

**NLWJC - KAGAN**

**EMAILS RECEIVED**

**ARMS - BOX 083 - FOLDER -005**

**[10/02/1998 - 10/05/1998]**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-OCT-1998 09:35:07.00

SUBJECT: H2A -- leg. update

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

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

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

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

TEXT:

According to the DOL, yesterday's 5pm meeting between Lamar and the Rep. Leadership turned out to be a meeting between Lamar and Bob Smith. B. Smith asked Lamar to support the Wyden-Graham bill. Lamar said no, but that he would -- as he has said before -- support B. Smith's pilot program. According to DOL, the decision about how to proceed with this issue will be a leadership call in the next few days. Also according to DOL, the Agriculture Approps bill has closed, and is no longer a possibility as a vehicle.

julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-OCT-1998 09:53:51.00

SUBJECT: School Safety Conference Satellite Sites

TO: Joseph C. Fanaroff ( CN=Joseph C. Fanaroff/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Grace A. Garcia ( CN=Grace A. Garcia/OU=PIR/O=EOP @ EOP [ PIR ] )  
READ:UNKNOWN

TO: Charles.a.simon ( Charles.a.simon @ usdoj.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Ricki.l.seidman ( Ricki.l.seidman @ usdoj.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Ann\_O'Leary ( Ann\_O'Leary @ ed.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Kevin\_sullivan ( Kevin\_sullivan @ ed.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: lisa.wetzl ( lisa.wetzl @ mail.va.gov [ UNKNOWN ] )  
READ:UNKNOWN

TO: Kelley L. O'Dell ( CN=Kelley L. O'Dell/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

TO: Jena V. Roscoe ( CN=Jena V. Roscoe/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Ilia V. Velez ( CN=Ilia V. Velez/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

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

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

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

TO: JOHNSON\_R ( JOHNSON\_R @ A1 @ CD @ LNGTWY [ UNKNOWN ] ) (WHO)  
READ:UNKNOWN

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

TO: Arosewat ( Arosewat @ os.dhhs.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Cynthia M. Jasso-Rotunno ( CN=Cynthia M. Jasso-Rotunno/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: gregory.king ( gregory.king @ usdoj.gov [ UNKNOWN ] )  
READ:UNKNOWN

TO: Shay.Bilchik ( Shay.Bilchik @ usdoj.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Julie\_green ( Julie\_green @ ed.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Sara\_Strizzi ( Sara\_Strizzi @ ed.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Bill\_Modzeleski ( Bill\_Modzeleski @ ed.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

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

TO: Ansley Jones ( CN=Ansley Jones/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

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

TO: WOOLLEY\_B ( WOOLLEY\_B @ A1 @ CD @ LNGTWY [ UNKNOWN ] ) (WHO)  
READ:UNKNOWN

TO: MATSUI\_D ( MATSUI\_D @ A1 @ CD @ LNGTWY [ UNKNOWN ] ) (WHO)  
READ:UNKNOWN

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

TO: Essence P. Washington ( CN=Essence P. Washington/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

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

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

TO: Emory L. Mayfield ( CN=Emory L. Mayfield/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: Trooper Sanders ( CN=Trooper Sanders/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

TEXT:

Reminder:

Meeting Today -- Friday -- in room 211 OEOB  
Time -- 5PM

Follow-up meeting to discuss selection of satellite down link sites.

Topics include:

mayors sites

member of congress sites

governors sites

community group sites

OJJDP sites

education sites

press and communications for all sites

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-OCT-1998 10:37:00.00

SUBJECT: q&a and HMO/Medicare for review

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:

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D7]MAIL42752647L.226 to ASCII,  
The following is a HEX DUMP:

FF57504370040000010A020100000002050000000510C0000000200001154649FC9BEE236BBBE22  
20B48EB2F6E273E2E4EA418318F65980AFC82FE731D30F38B7BF1408553322EDC92D461A77B3FD

**Q&As on Medicare/HMOs**  
**October 2, 1998**

**Q: What are you going to do respond to the fact that HMOs serving hundreds of thousands of Medicare beneficiaries are dropping out of the Medicare program?**

A: As we have continually stated, we are absolutely unwilling to approve the managed care industry's request to allow every health plan to increase cost sharing and reduce benefits to Medicare beneficiaries. Our decision on this and every Medicare issue is based solely on our analysis of how it will affect the millions of Americans who depend on the Medicare program.

At this point, we have no idea how many beneficiaries will be affected by HMOs decisions to withdraw from Medicare. As we get more information, we will determine what action, if any, we should take to respond to the decision of some HMOs to withdraw from the program.

**Q: How many Medicare beneficiaries do you think this is going to affect? Do you agree with those who say that it could be hundreds of thousands of beneficiaries?**

A: At this time, we do not know how many beneficiaries will be affected the decision of some HMOs to withdraw from Medicare. We do know that forty health plans are coming into Medicare this year, but we do not know how many are planning to withdraw so it would be inappropriate to comment at this time.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-OCT-1998 11:04:52.00

SUBJECT: What to say when people ask us our position on Medicaid recoupment

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

I know we want to sound lukewarm positive about the Chiles proposal. HHS leg affairs is getting calls about this. Should I have them use this language, which was in the Erskine letter to Senator Graham, in responding?

As you may recall, during the Senate consideration of tobacco legislation, we and the National Governors' Association supported the approach taken in the McCain legislation, which provided states with full funding if they agreed to spend half the money on an agreed-upon menu of seven programs. We continue to believe that this approach would be an acceptable solution to the issue.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-OCT-1998 11:23:01.00

SUBJECT: Draft SAP: H.R. 4570 - Omnibus National Parks and Public Lands Act

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

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

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

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

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

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

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

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

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

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

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

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

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

TEXT:

On 9/29/98, Secretary Babbitt sent a letter to the House Resources Committee stating that he and the Chair of CEQ would recommend veto. The position has been elevated in the House SAP to "Senior Advisers would recommend veto." House floor action is expected Tuesday, October 6th. Please review the SAP and provide comments by Monday afternoon so that we can release the SAP in advance. Thank you.

DRAFT -- NOT FOR DISTRIBUTION

October 1, 1998

(House)

H.R. 4570 - Omnibus National Parks and Public Lands Act of 1998

(Rep. Hansen (R) UT)

For the reasons outlined below, the President's senior advisers will recommend that the President veto H.R. 4570 if the bill is presented to him in its current form.

H.R. 4570, an omnibus bill that would affect Federal lands and reclamation projects, includes many provisions that the Administration strongly opposes because they would cause grave harm to the Nation's natural resources. These include provisions that would:

-- Sanction uses within the San Rafael Swell wilderness in Utah that would undermine wilderness values and management practices; establish confusing and inappropriate layers of management; and limit the Bureau of Land Management's ability to manage livestock.

-- Undermine the President's authority under the Antiquities Act to act quickly to protect significant natural, historical, and scientific resources on Federal lands; and prohibit, under the Antiquities Act, permanent designations of national monuments in excess of 50,000 acres without further congressional action.

-- Seek to accelerate timber harvesting on Federal lands through inappropriate application of alternative arrangements for the environmental review process under the National Environmental Policy Act (NEPA), while at the same time requiring the issuance of unnecessary, bureaucratic regulations which can hamper flexibility in addressing emergency situations.

-- Deny the public future access to lake-front lands around Canyon Ferry Reservoir, Montana, by conveying these properties to non-federal entities.

-- Permit the sale and lease of valuable structures and lands at Channel Island National Park, California, and C&O Canal National Historic Park, Maryland, to private individuals.

-- Exclude certain lands and roadways from the Cumberland Island Wilderness, Georgia, thus undermining the ongoing collaborative effort between the Federal Government, non-federal public entities, and private individuals to prepare a wilderness management plan for both the Cumberland Island National Seashore and the Cumberland Island Wilderness.

-- Convey facilities and lands of eight Federal water resources projects throughout the West (e.g. the Sly Park Unit of the Central Valley Project, California) under terms and conditions that: (1) were not developed in an open and public manner; (2) lack sufficient environmental protections; and (3) fail to consider the financial interests of the American taxpayer.

-- Allow an airport to be constructed near Mojave Preserve, Nevada, without any consideration of the possible harmful environmental impact and effect.

-- Prohibit Federal rules or regulations that assert jurisdiction, management, or control over certain navigable waters in the State of Alaska.

-- Grant an irrevocable and perpetual easement over environmentally sensitive lands in the Chugach National Forest, Alaska, to the Chugach Alaska Corporation, thereby overriding the provisions of the 1982 Settlement Agreement with the Corporation's predecessor organization.

Notwithstanding the Administration's strong opposition to these and other provisions of the bill, as listed in the Attachment, the Administration has expressed support for some provisions that are now included in H.R. 4570. The Administration would fully support enactment of those particular bills, especially the legislation that would ratify an exchange agreement between the Department of the Interior and the State of Utah, if they are presented individually to the President.

#### Pay-As-You-Go Scoring

H.R. 4570 would affect direct spending; therefore, it is subject to the pay-as-you-go (PAYGO) requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's PAYGO estimate for this bill is under development.

#### Attachment

The following provisions of H.R. 4570, in combination with the aforementioned provisions, would also cause grave harm to the Nation's resources and, thus, are objectionable to the Administration:

- Wasatch-Cache National Forest and Mount Naomi Wilderness, Utah
- Conveyance to Clark County Department of Aviation, Nevada
- Authorization of Use of National Forest Lands for Public School Purposes
- Conveyance of Camp Owen and Related Parcels, Kern County, California
- Addition of the Paoli Battlefield to the Valley Forge National Historical Park, Pennsylvania
- Casa Malpais National Historic Landmark, Arizona
- Amendment of Land and Water Conservation Fund Act of 1965 regarding Treatment of Receipts at Certain Parks
- Amendments to the National Historic Preservation Act (the Administration, however, supports the Senate-passed bill that would reauthorize the National Historic Preservation Fund)
- Hazardous Fuels Reduction
- Guadalupe-Hidalgo Treaty Land Claims
- Acquisition and Management of Wilcox Ranch, Utah, for Wildlife Habitat
- Operation and Maintenance of Existing Dams and Weirs, Emigrant Wilderness, Stanislaus National Forest, California
- Exemption for Not-for-Profit Entities from Strict Liability for Recovery of Fire Suppression Costs
- Communication Site at San Bernardino National Forest, California
- Amendment of the Outer Continental Shelf Lands Act
- Carlsbad Irrigation Project, New Mexico
- Palmetto Bend Project, Texas

- Minidoka Water Reclamation Resources Project, Idaho,
- Wellton-Mohawk Division, Gila Project, Arizona
- Colusa Basin Watershed Integrated Resources Management

\* \* \* \* \*

(Do Not Distribute Outside the Executive Office of the President)

This Statement of Administration Policy (SAP) was prepared by LRD (Goad) in consultation with NRD (Cogswell/Irwin/Nolin/Reisner/Crutchfield/Weatherly), BRD (Orlando/Kelly), ESD (Starler), the Departments of Agriculture (Ansell), Army Corps of Engineers-Civil Works (Bond), Energy (Samuls), the Interior (Gleason), Justice (Taylor), and Transportation (Herlihy), the Advisory Council on History Preservation (Conway), the Council on Environmental Quality (Lance), the Environmental Protection Agency (Dickerson), and the General Services Administration (Ratchford).

The Resources Committee has neither held hearings nor ordered H.R. 4570 reported. The Rules Committee may consider the bill on Thursday, October 1st. The House may take up the bill on Friday, October 2nd.

#### Administration Position to Date

In a September 29, 1998, letter to Chairman Young, the Secretary of the Interior stated that, if H.R. 4570 were presented to the President in its current form, he and the Chair of the Council on Environmental Quality would recommend that the President veto the bill.

#### Major Provisions of H.R. 4570

A title-by-title summary of H.R. 4570 is presented below. Those provisions of the bill that form the basis of the Administration's opposition are noted in greater detail.

-- Title I -- Boundary Adjustments and Related Conveyances would affect various National Park System and National Forest System lands. On the whole, the Administration either supports or has no objection to these provisions. The Administration, however, opposes the provision that would convey at no cost Wasatch-Cache National Forest, Utah, lands to a private landowner who is presently trespassing on those lands (H.R. 4320).

-- Title II -- Other Land Conveyances and Management would convey certain other Federal lands under the administrative control of the Departments of Agriculture and the Interior. Of the provisions under this title, the Administration opposes those that would: (1) grant exclusive private use of lake-front property around Canyon Ferry Reservoir, Montana, to non-federal entities, thereby denying the public future use of these lands (H.R. 3963, H.R. 4469, and S. 1913); (2) convey at less than market value National Forest System lands to local education agencies (H.R. 2223); and (3) mandate an exchange of Forest Service properties in Kern County, California, for county lands without requiring either adequate analysis or public involvement (H.R. 4023).

-- Title III -- Heritage Areas would establish one new heritage area, the Automobile National Heritage Area of Michigan (H.R. 3910 and S. 2104), and modify three existing areas: (1) the Delaware and Lehigh National Corridor of Pennsylvania (H.R. 2958 and S. 1665); (2) the Blackstone River

Valley National Heritage Corridor, Michigan (H.R. 3522); and (3) the Illinois and Michigan Canal National Heritage Corridor, Illinois (H.R. 1042). The Department of the Interior previously cited concerns with the Delaware and Lehigh and Automobile National Heritage Areas, some of which have not been addressed in this bill.

-- Title IV -- Historic Areas would establish or enlarge historic sites provide assistance in the administration and preservation of such sites, and authorize site studies. The Administration opposes three provisions that would: (1) require the acquisition of lands of questionable historic significance for the Valley Forge National Historical Park (H.R. 3746 and S. 2401); (2) authorize the Secretary of the Interior to provide assistance to the Casa Malpais National Historic Landmark in Springerville, Arizona (H.R. 60); and (3) authorize the sale or lease of certain secondary structures and surplus lands administered as part of any national historical park, as contrary to the mission of the National Park Service (H.R. 4158). The Department of the Interior informally advises that it objects to the creation of the Tuskegee Airmen National Historic Site, as currently drafted, but understands an acceptable version will be offered as a substitute. The Department also informally advises that it either supports or has no objection to the balance of the title.

-- Title V -- San Rafael Swell, Utah would establish the San Rafael Swell Heritage Area and the San Rafael Swell Conservation Area. The Department strongly opposes the title's treatment of lands designated as wilderness on the grounds that such treatment would depart significantly from the letter and spirit of the 1964 Wilderness Act. In addition to the objections noted above, the bill would: (1) grant virtually unlimited motorized vehicular access within the designated wilderness; (2) release the Sids Mountain Wilderness Study Area from interim wilderness protection; and (3) significantly limit the Bureau of Land Management's ability to manage livestock grazing within the Conservation Area. At an April 23rd House Resources Committee hearing on the stand alone bill, H.R. 3625, Interior threatened to recommend veto. Likewise, at a September 10th Senate Energy and Natural Resources Committee hearing on the Senate companion, S. 2385, Interior also threatened to recommend veto.

-- Title VI -- National Parks would authorize the expansion of various National Park units or affect National Park Service management activities. One of the ten provisions would amend the Antiquities Act to make presidential proclamations of national monuments in excess of 50,000 acres effective for only two years, unless Congress approves such proclamations by law. At a February 12th Senate Energy and Natural Resources Committee hearing on the stand-alone bill, H.R. 1127, Interior threatened to recommend veto because the bill would increase the likelihood of irreparable harm to significant natural, historical, and scientific resources on Federal lands by limiting the President's authority to protect them or respond quickly to impending threats. In addition, Interior strongly opposes two other provisions of this title. These provisions would: (1) exclude certain lands and roadways from the Cumberland Island Wilderness, Georgia, thus undermining the ongoing collaborative effort between the Federal Government, non-Federal public entities, and private individuals to prepare a wilderness management plan for both the Cumberland Island National Seashore and the Cumberland Island Wilderness (H.R. 4144); and (2) grant three individuals a right of temporary use and occupancy of certain environmentally sensitive lands on Santa Cruz Island, California (H.R. 2689). Interior opposes another of the title's provisions that would waive deed restrictions prohibiting entrance fee collections at two parks and, thus, conflict with the Administration's ongoing recreation fee demonstration program.

-- Title VII -- Reauthorizations would reauthorize three advisory councils and amend the National Historic Preservation Act (NHPA). Interior supports or has no objection to the reauthorization of the councils and supports the NHPA amendment to reauthorize the Historic Preservation Fund. Interior, however, opposes the other NHPA amendments that would make National Register eligibility determinations optional rather than mandatory (as under current law), and restrict the Secretary's authority to set professional requirements for State and tribal historic preservation staff (H.R. 1522).

-- Title VIII -- Rivers and Trails would establish national trails and designate wild and scenic rivers. Interior generally supports these provisions, but has offered amendments to address certain deficiencies. As for the provisions that would establish the National Discovery Trails System, Interior opposes the requirement that, whenever a trail designation is made within the System, the Department provide written notification to all non-public landowners whose property the trail would cross or abut.

-- Title IX -- Hazardous Fuels Reduction would, under the guise of safeguarding communities and property from catastrophic wildfires through the elimination of hazardous fuels buildup, encourage commercial timber harvest through use of credits. The U.S. Forest Service informally advises that the Department objects to this provision.

-- Title X -- Miscellaneous Provisions and Title XI---Amendments and Technical Corrections to the 1996 Omnibus Parks Act contains 49 separate items, including the following provisions that, as stand-alone bills, the Administration opposed.

-- The "Guadalupe-Hidalgo Treaty Claims Act" (H.R. 2538), which would establish a presidential commission to determine the validity of land claims arising out of the 1848 Guadalupe-Hidalgo Treaty. The Administration opposes the provision because it would: (1) renew land title disputes; (2) create a process that provides no legal standards or rules of evidence, no means for final resolution of these reopened claims, and no judicial review; and (3) disrupt Federal land management activities.

-- The "Federal Land Policy and Management Act Amendments" (H.R. 3187), which would exempt not-for-profit entities that hold rights-of-way on public lands from certain strict liability requirements imposed in connection with such rights-of-way. The Department of Agriculture opposed the bill as unnecessary in light of available administrative remedies and because it would reduce the Government's ability to recover any fire suppression costs.

-- The "Outer Continental Shelf Lands Act" (H.R. 3972), which would prohibit the Secretary of the Interior from charging State and local government agencies for certain uses of the sand, gravel, and shell resources of the Outer Continental Shelf. Interior opposes the elimination of the Secretary's authority to assess the fee.

In addition, Title X includes the "East Texas Blowdown-NEPA Parity" (H.R. 4345), which would accelerate timber harvesting on Federal lands through the application of the Council on Environmental Quality's expedited environmental review. In a September 23rd letter on H.R. 4345, the Chair of the Council on Environmental Quality advised Chairman Young that she would recommend that the President veto the bill if presented to him in its current form.

-- Title XII -- Dutch John Federal Property Disposition and Assistance would dispose of certain Federal reclamation water resources projects and lands located in Dutch John, Utah. The Department of the Interior generally supports the provision.

-- Title XIII -- Reclamation Project Conveyances and Miscellaneous Provisions would convey various Federal water reclamation resources projects to local authorities throughout the western United States under certain terms and conditions. Title XIII would not allow for meaningful NEPA analysis prior to title transfer. In addition, the title would jeopardize the financial interests of the American taxpayer by not: (1) prohibiting the use of tax exempt financing, thus having the effect of imposing costs for these transactions on the Treasury; and (2) considering the full range of the asset values. For various reasons, Interior opposes the conveyance of: (1) Sly Park Dam and Reservoir, California, to the El Dorado Irrigation District, California; (2) Minidoka Water Reclamation Resources Project, Idaho, to the Burley Irrigation District, Idaho; (3) Carlsbad Irrigation Project, New Mexico, to the Carlsbad Irrigation District, New Mexico; (4) Palmetto Bend Project, Texas, to the Lavac-Navidad River Authority and the Texas Water Development Board, Texas.

In addition to the concerns discussed above, Interior opposes the following conveyances because the bill fails to reflect agreements completed by the respective water districts and the Bureau of Reclamation: (1) Wellton-Mohawk Division of the Gila Project, Arizona, to the Welton-Mohawk Irrigation and Drainage District, Arizona; (2) Clear Creek Distribution System, California, to the Clear Creek Community Services District, California; (3) Vallecito Dam and Reservoir, Colorado, to the Pine River Irrigation District, Colorado.

The Department of the Interior opposes the cost sharing provisions in the language that would authorize the construction of eligible water resources reclamation projects in the Colusa Basin.

-- Title XIV -- Provisions Specific to Alaska contains various provisions related to land exchanges in the State of Alaska and technical amendments to the Alaska Native Claims Settlement Act pertaining to land bank protections. Interior informally advises that it supports a proposed land exchange to facilitate a hydro-power project near Glacier Bay National Park, but the Administration took no position on the stand-alone bill (H.R. 3903 and S. 2109) because of CEQ concerns with supporting a bill that would affect existing wilderness areas. Interior supports the other provisions.

The Department of Agriculture, in a February 25th statement before the House Resources Committee, threatened to recommend veto on the stand-alone bill (H.R. 3087) that would grant an irrevocable and perpetual easement over environmentally sensitive lands in the Chugach National Forest to the Chugach Alaska Corporation, thereby overriding the provisions of the 1982 Settlement Agreement with the Corporation's predecessor organization. Title XIV incorporates this bill.

#### Pay-As-You-Go Scoring

According to BRD (Orlando, Kelly), H.R. 4570 would affect direct spending; therefore it is subject to the pay-as-you-go (PAYGO) requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's PAYGO estimate for this bill is under development. There is no CBO scoring estimate available at this time.

LEGISLATIVE REFERENCE DIVISION  
October 1, 1998 - 4:35 P.M.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-OCT-1998 14:00:46.00

SUBJECT: for the SOTU

TO: Paul J. Weinstein Jr. ( CN=Paul J. Weinstein Jr./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:

Consumer activist Ralph Nader  
requests referendum to settle  
Clinton matter

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Check out Nando Media's complete coverage and readers'  
forum of the Kenneth Starr investigation.

WASHINGTON (October 2, 1998 1:32 p.m. EDT  
<http://www.nandotimes.com>) -- The following was released  
Thursday by Ralph Nader:

Memorandum

TO: President William Jefferson Clinton

Representative Newt Gingrich, Speaker of the House  
of Representatives

Senator Trent Lott, Majority Leader, U.S. Senate

Senator Thomas A. Daschle, Minority Leader, U.S.  
Senate

Representative Richard A. Gephardt, Minority  
Leader, House of Representatives

FROM: Ralph Nader

P.O. Box 19312

Washington, DC 20036

202-387-8034

RE: National Advisory Referendum

DATE: October 1, 1998

There is growing consternation throughout our country that the prolonged impeachment inquiry/hearings/trial process will divide, deplete and demoralize the nation no matter which way it turns out.

Both sides on this Clinton/Lewinsky matter are repeatedly referring to the opinions of the people to justify their courses of action. The Democratic partisans cite the polls as supporting no impeachment process with the President remaining in office. But there are polls for the Republican partisans as well, showing damage to the Democrats running for election because of this scandal.

There is a way out of the inevitable incriminations, opportunity costs and other unintended consequences that are harmful to the body politic and to many important decisions that our government must make in the coming months. The way is for the Congress and the White House to enact legislation that provides for an advisory national referendum on election day in November, when the polls are to be open for regular elections, to decide the matter. The legislation would provide that the two branches of government would agree to abide by the decision -- an up or down vote on President Clinton staying in office to settle the controversy over the Lewinsky affair and the Starr Report's allegations.

The advantages of the advisory referendum are (1) The subject matter is not complicated and raises issues that the people are quite as qualified as their representatives to decide. (This is not a matter of complicated finance, technology or foreign relations; it affects the most fundamental of ethical judgments on matters of human behavior that are not unique and quite familiar to the millions of voters.) (2) The materials are widely available to read, view and digest at no expense to the electorate. (3) An advisory referendum will provide the citizens of this country with a sense of participation in an age when so many of them believe they are shut out or excluded from any voice or impact on public issues.

Finally, there is an accepted decisiveness to a referendum that may limit the recriminations and bitterness that will accompany a contested deliberation stemming from personally-based misbehavior by the President. This proposal need not be viewed as any precedent, first because the legislation would just provide for one such referendum pursuant to an agreement by the parties to abide by the results and, second, because of the uniquely personal kind of behavior that is to be judged. Were this proposal to be adopted, we can be assured of a date certain to "put this matter behind us" on the evening of November 3, 1998. For the people, informed as never before, will have spoken in numbers that will surely reverse the lower and lower

turnouts at the polls in recent decades. A reversal of that trend can only be healthy for our democracy.

Please see the attached draft legislation.

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#### National Advisory Referendum Act

Procedures are established under this Act for the establishment of a National Advisory Referendum.

(a) Statement of Purpose. Congress finds that:

(1) citizens are becoming increasingly disenchanted with the extended inquiry into the Clinton/Lewinsky matter, and the allegations contained in the report of Independent Counsel Kenneth Starr, which is crowding out other issues of national import;

(2) the availability of a non-binding National Advisory Referendum to appear on the national ballot on November 3, 1998 would allow citizens to express their will and make elected representatives more responsive to their wishes.

(b) Procedures:

(1) Congress shall direct any state, commonwealth or territory receiving federal funds to place a non-binding referendum on the ballot for the national elections to be held in November of 1998.

(2) The referendum shall pose to the electorate the following question which shall be answered with a "Yes" or a "No": Should President William Jefferson Clinton remain in office?

(3) The states, commonwealth and territories shall tabulate the results of the National Advisory Referendum as soon as practicable and transmit such results to the Speaker of the House of Representatives no later than 7 days after Election Day. The Speaker shall, within 10 days after Election Day, compile, total and publish the results.

(4) The National Advisory Referendum shall not be binding on any branch or agency of government or any other person or entity. However, it shall stand as a statement of the will of the people, and Government officials and elected representatives should act to implement the National Advisory Referendum results in exercising their duties.

□:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Melissa M. Murray ( CN=Melissa M. Murray/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME: 2-OCT-1998 14:31:22.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

Please call melissa 6-2668 re: Bruce lindsey

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-OCT-1998 15:16:28.00

SUBJECT: Tobacco news

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

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

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

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

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

TEXT:

Etheridge of NC has called USDA about allowing the government to help promote leaf exports while maintaining a ban on helping finished tobacco. He was thinking of using the approps. process. USDA will say we can't support that.

In the anti-trust case, the US attny has issued subpoenas in SC, NC, GA and the companies have now resumed buying large shares of tobacco (they are buying 98% of the market up from 73%).

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-OCT-1998 16:29:31.00

SUBJECT: Meeting on Texas State Tobacco Issue

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:

Kent Hance is coming in to see you and Bruce on Monday. I just learned that he'll be accompanied by Mark Hutton (Hutton & Hutton Law Firm in Wichita, KS) and Jim Rock (Rock and Associates here in Washington). This meeting is set for 1:00 p.m. Monday in Bruce's office.

Elena: who else should be invited from the WH?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-OCT-1998 18:01:11.00

SUBJECT:

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Drugs-- Medical Marijuana: Five states (AK, WA, OR, NV, CO) and the District of Columbia have medical marijuana initiatives on their ballots for November 3. We are working with ONDCP and other federal agencies on a targeted media strategy to inform the public about the Administration's medical marijuana policy position. The strategy will place special emphasis on D.C.'s medical marijuana initiative and will include efforts to provide editorial support to the local papers, and outreach to key local opinion leaders, elected officials, and Police Chief Ramsey, and local churches on our position. There are currently 8 states with active medical marijuana statutes: CA, AZ, LA, GA, VI, CN, VT, and NH.

COPS -- Note to EK: The COPS Office isn't comfortable with an estimate on when we'll get to 100,000 officers. They did say that we are currently ahead of schedule, and that we will likely reach 100,000 midway through FY 99 -- not at the end of FY 2000, as originally proposed in the 1994 Crime Act. Remember, however, that there is, on average, an lag of about 18 months before police officers actually hit the street.

Juvenile Crime -- Note to EK: I don't think there is anything new to report here. Despite the vote by the House to appoint conferees nothing has changed since the House voted to attach their juvenile justice bills to the Senate bill authorizing the Center for Missing and Exploited Children...On Thursday, the House voted to overwhelmingly (376-36) to go to conference with the Senate on the S. 2073 -- a bill authorizing the Center for Missing and Exploited Children, and to which the House juvenile crime bills were attached (H.R. 3 and H.R. 1818). As you know, the Administration strongly opposes H.R. 3, which requires states to pass draconian measures to qualify for block grant funds, but supports H.R. 1818, which reauthorizes the Justice Department's Office of Juvenile Justice and Delinquency Prevention. Despite this vote, Senate Democrats have not reached agreement with Republicans on terms for considering juvenile crime legislation -- and, thus, will continue to oppose any motion to go to conference with the House on these bills.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Charles R. Marr ( CN=Charles R. Marr/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 3-OCT-1998 19:16:58.00

SUBJECT: Revised rider message document

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

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

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

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

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

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

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

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

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

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

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

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

TO: Elliot J. Diringer ( CN=Elliot J. Diringer/OU=CEQ/O=EOP @ EOP [ CEQ ] )  
READ:UNKNOWN

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

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

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

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

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

READ:UNKNOWN

TEXT:

Here is revised, still very rough draft of a one-pager on riders.

This is a document that will be given to friends on the Hill and off. The riders to be included are the ones we want to have a public fight over. Again this is just an initial draft -- in addition to comments send along additional riders that we want to engage publicly on. We would like to start with a broad list and give people a chance to react and winnow it down to a core list.

Thanks.

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

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D69]MAIL44399067I.226 to ASCII,  
The following is a HEX DUMP:

FF5750430D150000010A020100000002050000000032000000020000097E87F93EE074E212F265E  
C5EE39D576E2173187CE66B6F552D9A50395B3D00D439EABDA500E75F51D4A11A17F8863808C7F

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## Achieving a Budget Solution

### The First Step: Drop Controversial Riders

October 5, 1998

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**The President has proposed a budget that focuses on the basic fundamentals needed to keep the country moving forward:**

- \_ Saving Social Security First.
- \_ Investing in education and in a cleaner environment.
- \_ Leading the response to the global financial turmoil.

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**The Congressional Majority has taken its eye off of these basic fundamentals.** That is why they failed to even pass a budget resolution, despite a April 15th legal deadline. And why they sent only one appropriations bill to the President's desk before the fiscal year began. Instead of focusing on basic budget decisions and making the needed investments:

- **The Congress has loaded down the appropriations bills with scores of controversial and objectionable riders. These non-budget provisions are an unnecessary distraction that pose a major obstacle to achieving a budget solution.**

**The time has come to return the focus to the basic task at hand: achieving a budget solution.** Dropping these controversial riders is the critical first step needed to achieve success. It is time to put progress over partisanship and to put common sense over ideology.

#### **Examples of Riders that should be dropped:**

- **Numerous Objectionable Environmental Riders** -- The next week will determine whether this has been a pro- or anti-environment Congress. Right now the Congressional Majority is heading in a very anti-environment direction. They have weighed down the appropriations bill with many riders that would be harmful to the environment .....[CEQ insert language] ... that would gut/hurt/devastate forests .....
- **Undermining of the Brady Law** -- Extraneous language included would undermine FBI background checks related to the Brady handgun law. This is a law that the American people resoundingly support and its implementation should not be undermined.
- **Denying an accurate Census.** The statistical methods incorporated in the Census Bureau's plan, which are based on recommendations from the National Academy of Sciences, would produce the most accurate census possible and virtually eliminate the large undercounts of minorities, children, and other groups that occurred in the 1990 census. The onerous House language restrictions on the Census should be dropped.
- **Prohibition on National Testing** -- The House has included language would prohibit the development, implementation, and administration of the tests unless explicitly authorized. This would bring a halt to the President's efforts to help States and parents raise academic standards through a voluntary national test.
- **OSHA Peer Review** -- The House includes language that requires a peer review panel for all proposed OSHA regulations. OSHA already has an extensive public hearing process where any interested party may testify. OSHA must address all significant issues raised. The agency conducts peer reviews when appropriate. This provision is unnecessary, overly broad, and would further delay OSHA's process for issuing regulations.

- **Family Planning** -- Several controversial riders on family planning issues were added to various appropriations bills ... Insert ....

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g news coverage of this issue, Rahm and Bruce believe it is advisable for us to move quickly to determine our strategy and public positioning on this issue. They asked if I would provide you this memo in preparation for such a meeting.

X-□Background

X-□As of late last night, HHS had not completed its analysis of the impact of the roughly 25 (mostly large) HMOs that chose to selectively terminate some of their plans from participation in the Medicare program. On a preliminary basis, however, it appears that the decisions by these HMOs will affect between 325,000 to 400,000 beneficiaries in about 375 counties. Because the Medicare program has about 6.5 million of its over 38 million beneficiaries in HMOs, about 5 percent of Medicare HMO enrollees and about 1 percent of the entire Medicare population seem likely to be impacted in any way at all. Having said this, because the most of the beneficiaries affected will have another Medicare HMO option in their county, there appears to be a much smaller number of beneficiaries (between 30,000 and 80,000 about 1 percent of the Medicare HMO population) who will no longer have the option of enrolling in an HMO. (They will, however, always have access to their traditional fee-for-service plan, as well as to at least some supplementary "Medigap" coverage.)

"(0\*0\*0\*'"□

The Congress, so far on a bipartisan basis, has been critical of the decision by some within the HMO industry to selectively withdraw from Medicare. On Friday, the Republican Leadership left the Commerce Committee in the hands of the Democrats and some of their party's most vociferous critics of HMOs (such as Mr. Ganske) to excoriate the industry's representative. Mr. Thomas, the Chair of the Ways and Means Subcommittee on Health, has also indicated at least his initial support of our decision not to allow plans to charge more and/or reduce benefits. Having said this, members of states that will be disproportionately affected can be counted on to pressure us to take more actions. Senator Dodd has already weighed in, and we can be sure others will follow.

The American Association of Retired Persons (AARP) support last week's decision

by the Administration to reject the industry's request for changes in their coverage and cost sharing. They have indicated that they want to work with us to make sure that beneficiaries know all of their options and rights (discussed below) relating to the plan terminations from the program. Although they acknowledged that their sentiments may change as more beneficiaries complain, AARP indicated that they now see no reason to move quickly to respond to initial "scarce" articles by taking any position that appears to reward "bad apple" HMOs. Having said this, they also do not believe we need to take a strong and public position that appears we have drawn lines in the sand on against doing something on this issue. They are of the mind that we should wait to see how big the problem is and how the public responds to it before taking any formal, final position. They think a quick tough position may unconstructively unify the HMO industry against us.

X-Options to Respond to HMO Industry's Actions.

X-Before briefly outlining some options, it is important that you are aware of actions we can and should take regardless of our broader strategy on the Medicare HMO issue. Clearly, we must be quick to ensure that HCFA collaborates with the aging advocates (like AARP), the aging network (like the Area Agencies on Aging), the statebased insurance counselors, and others in and outside the Administration to ensure that beneficiaries in impacted areas know that they can always return to the program's fee-for-service plan. Beneficiaries also need to know that the law requires Medicare supplemental insurers to offer beneficiaries access to certain "Medigap" coverage without being underwritten. As a result, insurance that fills in the voids that Medicare does not cover is truly accessible. Finally, to illustrate our commitment to find ways to assure this never happens again, we may also want to indicate our intention to introduce legislation that would help ensure that this never happens again. (For example, we might want to contemplate provisions that penalize plans for "cherry-picking" the high reimbursement areas or disallow HMOs to enter any new market if they have withdrawn in others.) Being proactive could help immunize us against charges we do not care about beneficiaries.

X#'-"#'0\*0\*0\*%"□

X-Options for responding to last week's decision by many HMOs to pull out of Medicare:

X-□1.XxExplicitly announce a "do nothing" position.□ In short, draw a line in the sand quite publicly and blame any subsequent mess on HMOs who signed a contract in May and are reneging on their commitment. Highlight all the "selfish" reasons why some HMOs are dropping out and underscore our commitment to never be "blackmailed" into changing the contracts we signed in good faith on behalf of the beneficiaries. (#

XxPros: Strong and decisive action; Puts industry on the defensive and initiates a much more public war with one of the nation's most unpopular industries HMOs. (#

XxCons: Republicans, some Democrats, and AARP may feel we are acting too politically and too abruptly; Charges of callousness to harmed beneficiaries may ensue; If we don't stay tough throughout inevitable "horror" stories, we will look much weaker. (#

Xy-□2.XxTacit "do nothing" position, but leave door (quietly open) option.□ Under this scenario, we would continue to say we are looking into impact to determine severity, but would say we continue to be skeptical that there is a valid argument to do anything. We would background the press on the weaknesses of the HMOs' arguments, but would hint that we might not reject out of hand any future intervention X-if our review turns up major problems for beneficiaries. (#

XxPros: Would appear that we are not backing down to industry, but also gives flexibility in case we want to alter our current course; would likely be supported by the Republicans and AARP for now, might be safest but certainly not best option for the moment. (#

X|-

XxCons: Could come across that we do not care about beneficiaries' woes; Could appear weak and indecisive; Opens door to HMOs to come in to cut a deal that may be viewed by the validators as setting very bad precedent for the Medicare program. (#

X -□3.XxExpedite□□ approval of new plans coming into counties now not served.□

This option would highlight our commitment to work with and give expedited approval to HMOs that were not in a service area when another HMO dropped its coverage. These so-called "goodguy" plans could give a less comprehensive benefit or costsharing protection package than the one that it would replace. (#

XxPros: Would not reward "bad apple" HMOs; Supports our contention that we are taking reasonable actions to help beneficiaries keep access to an HMO option; in combination with base administrative and legislative package (outlined above), would illustrate that our "first and foremost" commitment is to beneficiaries not HMOs. (#

XxCons: Very few new plans can be expected to come into these marginal markets; Will not significantly reduce the number of "victim" stories that will be reported;"(0\*0\*0\*" #Hv  
  
 #Hv  
 Makes us potentially more vulnerable to criticism that we did not do everything we could to help beneficiaries; If we pursue this option but eventually cave to HMOs' desires for other plans to get a similar offering, we would be perceived as very weak. (#

X-4.XxExpedite approval of new plans, but allow selected old plans to apply to come X-back in if no other option is available. This approach would allow a plan that withdrew from a service area, which now has no HMO option, to downgrade its X\_-benefits package to a level the HMO believes is financially viable. (#

XxPros: Would help more beneficiaries at least retain some of their current HMO coverage; Would be more responsive to the inevitable pressure from the Congress to do more; and if as is likely the old HMOs do not come back, it is easier to lay the blame on them. (In other words, we did everything the HMOs asked for and they still did not come back.)(#

XxCons: Rewards bad actors; Makes us look somewhat weak as though we backed X-down from pressure of the HMOs, Sets bad precedence for Medicare for future similar disputes with the industry (unless our administrative/legislative package makes it appear certain that we cannot or would not be able to do this again.)(#

X4-5.Xx"Third way" option: try to split the difference between option 3 and 4

to attempt

X-to get the best and avoid the worst of both options. [It might be possible (although

X-we are still trying to develop a way to rationally apply this option) to allow only new

plans in, but to give the HHS Secretary emergency authority to approve in selected

cases applications from HMOs from the old service area to come back into the

county. Under this approach, no such plan could even be considered unless it was

clear that no new plan would likely come into a particular service area. There would

have to be additional criteria as well to ensure that

there is no substantive difference

between option 4 and 5. (#

XxPros: Could argue that we showed how we could respond to beneficiaries' concerns

without backing down to the "bad apple" HMOs; See #4 above for similar pros. (#

XxCons: Could be vulnerable to charges that it is "too cute by half;" Might not be able

to develop criteria that was realistic and useable enough to differentiate amongst

similar plans. (#

X!-Conclusion. [There may be other options, but the above outlines what is most likely to be

discussed later today. The White House staff (DPC, NEC, OMB, OVP, Rahm, etc.) has not

had the opportunity to think through all of these options. In general, however, the White

House tends to want to be a bit more aggressive than HHS. Consistent with this, HHS had

indicated an interest in option 4

indicated an interest in option 4

#Hx

on Friday

#Hx

. However, some of Donna's staff seemed to be

cooling to the idea over the weekend. Regardless, it is clear that all views on this issue will

be #Hextremely

influenced by the degree to which we receive troubling reports about beneficiaries.

influenced by the degree to which we receive troubling reports about beneficiaries.

HHS' staff will be meeting early this morning to go over their preliminary analysis and

options. We will advise you if anything unusual comes back to us prior to your meeting.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 05:06:34.00

SUBJECT: changed my mind

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

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

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

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

TEXT:

You now have hard copy and E:Mailed version of the memo Bruce. Although I did E:mail a copy of it to Carole Parmelee, I did ask her to hold of on giving it to Erskine until you and Rahm give an ok sign.

I know the memo is a bit too long, but I thought you guys could use the info and pull from it what you wanted.

Please page or call with any questions/complaints.

cj

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 09:10:39.00

SUBJECT: URGENT: FOREIGN OPERATIONS CONFEREES LETTER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

CC: Julie M. Anderson ( CN=Julie M. Anderson/OU=WHCCTF/O=EOP@EOP [ WHCCTF ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

TEXT:

Please review the attached conferees letter on the Foreign Operations Appropriations bill and provide comments/clearance by 11:30am today (Mon. 10/5). Thank you.

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D31]MAIL454875871.226 to ASCII,  
The following is a HEX DUMP:

FF575043DD050000010A02010000000205000000137900000002000065029B4BA655B1D17700A4

The Honorable Bob Livingston  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
Washington, D. C. 20515

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on HR 4569, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1999, as passed by the House and by the Senate. As the conferees develop a final version of the bill, your consideration of the Administration's views would be appreciated.

**The Administration appreciates efforts by the House and Senate to accommodate certain of the President's priorities within the 302(b) allocation. In addition, the Administration particularly appreciates the Senate's provision of full funding of our request for the International Monetary Fund (IMF) at this time of acute international monetary crisis. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, a number of key programs are seriously under-funded in both the House and Senate versions of the bill.**

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

**As discussed below, both the House- and Senate-passed bills are unacceptable in their current forms. As previously communicated to the Congress, the President would veto any bill that does not address the key concerns discussed below.**

**The major flaw in the Senate bill is the low level of funding, \$1.15 billion below the President's request. As a consequence, several accounts, such as the assistance program to the New Independent States, are inadequately funded. There are, in addition, an excessive number of earmarks and directives that would hinder effective implementation of American foreign policy.**

**The House version of the bill also has several flaws. It provides even less funding -- \$1.22 billion below the President's request -- than the Senate bill. Moreover, it includes "Mexico City" family planning provisions, does not fully fund the IMF, and deletes funding for the Korean Peninsula Energy Development Organization (KEDO). In addition, the House bill would also remove or reduce discretionary authorities that Presidents of both parties have used in advancing American foreign policy for at least two decades.**

### **International Monetary Fund**

**While the Administration welcomes House and Senate efforts to provide funding for the International Monetary Fund's New Arrangements to Borrow (NAB), we are extremely concerned by the House's failure to include in its bill the requested appropriation for the \$14.5 billion U.S. share of the IMF's critically needed quota increase. Since February of this year, the President has repeatedly called on Congress to approve the full amount of his \$17.9 billion budget request for the IMF. To reject or delay this funding not only would undermine America's leadership in the world; it also would expose American workers, investors, farmers, and businesses to unacceptable economic risks.**

**The IMF's financial resources are nearing historic lows, necessitating the recent activation of the IMF's emergency credit lines, the General Arrangements to Borrow (GAB), for the first time in 20 years. Without the entire \$17.9 billion in new funding, composed of the quota increase and the U.S. share of the New Arrangements to Borrow (NAB), the IMF -- and hence the United States and the world -- will remain vulnerable if new, escalating, or spreading systemic crises occur. To protect America's economic strength, Congress must act now to pass the full quota.**

**The House bill proposes several conditions on IMF funding that, while directed at objectives we share, are unworkable in their current form and, therefore, would have the effect of delaying indefinitely the availability of these critical resources to the IMF. The Senate bill includes provisions that are problematic as currently drafted but could serve as the basis for useful discussion. We urge the conferees to respond to these concerns in developing the final bill.**

### International Family Planning

**The Administration strongly opposes the “Mexico City” restrictions that are included in the House bill, which would prohibit foreign non-governmental organizations from receiving U.S. family planning funds if the organization uses any of its own funding from non-U.S. Government sources for abortion-related services or advocacy. The House bill’s “Mexico City” language is even more restrictive than the provision contained in the conference report on the Foreign Affairs Reform and Restructuring Act. The Administration continues to oppose these restrictions, which would deny funding to the most experienced and qualified family planning and maternal-child health care providers. As stated in past Administration communications, should this language be included in the final bill presented to the President, the President would veto the bill.**

### Korean Peninsula Energy Development Organization (KEDO)

The Administration strongly objects to the House bill’s deletion of U.S. funds for KEDO and inclusion of language prohibiting the President from exercising his authority to transfer funds from other sources for this purpose. While limited in scope, the Agreed Framework reached between the United States and the Democratic Peoples Republic of Korea in 1994 is the foundation we are using to engage the North on a range of issues of strategic concern, including those not specifically covered by the Agreement, such as missile tests. The House bill would allow North Korea to blame the United States for not fulfilling our commitment to the Agreed Framework. In essence, it would give the North an “out” to begin reprocessing fissile material currently monitored under international safeguards and allow them, not us and our allies, to choose the time for any possible confrontation. Such an action would seriously destabilize security on the Korean peninsula, place U.S. troops in greater danger, and exacerbate the Korean financial crisis.

### New Independent States

**As recent events have indicated, the incomplete, peaceful transition of the New Independent States (NIS) to stable, market democracies is vital to the U.S. national security. The Congress has shared this view and provided considerable support for this program in the past. The current political/economic situation in Russia highlights how great the stakes are for the United States to continue to help Russia achieve this peaceful transition. The enormous economic potential of the Caspian Basin represents one of the great opportunities to advance our mutual goals. Therefore, the cuts embodied in the both the House and Senate bills’ funding level for USAID assistance programs to the NIS are especially unfortunate. These cuts, which are significantly more severe in the case of the House bill, would make it extremely difficult to push for the completion of market reforms and support democratic forces across the region.**

In the Senate bill, the prohibition on all assistance to all entities -- not just the government -- in Russia, pending certification of termination of all nuclear reactor and ballistic missile technology cooperation with Iran, is so rigid as to impede the Administration's ability to ensure that termination. This prohibition would hold programs designed to foster the private sector across Russia hostage to central Government policy in Moscow. In addition, the numerous country earmarks would make it more difficult for the Administration to shift assistance to take advantage of new opportunities such as the election of reform-minded governments, peace agreements settling ethnic disputes, or helping leverage reforms by coordination of our assistance with international financial institutions.

The Administration welcomed and strongly supported the House Appropriations Committee's action to repeal restrictions on U.S. assistance to Azerbaijan. The final House bill, unfortunately, overturned the Committee's responsible action, and, like the Senate bill, included restrictions that have been a disincentive for securing peace in the Caucasus. This action does not serve U.S. national interests. Of the two sets of provisions, the Administration prefers the Senate language.

#### Foreign Assistance Act Authorities

The Administration strongly opposes the elimination of Foreign Assistance Act (FAA) section 451 authority -- which allows the US to respond to unanticipated contingencies -- and the per country reduction of FAA section 614 authority. Both sections provide the President with critical authorities to address urgent and complex foreign policy issues. Further diminution of these already limited authorities would unacceptably constrain the ability of the United States to respond to evolving global events.

#### Global Environment Facility

The Administration is concerned with the refusal of the House and Senate to fund the President's request for the Global Environment Facility (GEF), which is helping to reduce long-term environmental risks that will affect all Americans. The \$300 million request for GEF (of which \$192.5 million is arrears) is needed to assure that the GEF does not run out of resources in FY 1999. Concerns that funding the GEF would prejudice debate on the Kyoto Climate Protocol are misplaced: the new replenishment agreement is funded at the same level as the prior one, and the GEF will continue with precisely the same broad work program that it had prior to Kyoto. The GEF is among the best vehicles that the United States has to encourage developing countries to shoulder greater responsibility for protecting both the local and global environment. It is manifestly in our interests to clear our arrears and keep the GEF running, and that is why the Administration strongly urges the conferees to restore funding for this critical program.

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

The Administration is concerned with the House and Senate cuts to the \$216 million request for NADR. This reduction would undermine the multi-prong effort that NADR supports to reduce the proliferation threat to U.S. national and global security. Lack of funding for the Comprehensive Test Ban Treaty (CTBT) Preparatory Commission would harm U.S. national security interests as it would eliminate planned improvements in our ability to monitor nuclear testing worldwide. The recent Indian and Pakistani tests are a stark reminder of the importance of this monitoring. At the levels proposed by the House and Senate, we would also be forced to reduce support for NIS science centers, demining efforts, and other non-proliferation related activities, possibly endangering our national security.

## Middle East Assistance

The Administration welcomes the efforts of the House and Senate to work with us in encouraging changes in traditional levels of assistance to countries in the Middle East. We believe that Israel's initiative to reduce Economic Support Fund (ESF) assistance provides an important basis on which to build future assistance programs that meet our needs in the Middle East and beyond.

We are very concerned about the deletion in the Senate bill of current authority to allow the Palestine Liberation Organization (PLO) to maintain an office in Washington, D.C. This would severely undermine our ability to facilitate dialogue between Israel and the Palestinians at what is an extremely sensitive juncture of the peace process.

## Economic Support Fund

The Administration is concerned with the overall funding level for the Economic Support Fund (ESF) account. At the levels in both the House and Senate bills, the account would not have sufficient resources to continue supporting economic and political stability in Latin America, and in other emerging democracies in Africa and Asia. We strongly encourage Congress to support a higher funding level for the ESF account as the bill moves forward. **In addition, the House and Senate restrictions on assistance to Haiti need to be balanced with a national interest waiver to ensure that the President has sufficient flexibility to pursue our national interests.**

## Bosnia and Kosovo

The Administration prefers the House version of the bill on Balkans issues and strongly opposes three provisions of the Senate version that would codify the "outer wall of sanctions" on Serbia-Montenegro, prohibit lifting sanctions on Serbia-Montenegro unless certain conditions are met with respect to Kosovo, and tighten sanctions on entities harboring war criminals. Though

the Administration's goals are the same as those of the Congress in each case, these provisions would unnecessarily prohibit us from using, or require cumbersome steps to use assistance in constructive ways to further Kosovo negotiations and Dayton implementation.

### Peacekeeping Operations

Both the House and Senate bills reduce the \$83 million request for Peacekeeping Operations (PKO) by significant percentages. PKO provides vital assistance and support for many important national security and foreign policy activities, including commitments in Bosnia and Haiti, conflicts in Africa, and potential trouble spots such as in the Balkans. This reduction would severely limit the President's ability to respond to these and other evolving events.

### Trade and Investment Financing

The Administration appreciates House and Senate efforts to increase substantially the funding for the Export-Import Bank and to support the Overseas Private Investment Corporation and the Trade and Development Agency (TDA). However, Export-Import Bank funding still falls short of the level needed to meet the expected demand of U.S. exporters in FY 1999. Support for TDA is insufficient to allow the agency to remain engaged around the world, especially given its growing program in the Caspian region.

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

**The Administration is concerned with the House and Senate cuts in the request for USAID Operating Expenses. These reductions would not only make it impossible for USAID to carry out Presidential initiatives in Africa and Latin America, but also would interfere with the agency's ability to manage its ongoing programs effectively, including congressional priorities in areas such as infectious diseases and child survival, as well as to address management priorities. In particular, these reductions, combined with the House action striking the emergency fund in the Treasury/General Government appropriation bill, would make it difficult for USAID to implement fully its Year 2000 conversion. Even if USAID were to begin closing missions and eliminating additional positions immediately, the associated fixed costs would prevent AID from achieving the savings necessary in FY 1999 to respond to this cut. For these reasons, we urge the conferees to restore funding for USAID Operating Expenses.**

**In light of the continuing needs created by both natural disasters and ongoing civil conflicts, we urge the conferees to provide a higher level of funding for international disaster assistance. The level in the House version of the bill would cripple our efforts to respond expeditiously and effectively to countries in transition from crisis caused by political and ethnic conflict and could undercut our ability to address man-made and natural disasters.**

**Automated Records Management System  
Hex-Dump Conversion**

**The Administration is concerned that the House has not funded the modest \$6 million request for credit subsidy for the Urban Environment (UE) credit program, or provided transfer authority for USAID's Development Credit Authority (DCA). As the Congress and the Administration agreed in the FY 1998 appropriations legislation, USAID has taken substantial steps towards developing the capacity to manage both its existing and future credit portfolios. We urge the conferees to restore the transfer authority for the DCA and the subsidy request for the UE program. Failure to do so would limit the ability of USAID to use credit to promote development in urban areas and to encourage the development of needed private sector financial mechanisms.**

The House prohibition on the use of funds from the Child Survival and Disease Programs Fund for non-project assistance, which is specifically authorized in the Foreign Assistance Act, would weaken USAID's current leadership position with bilateral and multilateral donors to encourage and support policy reforms in sub-Saharan African countries.

If the Senate's disproportionate earmarks for the Asian region were adopted, USAID would be required to terminate or significantly reduce funding for programs in all non-earmarked development assistance countries in Asia, such as the Philippines, and Bangladesh. The Administration is also concerned about the earmark for alternative crop programs. This type of activity is more appropriately funded by the International Narcotic Control account, not the already pressed agricultural development section. Finally, the Administration is concerned about new, onerous language related to climate change, including additional procedural requirements. The Administration appreciates the Senate's action to improve the provision that provides "notwithstanding" authority for activities intended to reduce global greenhouse gas admissions.

#### Exchange Stabilization Fund

The House bill contains a provision that would limit the President's flexibility to utilize the Exchange Stabilization Fund as necessary to protect America's economic and security interests. For this reason, and because the Exchange Stabilization Fund is not germane to the purposes of this appropriations bill, the Administration opposes this provision.

#### Treasury International Affairs Technical Assistance Program

**The Administration appreciates the provision in the Senate bill that provides a substantial portion of the Administration request for this program, which will significantly enhance the transition to stronger private sector-led growth and more efficient, transparent, and better supervised financial institutions in emerging economies, including reforming countries in Africa and financial crisis countries in Asia. We are disappointed, likewise, that the House has not funded any of the \$5 million request for this program. Given the large potential benefits and modest cost of this program, which provides**

**technical assistance in tax policy, development of domestic capital markets, and privatization of state enterprises, we urge the conferees to fund the request.**

International Organizations and Programs

The House and Senate bills reduce the request for International Organizations and Programs by \$55 million and \$44 million, respectively. The House bill also eliminates funding for the U.N. Population Fund (UNFPA), which provides support for women in family planning matters in a number of countries not served by U.S. assistance programs. UNFPA does not fund abortions. The overall reduction in IO&P would limit U.S. ability to participate and support a number of international organizations.

Peace Corps

The Administration regrets that the bipartisan Peace Corps initiative to fund 10,000 volunteers by the year 2000 has not received the full request of \$270 million from the Committee. However, we are heartened by House report language stating that it is prepared to approve a further increase should there be a reallocation of funds later in the appropriations process.

Community Adjustment and Investment Program (CAIP)

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

Year 2000 Conversion

**In the FY 1999 Budget, the President requested more than \$1 billion for Year 2000 (Y2K) computer conversion, including specific amounts in the requests for the agencies funded in this bill. In addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and other unanticipated needs. On September 2nd, the President transmitted to the Congress a request for \$3.25 billion in FY 1998 contingent emergency funding for Y2K computer conversion activities. This supplemental request would create a funding mechanism that is consistent with both the needs anticipated in the President's budget and the Senate's action creating a \$3.25 billion contingent emergency reserve to provide the resources and the flexibility necessary to respond to critical unanticipated Y2K-related requirements. It**

**is essential that this contingent emergency funding be enacted as quickly as possible, whether through the Treasury/General Government bill or another legislative**

**measure, particularly since several appropriation bills, including this one, do not fully fund the base requests of a number of agencies for Y2K conversion. We urge Congress to leave as much as possible of the reserve unallocated so that funds are available to address emerging needs.**

Infringement on Executive Authority

Several sections of the House and Senate bills would require the United States to use its “voice and vote” to take particular positions in international organizations. The Constitution, however, commits to the President the responsibility for formulating the position of the United States in international fora. Therefore, these sections, if enacted, would be construed as advisory.

We look forward to working with the conferees to address our mutual concerns.

Sincerely,

Jacob J. Lew  
Director

Identical Letter Sent to The Honorable Bob Livingston,  
The Honorable David R. Obey, The Honorable Sonny Callahan,  
The Honorable Nancy Pelosi, The Honorable Ted Stevens,  
The Honorable Robert C. Byrd, The Honorable Mitch McConnell,  
and The Honorable Patrick J. Leahy

The Honorable David R. Obey  
Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Representative Obey:

The Honorable Sonny Callahan  
Chairman  
Subcommittee on Foreign  
Operations Appropriations  
Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

The Honorable Nancy Pelosi  
Subcommittee on Foreign  
Operations Appropriations  
Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Representative Pelosi:

The Honorable Ted Stevens  
Chairman  
Committee on Appropriations  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

The Honorable Robert C. Byrd  
Committee on Appropriations

Automated Records Management System  
Hex-Dump Conversion

United States Senate  
Washington, D.C. 20510

Dear Senator Byrd:

The Honorable Mitch McConnell  
Chairman  
Subcommittee on Foreign  
Operations Appropriations  
Committee on Appropriations  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

The Honorable Patrick J. Leahy  
Subcommittee on Foreign  
Operations Appropriations  
Committee on Appropriations  
United States Senate  
Washington, D.C. 20510

Dear Senator Leahy:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Charles J. Payson ( CN=Charles J. Payson/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME: 5-OCT-1998 10:07:26.00

SUBJECT: Message Meeting re: next Monday and Tuesday's message events

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Dominique L. Cano ( CN=Dominique L. Cano/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TO: Leslie Bernstein ( CN=Leslie Bernstein/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

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

READ:UNKNOWN

TO: Jennifer M. Palmieri ( CN=Jennifer M. Palmieri/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: Jeffrey A. Forbes ( CN=Jeffrey A. Forbes/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Craig Hughes ( CN=Craig Hughes/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

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

Charles payson ( Charles payson [ WHO ] )  
READ:UNKNOWN

TEXT:

There will be a Message Meeting today at 4 pm in the Roosevelt Room to discuss the message events for Monday, October 12 (in ether NY or DC) and Tuesday, October 13 (in FL).

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 11:22:33.00

SUBJECT:

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

TEXT:

Chuck's office just called looking for you

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sonyia Matthews ( CN=Sonyia Matthews/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 5-OCT-1998 11:22:35.00

SUBJECT: H2A Briefing

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

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

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

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

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

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

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

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

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

TEXT:

Please do not attend this meeting today at 1:00 pm. USDA would like this to just be a preliminary meeting at this time with selected individuals. There will be a larger meeting to discuss similar issues. Please call Ceci at 65359 with any questions. Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 11:22:40.00

SUBJECT: NAPO Event

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

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

TO: Leanne A. Shimabukuro ( CN=Leanne A. Shimabukuro/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:

More grants to think about for Friday. The NCHIP/Brady records would give us a definite opportunity to talk about Brady...jc3

----- Forwarded by Jose Cerda III/OPD/EOP on 10/05/98  
11:12 AM -----

Jon P. Jennings  
10/05/98 11:10:15 AM  
Record Type: Record

To: Stacie Spector/WHO/EOP, Jose Cerda III/OPD/EOP, Leanne A. Shimabukuro/OPD/EOP, Kris M Balderston/WHO/EOP  
cc:  
Subject: NAPO Event

In addition to the UHP grants that I have asked DOJ to hold for Friday, these grants were in our weekly on Friday.

LLEBG Grants: DOJ will announce October 7 awards totaling over \$400 million to 2,700 local jurisdictions under the Local Law Enforcement Block Grant (LLEBG) Program. These funds may be used for crime reduction activities and public safety enhancements.

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million under the National Stalker and Domestic Violence Reduction Program, a component of NCHIP. These awards will assist states to improve processes for collecting and flagging records of arrests, warrants, convictions, and protective orders relating to stalking and domestic violence and to make this information available through the national criminal history record network.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 11:48:10.00

SUBJECT: Time Change - Weekly Education Strategy Meeting

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

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

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

TO: Vicky\_Stroud ( Vicky\_Stroud @ ed.gov@inet [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

CC: Mindy E. Myers ( CN=Mindy E. Myers/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

TEXT:

The Education Strategy Meeting for Thursday, October 8, will be at 3:30 p.m. in Bruce Reed's office, 2 Floor, West Wing.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 11:59:55.00

SUBJECT: Letter from ENACT-- what 20% means

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

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

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

TO: Jeanne Lambrew ( CN=Jeanne Lambrew/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:

The letter called for 20% of the federal portion of the settlement funds to be spent on tobacco control efforts and says "over 50%" of the settlement funds belong to the feds. Thus I read this as: 20% of 50% going to tobacco control, or 10 percent of the total.

Thus ENACT is pushing for:

- 50 percent unrestricted
- 40 percent menu
- 10 percent tobacco control

Tom Mahr's cover sheet indicate he wants:

- 50 percent unrestricted
- 25 percent menu
- 25 percent tobacco control

The legislative language leaves blank the percentage to be devoted to tobacco control efforts but dictates that of the amount devoted to tobacco control:

- bet. 25-30 shall be spent on cessation
- bet. 25-30 shall be spent on counteradvertising
- bet. 25-30 percent shall be spent on smoking prevention
- the remainder shall be spent to enforce youth access

restrictions

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 12:15:08.00

SUBJECT: civil rights/single sex

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

READ:UNKNOWN

TEXT:

I know you're busy, but please read Correia's memo for a mtg on Weds--so we can talk with Chuck about how to proceed on these critical civil rights issues (I'll do the same). Also, what happened on single sex--did you solve it?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 12:53:51.00

SUBJECT: AGs- tobacco

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

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

CC: William H. White Jr. ( CN=William H. White Jr./OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

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

TEXT:

I spoke to Iowa AG Tom Miller and Az AG Grant Woods - two of the "hard-liners" on the tobacco talks. They report that the current terms are not much different from those I described to you a few weeks ago - although the counter-marketing money has been increased to \$300 mil. The hard liners want some additional restrictions on marketing (such as restrictions on "human forms" e.g. Marlboro Man).

From here, the AG negotiating team is meeting with the other AGs in small groups this week. The 8 "hard-liners" for example are meeting tomorrow with Greggiore etc. Then the negotiating team will be meeting with AGs by region later this week. Their goal, of course, is to get unanimity on the deal.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 13:07:01.00

SUBJECT: One comment re: Race Outline

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

TEXT:

Shouldn't we add Service to the "Workplan for Civic Engagement and Strengthening Democracy?"

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 13:49:43.00

SUBJECT: COMMENTS BACK TO JEFF SHESOL ASAP ASAP

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

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

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

TEXT:

----- Forwarded by Michael Waldman/WHO/EOP on 10/05/98  
01:49 PM -----

Michael Waldman  
10/05/98 01:47:00 PM  
Record Type: Record

To: See the distribution list at the bottom of this message  
cc: Phillip Caplan/WHO/EOP, Jeffrey A. Shesol/WHO/EOP  
Subject: COMMENTS BACK TO JEFF SHESOL ASAP ASAP

Draft 10/05/98 1:40pm  
Jeff Shesol  
PRESIDENT WILLIAM J. CLINTON  
REMARKS ON PENDING LEGISLATION  
THE WHITE HOUSE  
October 5, 1998

This is a moment of great promise for America. Our hard work is bearing remarkable results, from the health of our economy to the strength and safety of our communities. At the same time, we can see important challenges ahead; and we know that our nation will not be everything it can be unless we rise to meet those challenges.

It is now eleven months since I sent Congress a budget, and five months since the legal deadline for Congress to pass a budget. Now Congress has sent me only [one] of thirteen appropriations bills necessary to keep the government running. On Friday, the temporary spending measure I signed will run out.

Today, I stand with Representative Gephardt and Senator Daschle to call on the congressional majority: Time in this session is growing short, and Congress has important work left to do: Pass the necessary spending bills to keep the government running. Save Social Security for future generations. Ensure a quality education for all our children. Protect America from global economic turmoil. These are the priorities of the American people, and they must be the priorities of the Congress in the last days of this legislative session.

First, we must save Social Security first. Last week, I was privileged to announce an historic achievement: for the first time in a generation, America has a budget surplus. We have restored order and discipline to our fiscal house. Just as important, we have shown what Americans can do when we place progress above partisanship, and common sense above conflict. Congress must not lose that spirit in a rush to spend the surplus. I have proposed tax cuts that are fully paid for. But if the Congress sends me a tax plan that drains billions from the surplus before saving Social Security first, I will veto it. We have worked too hard for too long to abandon fiscal discipline and weaken Social Security in the weeks before an election.

Second, we must act to protect our prosperity in the turbulent international economy. Recent events remind us that America cannot remain an island of prosperity in a sea of distress. Quite simply: America must lead. But if we are to do so, if we are to contain the contagion that spreads so quickly from one country to another, America must meet its obligations to the International Monetary Fund. The global financial leaders meeting here in Washington have made clear there is support for strong action to manage the growing crisis. The world is waiting for the Congress to step up to its responsibility, provide funds to the IMF, and help pull teetering economies away from the brink.

Third, we must continue to invest in education. Just as we have brought order to our fiscal house, we must bring order and learning to the schoolhouse. For the sake of our children, Congress must once again put partisanship aside, if only for one day, to transform education in America. In one day, Congress can -- and must -- pass a plan to provide America's public schools with the tools they need: 100,000 well-qualified new teachers to reduce class size, after-school and summer school programs to help students rise to higher academic standards, and modernized schools for the 21st century. Our children deserve at least one full day of concentrated congressional action, not another week or month of delay.

Fourth, Congress must act to protect -- not to gut -- environmental protections. Yet Republicans in Congress have sought to slip unacceptable provisions into unrelated bills that would cripple wildlife protection, build a road through an Alaskan wildlife refuge, force overcutting of our national forest, deny taxpayers a fair return on oil leasing, and thwart common sense efforts to address global warming. These are little more than backdoor attempts to weaken our environmental laws. And if they insist on sending these anti-environment riders to my desk, I will veto them.

These are the tasks before the Congress. They demand attention, and they demand action. As Congress completes its work, I will continue to do everything in my power to elevate progress over partisanship, and to demand that the priorities of the American people become the priorities of the United States Congress. Thank you.

Message Sent

To: \_\_\_\_\_

Gene B. Sperling/OPD/EOP

Michelle Crisci/WHO/EOP

Paul E. Begala/WHO/EOP

Jacob J. Lew/OMB/EOP

Ann F. Lewis/WHO/EOP

Sylvia M. Mathews/OMB/EOP  
Linda Ricci/OMB/EOP  
Lawrence J. Stein/WHO/EOP  
Jessica L. Gibson/WHO/EOP  
Charles M. Brain/WHO/EOP  
John Podesta/WHO/EOP  
Dawn L. Smalls/WHO/EOP  
Maria Echaveste/WHO/EOP  
Marjorie Tarmey/WHO/EOP  
Kevin S. Moran/WHO/EOP  
Peter A. Weissman/OPD/EOP  
Melissa G. Green/OPD/EOP  
Martha Foley/WHO/EOP  
Ron Klain/OVP @ OVP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kris M Balderston ( CN=Kris M Balderston/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME: 5-OCT-1998 14:18:45.00

SUBJECT: NAPO Event

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

The grants that we mentioned at the 8:30 am mtg today.

----- Forwarded by Kris M Balderston/WHO/EOP on 10/05/98  
02:15 PM -----

Jon P. Jennings

10/05/98 11:10:15 AM

Record Type: Record

To: Stacie Spector/WHO/EOP, Jose Cerda III/OPD/EOP, Leanne A. Shimabukuro/OPD/EOP, Kris M Balderston/WHO/EOP

cc:

Subject: NAPO Event

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael Cohen ( CN=Michael Cohen/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 5-OCT-1998 14:50:33.00

SUBJECT: Approps riders

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Labor/HHS/Education

1. National Testing: The House language effectively bans any additional work on test development; the Senate language permits pilot testing to proceed this year as planned. We should negotiate something close to the Senate position, perhaps with additional studies thrown in (as was done last year) to give Goodling something to claim credit for. Barbara Chow, Broderick Johnson and I are meeting with Goodling's staff this afternoon to explore their position.

2. Block Grants: The House bill includes language permitting states to shift funds from Goals 2000 to Title VI (an existing block grant). We must oppose this, with no negotiation. If kept, this provision would kill Goals 2000 and eliminate its emphasis on standards and accountability. It will also be seen as a huge defeat for the Administration, because we lose Goals 2000 and cave on Block Grants.

There is an even worse block grant bill Sen. Gorton is pushing, that would consolidate a large number of programs (Goals 2000, professional development, technology, etc.), end their purpose, and provide no accountability. It also contains a version of Ed-Flex (which allows states to waive federal requirements) which we should also oppose, because it is way too broad in its scope, and because there are no accountability provisions to go along with the added flexibility.

If we need to negotiate in this area, our alternative should be the bipartisan Ed-Flex bill (Frisy/Wyden in the Senate, Castle/Romer in the House) which we support because it incorporates the principles we articulated earlier this year when POTUS proposed Ed-Flex expansion to NGA. NGA is also supporting this bill.

3. Bilingual Education: This rider contains a 2-year limit on participation in bilingual education, with an absolute cut-off of participation after 4 years. It also has provisions that strengthen accountability and expand flexibility in the existing bilingual ed program. Substantively, we must oppose with no negotiations the time limit and cutoff. While we might be able to work out flexibility and accountability language to our substantive satisfaction, politically we will never work that out in this context to the satisfaction of the CHC.

4. D.C. School Reform. This rider prevents the Education Department from spending funds out of a discretionary account (FIE) for DC school reform.

In light of the DC budget surplus, this is not as big a concern as it once was (according to OMB), and we can live with the language. I will double-check this with ED staff working with DC schools and with the First Lady's office, to make sure we will not be limiting our ability to take action in support of DC school reform.

5. IDEA Riggs Amendment. We have and should continue to oppose this provision, which limits the ability of ED to enforce IDEA, with regard to providing educational services to disabled 18-21 year olds.

There is also a Livingston amendment on IDEA that may come up--it would allow school officials to remove indefinitely (as opposed to for 45 days and then going to a hearing officer) kids with disabilities who bring weapons or drugs to schools, or who engage in violent behavior which could be harmful to other kids. We should oppose this flat out. IF this doesn't work, we have developed with OMB and ED several fall back positions: (1) codify the reg that ED will release soon, that will allow schools to repeat 45-day expulsions over and over as long as the hearing officer agrees; (2) propose an independent study (NAS or GAO) to evaluate implementation of new law, and determine if changes are needed; (3) propose specific wording changes to remove most objectionable provisions of Livingston amendment.

I'm late for a national testing meeting on hill; I'll finish the last 2-3 as soon as I get back.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 15:39:46.00

SUBJECT: USA Today Article on State TANF Spending

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

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

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:

FYI, here are Q&As HHS did on this morning's article (which I actually hadn't seen since we didn't get clips). It's more than we'd send to our press office, but they basically look fine. Cynthia, I've put copy of article in your box. Bruce/Elena -- if you want it, let me know. While it's great that states are doing innovative things with extra TANF funds, these stories certainly don't help us, or them, on the Hill.

USA Today article on state spending

Q What is the penalty mentioned in the USA Today article today and how does it work?

A One of the provisions of the 1996 welfare reform law requires states to continue to spend state funds at a level equal to at least 80 percent of their 1994 welfare spending. States that meet the minimum work participation rates can spend 75 percent. President Clinton insisted on this requirement as one of his conditions for signing the new welfare law in order to avoid a "race to the bottom" by states in spending less for families on welfare. We have not seen a "race to the bottom" by states last year. In fact, states were spending more per recipient than in previous years. And we continue to encourage states to make the investments that will support parents to transition successfully from welfare to work. The penalty for states which fail to maintain the percentage of state spending in a year is a reduction in their federal block grant for the next year of the amount spent less. In other words, a dollar for dollar reduction in their block grant.

Q Did any states fail to meet the spending level?

A We don't know as states have not reported yet with full fiscal year financial information. We do know that last year, all states met and many exceeded the minimum spending levels. In 1997, 22 states, or 43 percent, reported state spending above the 80 percent. Five states spent 100 percent or more.

Background note: We do not have the work participation rates yet for FY 1997. Some states spent at the 75 percent level anticipating that they would meet the minimum work rates. If a state fails to meet the work rate that it could make it liable for a penalty.

Q Are you concerned that states are not spending their funds?

A The Clinton administration has strongly encouraged states to spend more than the minimum maintenance of effort to invest in welfare-to-work activities and supports that parents on welfare need to transition successfully to work. We are very encouraged by state investments in child care, transportation, refundable earned income tax credits, and subsidized employment. We have not seen "a race to the bottom" by states so far. In fact, states are spending more per recipient than in previous years. In the recent report to Congress on the new welfare program, we did note that more of the caseload is becoming parents with greater barriers to employment. We continue to urge states to use all available resources -- federal TANF funds, state dollars, Department of Labor welfare-to-work grants -- to support those families with the opportunity for work and self-sufficiency.

Q When will you know if any states have not met the spending level?

A States have until the end of December to file reports on their FY 1998 spending levels with HHS. We expect to compile a summary spending report early next year.

Q Will you then impose any penalties?

A For most penalties in the new welfare law, states have the option to submit corrective compliance plans. However, the law excepts the state maintenance of effort penalty from that option. The Secretary would fulfill the statute's requirement to reduce a state's block grant.

Q Are you worried that states are keeping families on beyond the time limits? Will that undercut the message of the law?

A We believe that states are being tough with time limits. Over 20 states have a limit that is shorter than the 5 years in the new welfare law. States are also very serious about work with strict time frames to get jobs and stronger penalties for non-cooperation. The state welfare programs have combined strong work requirements with strict time limits to encourage parents on welfare to play by the rules and add real urgency to getting parents into jobs which is paying off. We've seen results in more parents moving into jobs than under the old AFDC program.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 16:34:04.00

SUBJECT: Higher Education

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

TO: Neal Lane ( CN=Neal Lane/OU=OSTP/O=EOP @ EOP [ OSTP ] )  
READ:UNKNOWN

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

TO: Mickey Ibarra ( CN=Mickey Ibarra/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: Monica M. Dixon ( CN=Monica M. Dixon/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

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

TEXT:

I wanted to call your attention to a conference that will be taking place in Washington, DC beginning Oct. 8th - 11th. The Society for the Advancement of Chicanos and Native Americans in Science (SACNAS) will be celebrating their 25th Anniversary. SACNAS's mission throughout its entire history has been to encourage Chicano/Latino and Native American students nationwide to pursue graduate education (advanced degrees) in research careers and science teaching professions. Their ongoing mission has been to level the playing field of education among these communities. The VP was invited to speak a

t this conference by Congressman Bensten. Unfortunately his schedule will not provide and through a series of calls, we are still working to find the appropriate speaker.

I raise this conference because we too, will be dealing with Higher Education this week. If anyone has any ideas on who could and would be an appropriate speaker for the conference that would be great. The higher profile, the better ---- this could be a great continuation of his message.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 16:58:01.00

SUBJECT: comments

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

As I mentioned, I wasn't in team leaders and don't think any of the ag. riders are particularly objectionable to DPC. I talked to USDA and included their feelings on two rider issues, they didn't care about the others.

FNS funds -- The conference provides that a small portion of research on nutrition programs be conducted by the FNS, however, the bulk of that research would be provided by the Economic Research Service. USDA would urge Congress to allow all research to be conducted by FNS.

USDA rural development -- The conference report blocks use of mandatory funding under Fund for Rural America. We urge the conference to remove this provision.

Country of Origin -- this is currently going to be a study, I put in a call to NEC but because of relations with Canada, I don't think we had agreement to push this.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Charles R. Marr ( CN=Charles R. Marr/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 5-OCT-1998 17:48:43.00

SUBJECT: Revised draft paper on riders

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TO: Elliot J. Diringer ( CN=Elliot J. Diringer/OU=CEQ/O=EOP @ EOP [ CEQ ] )  
READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Here is revised draft that incorporates comments from meeting and follow-up afterward.

Please review and send additional comments or signoff. Thanks.

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D71]MAIL40423497S.226 to ASCII,  
The following is a HEX DUMP:

FF57504355150000010A0201000000020500000009A35000000020000977C422CC30C4B989F5BBE  
14B107726F49C39347B632C13955C50D2016FE0DF57FD2A4BB5D81C6BE662610813AA4AB7A5369

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**Achieving a Budget Solution**  
**The First Step: Drop Controversial Riders**  
October 5, 1998

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**The President has proposed a budget that focuses on the basic fundamentals needed to keep the country moving forward:**

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>_ Saving Social Security First.</li><li>_ Investing in education and in a cleaner environment.</li><li>_ Leading the response to the global financial turmoil.</li></ul> | <ul style="list-style-type: none"><li>Automated Records Management System</li><li>Hex-Dump Conversion</li></ul> |
|--|---|

**The Congressional Majority has taken its eye off of these basic fundamentals.** That is why they failed to even pass a budget resolution, despite a April 15th legal deadline. And why they sent only one appropriations bill to the President's desk before the fiscal year began. Instead of focusing on basic budget decisions and making the needed investments:

- **The Congress has loaded down the appropriations bills with scores of controversial and objectionable riders. Many of these controversial items have not been debated, hearings have not been held, and they do not belong on appropriations bills. These riders are an unnecessary distraction that pose a major obstacle to achieving a budget solution.**

**The time has come to return the focus to the basic task at hand: achieving a budget solution.** Dropping these controversial riders is the critical first step needed to achieve success. It is time to put progress over partisanship and to put common sense over ideology.

**Examples of riders that should be dropped:**

- **Assaults on the Environment -- Scores of anti-environmental riders would sacrifice public lands to private interests by mandating overcutting on national forests, carving roads through wilderness, and denying taxpayers a fair return on oil leasing on federal lands. Other riders aim to cripple wildlife protections and thwart common-sense efforts to reverse global warming.**
- **Undermining of the Brady Law -- Extraneous language included would undermine the Brady law by delaying implementation of the FBI's system of computerized background checks for all gun purchasers. Brady background checks have stopped nearly a quarter of a million illegal handgun sales and its implementation should not be undermined.**
- **Denial of an Accurate Census. The statistical methods incorporated in the Census Bureau's plan, which are based on recommendations from the National Academy of Sciences, would produce the most accurate census possible and virtually eliminate the large undercounts of minorities, children, and other groups that occurred in the 1990 census. The onerous House language restrictions on the Census should be dropped.**
- **Private School Vouchers -- House language provides for the use of private school vouchers in the District of Columbia. Instead of investing additional resources in public schools, vouchers would allow a few selected students to attend private schools and would draw resources and attention**

away from the hard work of reforming public schools that serve the overwhelming majority of D.C. students. This would establish a dangerous precedent for using Federal taxpayer funds for schools that are not accountable to the public.

- **Prohibition on National Voluntary Education Testing --** The House has included language would prohibit the development, implementation, and administration of the tests unless explicitly authorized. This would bring a halt to the President's efforts to help States and parents raise academic standards through a voluntary national test.
- **Undermining of Worker Safety Efforts --** House language would unnecessarily delay efforts to protect worker safety and should be dropped.
- **Family Planning Interference --** Several controversial family planning riders have been added to appropriations bills. These restrictions would lead to more unintended pregnancies, abortions, and sexually transmitted diseases and should be dropped.

Automated Records Management System  
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 18:02:00.00

SUBJECT: Comments on riders re: Native Americans

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

READ:UNKNOWN

TEXT:

Here are the comments on the Native American riders to the Interior bill

1. Pro-rata Allocation fo Contract Support Costs/Indian Health Service. High priority -- this provision would reallocate the way Indian Health Service funding is given to tribes with the result that many tribes will lose hundred of thousands of dollars.
2. Bureau of Indian Affairs and Indian Health Service Tribal Contract Moratorim. High priority -- this provision would interfere with tribal self-determination by prohibiting tribes that want to contract to provide their own health services or other services from doing so (which they are permitted to do under current law).
3. Sen. Enzi/Sessions Amendment on Indian Class III Gaming (BIA). High priority --this provision would prohibit the promulgation of the Indian gaming provisions from the Gaming Commission.
4. BIA-Tribal Priority Allocations (TPA) Funding. This is a non-issue at this point. Senator Gorton had wanted funding to be provided to tribes on a means testing basis. Interior worked out a compromise that would permit a study to be done first.
5. BIA-Prohibition of Taking Land into Trust Status for Tribes. High priority. Wil this specific provision only affects the Shakopee Sioux in Minnesota, the effect of this provision would be to prevent BIA from taking lands into trust status for the tribes.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 18:08:32.00

SUBJECT: Re: civil rights/single sex

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

READ:UNKNOWN

TEXT:

THANKS--whatever works is what I'm for--

Elena Kagan

10/05/98 01:07:59 PM

Record Type: Record

To: Maria Echaveste/WHO/EOP

cc:

Subject: Re: civil rights/single sex

"solving it" suggests active, purposive activity. we instead applied a strategy of doing nothing and hoping it would go away (on the theory that success was more likely to result from passivity than action). so far, it seems to have worked, but i wouldn't hold your breath.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Clara J. Shin ( CN=Clara J. Shin/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME: 5-OCT-1998 18:46:49.00

SUBJECT: PIR Working Group Assignments

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

TO: Trooper Sanders ( CN=Trooper Sanders/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

TEXT:

I have attached the task assignments from the PIR Transition Working Group Meeting of October 2. The memo outlines the tasks discussed, the lead person(s), and deadlines. Please review; relevant items will be discussed at our next meeting (Oct. 8).

Also, if you have agenda items for our next meeting, please call (6-5506) or e-mail me by Wednesday 5:30. The same if I have forgotten anyone.

Thanks,  
Clara

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

TEXT:

October 3, 1998

To: President's Initiative on Race (PIR) Transition Working Group Members

From: Maria Echaveste  
Clara Shin

Subject: Working Group Assignments

Thank you for a productive PIR transition working group meeting on Friday. For your use, we have outlined below the tasks assigned during the meeting. If you have any questions, don't hesitate to contact Clara Shin at 6-5506. Your involvement in this process is much appreciated!

Task	Lead Person(s)	Deadline
<b>Task Force</b> <ul style="list-style-type: none"> <li>Provide Maria Echaveste with candidates for staffing the Task Force.</li> </ul>	Minyon Moore Elena Kagan	ASAP
<b>Race-Related Events</b> <ul style="list-style-type: none"> <li>Identify race-related events with which the President/White House should be involved.</li> <li>Generate ideas re: Presidential involvement in MLK Day (1/18).</li> <li>Develop a press plan for the NRC Conference.</li> </ul>	Working Group  Working Group Beverly Barnes	Weekly  10/22 10/8
<b>Appropriations Victories</b> <ul style="list-style-type: none"> <li>Identify race-related appropriations victories.</li> <li>Identify a date for the President to announce such victories.</li> </ul>	Jon Orszag  Jon Orszag	10/13  10/13
<b>Cabinet Involvement</b> <ul style="list-style-type: none"> <li>Continue to include race-related achievements/activities in the weekly Cabinet reports.</li> </ul>	Thurgood Marshall	Weekly
<b>Sector Plans</b> <ul style="list-style-type: none"> <li>Organize a meeting (mid- to late-Nov.) of the President with the higher education coalition, possibly including Bowen and Bok.</li> <li>Develop and implement sector plans for religion, corporate, and youth.</li> </ul>	Chris Edley/Scott Palmer  Maureen Shae (religion) Cheryl Carter (corporate) Ilia Velez (youth)	Ongoing  Ongoing

**Automated Records Management System  
Hex-Dump Conversion**

Addressees:

Thurgood Marshall  
Elena Kagan  
Minyon Moore  
Andrew Mayock  
Lynn Cutler  
Chuck Ruff  
Eddie Correia  
Ann Lewis  
Jon Orszag  
Broderick Johnson  
Trooper Sanders  
Chris Edley

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 19:03:33.00

SUBJECT: Here is Riders Memo in case you need it

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

TEXT:

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

TEXT:

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The following is a HEX DUMP:

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October 5, 1998

MEMORANDUM FOR BRUCE REED AND ELENA KAGAN

FROM: DPC Team Leaders  
SUBJECT: Appropriations Riders

Commerce/Justice/State

**Visas for Agricultural Workers:** High priority; important for the Hispanic and Labor communities (if we are doing constituency specific one-pagers)

**Department of Justice/State Ethics Rules:** This provision to allow state ethics rules to be applied to the U.S. Attorneys is strongly opposed by Justice and prosecutors groups. We should join the Department in vigorously opposing this provision.

**Brady Handgun Insta-Check System:** The Brady rider should be strongly opposed. It undermines implementation of the permanent Brady provisions in two ways: (1) it does not allow the FBI to charge a user fee for background checks, so funds will have to especially appropriated for this purpose; and (2) it does not allow the FBI to retain record of checks, so Brady implementation would need to be delayed for about 6 months until the software is reconfigured. OMB, DPC and Justice are currently working out a bottom-line compromise, in case it is necessary.

**INS Fees:** High priority; also important for the Hispanic community; would remove \$166 million from the Exams Fees account (which would ordinarily be used for immigration services, including naturalization processing) and use it to fund discretionary programs.

**Visas for Foreign Nurses:** Low priority; we opposed, but the provision now includes better labor protections and is a small number targeted to inner-city areas.

**Abortions for Federal Prisoners:** We should continue to oppose the prohibitions on funding abortions for federal prisoners except in the case of rape or where the life of the mother is endangered. However, this prohibition is in both the House and Senate bills and is current law.

**Controlled Substances Act:** We should strongly oppose the changes to this Act, which would reduce the record-keeping requirements and penalties that work to prevent precursor chemicals from being diverted to illegal markets.

**Coordinated Drug Strategy:** Although we do not support this unnecessary and duplicative requirement to have Justice develop its own drug strategy for drug prosecutions, it is not worth fighting over.

**Limitation on INS Non-Career Appointments:** Low priority; this is part of appropriations language. We asked in FY99 budget that the limitation be deleted (limited INS to four Schedule C employees, including the Commissioner). Included in both House and Senate. Very little chance of getting this out.

**Assault Weapons:** We support language in the Treasury-Postal appropriations to allow ATF to compensate for their losses a very small group of persons with permits to import certain modified assault weapons.

**Gun Prosecutions:** Although Justice is concerned with a \$1.5 million earmark for U.S. Attorneys to focus on gun prosecutions in Philadelphia, we can accept this amendment. We just need to be sure that the final language does not mandate what cases the U.S. Attorney's office has to take. Additionally, we should make sure that the final language does not re-write the President's Youth Crime Gun Interdiction Initiative or impose any undue burdens on U.S. Attorneys in general.

## Interior

**Pro-rata Allocation of Contract Support Costs/Indian Health Service:** High priority -- this provision would reallocate the way Indian Health Service funding is given to tribes with the result that many tribes will lose hundred of thousands of dollars.

**Bureau of Indian Affairs and Indian Health Service Tribal Contract Moratorium:** High priority -- this provision would interfere with tribal self-determination by prohibiting tribes that want to contract to provide their own health services or other services from doing so (which they are permitted to do under current law).

**Sen. Enzi/Sessions Amendment on Indian Class III Gaming (BIA):** High priority --this provision would prohibit the promulgation of the Indian gaming provisions from the Gaming Commission.

**BIA-Tribal Priority Allocations (TPA) Funding:** This is a non-issue at this point. Senator Gorton had wanted funding to be provided to tribes on a means testing basis. Interior worked out a compromise that would permit a study to be done first.

**BIA-Prohibition of Taking Land into Trust Status for Tribes:** High priority. Will this specific provision only affects the Shakopee Sioux in Minnesota, the effect of this provision would be to prevent BIA from taking lands into trust status for the tribes.

### Labor/HHS/Education

**National Testing:** The House language effectively bans any additional work on test development; the Senate language permits pilot testing to proceed this year as planned. We should negotiate something close to the Senate position, perhaps with additional studies thrown in (as was done last year) to give Goodling something to claim credit for. Barbara Chow, Broderick Johnson and I are meeting with Goodling's staff this afternoon to explore their position.

**Block Grants:** The House bill includes language permitting states to shift funds from Goals 2000 to Title VI (an existing block grant). We must oppose this, with no negotiation. If kept, this provision would kill Goals 2000 and eliminate its emphasis on standards and accountability. It will also be seen as a huge defeat for the Administration, because we lose Goals 2000 and cave on Block Grants.

There is an even worse block grant bill Sen. Gorton is pushing, that would consolidate a large number of programs (Goals 2000, professional development, technology, etc.), end their purpose, and provide no accountability. It also contains a version of Ed-Flex (which allows states to waive federal requirements) which we should also oppose, because it is way too broad in its scope, and because there are no accountability provisions to go along with the added flexibility.

If we need to negotiate in this area, our alternative should be the bipartisan Ed-Flex bill (Frist/Wyden in the Senate, Castle/Romer in the House) which we support because it incorporates the principles we articulated earlier this year when POTUS proposed Ed-Flex expansion to NGA. NGA is also supporting this bill.

**Bilingual Education:** This rider contains a 2-year limit on participation in bilingual education, with an absolute cut-off of participation after 4 years. It also has provisions that strengthen accountability and expand flexibility in the existing bilingual ed program. Substantively, we must oppose with no negotiations the time limit and cutoff. While we might be able to work out flexibility and accountability language to our substantive satisfaction, politically we will never work that out in this context to the satisfaction of the CHC.

**Family Planning:** Our draft SAP strongly objects to language in the Committee bill and any proposed amendments that require family planning grantees either to receive parental consent or provide advance notification to parents before giving contraceptives to minors. Mandating parental consent discourages minors from seeking health care and reproductive services and thus leads to more unintended pregnancies, more abortions, and more sexually transmitted diseases, including HIV. Federal health program costs could increase if this amendment interferes with the prevention of teen pregnancy. We would support adoption of the proposed

Castle/Greenwood amendment, which would ensure that grantees encourage minors to seek Their family's participation in family planning decisions.

**Organ Donation:** This has been resolved.

**Medicare Home Health:** Although this issue has been under discussion because the interim payment system has been very controversial and there may be efforts to put fixes in report language that could be problematic, in part because of excessive budget costs.

**D.C. School Reform:** This rider prevents the Education Department from spending funds out of a discretionary account (FIE) for DC school reform. In light of the DC budget surplus, this is not as big a concern as it once was (according to OMB), and we can live with the language. I will double-check this with ED staff working with DC schools and with the First Lady's office, to make sure we will not be limiting our ability to take action in support of DC school reform.

**IDEA Riggs Amendment:** We have and should continue to oppose this provision, which limits the ability of ED to enforce IDEA, with regard to providing educational services to disabled 18-21 year olds.

There is also a Livingston amendment on IDEA that may come up -- it would allow school officials to remove indefinitely (as opposed to for 45 days and then going to a hearing officer) kids with disabilities who bring weapons or drugs to schools, or who engage in violent behavior which could be harmful to other kids. We should oppose this flat out. If this doesn't work, we have developed with OMB and ED several fall back positions: (1) codify the reg that ED will release soon, that will allow schools to repeat 45-day expulsions over and over as long as the hearing officer agrees; (2) propose an independent study (NAS or GAO) to evaluate implementation of new law, and determine if changes are needed; (3) propose specific wording changes to remove most objectionable provisions of Livingston amendment.

**Viagra:** This is being resolved.

**Organ Reallocation:** Could be a major problem. Congress may undermine our current position on how organs are reallocated.

**CHIP reallocation Issues:** There are a number of state reallocation problems that we are trying to resolve, including Washington state, that we are in negotiations about.

**Pennsylvania Medicare DSH problem:** This may show up on a rider. We want to try to work out something for the state on. Unclear if it will happen in appropriations context, but it is a possibility.

### Foreign Operations

**Mexico City Abortion Language:** The President has issued a veto threat on this language in the past, and said he would veto it again. The House bill contains which would prohibit foreign non-governmental organizations from receiving US family planning funds if the organization uses any of its own funding from non-US Government sources for abortion-related services or advocacy. The Senate bill does not contain this, and the conference is once again at an impasse.

### Treasury/General Government

**Federal Election Commission (FEC):** A rider for which we thought we had a compromise has been reborn. McConnell, in retaliation for the General Counsel of the FEC's recommendation to restrict soft money, included a rider on the Treasury, Postal Appropriations bill in the that would require that four of the six commissioners vote to **retain** the General Counsel in his current position. Currently, no vote is necessary. Only when you hire a new General Counsel is a vote necessary.

We had a compromise in the House bill, where Livingstone had originally put forward this rider. It would have allowed the current General Counsel to keep his job, then institute this new voting procedure on retention for future General Counsels.

**Abortion:** We oppose this language which prevents FEHBP coverage for abortions for federal employees, except in cases of rape and incest, and when necessary to save the life of the woman. This restriction has been the law for the past few years.

**Prescription Contraceptives:** We support this language, which would require plans participating in the FEHBP program to provide coverage of prescription contraceptives.

### VA/HUD/Independent Agencies

**HUD: Public Housing Reform Legislation:** Although still some problems, most of the differences have been resolved and Cuomo has scheduled a news conference to announce a compromise agreement.

**HUD: Director of Mark-to-Market Program Office:** No longer an issue because Director is about to be confirmed.

**HUD: Single-family Property Disposition:** Resolved in our favor.

**HUD: FHA Mortgage Limit:** Compromise achieved.

**HUD: Homeless Assistance Grants:** Congress included a 30% set-aside which we opposed. Can't win this fight.

**HUD: Ninety-day Delay of Reissuing Vouchers and Certificates (Section 8):** Republicans took out which frees up another 40,000 vouchers. Good news for us.

**EPA: Brownfields Cleanup Funding:** Has been resolved in our favor.

### Agriculture/Rural Development

**Prohibition on Use of Food and Nutrition Service (FNS) Funds to do Research and Program Evaluations:** The conference provides that a small portion of research on nutrition programs be conducted by the FNS, however, the bulk of that research would be provided by the Economic Research Service. USDA would urge Congress to allow all research to be conducted by FNS.

**FDA Drug Reviews/RU-486:** This rider has been dropped from the conference report.

**USDA Rural Development:** The conference report blocks use of mandatory funding under Fund for Rural America. We urge the conference to remove this provision.

**Country of Origin Labeling -- New issue:** This is currently going to be a study, I put in a call to NEC but because of relations with Canada, I don't think we had agreement to push this.

### District of Columbia

**Abortion:** This amendment would prevent unmarried couples in DC from jointly adopting or becoming foster parents. We strongly oppose the amendment because it would interfere in caseworkers decisions about the best interests of the child and with matters of state and local policy. While the amendment would affect the ability of all unmarried couples to adopt, it clearly targets gay and lesbian couples.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael Cohen ( CN=Michael Cohen/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME: 5-OCT-1998 19:04:13.00

SUBJECT: approps riders , take 2

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

1. D.C. School Reform: Disregard my previous comment on this; after further checking, our position should clearly be to oppose this rider. It prevents ED from providing continuing funding to important DC school reform projects (to hire reading and math specialists , and to support Obey/Porter type schoolwide reforms using effective practices). These projects are important to keeping DC education reform moving in the right direction.

DC Bill

1, Vouchers: We have to insist this be dropped, with no compromise. I've heard the R's are prepared to drop this rather than fight.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 19:10:08.00

SUBJECT: Revised Riders Memo

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

TEXT:

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D28]MAIL431705970.226 to ASCII,  
The following is a HEX DUMP:

FF57504396150000010A0201000000020500000002F620000000200006F98B0FFAE33FC23E155AD

October 5, 1998

MEMORANDUM FOR BRUCE REED AND ELENA KAGAN

FROM: DPC Team Leaders  
SUBJECT: Appropriations Riders

Commerce/Justice/State

**Visas for Agricultural Workers:** High priority; important for the Hispanic and Labor communities (if we are doing constituency specific one-pagers)

**Department of Justice/State Ethics Rules:** This provision to allow state ethics rules to be applied to the U.S. Attorneys is strongly opposed by Justice and prosecutors groups. We should join the Department in vigorously opposing this provision.

**Brady Handgun Insta-Check System:** The Brady rider should be strongly opposed. It undermines implementation of the permanent Brady provisions in two ways: (1) it does not allow the FBI to charge a user fee for background checks, so funds will have to be especially appropriated for this purpose; and (2) it does not allow the FBI to retain record of checks, so Brady implementation would need to be delayed for about 6 months until the software is reconfigured. OMB, DPC and Justice are currently working out a bottom-line compromise, in case it is necessary.

**INS Fees:** High priority; also important for the Hispanic community; would remove \$166 million from the Exams Fees account (which would ordinarily be used for immigration services, including naturalization processing) and use it to fund discretionary programs.

**Visas for Foreign Nurses:** Low priority; we opposed, but the provision now includes better labor protections and is a small number targeted to inner-city areas.

**Abortions for Federal Prisoners:** We should continue to oppose the prohibitions on funding abortions for federal prisoners except in the case of rape or where the life of the mother is endangered. However, this prohibition is in both the House and Senate bills and is current law.

**Controlled Substances Act:** We should strongly oppose the changes to this Act, which would reduce the record-keeping requirements and penalties that work to prevent precursor chemicals from being diverted to illegal markets.

**Coordinated Drug Strategy:** Although we do not support this unnecessary and duplicative requirement to have Justice develop its own drug strategy for drug prosecutions, it is not worth fighting over.

**Limitation on INS Non-Career Appointments:** Low priority; this is part of appropriations language. We asked in FY99 budget that the limitation be deleted (limited INS to four Schedule C employees, including the Commissioner). Included in both House and Senate. Very little chance of getting this out.

**Assault Weapons:** We support language in the Treasury-Postal appropriations to allow ATF to compensate for their losses a very small group of persons with permits to import certain modified assault weapons.

**Gun Prosecutions:** Although Justice is concerned with a \$1.5 million earmark for U.S. Attorneys to focus on gun prosecutions in Philadelphia, we can accept this amendment. We just need to be sure that the final language does not mandate what cases the U.S. Attorney's office has to take. Additionally, we should make sure that the final language does not re-write the President's Youth Crime Gun Interdiction Initiative or impose any undue burdens on U.S. Attorneys in general.

## Interior

**Pro-rata Allocation of Contract Support Costs/Indian Health Service:** High priority -- this provision would reallocate the way Indian Health Service funding is given to tribes with the result that many tribes will lose hundred of thousands of dollars.

**Bureau of Indian Affairs and Indian Health Service Tribal Contract Moratorium:** High priority -- this provision would interfere with tribal self-determination by prohibiting tribes that want to contract to provide their own health services or other services from doing so (which they are permitted to do under current law).

**Sen. Enzi/Sessions Amendment on Indian Class III Gaming (BIA):** High priority --this provision would prohibit the promulgation of the Indian gaming provisions from the Gaming Commission.

**BIA-Tribal Priority Allocations (TPA) Funding:** This is a non-issue at this point. Senator Gorton had wanted funding to be provided to tribes on a means testing basis. Interior worked out a compromise that would permit a study to be done first.

**BIA-Prohibition of Taking Land into Trust Status for Tribes:** High priority. Will this specific provision only affects the Shakopee Sioux in Minnesota, the effect of this provision would be to prevent BIA from taking lands into trust status for the tribes.

### Labor/HHS/Education

**National Testing:** The House language effectively bans any additional work on test development; the Senate language permits pilot testing to proceed this year as planned. We should negotiate something close to the Senate position, perhaps with additional studies thrown in (as was done last year) to give Goodling something to claim credit for. Barbara Chow, Broderick Johnson and I are meeting with Goodling's staff this afternoon to explore their position.

**Block Grants:** The House bill includes language permitting states to shift funds from Goals 2000 to Title VI (an existing block grant). We must oppose this, with no negotiation. If kept, this provision would kill Goals 2000 and eliminate its emphasis on standards and accountability. It will also be seen as a huge defeat for the Administration, because we lose Goals 2000 and cave on Block Grants.

There is an even worse block grant bill Sen. Gorton is pushing, that would consolidate a large number of programs (Goals 2000, professional development, technology, etc.), end their purpose, and provide no accountability. It also contains a version of Ed-Flex (which allows states to waive federal requirements) which we should also oppose, because it is way too broad in its scope, and because there are no accountability provisions to go along with the added flexibility.

If we need to negotiate in this area, our alternative should be the bipartisan Ed-Flex bill (Frist/Wyden in the Senate, Castle/Romer in the House) which we support because it incorporates the principles we articulated earlier this year when POTUS proposed Ed-Flex expansion to NGA. NGA is also supporting this bill.

**Bilingual Education:** This rider contains a 2-year limit on participation in bilingual education, with an absolute cut-off of participation after 4 years. It also has provisions that strengthen accountability and expand flexibility in the existing bilingual ed program. Substantively, we must oppose with no negotiations the time limit and cutoff. While we might be able to work out flexibility and accountability language to our substantive satisfaction, politically we will never work that out in this context to the satisfaction of the CHC.

**Family Planning:** Our draft SAP strongly objects to language in the Committee bill and any proposed amendments that require family planning grantees either to receive parental consent or provide advance notification to parents before giving contraceptives to minors. Mandating parental consent discourages minors from seeking health care and reproductive services and thus leads to more unintended pregnancies, more abortions, and more sexually transmitted diseases, including HIV. Federal health program costs could increase if this amendment interferes with the prevention of teen pregnancy. We would support adoption of the proposed

Castle/Greenwood amendment, which would ensure that grantees encourage minors to seek Their family's participation in family planning decisions.

**Organ Donation:** This has been resolved.

**Medicare Home Health:** Although this issue has been under discussion because the interim payment system has been very controversial and there may be efforts to put fixes in report language that could be problematic, in part because of excessive budget costs.

**D.C. School Reform:** After further checking, our position should clearly be to oppose this rider. It prevents ED from providing continuing funding to important DC school reform projects (to hire reading and math specialists, and to support Obey/Porter type schoolwide reforms using effective practices). These projects are important to keeping DC education reform moving in the right direction.

**IDEA Riggs Amendment:** We have and should continue to oppose this provision, which limits the ability of ED to enforce IDEA, with regard to providing educational services to disabled 18-21 year olds.

There is also a Livingston amendment on IDEA that may come up -- it would allow school officials to remove indefinitely (as opposed to for 45 days and then going to a hearing officer) kids with disabilities who bring weapons or drugs to schools, or who engage in violent behavior which could be harmful to other kids. We should oppose this flat out. If this doesn't work, we have developed with OMB and ED several fall back positions: (1) codify the reg that ED will release soon, that will allow schools to repeat 45-day expulsions over and over as long as the hearing officer agrees; (2) propose an independent study (NAS or GAO) to evaluate implementation of new law, and determine if changes are needed; (3) propose specific wording changes to remove most objectionable provisions of Livingston amendment.

**Viagra:** This is being resolved.

**Organ Reallocation:** Could be a major problem. Congress may undermine our current position on how organs are reallocated.

**CHIP reallocation Issues:** There are a number of state reallocation problems that we are trying to resolve, including Washington state, that we are in negotiations about.

**Pennsylvania Medicare DSH problem:** This may show up on a rider. We want to try to work out something for the state on. Unclear if it will happen in appropriations context, but it is a possibility.

### Foreign Operations

**Mexico City Abortion Language:** The President has issued a veto threat on this language in the past, and said he would veto it again. The House bill contains which would prohibit foreign non-governmental organizations from receiving US family planning funds if the organization uses any of its own funding from non-US Government sources for abortion-related services or advocacy. The Senate bill does not contain this, and the conference is once again at an impasse.

### Treasury/General Government

**Federal Election Commission (FEC):** A rider for which we thought we had a compromise has been reborn. McConnell, in retaliation for the General Counsel of the FEC's recommendation to restrict soft money, included a rider on the Treasury, Postal Appropriations bill in the that would require that four of the six commissioners vote to **retain** the General Counsel in his current position. Currently, no vote is necessary. Only when you hire a new General Counsel is a vote necessary.

We had a compromise in the House bill, where Livingstone had originally put forward this rider. It would have allowed the current General Counsel to keep his job, then institute this new voting procedure on retention for future General Counsels.

**Abortion:** We oppose this language which prevents FEHBP coverage for abortions for federal employees, except in cases of rape and incest, and when necessary to save the life of the woman. This restriction has been the law for the past few years.

**Prescription Contraceptives:** We support this language, which would require plans participating in the FEHBP program to provide coverage of prescription contraceptives.

### VA/HUD/Independent Agencies

**HUD: Public Housing Reform Legislation:** Although still some problems, most of the differences have been resolved and Cuomo has scheduled a news conference to announce a compromise agreement.

**HUD: Director of Mark-to-Market Program Office:** No longer an issue because Director is about to be confirmed.

**HUD: Single-family Property Disposition:** Resolved in our favor.

**HUD: FHA Mortgage Limit:** Compromise achieved.

**HUD: Homeless Assistance Grants:** Congress included a 30% set-aside which we opposed. Can't win this fight.

**HUD: Ninety-day Delay of Reissuing Vouchers and Certificates (Section 8):** Republicans took out which frees up another 40,000 vouchers. Good news for us.

**EPA: Brownfields Cleanup Funding:** Has been resolved in our favor.

### Agriculture/Rural Development

**Prohibition on Use of Food and Nutrition Service (FNS) Funds to do Research and Program Evaluations:** The conference provides that a small portion of research on nutrition programs be conducted by the FNS, however, the bulk of that research would be provided by the Economic Research Service. USDA would urge Congress to allow all research to be conducted by FNS.

**FDA Drug Reviews/RU-486:** This rider has been dropped from the conference report.

**USDA Rural Development:** The conference report blocks use of mandatory funding under Fund for Rural America. We urge the conference to remove this provision.

**Country of Origin Labeling -- New issue:** This is currently going to be a study, I put in a call to NEC but because of relations with Canada, I don't think we had agreement to push this.

### District of Columbia

**Permit Use of Federal Funds for Private School Vouchers in D.C.:** We have to insist this be dropped, with no compromise. I've heard the Republicans are prepared to drop this rather than fight.

**Abortion:** This amendment would prevent unmarried couples in DC from jointly adopting or becoming foster parents. We strongly oppose the amendment because it would interfere in caseworkers decisions about the best interests of the child and with matters of state and local policy. While the amendment would affect the ability of all unmarried couples to adopt, it clearly targets gay and lesbian couples.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-OCT-1998 20:48:22.00

SUBJECT: Revised minority caseloads memo

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

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

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

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

TEXT:

Bruce, I've revised/consolidated the tables as suggested, and made corresponding revisions to the narrative surrounding the tables. Our intent was for the Analysis section to stand on it's own so that we could share it with agencies without sharing the actual memo. If you think it's better for POTUS just to have the narrative in Section I of the memo and the tables without duplicative analysis we could do that, then do an annotated version of the Analysis for other audiences. I'm double checking whether citizen kids of non-citizen parents are increasing -- unless you know that from another source. I'll fix page breaks for tables again once this is final.

I'd suggest revising "Changes in welfare caseload composition have consistently mirrored overall demographic changes over the last 25 years" (see edits in narrative and in the Analysis section). Census shows whites have decreased as share of general population by 13% since 1970, while blacks have increased 11% and Hispanics have increased 144%. Between 1973 and 1997, whites have decreased as share of welfare population by 8%, blacks have decreased by 19% and Hispanics have increased 77%. (I'd said "generally mirrored" but even that is kind of a stretch, especially for blacks, and I think now that we've adjusted for population growth the point is less important.)===== ATTACHMENT 1 =  
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D15]MAIL435235976.226 to ASCII,  
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October 5, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed  
Andrea Kane

SUBJECT: Minority Welfare Caseloads

You asked us to evaluate recent reports that African-American and Hispanic families are leaving welfare more slowly than whites, and to consider what more we could do to ensure all welfare recipients are making the successful transition from welfare to work. Here is a brief summary of the trends, along with some new ideas we are developing for consideration in your FY 2000 budget.

**I. Caseload Trends**

We have worked closely with NEC, CEA, OMB, HHS, and the Census Bureau to examine the most recent welfare caseload data (generally through 1997). As detailed in the attached tables, the data show:

1. Most of the changes in the welfare caseload can be attributed to changes in the composition of the population as a whole -- specifically, population growth explains nearly two-thirds of the difference in caseload decline between Hispanics and whites and nearly half the difference between blacks and whites.

Since 1994, the *number* of welfare cases has indeed dropped more among whites (26 percent) than among blacks (18 percent) and Hispanics (9 percent). However, when population growth is taken into account, the difference narrows dramatically. The rate of welfare dependency has dropped sharply for all populations -- by 26 percent among whites, 21 percent among blacks, and 20 percent among Hispanics. In other words, minorities are leaving or staying off welfare at nearly the same rate as whites, but make up a larger share of the welfare population because they make up a larger share of the population as a whole. [See Table 1.]

2. The difference in caseload decline is even narrower among adults. Since 1994, the adult rate of welfare dependency has declined by 30% among whites, 26% among blacks, and 24% among Hispanics.

Child-only cases -- which are decreasing more slowly, because they are not significantly affected by welfare reform efforts to move recipients from welfare to work -- are disproportionately minority. (For example, the child-only caseload includes an increasing number of citizen children born to illegal immigrants.[check]) [See Table 2.]

~~Changes in welfare caseload composition have generally mirrored overall demographic changes over the last 25 years.~~ The composition of the welfare caseload has changed gradually over time, largely driven by population changes. The composition of the adult caseload has not changed significantly since 1994; the most recent national data shows it is now 37 percent white, 37 percent black, and 21 percent Hispanic. [See Table 3.]

3. There is encouraging evidence that the employment rates of minority welfare recipients are catching up with the employment rate for whites. Between 1996 and 1998, the percentage of all prior year welfare recipients who were employed in the next year increased by 28%. The increase was highest for Hispanics (49%), followed by blacks (44%) and whites (5%). [See Table 4.]
4. Recent trends in marriage and teen illegitimacy rates could exacerbate the increasing proportion of Hispanic families on welfare. While the proportion of never-married single mothers is increasing for the entire population, the rate of increase is largest for Hispanic women. Also, the birth rate to unmarried teenagers is increasing for Hispanics while declining for whites and blacks. [See Table 5.]
5. The real challenge will be breaking the cycle of welfare for long-term recipients, who are disproportionately minority.

Minorities are more likely than whites to be on welfare in the first place, and more likely to end up as long-term recipients once they go on the rolls. Blacks and Hispanics on welfare tend to have lower educational levels, marriage rates, and larger families than whites, and are more than twice as likely to live in central cities and areas of concentrated poverty. Hispanics also have less recent work history than whites or blacks. [See Table 6.]

## II. What We Can Do

We will continue to monitor caseload trends and keep you informed. While initial press reports may have overstated disparities so far, these data underscore the importance of focusing our efforts on the hardest cases, who are disproportionately minority. Many of our existing welfare-to-work initiatives already target this population, but we also are developing some new proposals for your consideration in next year's budget.

### A. Current Initiatives

As you know, you have put forward many initiatives to help the hardest-to-serve welfare recipients and those living in concentrated areas of poverty. Many of these initiatives were implemented in 1998, too late to influence 1994-1997 trends outlined above.

- The \$3 Billion Welfare-to-Work Fund you fought for in the Balanced Budget Act is designed specifically to help long-term welfare recipients (and non-custodial parents) in high-poverty areas obtain jobs and move up a career ladder. While it

is too early to have demographic data on the individuals served by these funds, the distribution formula and individual eligibility criteria ensure that most of these funds will be spent on minorities. The first of these funds were awarded in January 1998 and are just now starting to provide individual services.

- Welfare to Work Transportation Funds enacted in the TEA-21 transportation reauthorization bill will help welfare recipients and low-income workers get to where the jobs are, often in suburban areas not served by public transportation. The law guarantees \$50 million this coming year, and we're urging the appropriators to provide a total of \$100 million.
- Welfare-to-Work Housing Vouchers we've proposed will help families in isolated urban or rural areas move closer to job opportunities. Congress has funded our request for 50,000 vouchers. The population of those who currently receive housing assistance is 38 percent black, 10 percent Hispanic, and 46 percent white.
- Community Empowerment Initiatives. The Administration's Community Empowerment initiatives -- empowerment zones, enterprise communities, Brownfields, CDFIs -- will spur economic development and job creation in distressed neighborhoods and help address the geographic isolation faced by minorities on welfare.

#### **B. New Initiatives**

In preparation for next year's budget, we are developing a number of options to address the particular challenges faced by minorities in making the transition from welfare to work:

- Increasing Investments in English-Language and Literacy Training. We hope to recommend targeted new investments in two areas that directly affect minority and long-term recipients: learning English and learning to read. This could be done by expanding existing Department of Education adult education programs, or better yet, by dedicating Welfare-to-Work funds for job-related literacy and ESL programs, provided either in the workplace or by community organizations preparing individuals for employment.
- Expanding Work-Related Drug Treatment. Since many of those remaining on welfare suffer from drug or alcohol dependencies, we are exploring ways to provide drug treatment for those who agree to go to work.
- Targeting Welfare-to-Work Funds to the Toughest Areas. While the current Welfare-to-Work formula favors high-poverty areas, we are going to examine whether the funds could be even more targeted.

- Increasing Work and Child Support Among Noncustodial Fathers. We may be able to attract bipartisan support for an effort to help states increase the employment and child support payments of noncustodial parents.

Minority Caseloads Analysis and Tables

Table 1: Population-Adjusted Change in Rate of Welfare Dependency

Since 1994, the *number* of welfare cases has dropped more among whites (26 percent) than among blacks (18 percent) and Hispanics (9 percent). However, when population growth is taken into account, the difference narrows dramatically. The *rate* of welfare dependency has dropped sharply for all populations -- by 26 percent among whites, 21 percent among blacks, and 20 percent among Hispanics. Specifically, population growth explains nearly two-thirds of the difference in caseload decline between Hispanics and whites and nearly half the difference between blacks and whites.

Table 1: Change from 1994 to 1997\*

Race/Ethnicity	Number of Welfare Cases	Population Aged 15-49**	Rate of Welfare Dependency (caseload adjusted for population)
White	-26%	-0.1%	<b>-26%</b>
Black	-18%	4.4%	<b>-21%</b>
Hispanic	-9%	13.0%	<b>-20%</b>

\* National data is only available through June 1997. We do not yet have more recent data, or state-specific data, that we consider accurate. In July, The New York Times reported more recent data provided by some states, but HHS believes that data, particularly for New York and California, may contain significant reporting errors due to states implementation of the new TANF data reporting system.

\*\* The trends in population aged 15-49 is used here because this is the population group most likely to be a welfare head of household, whose race/ethnicity would be counted when tallying the case demographics.

Table 2: Population-Adjusted Adult Rate of Decline

The difference in caseload decline among groups is even narrower for adults. Child-only cases are decreasing more slowly than the overall welfare caseload and are disproportionately minority; in fact, between 1994 and 1997 they increased (though they declined slightly between 1996 and 1997). Child-only cases are those in which the parent or adult is not part of the case, e.g., adult is not a citizen but the child is; child is being cared for by a relative who is not part of the case. Therefore, child-only cases are not significantly affected by welfare to work efforts. After adjusting for population growth, the rate of welfare dependency for adults (percent of 15-49 year

old population on welfare) has declined 30% among whites, 26% among blacks, and 24% among Hispanics.

Table 2: Population-Adjusted Rate of Decline in Adult Welfare Dependency: 1994 - 1997\*

	Rate of decline for all cases	Rate of increase for child-only cases	Rate of decline for adult-headed cases	Population-adjusted rate of welfare dependency for adult cases
White	- 26%	7%	- 30%	- 30%
Black	- 18%	3%	- 23%	- 26%
Hispanic	- 9%	9%	- 15%	- 24%

\*National data is only available through June 1997.

Table 3: Racial Breakdown of Adult Cases

The composition of the welfare caseload have changed gradually over the past 25 years, driven largely by population changes. Despite differing rates of caseload decline since 1994, the composition of the adult welfare caseload has remained relatively constant.

Table3: Racial Breakdown of Adult Cases

Race/Ethnicity	1994	1997*
White	40%	37%
Black	36%	37%
Hispanic	19%	21%

Asians, Native Americans, and those designated "Unknown" comprise the rest of the caseload.

\*National data is only available through June 1997.

Table 4: Employment Rate of Welfare Recipients

There is encouraging evidence that the employment rates of minority welfare recipients (people on welfare in one year who were working the following year) is catching up with the employment rate for whites.

Table 4: Employment Rate of Welfare Recipients

Race/Ethnicity	1996	1998	Percent Change 96-98
White	36 %	38 %	5%

Black	23 %	33 %	44%
Hispanic	19 %	29 %	49%
All Recipients	27%	34%	28%

Table 5: Trends in Marriage Rates and Births

The trends in marriage rates and births to unmarried women could exacerbate the increasing proportion of Hispanic families on welfare. While the proportion of never-married single mothers is increasing for the entire population, the rate of increase is largest for Hispanic women.

	1992	1997	% Change
% of all single mothers who were never married	30%	35%	17%
Never-married single mothers by race/ethnicity:			
White	17%	21%	24%
Black	51%	55%	8%
Hispanic	33%	42%	27%

Also, the birth rate to unmarried teenagers remains much higher for blacks and Hispanics than for whites. While the rate is decreasing for blacks and slightly for whites, it continues to increase for Hispanics. For example, between 1991 and 1996, the rate of births to unmarried teenagers decreased 18% for blacks and 4% for whites, but increased 3% for Hispanics.

Table 6: Characteristics of Minorities on the Caseload

Minorities on welfare are more likely to have characteristics associated with long-term welfare reciprocity. Blacks and Hispanics on welfare tend to have lower educational levels, marriage rates, and larger families than whites, and are more than twice as likely to live in central cities and areas of concentrated poverty. Hispanics also have less recent work history than whites or blacks.

Table 6: Characteristics of AFDC/TANF Recipients by Race/Ethnicity\*

	TOTAL	WHITE	BLACK	HISPANIC
% without HS diploma	43%	30%	43%	64%

Automated Records Management System  
Hex-Dump Conversion

% never married	47%	33%	69%	43%
> 2 children	29%	20%	33%	39%
Worked during the year	45%	49%	48%	33%
Live in area w/ poverty rate > 20%	48%	29%	67%	58%
Live in central city	49%	29%	68%	60%

\*These data are from the March 1998 Current Population Survey, showing characteristics of recipients in 1997.

Minorities are more likely to be long-term welfare recipients. For example, in 1997 20 percent of blacks on welfare had been on the rolls for at least five continuous years, compared to 19 percent for Hispanics and 14 percent for whites (data are for the first nine months of 1997).