U.S. workers and far too many employers are exempt from their obligations. Moreover, the bill, as structured, will not generate sufficient funds for increased training opportunities for U.S. workers. Finally, rather than strengthening enforcement to prevent employer abuses of the H-1B program, H.R. 3736, as amended, undermines some of the program□,s important enforcement provisions.

The Administration wants to work with the Congress to develop a bill that addresses the growing demand for highly skilled workers, while effectively protecting and promoting the interests of U.S. workers and enhancing the international competitiveness of important U.S. industries.

* * * * * * *

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-AUG-1998 12:29:04.00

SUBJECT: Those Ed Dept folks are persistent!

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

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

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

TEXT:
They've proposed to add the following language to the conferee letter:

"The Administration strongly supports the goal of providing educational opportunities to enable enabling more welfare recipients to move from welfare to work."

I plan to say no -- I assume you agree?

Here is how the whole paragraph would read.

> The Senate bill contains a provision amending the Temporary Assistance for Needy Families program (TANF). It would expand the type and length of education programs that may be counted toward a State's "work activity" participation rate. The provision would also extend the FY98 and FY99 exclusion of teen parents from the cap on education programs that may be counted toward a State's "work activity" participation rate to FY2000 and beyond. The Administration strongly supports the goal of providing educational opportunities to enable enabling more welfare recipients to move from welfare to work. We look forward to working with conferees to ensure that the final legislation keeps the doors of college open to all Americans while still maintaining the welfare law's strong work requirements.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-AUG-1998 19:47:35.00

SUBJECT: Re: next steps

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

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

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

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

CC: Jacinta Ma (CN=Jacinta Ma/OU=PIR/O=EOP [PIR])
READ:UNKNOWN

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

TEXT:
Fabulous notes. Geez.

Small comments, in no particular order:

a. I would say that MAYBE these need elevation to POTUS. I favor developing the memo (with all the work that entails) and dropping out or adding as that process indicates. In other words, this shouldn't be viewed as a final list.

b. We really are killing four birds with one stone, and it makes sense to bear that in mind. The birds are: (1) updating POTUS on a few items; (2) plotting Administration priorities for the next two years and getting the needed policy signals to accomplish that; (3) flagging anything that has budget implications for FY 2000; (4) getting some bold thinking in front of POTUS for his race book.

c. In regard to the last item, b(4), we need a mini-working group not only to help process the memo, but also to think about ideas that may not be federal, or that may be longer range, or whatever. And, I dunno, maybe there's something about Native Americans. Maybe discrimination in the context of immigration enforcement. Anyway, I'd like a little working group, with charter not only to assist with Eddie's POTUS memo, but the broader brainstorming I need for the book.

d. I don't want any of this morning's discussion to leave the impression that I am anything but wildly enthusiastic about biting the bullet on 8(a) and SDB programs -- or at least putting before POTUS the option of doing so. I believe Maria agrees. BUT I DID NOT LEAVE THE DISCUSSION WITH A SENSE OF WHO HAS THE LEAD IN DRIVING 8(a) REFORMS FORWARD. If not WH COUNSEL, then who? Would be nice to get something signed off on by the time of the book. Erskine and Cassandra designed a package of changes that are sitting on the shelf to consider.

e. I just want to reiterate that there is serious intellectual work involved in many of these issues. There is hard conceptual stuff that ought to be framed in a way with the general way POTUS will discuss racial and ethnic justice, etc. Obvious point, but when the lawyers in the basement start arguing about everything, we'll have to remind folks to keep the big picture in mind. (Once we paint it.)

f. THis is a large agenda. I urge Eddie to make use of Jacinta Ma, an attorney with a strong civil rights background, from the PIR staff. In addition, Maria will have a White House Fellow starting in September, who is an attorney with some civil rights experience and interest.

****

At 04:52 PM 8/5/1998 -0400, Edward_W._Correia@who.eop.gov wrote:
> Chris asked me to summarize my notes of our meeting this morning in
>order to review the civil rights enforcement issues we identified as
>particularly significant. I list these below, as well as my recollection
of
>the remainder of our discussion. Please let me know if you have
corrections
>or additions.
>
> We identified the following "frontier" civil rights enforcement
issues
>as significant enough to warrant review by the President:
> 1) higher education admissions, including the use of standardized
>tests and the way we choose to articulate and support the Bakke decision;
> 2) high stakes testing in other settings, such as elementary and
>secondary schools;
> 3) single sex schools;
> 4) magnet and charter schools, including the appropriate use of race
>by these schools in creating a diverse student body and our enforcement
>strategy if schools exclude groups in violation of the civil rights laws;
> 5) the importance of testers in civil rights enforcement, as used by
>the EEOC and other enforcement agencies;
> 6) achieving diversity in employment and ownership in the
broadcasting
>industry, including the status of the challenge to the FCC's employment
>rules and strategies to diversify ownership;
> 7) our efforts to achieve "environmental justice," i.e., challenging
>decisions of local government or other recipients of federal funds in land
>use planning decisions that have a discriminatory impact.
>
> In addition to these issues, we may, after further review, want to
>include language discrimination by employers and religious discrimination.
>Also, the question of reforms in the 8(a) program may warrant review, both
>as a legal matter based on our need to comply with Adarand and as a policy
>matter, based on the desire to make the program more effective.
>
> In regard to policy issues that Chuck and I contemplated including in
>a memo to the President, particularly pipeline strategies for higher
>education, there was a strong recommendation to include these as a part of
>the regular budget process. I will convey this recommendation to Chuck and
>discuss with Elena and Mike Cohen how that would be done. Finally, there
>was a consensus that we need some kind of regular White House review of

>civil rights enforcement policy and strategies. One possibility is a
>meeting every month (perhaps 6 weeks) involving DPC, Counsel's Office,
>other White House staff where appropriate, the heads of the enforcement
>agencies and some agency staff.
>
>
>

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-AUG-1998 19:25:46.00

SUBJECT: accomplishment doc

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

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

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

TEXT:
---------- Forwarded by Mary L. Smith/OPD/EOP on 08/05/98
07:26 PM ----------

Julie A. Fernandes
08/05/98 06:42:16 PM

Record Type: Record

To: Mary L. Smith/OPD/EOP
cc:
Subject: accomplishment doc

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D15]MAIL49649612Q.226 to ASCII,
The following is a HEX DUMP:

FF575043BB150000010A02010000000205000000184600000002000048CD310A8A48BD1317B12C

Automated Records Management System
Hex-Dump Conversion

President Clinton
A Record of Partnership With American Indians and Alaska Natives

"My administration has worked in partnership with tribal leaders ... to protect American Indian religious freedom, promote tribal self-determination, preserve tribal natural resources and provide economic opportunities for Native Americans. I look forward to continuing this government-to-government relationship in order to build on the progress we have made in Indian Country."

President Bill Clinton

On April 29, 1994, President Clinton became the first President to invite the leaders of all federally recognized Tribes to the White House. On this historic occasion, the President pledged that his Administration would work with Tribal leaders to establish a true government-to-government partnership. The Clinton Administration has delivered on this commitment by:

Strengthening the Relationship Between the Federal Government and Tribal Nations

- In 1994, executed a Memorandum for the Heads of Executive Departments and Agencies directing agencies to consult, to the greatest extent practicable and to the extent permitted by law, with tribal governments prior to taking actions that affect federally recognized tribal governments.

- On May 14, 1998, issued an executive order that strengthens and makes effective across Administrations the 1994 Government-to-Government memorandum. This executive order serves to establish regular and meaningful consultation and collaboration with Indian tribal governments in the development of regulatory practices on Federal matters that significantly or uniquely affect their communities, to reduce the imposition of unfunded mandates upon Indian tribal governments, and to streamline the application process for and increase the availability of waivers to Indian tribal governments.

Expanding the role of American Indians and Alaska Natives throughout his Administration

- Appointed 59 Native Americans to all levels of his Administration, including 10 to top positions requiring Senate confirmation and 30 to Presidential appointment positions.

- Created the Office of Tribal Justice to promote government-to-government relations with Indian Tribes and ensure aggressive representation of tribal sovereignty in the courts.

- Established the American Indian Environmental Office to work with Tribes to protect water

quality and the environment in Indian Country.

- Created a permanent White House working group composed of all Executive Branch Departments to advance Tribal sovereignty across the administration.

Protecting Religious Freedom

- **Signed an executive order that requires federal agencies to accommodate access to and ceremonial use of Indian sacred sites by Indian religious practitioners and to avoid adversely affecting the physical integrity of such sacred sites.**

- Successfully fought for passage of the American Indian Religious Freedom Act Amendments and the Religious Freedom Restoration Act in order to protect the right of free exercise of Tribal religions.

- Directed federal agencies to ensure efficient collection and distribution of available eagle feathers and eagle parts to American Indians and Alaska Natives for traditional religious purposes.

Promoting Tribal Self-Determination

- Supported passage and implementation of the Indian Self-Determination Act and the Tribal Self-Governance Act, which give Tribal governments control of most federal resources spent within Indian Country.

- Successfully fought attempts to penalize tribes for exercising their powers of self-governance and allowing states to tax Tribal governments on new trust lands.

Increasing Educational Opportunities

- **Proposed a 59% increase in funding for construction and facilities improvement and repair for Native American Schools in his FY 1999 budget.**

- **Provided an 11 percent increase (from $60 million to $66 million) for the Indian Education Act in his FY 1999 budget. Serving nearly half a million Native American students, the Act's programs include grants to Local Education Agencies (LEAs), Indian tribes and organizations, Indian-controlled schools, and individuals to address special educational and cultural academic needs of Native Americans.**

- **Signed an executive order that aims to ensure that tribal colleges and universities are more fully recognized as accredited institutions, have access to the opportunities afforded other institutions, and have Federal resources committed to them on a continuing basis.**

Providing Economic Development Opportunities in Indian Country

- Established an Office of Native American Programs within the Minority Business Development Association at the Department of Commerce, with eight Native American Business Development Centers and a business consultant, that provides management and technical assistance to Native American businesses.

- Signed the Community Development Banking and Regulatory Improvement Act, which promotes more lending in Indian Country;

Protecting Tribal Natural Resources

- Established for the first time the right of Alaska Natives to fish for subsistence purposes.

- Requested $875 million (a $130 million increase) in his FY 1999 budget for EPA State and Tribal Assistance Grants. As a part of this program, EPA will continue to build an support tribal capacity to implement, operate, and enforce Federal environmental laws.

- Supported the exercise of Northwest Tribes' treaty fishing rights.

Improving Health and Safety for American Indian and Alaska Native Families

- Supported funding for continued implementation of the Indian Child Welfare Act and tribal consensus amendments to protect Indian families and culture.

- Signed into law the Indian Tribal Justice Support Act to improve criminal law enforcement in Indian Country.

- Directed the Attorney General and the Secretary of the Interior to work with tribal leaders and propose improvements for public safety and criminal justice in Indian Country. As a result of this process, the President's FY 1999 budget contains a $182 million initiative within the Justice and Interior Departments to raise the level of law enforcement in Indian country to national standards.

- Devoted $54 million in his FY 1999 budget to hiring police officers through the COPS program exclusively in Indian country.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Constance J. Bowers (CN=Constance J. Bowers/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME: 6-AUG-1998 14:53:52.00

SUBJECT: LRM CJB269: Aug. 6th Draft of HEA Conferee Letter (HR 6)

TO: Janet R. Forsgren (CN=Janet R. Forsgren/OU=OMB/O=EOP@EOP [OMB])
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TEXT:
The attached draft letter reflects final changes proposed to the letter and attachment. If you identify any problems in this version, please let me know no later than 4:30 p.m. today, Thursday, August 6, 1998.

Draft Conferee Attachment
Letter: to Lettter:

Total Pages: ____

LRM ID: CJB269
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Thursday, August 6, 1998

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Janet R. Forsgren (for) Assistant Director for Legislative Reference
OMB CONTACT: Constance J. Bowers
PHONE: (202)395-3803 FAX: (202)395-6148
SUBJECT: August 6th version REVISED EDUCATION Conference Document on HR6 Higher Education Amendments of 1998

DEADLINE: 5:00 p.m., today Thursday, August 6, 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: This document is proposed for transmittal to the conferees today.

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James J. Jukes
Janet R. Forsgren
LRM ID: CJB269 SUBJECT: August 6th version REVISED EDUCATION Conference Document on HR6 Higher Education Amendments of 1998

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: Constance J. Bowers Phone: 395-3803 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

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

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Title#XP\ P6QXP#□ATTACHMENT

TitleADDITIONAL VIEWS ON ISSUES IN H.R. 6□

In addition to the concerns outlined in Secretary Rileys letter, this attachmen t expresses the Administrations views on other important issues in the confere nce on the Higher Education Amendments of 1998. The issues are discussed in t he order in which they appear in the current law or, in the case of new program s, in the passed versions of the bill.

□Alcohol and drug abuse□
Both the House and Senate versions of the bill would authorize the Department t o offer grants and recognition awards to combat the illegal use of drugs and al cohol on campus. The Secretary would be authorized to make grants to or enter into contracts with institutions for alcohol, drug and violence prevention prog ramming. This authority is similar to a program that already exists in the Saf e and DrugFree Schools program. While we believe this activity is very importa nt, we do not believe that it needs to be authorized in both the Higher Educati on Act and the Safe and DrugFree Schools Act. We recommend maintaining the aut horization in Safe and DrugFree Schools.

□Institutional aid□
Both versions of the bill make several positive changes to the institutional ai d provisions that the Administration has recommended. Both versions of the bil l allow institutions participating in Title III programs and HispanicServing In stitutions (HSIs) to use up to 20% of their grant funds to establish or expand an endowment fund and expand allowable activities to encourage institutions to use technology. Both versions would provide the HSI program more visibility by moving the program to a separate part in a different title, and simplifying th e definition of HSI. Both the Senate and the House versions authorize grants f or Tribal Colleges, as proposed by the Administration.

We prefer the House language on the changed funding formula for Historically Bl ack Graduate Institutions (HBGIs) with the addition of the substance of the des criptive factors in the Senate provision for a competition; this will provide a more equitable distribution than either provision by itself. We also support the Senate provision for a minimum grant of $1,000,000 to institutions before m atching is required and the $28,000,000 threshold for the use of the funding fo rmula.

□Pell Grants□
We appreciate the strong support for the Pell Grant program that is evident in both versions of the bill, and are very pleased to see that many of the Adminis trations proposals for the Pell Grant program have been included in either one version or the other.
header#XX2PQXP##XP\ P6QXP#
headerWe support the House provision to extend the cohort default rate cutoff t

o Pell Grant eligibility. This extension will increase institutional accountab
ility and better protect students from unscrupulous schools. □ □We believe that
the mitigating circumstance provisions that the Department has adopted in regu
lation for the student loan programs protect those institutions in which only a
few students borrow, and we would like to work with the conferees to incorpora
te mitigating circumstances directly into the statute for purposes of instituti
onal eligibility to participate in the Pell Grant program.
header#XX2PQXP##XP\ P6QXP#
headerStyle0#XX2PQXP##XP\ P6QXP#We support the Senate version of the bills in
lusion of the 150% time limit on student eligibility for Pell Grants, the new r
equirements for standalone English as a Second Language (ESL) programs, the tui
tionsensitive award rule, and the extension of Pell Grant eligibility to colleg
e graduates enrolled in a nongraduate teacher training program. The Administrat
ions proposal to limit Pell Grant eligibility to 150% of the time normally requ
ired to complete the course of instruction, with adjustments for students atten
ding parttime and exemptions for students with disabilities, would prevent abus
e of the program. We urge that the Administrations proposal to impose a total
time limit of eight academic years of full time study, or the equivalent period
of parttime study, be added to the 150% limit in the final version of the bill
.
Style0
The Senate provision that students in standalone ESL programs may receive Pell
Grants only if a minimum percentage of the programs students pass an English pr
oficiency exam will also increase program integrity. The Senate version also i
ncludes the Administrations proposal to clarify that tuition includes fees req
uired for attendance, and that the institution may determine the dependent care
/disability allowance.

Finally, the Senate version includes a provision that would allow college gradu
ates to receive Pell Grants on a casebycase basis for a fifth year if they are
enrolled in a teacher training program. This program would provide new assista
nce to encourage college students to become welltrained, motivated teachers. H
owever, we need to ensure that it is administratively workable. We look forwar
d to working with you in conference to refine this provision.
□
TRIO programs□
Current law provides for grants of both four and five years in the TRIO program
s. The House version of the bill adopts the Administrations proposal to standa
rdize grant duration in the Talent Search, Upward Bound, Student Support Servic
es, Postbaccalaureate Achievement, and Educational Opportunity Centers Programs
at four years; the Senate version of the bill does not change current statutor
y provisions. We strongly support the Houses changes, since current law is con
fusing to the community, presents little or no practical benefit and is adminis
tratively complex.

The House version of the bill would eliminate the current administrative setasi
de of 0.5% of appropriations for the TRIO Programs. The Senate version of the
bill retains the setaside. Eliminating the setaside would have a significant a
nd negative impact on the Departments ability to administer the TRIO Programs e
ffectively. We support the Senate version.

□Campusbased programs□
The Administration proposed modifying the campusbased aid formula to gradually
distribute a larger share of the program appropriation on the basis of measured
institutional need for funds. The House version would eliminate the pro rata
step. However, this change could lead to some institutions allocations being
reduced too quickly, rather than the gradual shifts proposed by the Administrat
ion. The Senate version has no comparable change, and, thus, fails to respond
to changes in institutional need. We urge the conferees to adopt the Administr
ations proposal.

□
College awareness□
Neither passed version of H.R. 6 would authorize the college awareness program proposed by the Administration. Recent studies have shown that lowincome stude nts attend college at significantly lower rates than individuals from high and middleincome families, not because of financial inability to attend college but because of a lack of information about the requisite steps to prepare for, app ly for, finance, and enroll in college. A college awareness program is a cruci al element in our efforts to increase college attendance among lowincome studen ts, and would complement well the High Hopes program, which received support in both versions of the bill.

□Guaranty agencies and voluntary flexible agreements□
Both versions of the bill authorize up to six guaranty agencies to enter into v oluntary flexible agreements with the Department. Guaranty agency arrangements need to focus more heavily on preventing defaults, and voluntary flexible agre ements could help promote greater administrative efficiency and improved servic e for students.

The Administration supports components of both the House and Senate versions of the guaranty agency reform, including the House provisions to allow the Secret ary to regulate the operating fund when monies are owed to the Federal fund and to allow the Secretary to waive or modify any statutory requirements for agenc ies that enter into voluntary flexible agreements. The Administration supports the provision in the Senate version that specifies that voluntary flexible agr eements cannot restrict borrowers from selecting the lender of their choice. T he Administration also supports the Senate provisions to prohibit agencies that fail to make scheduled payments from receiving additional Federal funds, to re quire the Secretarys approval before agencies may support other student aid act ivities, to prohibit agencies from depositing interest earned on the Federal f und in the operating fund, and to reduce the loan processing and retention allo wance fee. The Administration opposes the Senate provisions that would add bur densome notice requirements regarding voluntary flexible agreements.

Style0#XX2PQXP##XP\ P6QXP#The Administration also supports the provision of th e House version that requires guaranty agencies to invest funds deposited into their operating funds in accordance with prudent investor standards, rather tha n the Senate provision which permits investment of the fund at the sole discret ion of the guaranty agency.
Style0□
heading 1#XP\ P6QXP#□FFEL repayment□
heading 1 □We support the Senate provision to offer extended repayment plans o f up to 25 years to FFEL borrowers with loans in excess of $30,000. We also su pport the House provision that allows FFEL borrowers to retain their interest s ubsidies when they consolidate their loans. These changes would benefit FFEL b orrowers with heavy debt burdens and would help level the playing field between the two loan programs. In addition, we support consideration of efforts to ex tend incomecontingent repayment plans to FFEL borrowers.

□Origination and insurance fees□
Unfortunately, neither version would lower the upfront loan fees for students. Reducing the origination fees for Direct Loans and the insurance fees for FFEL loans would reduce students cost of borrowing. The Administration proposed to lower the fees by one percentage point for all borrowers, and to phase them ou t entirely for borrowers of subsidized loans. These fee reductions could be inc luded in the conference agreement if their costs are appropriately offset.□

heading 3#XP\ P6QXP#□Loan forgiveness□
heading 3 □Both the House and Senate include programs to forgive loans for tea chers in highpoverty schools. We support encouraging students to teach in the

schools where their talents are needed most. However, changes are needed□ □to the program as currently written to make the program more effective and its adm inistration, by the Department, institutions, guaranty agencies, and lenders, m ore workable. For example, because of the need to track student loans separate ly under the loan forgiveness provisions as currently structured, a student see king loan forgiveness would be unable to consolidate his or her student loans. This is inequitable because it would limit the students repayment options. In addition, the House and Senate versions of the bill also contain provisions fo r loan forgiveness for child care workers. In lieu of these proposals, the Adm inistration supports its Child Care Provider Scholarship Fund, which would prov ide more than $300 million in scholarships over five years to up to 50,000 chil d care providers annually
header#XX2PQXP##XP\ P6QXP#
headerWe would like to work with you on making the loan forgiveness provisions more equitable and effective. Options to consider include: treating all Feder al student loans equally, regardless of the year in which they were received; o ffering loan forgiveness from the first year of teaching, or explicitly providi ng forbearance for the first years of teaching; changing the percentage of loan s that may be forgiven each year; and creating a simpler administrative and fin ancing mechanism for for both teachers and child care workers.
Style0#XX2PQXP#
Style0
Body Text 2#XP\ P6QXP#Finally, under both versions of the bill, borrowe rs who have their remaining outstanding loan balance forgiven after 25 years of incomecontingent repayment must continue to pay taxes on the amount forgiven. Saddling borrowers with additional tax liability is neither appropriate nor wa s it ever intended. The Administration supports adding a provision to exempt t he amount forgiven from Federal income taxation.
"
Body Text 2"□
Lending from proceeds of taxexempt obligations□
Under current law, secondary markets using taxexempt funds must file a plan for doing business with the Department. This provision includes substantive restr ictions on discrimination and on payment of premiums exceeding one percent for loans. The House version of the bill would eliminate both the filing requiremen t and the restrictions. The Senate version eliminates the filing requirement a nd the payment of premiums restriction, retaining only the nondiscrimination pr ovision. The Administration supports elimination of the filing requirement but retention of both substantive restrictions.

□Community service deferment□
Neither version would permit the Secretary to pay the interest that accrues on an unsubsidized FFEL or Direct Loan while the borrower is receiving an economic hardship deferment on the loan and performing community service. This importa nt proposal is part of the President's call to action to all Americans to serve their communities, and would allow individuals with student loans who qualify for economic hardship deferments to take up to three years to serve their commu nities without accruing additional interest on their loans. This would remove a financial obstacle to community service for borrowers who already satisfy econ omic hardship criteria, such as Peace Corps volunteers.

□Marketbased mechanisms□
The Administration continues to support an objective, marketbased determination of appropriate rates of return for lenders on student loans. A number of diff erent market mechanisms have the potential to achieve this outcome, and we are eager to work with Congress to find the right approach. We also support obtaini ng financial information from FFEL lenders as part of a new study that could be tter guide the Congress regarding the profitability of lenders and the formulat ion of policy on student loans.□

heading 1#XP\ P6QXP#□Workstudy community service□
heading 1
Body Text 2#XP\ P6QXP#The House version of the bill would add seve
ral burdensome requirements. First, it would add a requirement that at least t
wo percent of an institution's allocation (in addition to the current five perc
ent community service requirement) be spent on early childhood reading tutors.
The House version of the bill would also require institutions to give priority
in workstudy funds to students tutoring in schools that meet certain criteria,
a requirement which would unnecessarily complicate institutions' administratio
n of the program. The Department has had great success with its voluntary part
nerships with America Reads tutors, and prefers to continue with that approach.

"
Body Text 2"
□Perkins Loans□

Body Text 2#XP\ P6QXP#Both the House and Senate version of the bills would el
iminate the Federal Perkins Loan revolving fund account; the House would do so
explicitly in order to subsidize loan forgiveness for teachers in the FFEL and
Direct Loan programs. We oppose this elimination. Without this fund, Congress
would need to provide an increase in discretionary appropriations for Perkins
Loan Federal Capital Contributions in order to avoid reducing loan volume. In
addition, the House version of the bill includes forbearance provisions, includ
ing mandatory forbearance for Perkins Loans recipients during a term of nationa
l service, that should be expanded to be comparable with FFEL and Direct Lendin
g.
"
Body Text 2"
heading 3#XP\ P6QXP#□Need analysis□
heading 3 Style0#XX2PQXP##XP\ P6QXP#We are pleased with the House provisions
to combine parent and dependent student assets to eliminate the differential as
sessment rates and to increase the income protection allowances significantly.
These changes will protect more of the earnings of needy students, will restor
e Pell Grant eligibility to many nontraditional students, and are a step in the
right direction toward encouraging saving, increasing fairness, and simplifyin
g the financial aid process for students and families, as proposed by the Admin
istration. However, we note this change would increase discretionary spending,
and thus the funding of these provisions would need to be examined during the a
nnual appropriations process.
Style0
Style0#XX2PQXP##XP\ P6QXP#We are also pleased that both the Senate and House v
ersion of the bills would add an offset for dependent students in the amount of
the parents negative available income. This offset would exclude from need an
alysis calculation the income of a student whose earnings are necessary for the
familys living expenses. The Administration supports the House version of thi
s offset since it allows for the use of "adjusted" available income as an offse
t against dependent student income. This means that any negative amount remain
ing after first offsetting any contribution from parental assets would then be
used to offset dependent student income. The Senate version, on the other hand
, would allow the full unadjusted negative available income to offset both pare
ntal assets and the same amount again to offset dependent student income. In a
sense, the Senate proposal would inappropriately provide a double counting adv
antage.
Style0
Neither the House nor the Senate included language clarifying that financial ai
d administrators may adjust need determination to assist dislocated workers. T
he Administration has requested this change in recent letters to Congress, and
will continue to seek to include it in the final version of the bill. □□

□Multiyear promissory note; forms□

The House version of the bill would require a multiyear promissory note within 180 days of the enactment of the reauthorization bill. The Senate version woul d require the Secretary to develop a master promissory note for use beginning J uly 1, 2000. We agree that a multiyear promissory note will simplify the proces s by which students and their families apply for and receive federal student lo ans. In fact, we are currently in the final stages of developing the procedure s and notes for the introduction of a master promissory note with a multiyear l oan renewal process in both the FFEL and Direct Loan programs. We expect the n ew notes to be available for the 19992000 academic year, with borrowers who app ly for loans for the 20002001 year being the first who would benefit from the # Xx6X@DQX@#A#XP\ P6QXP#multiyear functionality,#Xx6X@DQX@#@#XP\ P6QXP# since t hey would have signed the master note during the prior year. With these target s in mind, and in order to ensure that the processes work properly and effectiv ely, we would prefer that the law not include a specific timeframe.

The Administration is also disappointed that neither version of H.R. 6 would pr ovide the Secretary with the authority to approve alternative forms to determin e need and eligibility for student aid that contain the same information as the Free Application for Federal Student Aid (FAFSA) as long as the entire form is provided free of charge, as was proposed by the Administration. The use of a lternative free versions of the FAFSA, especially electronic versions, could re duce burden for students and families while streamlining the aid award process and maintaining the integrity of the delivery system.

heading 1#XP\ P6QXP#□IRS and information sharing□
heading 1 header#XX2PQXP##XP\ P6QXP#The House version of the bill would autho rize the Secretary to confirm with the IRS each aid applicant's adjusted gross income, Federal income taxes paid, tax filing status, and number of exemptions. The Senate version of the bill would require the Secretary to verify aid appl icant's tax return information with the IRS. The Administration has several con cerns regarding the income verification proposals in both the House and Senate versions, including confidentiality of taxpayer information, and IRS resource a nd systems capacity issues (particularly in light of the Year 2000 conversion u nderway). The Administration would like to work with the conferees to determin e whether an approach can be developed to address these issues, while still acc omplishing the Members' objectives.
header
□Drug offenders□
We oppose the language in both versions of the bill suspending aid eligibility for students who have been convicted of any drug offense under Federal or State law. This provision would largely duplicate existing law denying Federal benef its to individuals convicted of a drug offense under Federal or State law. Curr ent law also contains important judicial discretion provisions that are lacking in both versions.

□Freely Associated States□
Under current law, citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau attending any eligible inst itutions may be eligible for Pell Grants and certain other forms of student fin ancial aid. (Students who are permanent residents of the Freely Associated Sta tes may be eligible for such aid to attend institutions in the Freely Associate d States.) The Senate version makes no change to these provisions. The House v ersion would terminate the eligibility of students who are citizens or permanen t residents of Micronesia, the Marshall Islands, or Palau on October 1, 2001, a nd, until then, they would be eligible only if they attend an institution in G uam, Micronesia, the Marshall Islands, or Palau. We strongly oppose the House provisions. The United States has a special relationship with these countries, as well as a responsibility to assist them in nationbuilding, and the State De partment has raised questions about the international significance of curtailin g Federal student aid and its potential impact on the negotiation of future com

pacts with the Freely Associated States. Finally, it would be useful if the fin
al version of H.R.6 were to include a clearer expression of congressional inten
t that the eligibility of these students from the FAS was not affected by the e
nactment of the Personal Responsibility and Work Opportunity Reconciliation Act
of 1996.
□
heading 3#XP\ P6QXP#□Refunds□
heading 3 □Although we are pleased that the Senate adopted the Administration'
s general approach for calculating refunds, we have strong concerns about allow
ing schools to retain all Title IV funds for students who withdraw from an inst
itution without going through an official withdrawal process. This policy woul
d create a huge loophole that would encourage abuse in reporting withdrawals an
d recouping appropriate funds. It would reward institutions for unofficial wit
hdrawals by students by giving those students the same amount of student aid as
is given to students who complete the term. We also have some drafting concer
ns regarding this provision. We hope to work with you to adopt the Senate appr
oach with some changes.

□Program integrity□
The Administration opposes a variety of provisions in the House version that wo
uld weaken program integrity. The House provision to allow proprietary institu
tions to include revenues from job training contracts as part of the requisite
15% of revenues from nonTitle IV sources would seriously undermine the intent o
f the 8515 rule, which was to ensure that eligible institutions are not primari
ly dependent on public monies to exist.

The House version also would vitiate the antiinjunction provision in current la
w. This provision prohibits injunctions against the Secretary that interfere w
ith the Secretarys responsibilities in the loan programs. An institution with a
n official cohort default rate that would remove it from the loan programs stil
l may receive loan funds during the course of its administrative appeal of its
loss of eligibility, but if the institution loses its administrative appeal, it
s participation ends. The antiinjunction provision has prevented institutions
whose loan eligibility has been terminated on the basis of high cohort default
rates from receiving loan funds while they sue the Secretary over the terminati
on. An institution still may receive loan funds during the course of its admin
istrative appeal of its loss of eligibility, but if the institution loses its a
dministrative appeal, its participation ends. We strongly believe that the ins
titution should not be able to enjoin the Secretary to restore its participatio
n during the course of a lawsuit. Without the current antiinjunction provision
, these lawsuits could be used as a delaying tactic by unscrupulous institution
s merely to obtain more loan funds. The antiinjunction provision has prevented
millions of dollars of loan funds from going to high default schools that were
properly terminated from the loan programs. It would undermine program integri
ty to undo this wellestablished precedent.

Body Text#XP\ P6QXP#□
□
The Senate version provides that schools with default
rates of over 50 percent for three consecutive years would not be eligible to p
articipate in the Perkins program. We believe this provision would be too leni
ent, and prefer a provision that would end participation for an institution wit
h default rates of 25% or higher for three consecutive years. This change woul
d standardize the cohort default rate cap across Federal student loan programs.

Body Text
Finally, we oppose the provision in the Senate version of the bill that require
s the Department to calculate a program participation rate index for each insti
tution subject to loan eligibility termination on the basis of high cohort defa
ult rates. The participation rate index is currently used in the mitigating ci

rcumstances appeals process, where the calculation is performed by the institut ion. The Department does not have data on the number of loaneligible students at each institution, and therefore cannot calculate the participation rate inde x for all institutions without imposing significant new reporting requirements on institutions for no substantial benefit.
□
Electronic exit counseling□
The Senate version of the bill would allow institutions to provide personalized electronic exit counseling for borrowers. While we believe that current statut ory language allows the use of technology for exit (and entrance) counseling, a nd the Department has been moving in this direction, we support this clarificat ion.
□
Campus security□
The Administration generally supports most of the changes made by the House and Senate versions of the bill. Both versions would require institutions to mai ntain open crime logs and expand the number of crimes that must be reported; we support these changes. They also contain language permitting disclosure of ca mpus disciplinary records. Both versions have drafting flaws that would underm ine their effectiveness and compromise legitimate privacy interests. We look f orward to working with the conferees to develop more acceptable language.

The Senate version of the bill clarifies and expands the definition of campus, so that institutions have to report crimes that take place on public property c ontiguous to the campus, e.g. sidewalks, and in any building owned by the insti tution or a student organization. This information is critical for students to know and will help provide a more accurate picture of crime on campus.

□Violence against women on campus□
We support the language in both the House and Senate versions of the bill that would authorize a grant program to prevent violence against women on campus. V iolence against women is a serious issue, and this program would help female st udents feel safer on their campuses. The Senate also authorizes a study of cam pus sexual assault policies, which would shed new light on the controversial is sue of how campus authorities handle sexual assaults.

□Quality assurance (QA) and experimental sites programs□
The House version of the bill would effectively end these two programs, replaci ng them with a "Regulatory Simplification Program" that would not allow for wai ver of statutory requirements, or provide for alternatives for administering th e programs. The Senate version of the bill does attempt to expand the areas in cluded in the QA program, but then undermines that expansion by specifically li miting waivers to verification, as is now the case in the current QA program. The Administration supports the inclusion of the waivers necessary to give effe ct to the expanded scope of the QA program included in the Senate version.

Body Text#XP\ P6QXP#□
□
The Senate version of the bill would make less drastic changes to the experimental sites program than the House version. The Senate version includes requirements that the Secretary review all projects and report to Congress his recommendations to streamline and improve student aid programs based on the projects (these reporting requirements would also be applicable t o the QA program). It is important that the experimental sites program be cont inued, as it has provided administrative relief to institutions with strong per formance managing the student financial assistance programs and has supported i mportant research into alternatives to current law and regulation. The provisi ons in the Senate bill for both programs are preferable to those in the House v ersion of the bill.
Body Text

□Negotiated rulemaking□
The House and Senate version of the bills are overly broad in scope and include unrealistic time requirements that would actually impede effective negotiated rulemaking. The Administration strongly opposes the requirement that all futur e Title IV regulations be subject to negotiated rulemaking regardless of their technicality or urgency, skewing resources away from the most important issues and generating unnecessary litigation, delay, and expense. We hope to work wit h Congress to develop a workable process for fashioning more focused and flexib le regulations. That process should include the ability to negotiate with the higher education community to identify the issues to be subject to negotiated r ulemaking.
□
Loan proration□
We support the House versions language on loan proration. The House provisions move in the direction of the Administration proposal and would simplify prorat ion by allowing it to be done proportionally for all types of loans affected.

□Ability to implement regulations earlier□
The Senate version of the bill includes the Administrations proposal to authori ze the Secretary to designate regulatory provisions that institutions or other entities may choose to implement before the otherwise applicable effective date which, as required by the Master Calendar, includes a delay of at least seven months. These changes would provide the Secretary and program participants with greater flexibility.

□Biennial review of regulations□
The House version of the bill would require the Secretary to conduct reviews of regulations every two years. The Senate version also requires the Secretary t o review regulations, but does not specify frequency. The Department already r eviews its regulations regularly, and feels that either version of this provisi on would be an unnecessary and inappropriate intrusion upon the Secretarys auth ority and responsibility to manage the Department.

heading 3#XP\ P6QXP#□Financial responsibility□
heading 3 Style0#XX2PQXP##XP\ P6QXP#The House version of the bill contains co nfusing language that could be read to undermine the wellreceived financial res ponsibility regulations that the Department recently developed in close coopera tion with the higher education community and to establish a dangerously low sta ndard for the financial health of institutions participating in student financi al aid programs. We oppose these provisions
Style0#C\ P6QP#
#XP\ P6QXP#□Program review criteria□
X` hp x (#!The Administration opposes the provision in both versions of the bil l that would require the Department to prioritize program reviews based on crit eria in statute, such as high default or withdrawal rates, or large fluctuation s in Pell Grant and loan volume. This is unwarranted micromanagement. The Dep artment selects its program review sites based on a probabilistic risk analysis model. While this model incorporates many of the criteria listed in the Senat e provision, strict adherence to the provision would require the development of a new model and would remove all flexibility for the Department. We are confi dent that the current program review selection model effectively targets proble m institutions while maintaining an element of randomness to promote broad prog ram compliance.
!4
□<DL!
□Student loan ombudsman□

Body Text 2#XP\ P6QXP#The Senate version of the bill would establish a Studen t Loan Ombudsman Office to assist borrowers with problems with their student lo ans. We understand the desire to provide a place for students to go, if they ha

ve particularly complex student loan problems, or have been frustrated by other attempts to resolve these problems. This is the kind of customeroriented activity that we would want a PBO to address, and we would prefer for the new Chief Operating Officer (COO) to determine its structure and mission. However, if the conferees intend to include statutory language regarding an Ombudsman, we would seek changes to the Senate provisions. For example, the relationships between the Secretary, the COO, and the ombudsman are very unclear, which would result in a substantial danger of poor coordination in providing services to students. We hope to work with Congress to look at the role and function of an ombudsman and to relate any such office appropriately to the PBO.
"
Body Text 2"heading 2#XX2PQXP##XP\ P6QXP#
heading 2 heading 3#XP\ P6QXP#□Graduate education□
heading 3 Style0#XX2PQXP##XP\ P6QXP#The House version would eliminate the Javits, Faculty Development, and Legal Training for the Disadvantaged programs, retaining only a modified Graduate Assistance in Areas of National Need (GAANN) program. The Senate version authorizes all of these programs with some changes: Javits and GAANN eligibility would be limited to students who demonstrate financial need; forwardfunding of Javits would be permitted; the Faculty Development Fellowship program would be redesigned; and Assistance for Training in the Legal Profession would be replaced by the Thurgood Marshall Legal Educational Opportunity Program. The Administration supports the House approach to consolidate all graduate programs into one, which is closer to the approach proposed by the Administration, with the addition of the Administrations provisions for students from underrepresented groups.
Style0
□Teaching students with disabilities□
We support the Senate version of the bills new program to provide competitive grants to colleges to improve teaching for students with disabilities. The grants would support technical assistance and training for faculty and administrators to enable them to effectively teach students with disabilities. Many more students with disabilities are now benefiting from higher education; the grants would help faculty members better reach these students.

heading 3#XP\ P6QXP#□Advanced Placement□
heading 3 □We are pleased that both versions of the bill would reauthorize the current Advanced Placement Fee Payment Program, the Senate with significant modifications. We prefer the Senate version of the bill; however, we recommend that the final bill clarify that any State in which all lowincome individuals are required to pay no more than a nominal fee to take advanced placement tests□ □may use any remaining funds to increase the participation of lowincome students in Advanced Placement courses and exams through activities such as information dissemination, teacher training, and curriculum development.

The Senate version of the bill attempts to accommodate this recommendation in part, by permitting States to use up to 5 percent of grant funds to disseminate information about the program and by providing an exception to the supplement, not supplant rules when funds are used to increase the participation of lowincome individuals in advanced placement courses through teacher training and other activities directly related to increasing the availability of Advanced Placement courses. However, the supplanting language is□ □very difficult to understand and□ □inconsistent with the Senate committee reports description of the program.

Another problem with the Senate language concerns the provision that notwithstanding an appropriation, the Secretary shall award grants for this program only if the College Board funds its fee assistance program at no less than the level of the previous year. It is inappropriate for the behavior of a private organization to determine whether a nationwide Federal program, for which funds have been appropriated, can be carried out. We recommend that this language be elimi

nated, and that the conferees instead include report language recommending that members of the appropriations committees should consider whether the College Board and other private efforts are continuing their support.

Education of the Deaf Act

Body Text 2#XP\ P6QXP#The provisions in the House version that would reauthorize the Education of the Deaf Act include a provision to eliminate the 10 percent cap on enrollment of international deaf students. The current tuition charges for these students cover less than onethird of the educational costs related to their attendance, and the Administration is concerned about the high Federal cost of subsidizing these students. Elimination of the cap, without a corresponding increase in the tuition surcharge for international students, would result in resources being diverted from other university level programs to support these students. We support the provisions in the Senate version, which retain current law and add language clarifying that no qualified United States citizen shall be denied admission because of the admission of an international student.

"
Body Text 2"
Proprietary school liaison
The Senate version of the bill would establish a Liaison for Proprietary Institutions of Higher Education within the Department. The need for such a liaison has not been demonstrated. The Department works with many different kinds of schools, all with their own specific interests. To single out the proprietary sector for special representation is inappropriate and opens the door to a multitude of liaisons.
========== END ATTACHMENT 1 ==========

========== ATTACHMENT 2 ==========
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D86]MAIL41845422G.226 to ASCII,
The following is a HEX DUMP:

FF57504324250000010A020100000002050000006377000000200002CE894F20812CD57935211
72F4F47BC3B3D1C258A030667108D4740A66DC5EBD735D85E924FD7AC2799433F502016BDEDCE4

DRAFT
~~3/10/10 10:00 AM~~
[Autofield]

Dear Conferee:

I am pleased that versions of H.R. 6, a bill to reauthorize the Higher Education Act of 1965 (HEA), have passed both the Senate and the House, and I greatly appreciate the hard work that you and your staff have devoted to this important legislation. I am especially pleased that both versions of H.R. 6 have adopted the student interest rate on new loans at the level proposed by the Vice President last winter. This will help students better manage their postsecondary education debt and thus make college more affordable.

We now have the opportunity to work together during the conference deliberations to enact a strong bipartisan bill that will help more Americans prepare for and gain access to college, improve teacher recruitment and preparation, and promote better program management. In this work, we must all keep our focus on the goal of producing legislation that is grounded in sound educational and fiscal policy to provide maximum benefits to students. That is the ultimate purpose of the Higher Education Act.

The Administration is working with the Congress to resolve OMB/CBO cost estimating differences and develop mutually agreeable legislative language that would eliminate the risk of a Government-wide sequester as a result of its passage. However, there remain a number of other extremely serious issues which must be resolved in order for me to be able to recommend that the President approve the conference bill. These include ensuring that there are no reductions in the student aid administrative funds available to the Department to administer both the Federal Family Education Loan and Federal Direct Loan programs; and offering borrowers the same low interest rates on FFEL and Direct Consolidation loans.

I am confident that these and the other important issues presented by the the bills now in conference, and explained further in this letter and attachment, can be resolved in a manner that serves students well by our working together in good faith. This letter and its attachment highlight the issues in the HEA reauthorization that are of particular importance to the Administration.

Interest rates
I am pleased that both the Senate and House versions would lower the interest rates that students pay on new loans by .8 of a percent, as the Administration proposed. This reduction is a major accomplishment that will provide substantial savings for students. I am concerned, however, that many current borrowers are struggling with excessive debt, and need to have access to the lower interest rates as well. The final version of H.R. 6 should reduce the interest rate on FFEL Consolidation Loans so that it is the same as the rate applicable to Direct and FFEL student loans and Direct Consolidation Loans. This policy is consistent with our HEA reauthorization proposal to have the same low consolidation rates in both loan programs.

In order to provide the low consolidation rate for students in the FFEL program, it may be necessary to maintain current subsidies or adjust the offset fee to ensure that loans continue to be sufficiently profitable. At the same time, however, subsidies that both the House and Senate versions of the bill would provide to lenders in the Stafford and PLUS loan programs are too high, and I urge you to reduce or eliminate them.

Section 458
I remain adamantly opposed to any cuts in the student aid administrative funds available to the Department under section 458 of the HEA beyond those agreed to in last year=s balanced budget package. Both the House and Senate versions include such further decreases, and the House version would decrease section 458 funds even more substantially than the Senate version. Decreases in section 458 funds would impair the Department's ability to administer effectively the FFEL and Direct Loan programs by threatening the Department's ability to manage such activities as student aid application processing, student loan default collection, and the urgently needed modernization of student aid delivery systems.

Both the Senate and House versions would create a new loan processing and issuance fee to be paid to guaranty agencies from section 458 funds. I strongly support the Senate=s provision to cap this fee to better ensure sufficient funding for the efficient administration of the loan programs. However, the Senate=s decision to offset the amendment regarding need analysis determinations for veterans receiving G.I. Bill benefits with funds from section 458 undermines the Department=s ability to manage the loan programs. I hope to work with you to find a more suitable offset for this provision.

National Board for Professional Teaching Standards
While I understand that the language in H.R. 6 on the National Board for Professional Teaching Standards will be satisfactorily resolved, I want to reiterate my strong opposition to the House language, which would prohibit Federal funds from being made available to the National Board for Professional Teaching Standards. By defining standards of excellence for experienced teachers, the National Board helps to focus and upgrade

teacher training, recognize and reward outstanding teachers, and keep our best teachers in the classroom, where they are needed most. As both Houses have recognized in the teacher recruitment and preparation provisions of the HEA, attracting and keeping well-trained teachers in the classroom is a national priority and an essential step to increase student achievement. More than half the States and a growing number of school districts offer incentives to teachers to seek Board certification, and have made Board certification an integral part of their overall efforts to strengthen teacher quality. By ending Federal support for the Board's research and development, the House provision jeopardizes completion of the remaining professional standards and assessments, and undermines these vital State and local efforts. This is the wrong step to take at precisely the time when we must do everything possible to set the highest standards for our teachers.

High Hopes

I am very pleased that both versions address the importance of early outreach to at-risk youth. The House version includes the Administration=s proposal for High Hopes for College, while the Senate created a new AConnections@ program that incorporates certain elements of High Hopes and the National Early Intervention Scholarship and Partnership (NEISP) program. I look forward to working with the conferees to ensure that the final version of the program encourages colleges to partner with high-poverty middle schools, offers comprehensive services to all students at these middle schools, and is administratively feasible.

Teacher training and recruitment

Both the House and Senate versions would authorize grants to States and local partnerships to reform and improve teacher training. The Senate version, which would divide funding equally between States and partnerships and would focus the partnerships on improving teacher education, offers a better chance at meaningful change than the House version, which limits partnerships= share of funding to 33 percent. Partnerships that involve colleges, teacher training programs, K-12 schools, and other entities will encourage more interaction among practicing teachers, aspiring teachers, and professors of education to better prepare teachers for 21st century classrooms than will State-level efforts.

I am pleased that the Senate version includes the Administration=s program to recruit new teachers for underserved areas through partnerships between colleges and underserved school districts. The House version fails to include sufficient efforts to recruit new teachers in order to address the pressing need for teachers in disadvantaged urban and rural areas. I urge the conferees to adopt the Senate=s program for teacher recruitment.

Both versions include accountability provisions that require State and institutional Areport cards@ on the quality of teacher education. While I endorse reporting requirements that will provide more information about the teacher training process, I am concerned about eliminating students from student aid eligibility for some programs based on the inadequate performance of others.

Distance learning

We have made significant progress on the issue of distance learning, and I am pleased that both the House and Senate versions include demonstration programs to accommodate the new technologies and innovations that can greatly increase access to postsecondary education. The House provisions, which would allow the Secretary to waive any need analysis or general provisions for a representative sample of institutions (or consortia of institutions), would provide more flexibility and opportunity than the Senate provisions. The Senate version would authorize the waiver only of particular statutory provisions and any need analysis or general provisions regulations for 15 institutions or consortia initially, to be expanded to up to 50 in the third year of the program. I urge the conferees to provide sufficient flexibility in the demonstration projects to allow for the development and support of high-quality distance education programs, as contained in the House version.

I am also pleased that the Senate version authorizes the Administration=s Learning Anytime Anywhere Partnership (LAAP) program, which would encourage partnerships to develop innovative ways of delivering education, ensuring quality, and measuring student achievement that are appropriate to distance education. I urge the conferees to adopt LAAP.

PBO

I am glad that provisions that would create a Performance Based Organization (PBO) for the administration of the student aid programs were included in both passed versions of H.R. 6. I prefer the PBO provisions in the Senate version, in part because these provisions explicitly provide for personnel and procurement flexibilities necessary for the successful operation of the PBO. I also ask that the conferees provide the PBO with buyout authority, comparable to that which the Congress previously provided to non-Defense agencies, to assist in transforming the organization to the new PBO structure.

Year 2000

It is anticipated that all Department systems needed to deliver Federal student aid will be fully compliant with Year 2000 requirements no later than March 1999. However, the Department is still concerned that all of its partners and customers, particularly institutions of higher education, may not be able to ensure that all their data systems related to the delivery of aid are also compliant. In light of that concern, it is important that the final version of the bill authorize the Secretary to delay implementation of those provisions with significant systems implications if earlier implementation would jeopardize the ability of the Department, or its partners or customers, to ensure that their data systems are Year 2000 compliant. In utilizing such discretion, the Department would work in close consultation with the Office of Management and Budget and the House and Senate authorizing committees.

Program integrity

There are numerous House and Senate provisions pertaining to program integrity, that, taken together, the Administration would regard as a serious weakening of current program integrity protections. These provisions include changes regarding program review criteria, financial responsibility, the anti-injunction provision and the A85-15@ rule. Our concerns with these provisions are described in more detail in the attachment.

TANF

The Senate version contains a provision amending the Temporary Assistance for Needy Families program (TANF). It would expand the type and length of education programs that may be counted toward a State's "work activity" participation rate. The provision would also extend the FY98 and FY99 exclusion of teen parents from the cap on education programs that may be counted toward a State's "work activity" participation rate to FY2000 and beyond. The Administration strongly supports the goals of enabling more welfare recipients to move from welfare to work and providing educational opportunities for those who do. We look forward to working with conferees to ensure that the final legislation keeps the doors of college open to all Americans while still maintaining the welfare law's strong work requirements.

Pay-As-You-Go Scoring

The Omnibus Budget Reconciliation Act of 1990 requires that all revenue and direct spending legislation meet a pay-as-you-go requirement. That is, no such bill should result in an increase in net budget costs, and, if it does, it will trigger a sequester if not fully offset. Statements of Administration Policy on the two versions of the bill as reported out of committee indicated that each version had significant net costs. The Administration will estimate the costs and savings in the conference bill as reported at the appropriate time.

The Office of Management and Budget advises that there is no objection to the submission of this report to the Congress.

Yours sincerely,

Richard W. Riley

Attachment

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-AUG-1998 17:44:16.00

SUBJECT: Our "offer" on Dept Labor Performance Bonus isn't flying... yet

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

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

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

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

TEXT:
Chow is "elevating to the Director"

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-AUG-1998 09:28:14.00

SUBJECT: Fax of new languge from Dept of Ed re: Wellstone amendment

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

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

TEXT:
Bruce, Pauline Abernathy left me a message saying you and Mike Smith spoke last night, and that they have faxed new language that they think accomodates both our and their concerns.

Bruce -- would you call me about this?

Cathy -- would you fax me what they sent?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-AUG-1998 12:07:51.00

SUBJECT: NYT welfare caseloads by race in weekly

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

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

TEXT:
It looks like you didn't include our item re: racial/ethnic composition of the welfare caseloads in the weekly last week. Do you want us to wait until we have more definitive answers (we're pulling all the eggheads together tomorrow). Here's what we submitted last week.

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D90]MAIL45950322G.226 to ASCII,
The following is a HEX DUMP:

FF57504368050000010A0201000000020500000015170000000020000F18A1B76EDC6C63D8FF949

Automated Records Management System
Hex-Dump Conversion

Weekly Report -- Welfare Reform Team
7/30/98

Welfare Reform -- Minorities on Welfare Reform Caseload: The New York Times report on the increasing share of minorities on the welfare caseloads highlights some important trends and issues that we will explore further. In the meantime, it's helpful to put the information in context.

First, the racial/ethnic composition of welfare caseloads has been changing gradually over the last 25 years: whites rose from 38 percent in 1973 to a peak of 42 percent in 1983 and have dropped steadily to 35 percent in 1997. The proportion of blacks has generally declined, from 46 percent in 1973 to 37 percent in 1997. As the New York Times points out, the most significant trend is the increase in the Hispanic portion of the caseload, from 13 percent in 1973 to 23 percent in 1997. However, this is not too surprising given the rapid increase in the Hispanic population overall. The question is how welfare reform may be affecting these historic trends. National data on the racial/ethnic characteristics of welfare recipients are only available through June 1997, so it is hard to gauge the impact of the past year when welfare reform efforts accelerated so rapidly. Some states have more recent data which they shared with the Times, and which may reveal more significant trends. It is also worth noting that the caseload data only tells who is currently on the rolls; it does not tell the rate at which different groups are entering and exiting.

Second, the number of white, black and Hispanic families receiving welfare have all dropped since 1994 (when caseloads peaked), but the rate of decline has been greater for whites than blacks, with an even slower decline for Hispanics.

	94	97	% Change
Whites	1.9M	1.4 M	-26%
Blacks	1.8M	1.5 M	-18%
Hispanics	1.0 M	.9 M	-9%

Third, the changes are more dramatic than the actual mix of who is left on the caseloads, at least on a national basis. While the story pointed out important trends, the conclusion that the composition of the caseload has changed dramatically seems unwarranted.

	94	97
Whites	37%	35%
Blacks	36%	37%
Hispanics	20%	23%

Fourth, there is some encouraging evidence from Census data that the employment rates of former welfare recipients are *increasing* even faster for minorities than for whites (although the actual rates and the disparity between groups remains disturbing). Between 1996 and 1997, the percentage of all prior year welfare recipients who were employed in the next year increased by 28%. The increase was highest for blacks (33%), followed by Hispanics (22%) and whites (21%).

Finally, there is longstanding evidence that minorities on welfare disproportionately share characteristics that may make it harder to leave the rolls: lower education levels, lower marriage rates, larger families, employment and housing discrimination, and isolation from areas with jobs.