

**NLWJC - KAGAN**

**EMAILS RECEIVED**

**ARMS - BOX 085 - FOLDER -008**

**[12/15/1998 - 12/18/1998]**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1998 18:21:54.00

SUBJECT: Potential Events for Last Week of December

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

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

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

TEXT:  
BR/EK:

As requested, quickie write-ups on potential events...

Children Exposed to Violence Initiative: Each year millions of children are the victims of violent crime and child abuse, or are exposed to domestic violence -- and many of these kids grow up and victimize others themselves. To help break this cycle of violence, the President could announce the availability of \$10 million for 15 cities to help launch a new Administration initiative to improve the criminal justice system's response to child victims and witnesses. Led by the Deputy Attorney General, Eric Holder, this year-long effort would focus on the following areas:

- (1) Improved Law Enforcement, including specialized training to improve police and prosecutors' handling of child witnesses and victims; new "Court Schools" to facilitate children's interaction with the courts and reduce secondary victimization by the criminal justice system; more detailed reviews of child deaths; and the establishment of Crimes Against Children Units in prosecutors' offices.
- (2) New Legislative Reforms, including changes to federal and state laws dealing with felony murder/pattern of abuse statutes, child neglect and endangerment, penalties for committing crimes in the presence of children, sex offender notification, and other issues related to child victims and witnesses.
- (3) Targeted Violence Prevention/Intervention, including Child Development/Community Policing programs that link law enforcement with mental health professionals to focus on troubled kids; Child Advocacy Centers to promote a community-wide response to child victims and witnesses; and nurse home visitation programs designed to educate parents and reduce child abuse.

(4) Increased Awareness of Child Victimization as a National Problem, including a DOJ-sponsored National Summit on Children Exposed to Violence; four regional forums to promote the recommendations from the Summit; and the involvement of prominent child advocates (i.e., Oprah Winfrey, Rob Reiner and others).

Drug Offender Accountability: Following up on his directive calling for "zero tolerance" of drugs in prisons, the President could make a series of announcements reinforcing the Administration's strong commitment to using the coercive power of the criminal justice system to reduce drug use and crime. Specifically, he could make the following announcements:

- (1) The availability of up to \$50 million in FY 99 for prison drug testing/treatment. As part of the recent budget deal, the Administration fought for and won the flexibility for states to use their federal prison grants to drug test and treat prisoners/parolees. A state-by-state break-out of this funding could be released, as well as the official solicitation for funds. Also, MD Governor Glendening or Lt. Gov. Kennedy-Townsend -- who already plan to use these funds to test parolees -- could attend and speak in support of this initiative.
- (2) \$200 Million in additional funding for FY 2000. The FY 2000 budget will include \$200 million to support drug testing, treatment and sanctions throughout the criminal justice system, and this information could be leaked as part of -- or just prior to -- the event.
- (3) \$4 Million for Drug Detection in Prisons. ONDCP is prepared to release \$4 million in grants for 8 states (MD, CA, AZ, AL, FL, NJ, NY and KS) to implement drug detection technologies to help keep drugs from being smuggled into prisons.
- (4) Report on Drug Testing/Treatment. Although not yet final, the Justice Department is working on several related reports that might be ready for release at this event.

Crime Statistics: The President could announce the release of the Justice Department's 1997 National Crime Victimization Survey (NCVS), which we expect to show a continued decrease in crime victimization rates. The NCVS measures overall victimizations reported by households, including violent crimes and property crimes. Last year's victimization rates were the lowest recorded since the inception of the survey 23 years ago; if the rates continue to decline -- as we expect -- they should hit record lows again. Also, we may be able to combine this with the release of \$16 million in COPS grants to hire over 200 officers. (NB: The timing for these announcements requires further coordination with Justice.)

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1998 20:14:45.00

SUBJECT: Social promotions options paper

TO: Ann O'Leary ( Ann O'Leary @ ed.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Diane\_Rogers ( Diane\_Rogers @ ed.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: Mike\_Smith ( Mike\_Smith @ ed.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

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

READ:UNKNOWN

TO: Shirley S. Sagawa ( CN=Shirley S. Sagawa/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:

Attached is an options paper on ending social promotions, for Wednesday's 1:00 pm meeting in Bruce's office. ===== ATTACHMENT 1 =====  
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D8]MAIL493531259.326 to ASCII,  
The following is a HEX DUMP:

FF57504322050000010A02010000000205000000073D000000020000122C6913147248E26F43AD  
0E790B4E217ABAB2F47AFF06F7065948104F49E20008985548867478C09183C71EBD0365B6C2C4

Draft

**Options for Requiring States/Districts to “End Social Promotion”  
as a Condition of Participation in ESEA**

**What Do We Mean by “Ending Social Promotion and What Education Changes are We Trying To Promote?”**

Students must meet academic standards in order to progress through the system. We want states/local school districts to adopt policies that (1) require students to meet academic performance standards at key transition points (e.g., 4th and 8th grade, for high school graduation) before being promoted; (2) uses a test valid for these purposes as the primary tool to determine if a student has met the standards; (3) permits other factors to be taken into account in determining whether an individual student should be promoted.

The education system is responsible for implementing steps to help students meet promotion standards. While requiring students to meet standards sends them an important message that “performance counts”, the more important message in this policy is that schools and school systems must devise and implement strategies for helping students meet the standards -- on time.

Accomplishing this requires acting on what we know: (1) starting early, by providing students with needed preschool opportunities; (2) strengthening learning opportunities in the classroom, with clear grade-by-grade standards, small classes with well prepared teachers, high quality professional development, use of proven instructional practices, early identification and intervention for kids who need help; (3) providing extended learning time for kids who need extra help, including after-school and summer school; (4) providing appropriate programs for kids who still do not meet the standards, rather than simply having them repeat an entire grade; and (5) holding schools accountable for results.

Schools should not markedly increase retention rates. The debate about social promotion in the education community typically assumes that the alternative is to hold large numbers of student back and make them repeat a grade -- a practice which itself rarely improves student achievement and is often associated with an increased probability of dropping out. However, our approach is predicated on the assumption that, with adequate time, resources, guidance and accountability, a mandatory end to social promotion should drive schools to take the steps necessary to increase the percentage of students who meet the standards on time, rather than increase the retention rate. The biggest educational challenge this proposal faces is to create the conditions under which this assumption is borne out.

**Design Issues**

In the next section I outline a series of options for a requirement to end social promotion. The following design features apply to each of them:

- *State and local standards:* Promotion standards, assessments and specific transition points will be determined at state/local level, not nationally.

- *Fit with state governance structures:* This initiative should fit state governance structures, so that “centralized” states can design and implement policies statewide, while “local control” states can let districts make the key policy design and implementation decisions.
- *Phased in implementation:* States/districts will have to develop a plan for implementing this policy, with implementation phased in over 3-5 years and with particular attention to the steps the state or district will take to help all students meet the standards. This time is necessary to allow for the development or adoption and validation of assessments, particularly in states and districts currently without validated “high stakes” tests. It is also necessary to phase in the policy in order to provide time to strengthen learning opportunities, and to ensure that the first cohort of students affected by the policy had full access to appropriate learning opportunities early on.

## Options

### **1. Focus on Early Reading: Make sure every 8 year old can read before being promoted.**

The best way to start on ending social promotions is to make sure that every student gets a solid foundation in reading before they leave the early elementary grades. We would require states and school districts participating in ESEA to adopt a policy requiring each student to demonstrate proficiency in reading by the end of grade 3 (or another elementary grade determined by the state or district) in order to be promoted. The state or district would determine the assessment and performance standard used to define and determine proficiency. Each state would be required to submit an implementation plan to the Secretary, which would include information on the grade level, performance standard and assessment, as well as a specific plan to help all students meet the standard. The plan would address issues such as the provision of appropriate pre-school/readiness services, challenging academic standards and a rich curriculum aligned with the standards, ensuring students have qualified teachers, providing for early identification and intervention for kids who need help, and extended learning time for students who need it, including after-school and summer school.

The state or district would be required to show how funds from Title 1, Class Size Reduction, the Reading Excellence Act, 21st Century Community Learning Centers, and from various professional development programs (e.g., Eisenhower, Bilingual Education, Special Education) are being used to support the state or district’s approach. While there is no assumption that these federal programs would cover the full implementation cost, we should send a clear signal that federal funds can and should be used in a coherent manner for this purpose.

### Pro’s

- Focusing on early reading is the right way to start--if this approach succeeds it should help improve student performance in later grade levels as well.
- This approach supports and builds on our overall focus on early literacy, and provides a powerful incentive for states, districts and schools to use all of our program funds in a

coherent and effective manner.

- Because there is a relatively large federal investment behind this goal, it provides the best protection against charges of federal intrusion and unfunded mandates.
- The same federal investments give us some (perhaps the best available) protection with liberals -- we can credibly argue that we are matching requirement that students meet standards with the investments to back it up.

#### Con's

- One subject and grade level is a pretty limited approach to ending social promotion.
- If this proposal is not designed and implemented well it would harm the youngest and most vulnerable students.
- May create difficulties for states and districts that have developed new assessments aligned to challenging standards if the assessments were not designed and validated for high stakes purposes. States/districts in this situation may need to select an additional test that would be weakly aligned with new standards, or modify and revalidate their new assessments.
- Likely to spur additional civil rights suits and complaints over test policy.
- The review and approval of plans will be difficult:
  - Unless the state plans are very specific and focused on how the needs of high poverty schools will be addressed, there may not be enough information to judge the adequacy of the plans.
  - Producing plans that are specific enough to permit careful evaluation and provide assurances that students would be provided adequate learning opportunities will be seen as burdensome and intrusive by states and districts.
  - Dealing with local district plans provides additional problems--we could either be overwhelmed by the task, or delegate the responsibility to States, with the result of providing uneven quality controls.
  - We could reduce the review and approval burdens by requiring a state or local assurance rather than a plan--but that would erode quality control and protections for kids even further.
  - Finally, what do we if a state or local plan is inadequate -- withhold ESEA funds? Prohibit its implementation?

**2. Make the High School Diploma Mean Something: Require Students to Pass a Competency Test for High School Graduation.** Twenty-two states now require some kind of competency test for high school graduation. A requirement that all states have a competency test would have a substantial impact. As in the above proposal, states/districts would be free to determine the subject areas to be tested and the performance standards students must meet. In addition, the state/district plan would address strategies for providing students with the learning opportunities to meet the standards, and would show how students would have multiple opportunities to take the test and meet the standards.

Pro's

- A focus on high school graduation keeps the proposal simple and easy to understand.
- A focus on high school graduation means places the accountability for students and the education system at a critical point -- making sure students meet standards before they leave the system. It has the potential to create pressure earlier in the pipeline, to provide students with the foundation for meeting higher standards.

Con's

- All of the ones for the early reading proposal (except that it is not targeted to the youngest and most vulnerable students).
- Many of the states that currently meet this requirement use low level, minimum competency tests. While a number are phasing these out in favor of higher standards, we don't know the extent to which other states will respond to this requirement with low level tests, and thereby undermine the move to higher standards.
- Because we have relatively little federal investment at the high school level, we will be more open to criticism from the right that this is an unfunded mandate, and from the left that we are not providing an opportunity to learn.

**3. Require a Comprehensive Approach to Ending Social Promotions.** In this approach, states and districts would be required to adopt a policy requiring students to meet standards at 3 transition points--in elementary school, middle school, and for high school graduation. Again, states would pick the grade levels, subject areas and performance standards, and would be required to submit an implementation plan..

Pro's

- This approach would have the most powerful impact on students and schools, by requiring students to meet standards throughout their schooling career.
- If implemented well over time, it would do the most to improve achievement, because it would ensure that schools don't let anyone fall through the cracks.

Con's

- In addition to those above, this is most likely to be attacked as unwarranted federal intrusion, because of its more sweeping impact.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1998 17:54:11.00

SUBJECT: Tobacco Meeting

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

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

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

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

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

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

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

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

CC: Teresa M. Jones ( CN=Teresa M. Jones/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

CC: Dawn V. Woollen ( CN=Dawn V. Woollen/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TEXT:

Bruce Reed will be having a DPC/OMB meeting to discuss TOBACCO --  
tomorrow, December 16, at 4:00 p.m. in his 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:15-DEC-1998 19:47:04.00

SUBJECT: Where do things stand on excess profits? Any paper from Treasury?

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

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

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

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

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-DEC-1998 09:59:08.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

Please call Barry at 62580

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-DEC-1998 11:08:08.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

FYI- Podesta is having his daily budget meeting today at 11:45 in his office

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-DEC-1998 10:32:32.00

SUBJECT: communications

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

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

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

TEXT:

I know everyone is working on thousands of things -- but as we discussed last week -- its important that we have some announcements/events/messages for the next 2 weeks -- Thanks, again for your ideas ---

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Thurgood Marshall Jr ( CN=Thurgood Marshall Jr/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:16-DEC-1998 12:01:21.00

SUBJECT: HUD & DOT

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

As we discussed:

(1) Talked to HUD (CoS and Andrew) and they understand. They will hold the grants until we determine whether we are indeed going to move this to 12/23. They have also asked whether the 12/26 radio address is an option.

(2) DOT is checking the status on the drunk driving issue for the radio address. The CoS there is not certain about the grants but we should hear back shortly.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-DEC-1998 19:24:13.00

SUBJECT: Re: Excess Profits Tax

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:

Treasury tax policy tells me Summers hates the second option, because it's not really an excess profits tax it's just a tax on revenue, so they weren't scoring it but could if we want them to.

Cynthia A. Rice  
12/16/98 12:14:35 PM  
Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Laura Emmett/WHO/EOP  
cc:  
Subject: Excess Profits Tax

Treasury is completing their options and scores but I got a verbal run-down. Here's a summary, I have more details on assumptions if you want them:

Size of Excess Profits

Treasury thinks we could credibly argue that the industry's making \$2.5 billion a year in excess profits. The possible range is \$1.5 billion a year (Gary Black's estimate) to \$4 billion a year. At a volume of 20 billion, a \$4 billion excess profit equals \$.20 per pack.

Tax Options

Option 1: Tax the excess profits based on company's reported profits (revenues minus costs). This will be scored somewhat low, because tax policy types assume companies could re-arrange their accounting practices to lower the reported profits.

Option 2: Tax company revenue at a level that would capture the estimated excess profits. The scoring of this option will be more robust, and this tax is more likely to be passed onto price. However taxing revenue would give opponents the opportunity to argue it assumes inflated profits. This option is one that has been used for the oil industry.

Treasury is scoring these options now and they say they'll have paper in the next day or two.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-DEC-1998 12:24:36.00

SUBJECT: Excess Profits Tax

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:

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-DEC-1998 13:08:00.00

SUBJECT: Education Meeting

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

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

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

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

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

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

CC: MaryEllen C. McGuire ( CN=MaryEllen C. McGuire/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

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

CC: Chantell S. Long ( CN=Chantell S. Long/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

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

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

READ:UNKNOWN

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

TEXT:

Bruce Reed will be having an Early Childhood Education Meeting this Friday, December 18, at 2:30 p.m. in his office. The folks from the Education Department will join us.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: MaryEllen C. McGuire ( CN=MaryEllen C. McGuire/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:16-DEC-1998 15:46:20.00

SUBJECT: AmeriCorps Meeting

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

The AmeriCorps meeting scheduled for Thursday, December 17th at noon will take place in the Roosevelt Room. Please RSVP your attendance. Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Devorah R. Adler ( CN=Devorah R. Adler/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:16-DEC-1998 10:20:45.00

SUBJECT: initiatives

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

apologies for lateness.

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

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D35]MAIL499615258.326 to ASCII,

The following is a HEX DUMP:

FF5750433C070000010A020100000002050000000D27000000020000BAAA8D9805B74AD0835A36  
FCAA6B24BC21B79BF0DF924F6E722E9AF4876F0FC0B96753161D55F983FE31E16271E7D7D99431

**POSSIBLE HEALTH CARE EVENTS**

**Unveiling new sanctions and investments in quality oversight for nursing homes.** To preempt the release of a GAO report in early January by Senator Grassley that criticizes our nursing home quality enforcement record, this event could highlight our aggressive efforts and a new investment of over \$90 million dollars to implement effective nursing home enforcement tools and improved nursing home quality and safety standards. These include proposing new Federal legislation imposing civil and criminal penalties on nursing homes committing repeated and egregious violations of Medicare or Medicaid regulations, increasing monitoring of facilities that are repeatedly in violation of quality standards, and establishing a new national commission to study the quality of care providing in nursing homes and assisted living facilities.

**Announcing a new work incentives initiative for people with disabilities.** The FY 2000 budget includes a historic workers incentive program that provides for continued and enhanced access to programs that empower people with disabilities to work. **This package includes the Jeffords-Kennedy Work Incentives Improvement Act, which enables people with disabilities to go back to work by providing them with the option to buy into Medicaid and Medicare, a tax credit for work-related expenses for people with disabilities, a new program to integrate local employment-related and support services for adults with disabilities, and new efforts to provide assistive technologies to people with disabilities.** The unemployment rate among the 30 million working-age adults with disabilities continues to be much higher than that of the general population -- close to 75 percent for people with significant disabilities, who cite their inability to retain their health coverage as their main impediment to returning to work. **These announcements will reflect many of the recommendations included in the President's Task Force on Employment of Adults with Disabilities, and the overall initiative is strongly supported by the disability community. We may be able to coordinate the event with the bipartisan introduction of the Jeffords-Kennedy legislation.**

**Announce the President's multi-faceted long term care initiative.** The President could release new budget initiatives designed to address the growing national need for high quality long term care services, including a new multibillion dollar long term care tax credit, proposals that provide Federal employees the option of purchasing private long term care insurance, educate Medicare beneficiaries about available long term care options, and invest \$125 million dollars (if included in budget) in a new national program to support Americans who care for chronically ill or disabled family members or friends. **About 2 million Americans live in nursing homes and another 5 million Americans live in the community, but have health problems that make them dependent on others for basic activities of daily living, such as bathing or dressing.** This multi-faceted initiative addresses a growing problem and represents our first significant effort to introduce new long term care policy that is extremely important to the aging community.

**Announcing new efforts to detect and manage bioterrorist attacks and resistant bacterial strains (superbug).** The President could announce a new budget initiative to protect the country from the devastation of disease outbreaks due to bioterrorist attacks or bacterial strains that are

resistant to treatment. The new program provides funding for a new disease surveillance system to collect and analyze epidemiological information on disease outbreaks, training epidemic intelligence officers to identify and respond to attacks, developing a mass casualty emergency response system, maintaining a stockpile of pharmaceuticals, and developing new vaccines and antibiotics that could be used in the event of an attack.

**Unveil new FY 2000 budget anti-asthma initiative.** We could unveil a new budget initiative that includes new funding for States to develop disease management programs through Medicaid and for EPA to conduct a national asthma awareness campaign, initiate community based activities to reduce asthma triggers in homes, and establish school based asthma programs in every community. This initiative is especially critical as the number of children afflicted with asthma has doubled to total about 6 million over the past 15 years.

**Announcing new labeling requirements for over the counter drugs.** The President could announce the release of a new regulation requiring pharmaceutical companies to label over the counter drugs in easily read and understandable language, ensuring that millions of consumers understand how to take medication safely and effectively. Presently, labels for over the counter drugs are often printed too small to read and in language that is often difficult to understand. This regulation will be ready for release in sometime in January; however, since the above mentioned initiatives are all budget related and may need to be released prior to the State of the Union address, we may want to consider holding this announcement for another time, since it will be timely regardless of when it is released.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-DEC-1998 09:30:54.00

SUBJECT: education events

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:

There are two education events we can do in the near future:

1. Ending Social Promotions: We can release a guidebook from Education on ending social promotions, and announce our FY 2000 budget proposal to help schools do this with after-school money.

The guide is near completion, but not yet there, and Mike Smith and I have substantive differences in the tone and approach. Given the other things we are wrestling over, I'm not sure if we will get this done by the week between CHristamas and New Years, but early-mid January is a good bet.

2. Implementation of New Education Initiatives. The grants announcements for GEAR UP and Teacher Quality (HEA Title II) are in OMB for review. The Guidance for Class Size implementation is in its second draft. These should be ready for announcement early-mid January.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-DEC-1998 13:33:37.00

SUBJECT: Tobacco Meeting

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

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

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

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

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

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

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

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

CC: Teresa M. Jones ( CN=Teresa M. Jones/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

CC: Dawn V. Woollen ( CN=Dawn V. Woollen/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

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

CC: Scott R. Hynes ( CN=Scott R. Hynes/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

TEXT:

Bruce Reed will be having a Tobacco Meeting with HHS tomorrow, December 17, at 4:30 p.m. in his office, 2 Floor/West Wing. Secretary Shalala, Kevin Thurm, Jim O'Hara, and Rich Tarplin will also attend.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Barry J. Toiv ( CN=Barry J. Toiv/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:17-DEC-1998 11:29:43.00

SUBJECT: Re: Welfare Guidance for today

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

TEXT:  
Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Barry J. Toiv ( CN=Barry J. Toiv/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:17-DEC-1998 18:25:28.00

SUBJECT: SOTU ideas

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

READ:UNKNOWN

TEXT:

Could we have a five minute conversation to run down where we are,  
including results of yesterday's meeting? Any other meetings planned?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jennifer L. Klein ( CN=Jennifer L. Klein/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:17-DEC-1998 17:28:06.00

SUBJECT:

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

The toys letter to Miller and Waxman is ready to go out -- it's been signed off on by everyone, including the Departments. There is one outstanding issue -- who should sign it. Brad wants it to be the VP, and leg affairs is fine with that. I had said I thought it should be the President with some nice language about the VP, but I'm definitely not willing to fall on my sword about it. I told Brad to check in with you tomorrow if it is going out and I'm not here.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 17:09:30.00

SUBJECT: IGA weekly item

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

According to Lynn, the idea for a farmworker housing pilot was raised by the Mayor of Salinas in a meeting last week. Salinas received some HUD money from the current budget that they want to use for this purpose and suggested that they may want to connect with USDA in designing their project.

----- Forwarded by Julie A. Fernandes/OPD/EOP on 12/17/98  
05:05 PM -----

Julie A. Fernandes  
12/17/98 03:58:34 PM

Record Type: Record

To: Elena Kagan/OPD/EOP  
cc: Laura Emmett/WHO/EOP  
Subject: IGA weekly item

I have no idea what they are referring to. I will follow up with Lynn and find out.

julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 15:59:13.00

SUBJECT: IGA weekly item

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

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

TEXT:

I have no idea what they are referring to. I will follow up with Lynn and find out.

julie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 13:42:29.00

SUBJECT: Welfare to Work Reauthorization

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

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

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

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

TEXT:

Here's our write up with some specific questions for you. Happy to meet  
to discuss (I left a message for Cathy to try to get a time)===== ATT  
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D98]MAIL48512345P.326 to ASCII,  
The following is a HEX DUMP:

FF5750431C2C0000010A02010000000205000000EE66000000020000909CA87327A1BA24C1E028  
CB4775B6A5CC668DE728987D7DC31C44E7BC866D7A357D2532B2BFDC168017BEF05ED4BB952A7B

**Welfare to Work Reauthorization -- Proposed Provisions**  
*(See italics for issues where your reaction would be particularly helpful)*

**Responsible Fathers Initiative**

- **Funding Flow:** Require states to use at least 20% of their formula funds for services to help non-custodial parents increase their employment and child support.

We think it makes sense to include the funding for Fathers as part of the WtW formula grant rather than a separate funding stream--*do you agree?* It ensures a significant amount of resources and attention are focused on this population without creating yet another employment program (after we worked so hard to consolidate in the Workforce Investment Act). The downside is that it may be slightly harder to talk about.

This is also a clever resolution of the substate funding options we raised previously. Governors could choose whether to meet the 20% floor with a few concentrated projects or to pass this requirement down to every local PIC. A Governor who does not want to have a statewide fathers initiative could spend most or all of the Governor's 15% discretionary funds on fathers and make up the remaining amount by encouraging one or two localities to focus on fathers (not every PIC is ready or willing to have a fathers program). On the other hand, states such as MI, WI, and MO who have made non-custodial parents the primary focus of their WtW formula program could still do so.

Options for what happens if state does not meet the 20% floor for fathers could include: a) allow Governor to redirect funds to basic WtW services for hard-to-serve recipients, b) take back funds and put in same pot as unclaimed formula funds (see below), c) give to other states who commit to spend these funds on fathers. *Any preference?*

- **Eligibility:** Generally, low income non-custodial parents (primarily fathers) who enter into a personal responsibility contract. States would have some flexibility to target services among the following groups, listed in priority order. Eligibility would be tied to status of the children rather than the parent.

Non-custodial parents of:

- (1) children on public assistance for over 30 months or who are within 12 months of hitting a time limit;
- (2) child eligible for TANF;
- (3) child who left TANF within one year;
- (4) child eligible for food stamps or Medicaid (this would allow services to a broader population of low-income fathers).

We think this approach would keep eligibility relatively simple, while targeting services to fathers who are most likely to need help increasing their employment and child support and whose children are most in need of their fathers' support. *If you support this basic approach, we will work further with DOL and HHS to refine the details.*

**Personal Responsibility Contract:** Every father would sign a personal responsibility contract requiring them to establish paternity, pay child support, and work or participate in community service or another work activity in order to participate in the program. *We need to decide how prescriptive to be in the statute – we're inclined to make a general statement like the sentence above and let the rest be defined in regs or by the locals. What do you think?*

We would also propose these state options. *What do you think?*

If a father is in community service or another work activity and temporarily unable to pay current support, the state could have the option to temporarily suspend or reduce *current* child support obligation (not past due support).

If a father has another child out of wedlock, the state would have the option to deny him services. This would be consistent with the state option on family cap, which is a roughly parallel policy for the moms.

If a father marries the mother of his child, the state could cancel or suspend the child support debts the father owed the State for past TANF payments to the mother.

- **Allowable Activities:** Use the same list as the current WtW statute, which allows funds to be used to move individuals into and keep individuals in lasting unsubsidized employment through: community service or work experience; job creation through public or private sector wage subsidies; on the job training; job readiness, placement, and post-placement services through contracts or vouchers; and job retention or support services if not otherwise available.

Through regulation or guidance, DOL could explain how a broader array of services to help fathers work and meet their child support responsibilities could be provided within the definition of job readiness and support services. Child support agencies and community and faith-based providers could deliver some or all of the services under contract with the state (in the case of 15% discretionary funds) or PICs (in the case of 85% formula funds). We think this approach will promote a strong focus on work, and avoid opening the statutory definition of allowable activities. *Do you agree with this approach?*

- **Performance Measures:** Use current WtW measures listed in the statute (employment, retention, earnings gain) and use the existing statutory authority for the Secretary to identify other measures as appropriate to add increased child support via regulations. *Is this okay, or would you prefer a statutory change?*
- **State Plan:** There would be a special part of the State WtW plan focused on fathers developed jointly with the workforce, child support and TANF agencies. It would document how the state planned to meet the 20% floor, and how it would ensure strong, ongoing coordination with the child support system, welfare agency, and community and faith-based groups working on fathers issues at both the state and service delivery level. DOL proposed that the child support agency sign off on the WtW plan to ensure adequate attention to issues related to non-custodial parents. *This seems to make sense.*

## Other WtW Reauthorization Proposals

- **Duration:** DOL has proposed 5 year reauthorization. *Are we supporting only a one year extension or multi-year reauthorization?*
- **Hard-to-Serve Eligibility Criteria:** Retain the general focus on the hardest to serve, with some changes to make the criteria less burdensome. Currently, PICs must spend at least 70% of their funds on individual who (a) have been on public assistance for at least 30 months or are within 12 months of hitting a time limit and (b) have 2 of the 3 following barriers:
  - (1) lack a HS diploma/GED and have low math or reading skills;
  - (2) require substance abuse treatment; or
  - (3) have a poor work history.Non-custodial parents whose children meet (a) and themselves meet (b) are also eligible.

PICs can also spend up to 30% of their funds on custodial or non-custodial parents who have characteristics associated with long-term welfare dependency, i.e. school dropout, teen pregnancy, poor work history.

DOL has proposed simplifying eligibility by requiring individuals to meet one rather than two of the “barriers” under the 70% category; decoupling the education barrier to be *either* lacking a HS diploma/GED *or* having low math, reading, or language skills; and adding physical or mental (including learning) disability to the list of “barriers”. DOL also proposed getting rid of the 70/30 split and allowing local flexibility to spend an unlimited portion of funds on those with characteristics associated with long term welfare dependence.

There have been lots of complaints from states and locals about how hard it is to find people who meet the current 70% criteria, with most concern about the “and” in the education barrier. *We think that simplifying the 70% eligibility requirements as proposed, but leaving the 70/30 split intact, will go a long way to addressing these concerns without diluting the focus on the long-term/hard to serve population. The addition of language skills should help highlight the ESL issue. DOL also proposed adding homeless to the list of barriers but we’re not convinced this is necessary—most homeless welfare recipients are likely to have one of the other barriers.*

- **Unclaimed Formula Funds:** Add authority for DOL to make formula funds not accepted by states available to Native American WtW programs and/or for additional competitive grants, with preference to tribes or competitive grants in the states who chose not to accept formula funds. *DOL is still working through the mechanics, but we think the intent makes sense—to make sure services are still available to people in a given area, even if the Governor opts not to accept funds.*
- **Tribal Set-Aside:** Increase set-aside for tribal grants from 1% of total funds to either 2% or 3% (if funding level drops from \$1.5 B to \$1.0 B, a 3% set aside would double the funds available to tribes). Tribes would be encouraged to serve non-custodial parents, but would not be required to spend at least 20% of their grant on this population.

- **Tribal Authority for Competitive Grants:** Provide new authority for tribes to apply directly to DOL for competitive grants. Currently they must do so “in connection with” other entities, i.e. the local PIC.
- **Reporting and Evaluation:** DOL wants to move responsibility for all WtW program reporting and evaluation to DOL. Current law earmarks .06% (\$18 M over two years) for evaluation and gives HHS responsibility for conducting the WtW evaluation and for collecting program data from formula grantees, while DOL has overall administrative responsibility, collects program data from competitive grantees, and financial data from both formula and competitive grantees.

This ‘bifurcated’ system has been challenging for all involved. We’re not sure how HHS would feel about losing this responsibility, and there are some on the Hill who deliberately gave HHS this role. We propose to leave the evaluation with HHS. *Do you have a preference?*

- **Match:** Retain current formula grant match requirement of \$1 non-federal for \$2 federal. Regulations allow up to 50% of non-federal match to be “soft” or in-kind match. DOL has proposed increasing this to 75%.

DOL is responding to complaints from some states who are having trouble making the match. *We’re not convinced reducing the “hard” match requirement is warranted, especially if the total funding level for formula grants is reduced by approximately one-third as the total funding level decreases from \$1.5 B to \$1.0 B.*

- **Technical Assistance and Research:** DOL has proposed reserving 2% of total funds for national TA and R&D projects (\$20 M). Half of this money (\$10 M) would be focused on fathers initiatives, of which about \$5 M would be directed to the OCSE to ensure a strong focus on parental responsibility through child support and paternity. DOL currently has no WtW funds for TA/Research. We’re not sure OMB supports this, though some TA does seem warranted, especially on the new fathers component. OCSE is sending over additional justification.
- **Formula/Competitive Split:** Retain current split of about 75% for formula grants to states and 25% for competitive grants. Retain requirement that 85% of formula funds get passed to local PICs/workforce boards (unless state requests a waiver) and 15% is available as Governor’s discretionary funds for special projects to help long term welfare recipients become employed.

*NOTE: DOL continues to propose that up to one-third of the formula funds could be used to upgrade the skills of low-wage incumbent workers. We’re not aware of any support within EOP for this proposal, and DOL has wisely made it their third priority (after hard-to-serve welfare recipients and fathers).*

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 11:23:19.00

SUBJECT: POTUS MESSAGE SCHEDULE UPDATE

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

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

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

TO: Sarah A. Bianchi ( CN=Sarah A. Bianchi/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

TO: WEINSTEIN\_P@A1@CD@VAXGTWY ( WEINSTEIN\_P@A1@CD@VAXGTWY @ VAXGTWY [ UNKNOWN ] ) (O  
READ:UNKNOWN

TEXT:

|           |   |
|-----------|---|
| 12/21     | Pan Am Anniversary Event                      |
|           | AmeriCorps/Shelter Visit                      |
| 12/22     | Children's Christmas Reading                  |
| 12/23     | Homeless Grants Announcement                  |
| 12/24     | Tape Radio Address (Drunk Driving)            |
| 12/25     | OFF-Christmas                                 |
| 12/28     | Y2K Event                                     |
| 12/29     | Children Exposed to Violence Initiative Event |
| 12/30-1/4 | OFF-Vacation                                  |

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-DEC-1998 14:00:27.00

SUBJECT: Title X and FMLA

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

I spoke with the women's groups as we discussed, and, as we suspected, they agreed that an extra \$10 million in the Title X budget would make a huge difference. I reported to Dan Mendleson that we strongly recommend a \$10 million increase, and he said that he would do all he could to make it happen. Since the last time he and I spoke, it sounds as if the budget constraints may have gotten worse, but Dan said he would do all he could to meet that mark. He also said that if this recommendation were to emerge on the DPC Initiatives list, it would be guaranteed the funding. While I told Dan I thought that would be difficult to do, I promised to raise it with you.

On the Title X program uses (i.e. the male involvement and abstinence programs), I think that the problems may be quite entrenched, as it sounds as if the women's groups and HHS have not seen eye to eye on grant awards for some time. I'll report further soon.

On FMLA, I understand that there was some concern raised at the New Initiatives meeting about pushing for FMLA expansion in the context of the SOTU or another venue. Jen and I think it might be useful for you to call a Deputies meeting soon on FMLA expansion, bringing in a few relevant agencies and WH Leg. Affairs to discuss strategy. Do you agree?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 10:51:25.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

David Ogden just returned your call 514-3892

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 09:53:20.00

SUBJECT: More Detail on Excess Profit Options

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:

Bruce you asked for more detail on the excess profits options. We now have three options. As I noted earlier, Treasury thinks we could credibly argue that the industry's making \$2.5 billion a year in excess profits (the possible range is \$1.5 billion a year (Gary Black's estimate) to \$4 billion a year).

Option 1: Tax on Profits. Companies would be required to report 1) receipts from tobacco sales and 2) costs of producing cigarettes (e.g., labor, equipment). A tax would be levied on the difference, or the difference that is deemed to be excess profits. Companies could lower their reported profits by shifting costs from the non-tobacco parts of the company to tobacco.

Option 2: Tax on Excess Receipts. An estimate would be made of how much in excess receipts the companies were obtaining by raising their prices above that needed to fund the settlement. For example, if the companies increased price per pack by an extra \$.20 an extra tax would be imposed on that amount. In practice, this would look a lot like an additional excise tax. This is the option Summers prefers.

Option 3: Surtax. The Treasury would determine what portion of company profits can be attributed to tobacco, and a surtax would be imposed as part of the corporate income tax on the tobacco-related profits. Canada is apparently currently doing this.

Treasury is working furiously through scoring an "A" list of uncontroversial offsets for the budget, and they consider this to be the top of the "B" list, and will probably get to it this weekend. In addition to talking directly to Treasury, I spoke to Chuck Marr who is pushing Treasury along as well.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Neera Tanden ( CN=Neera Tanden/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:18-DEC-1998 11:25:25.00

SUBJECT: teen pregnancy report guidance

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Andrea and I worked on this together:

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

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D74]MAIL47729265U.326 to ASCII,

The following is a HEX DUMP:

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0C0110A9F357704A4FE0D5C49C1F5EB2FC499BD8E41EAF1DCF94495B554E5B408F82CC4E89AB89

- Q. What does HHS' recent report on teen birth rates say and what does it tell us?**
- A. The new study, titled *Declines in Teenage Birth Rates: National and State Patterns 1991-97*, demonstrates that the country is making real progress against this important problem. It reports that teenage birth rates have declined substantially during the 1990s, with particularly dramatic declines in the birth rate for young women who have already had one child. While there was a 6 percent decline in first births to teenagers, the rate of second births for teens was down by 21 percent between 1991 and 1996; the overall teen birth rate dropped 15 percent from 1991 through 1997. The report also indicated that rates are down more for younger teens (15 to 17) than older teens (18 and 19). In addition, teenage childbearing is down in all race and ethnic groups, but the largest declines documented are for black teenagers, especially younger black teens. The report, which tracks teenage childbearing in the United States, was issued by the National Center for Health Statistics on Thursday, December 17.**

This report confirms that the President's strategy to prevent teen pregnancy is working. Since 1993, the Clinton Administration has supported innovative and promising teen pregnancy prevention strategies, including working with boys and young men on pregnancy prevention strategies. The National Campaign to Prevent Teen Pregnancy, a private nonprofit organization, was formed in response to the President's 1995 State of the Union. In 1997, the President announced the National Strategy to Prevent Teen Pregnancy, mandated in the welfare reform law. The first annual report on this Strategy reported that HHS-supported programs already reach at least 31 percent or 1,470 communities in the United States. In addition, significant components of the President's comprehensive effort to reduce teen pregnancy became law when the President signed the 1996 Personal Responsibility Act. The law requires unmarried minor parents to stay in school and live at home or in a supervised setting; encourages "second chance homes" to provide teen parents with the skills and support they need; and provides \$50 million a year in new funding for state abstinence education activities.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 20:45:45.00

SUBJECT: Draft paper for homeless announcement

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Here is a draft one-pager and Q&A that Tom and I have fact checked with HUD and OMB. The event is now planned for Wed December 23 as a phone call between POTUS and 20 mayors who will be getting the grants. ===== ATT  
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

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**Homeless Radio Address Q&As**  
**12/23/98**

**Q: What did the President announce in his phone call today?**

A: Today President Clinton announced \$850 million in federal government grants to help homeless persons located in all fifty states obtain transitional housing, permanent housing, and other services. The grants from the Department of Housing and Urban Development (HUD) are part of President Clinton's ongoing Continuum of Care strategy to help break the cycle of homelessness and to create safe, affordable housing for those who need it most.

*Q: What will the grants do?*

A: The Continuum of Care grants include \$700 million to fund 1420 individual projects, including more than 1000 non-profit organizations who work with the homeless. The grants provide homeless people with transitional and permanent housing and fund supportive services such as job training, child care, substance abuse treatment, and mental health services. The non-profit organizations receiving funds include local chapters of the Salvation Army, Volunteers of America, and Catholic Charities. In addition, the President announced \$150 million of grants under the Emergency Shelter Grants program. This program assists communities in providing temporary emergency shelter and essential services, and preventing homelessness. Grants are allocated to States, metropolitan cities and urban counties based on a formula which uses several objective measures of community need, including poverty, population, housing overcrowding, age of housing, and growth.

**Q: How many persons are homeless in the United States? Why are they homeless?**

A: The Administration's Priority: Home! The Federal Plan to Break the Cycle of Homelessness states that there are as many as 600,000 homeless men, women, and children in the United States on any given night. The homeless population is a diverse group whose homelessness has been caused by a complex array of factors ranging from economic difficulties and lack of access to affordable housing to mental illness and problems with substance abuse. Approximately 20-25% of the homeless population is made up of families with children. An estimated one-third of the homeless population is experiencing mental illness, while at least 50% of those who are homeless may have substance abuse issues. Some have become homeless as a result of domestic violence, while others were forced into homelessness by a health crisis, such as HIV/AIDS. Roughly a third of the entire male adult homeless population are veterans, and as many as half of all homeless adult men have some kind of military experience.

**Q: What has the Clinton Administration done up till now to address homelessness?**

A: President Clinton has made addressing homelessness a top priority. Since taking office in 1993, President Clinton has overseen a more than 70 percent increase in McKinney Act homeless assistance, and the Administration has implemented the Continuum of Care approach to homelessness. This approach encourages communities to plan comprehensively for the full range of needs of poor and homeless people, and to coordinate services in a way that maximizes the impact of existing resources.

**Q: What specifically is the Continuum of Care?**

A: In 1993, HUD initiated a new strategy for reducing homelessness, requiring communities to establish "Continuum of Care" plans. A Continuum of Care plan is a coordinated community approach which focuses on ensuring that homeless persons move from homelessness into jobs and permanent housing. The key elements of a Continuum of Care community plan are: outreach and assessment; emergency shelter; transitional housing and services; permanent housing; and permanent supportive housing.

Under the innovative Continuum of Care program, each community submits a list of priority projects to HUD. The applications are evaluated on the basis of a number of factors, including the strategy for addressing homelessness, as well as the coordination and involvement of federal, state and local agencies, nonprofit organizations, homeless persons, and in many cases, local businesses.

**Q: *How is the Continuum of Care approach working?***

A: The results of the Continuum of Care efforts over the last few years were documented in a 1996 report from the Barnard-Columbia Center for Urban Policy. The study found that as a result of such efforts, between 4 to 14 times as many homeless persons are receiving a wide-array of assistance to help them move into jobs and housing. The study also indicated that the number of children being assisted has grown from 6,500 in 1992 to 89,000 in 1995. The report pointed to a significant transformation in the way communities are addressing homelessness. The fragmented approach of the past has been replaced by comprehensive planning and coordinated housing and service delivery. The success of the Continuum of Care approach was recently recognized when it was named one of 25 finalists for the prestigious Harvard-Ford Foundation Excellence in Government Award.

**Q: How much McKinney Act funding is in the FY '99 budget?**

A: HUD's McKinney Act homeless assistance is funded at \$975 million in FY 1999, an increase of \$152 million or 18 percent over the 1998 enacted level of \$823 million. This is also an increase of \$403.4 million or 71 percent over the 1993 enacted level of \$571.6 million.

*Q: What McKinney Act programs are the grants awarded under?*

A: These grants are part of the Stewart B. McKinney Homeless Assistance Act which is the main federal program addressing homelessness. These grants provide funding under four HUD McKinney Act programs: the Emergency Shelter Grants program, the Supportive Housing Program (SHP); the Shelter Plus Care (S+C) program; and the Section 8 Mod Rehab Single Room Occupancy (SRO) program.

***PRESIDENT CLINTON ANNOUNCES \$850 MILLION IN GRANTS  
TO HELP AMERICA'S HOMELESS***

*December 23, 1998*

Today President Clinton will announce \$850 million in grants to help homeless people in all fifty states obtain housing and receive vital social services. The grants, issued by the Department of Housing and Urban Development (HUD), are part of President Clinton's Continuum of Care strategy to create safe, affordable housing and break the cycle of homelessness.

Continuum of Care Grants for the Homeless

The President will announce \$700 million in Continuum of Care competitive grants to help homeless persons in 307 communities located in 46 states, the District of Columbia, and Puerto Rico. The grants provide homeless people with transitional and permanent housing and fund social services such as job training, child care, substance abuse treatment, and mental health services. The grants are provided under the Stewart B. McKinney Homeless Assistance Act and fund 1420 individual projects including more than 1000 non-profit organizations. The non-profit organizations receiving funds include local chapters of the Salvation Army, Volunteers of America, and Catholic Charities.

Emergency Shelter Grants

The President will also announce \$150 million in funding for the Emergency Shelter Grants program. Under this program, states and cities select local projects to receive funding. The funds are distributed through a formula based on a community's housing and poverty needs. Attached is a state by state list of funds that will be distributed under the Continuum of Care and Emergency Shelter Grants program.

President Clinton's Continuum of Care Program to End the Cycle of Homelessness

President Clinton's Continuum of Care program, initiated in 1993, requires local public and private agencies to work together to create a comprehensive plan to address the needs of poor and homeless people, and to coordinate services to use resources most efficiently. The goal of the Continuum of Care strategy is to give communities the decision-making authority to craft plans that move away from short-term emergency measures and toward permanent solutions that help homeless people become self-sufficient. Under the Continuum of Care program, each community submits a list of priority projects to HUD. The applications are evaluated on the basis of the strategy for addressing homelessness, including the coordination and involvement of federal, state and local agencies, nonprofit organizations, homeless persons, and in many cases, local businesses. Since taking office in 1993, President Clinton has overseen a more than 70 percent increase in McKinney Act homeless assistance.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 10:33:57.00

SUBJECT: FYI -- TPS meeting this afternoon

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

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

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

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

TEXT:

FYI. Scott B. and I are having a staff meeting (including DOJ and State) this afternoon at 4:15pm in Room 476 to discuss (1) timing of TPS announcement; and (2) status of DED decision.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 10:42:40.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

Barbara Chow just returned your call 54844

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 10:27:04.00

SUBJECT: Complete Weekly Report 12/18

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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December 18, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed  
Elena Kagan

SUBJECT: DPC Weekly Report

**Health Care -- Meeting with Senator Kennedy on next year's budget:** On Monday, you are scheduled to meet with Senator Kennedy to discuss the FY2000 budget. He will undoubtedly raise a range of issues, including his health priorities. He will thank you for your advocacy for a strong Patients Bill of Rights as well as for your positive remarks on behalf of the Jeffords-Kennedy Work Incentives Improvement Act. Beyond indicating that he believes that both bills have a very real chance of passage this year, he will lobby hard for you to use tobacco funds for a new Medicare prescription drug benefit. Depending on how such a benefit is designed, it would likely cost between 5 and 15 billion dollars a year, funding we currently cannot envision in the context of this year's budget. Having said this, we do believe that a prescription drug benefit is an essential component of any substantive reform of the Medicare program. Because we cannot fund a drug benefit with currently available resources, you could offer to work with his staff to begin to review options and indicate your desire to find a way to address this shortcoming of the program. You may want to use this opportunity to highlight another aging priority -- our long term care initiative -- and advise him that you are interested in working with him on that as well.

**Education -- Scholarships for Teachers:** In our budget discussion you requested information about our scholarship program to help recruit new teachers to teach in high poverty areas. The teacher recruitment program is part of a Teacher Quality and Recruitment program in the newly enacted Higher Education Act, which also provides grants to partnerships between school districts and institutions of higher education to improve teacher education, and to states to help raise teacher licensure standards and for other related purposes. The teacher recruitment program receives 10% of the appropriation for the entire program, (\$75 million in FY1999) and funds approximately 1,400 scholarships.

**Welfare -- IRS Notice on Workfare and Taxes:** The IRS this week issued a long-awaited notice clarifying that welfare recipients who participate in workfare programs do not need to pay income taxes or payroll (FICA) taxes. This clarification will make it easier for state and local governments to operate workfare programs, because it makes clear

that the state and local governments or their contractors employing these workfare participants do not need to pay the employer's share of FICA taxes. As you will recall, numerous governors, including Governors Carper and Chiles, had urged us to take this step. We were able to work with the Treasury Department to include important language to make clear that this notice does not affect worker protections such as the minimum wage and workplace safety rules, which are determined by other provisions of law, such as the Fair Labor Standards Act. The notice was released under the IRS' normal procedures for releasing tax notices.

**Welfare Reform -- GAO Report on Access to Jobs:** GAO's first report on the Access to Jobs program commends the Administration's early implementation efforts. When Congress included your welfare to work transportation initiative in TEA-21, they required GAO to review the program every six months. GAO praises DOT's effort to coordinate this program with other federal welfare to work initiatives and specifically applauds the joint transportation guidance issued by the Secretaries of Labor, HHS and Transportation in May to help state and local officials use available funds to provide transportation for welfare recipients going to work. (An updated version of this guidance is about to be released that reflects enactment of the Access to Jobs program.) We developed this guidance in response to your comments following last year's State of the Union that we take steps to urge Governors to make full use of all existing resources to help address the critical transportation needs of individuals moving from welfare to work.

**Drugs -- Youth Drug Use:** On Friday, the Department of Health and Human Services released the 1998 Monitoring the Future (MTF) study on drug use patterns and trends among 8th, 10th, and 12th grade students. The study, which sampled nearly 50,000 students from 422 secondary schools, found -- for the second year in a row -- a flattening of drug use rates generally, with significant decreases in some categories of use.

**Good news:**

(1) amongst **10th graders** there were declines in past year use of any illicit drugs (from 38.5% to 35%), marijuana (from 34.8% to 31.1%), and stimulants (from 12.1% to 10.7%); and past 30-day use of marijuana and cigarettes (from 29.8% to 27.6%);

(2) amongst **8th graders**, there were decreases in past 30-day use of inhalants (from 5.6% to 4.8%) and LSD (from 1.5% to 1.1%);

(3) amongst **12th graders**, there was a decline in daily use of LSD (from 0.2% to 0.1%), smoking (from 24.6% to 22.4%), and for smoking half a pack or more per day (from 14.3% to 12.6%); and

(4) the overall declining trend in perceived harmfulness of drugs for all grades appears to have ended, with an increase in perceived harmfulness of marijuana use and drinking among 8th graders.

**Bad news:**

(1) use of drugs remains at unacceptably high levels -- for instance, 25.6% of 12th graders, 21.5% of 10th graders, and 12.1% of 8th graders used an illicit drug in the past 30 days, typically marijuana;

(2) cocaine use -- while low overall -- continues to rise, with an increase in past year use of crack by 8th graders (from 1.7% to 2.1%);

(3) increased use amongst 12th graders of tranquilizers (from 4.7% to 5.5%), barbiturates (2.1% to 2.6%) and inhalants (0.25% to 0.9%), and hallucinogens (0.4% to 0.8%).

**Crime -- National Instant Check System (NICS) Update:** As of Tuesday, there have been a total of 434,631 background checks conducted through the NICS since it took effect on November 30. Of this total, 249,424 checks were conducted by the FBI, and the remainder were completed by the State points of contact for the checks. Of FBI-conducted checks, 4,039 resulted in denials of sales to prohibited purchasers -- a denial rate of 1.6 %.

**Crime -- Juvenile Brady:** During the briefing for the 12/5 radio address on the National Instant Check System, you asked how many of the states already had adopted laws prohibiting violent juveniles from owning firearms as adults. According to the most recent survey by the Justice Department, 22 states prohibit firearms possession by delinquents who have been convicted or adjudicated for offenses that would be felonies or violent offenses if committed by an adult. Of these 22 states: 4 permanently prohibit possession of firearms by adjudicated delinquents; 6 retain a prohibition on possession until a court or the Governor orders a restoration of rights; and the remainder prohibit possession for a set period of time (e.g., 10 years), usually following adjudication or release from a juvenile facility.

**Tobacco Attorneys' Fees:** This week, attorneys representing Florida, Texas and Mississippi settled with the tobacco industry over fees and were awarded \$8.2 billion. The fees will be paid by the industry, over the next 15-20 years, in addition to the funds the industry will pay the states. The legal fees were determined by an arbitration panel set up under an agreement between the tobacco industry and plaintiffs' lawyers. The panel will also be used to award legal fees from the larger \$206 billion, 46 state settlement reached last month, unless the attorneys and industry can agree on fees without arbitration (the settlement offers attorneys an option for "liquidated fees" which are generally lower but are paid more quickly). Overall, the settlement provisions limit the industry's annual arbitration settlements to \$500 million a year.

In determining fees, the three-person arbitration panel started by awarding lawyers in Florida, Texas and Mississippi 10 percent of their state's settlement. Then the panel multiplied those figures by 1.9 to 3.5 depending on what it perceived to be the risks and work undertaken by the lawyers in each state. The formula resulted in lawyers in Florida receiving \$3.4 billion, in Texas \$3.3 billion, and in Mississippi \$1.4 billion. Attorneys in Mississippi got the highest percentage award, 33 percent, after the panel determined that they had taken the greatest risk by representing the first state to sue the tobacco industry. Minnesota's attorneys settled earlier this year for approximately seven percent of the state's award. Because the risk factor in the yet-to-be-decided cases was negligible, attorneys from other 46 states are likely to negotiate directly with the industry for liquidated fees, which are expected to be considerably lower.

**Children and Families: New Report on Lower Teenage Births:** **On Thursday, December 17, HHS released a new study** titled *Declines in Teenage Birth Rates: National and State Patterns 1991-97*, which reports that while teenage birth rates have declined substantially during the 1990s, the most dramatic decline is in the birth rate for young women who have already had one child. While there was a 6 percent decline in first births to teenagers, the rate of second births for teens was down by 21 percent between 1991 and 1996; the overall teen birth rate dropped 15 percent from 1991 through 1997. Rates are down more for younger teens (15-17) than older teens (18 and 19). In addition, teenage childbearing is down in all race and ethnic groups, but the largest declines documented are for black teenagers, especially younger black teens. Despite the reduction in repeat childbearing, about 90,000 teens gave birth to their second child in 1997, out of a total of just over 500,000 births to teenagers. **The report, which tracks teenage childbearing in the United States, was issued by the National Center for Health Statistics.**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 17:34:01.00

SUBJECT: weekly addition

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:

Bruce asks that we add the following point to the item on teacher recruitment/teacher scholarships.

You also asked about the FY2000 budget request for the National Board for Professional Teaching Standards. The budget includes 18.5 million for the board's work, the same level as last year.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Barry J. Toiv ( CN=Barry J. Toiv/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:18-DEC-1998 14:05:42.00

SUBJECT: jeanne williams/Wall Street Journal

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Jeanne (who now is one of the two primary Journal reporters covering the White House) is writing for Monday and needs to talk to each of you (actually either Bruce or Elena will do, but I'd like Bruce to do it if possible).

Basically the piece is how we're tending to substantive business while the impeachment process is going on. I think each of you knows the drill -- how the President is involved, whether he's focused, anecdotes, etc. I'm sure she'll try to squeeze some policy out as well, which there is no need to do here. Anyway, she could use a call today. Can we do that?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 17:21:25.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

Mike sent you his item & he is in his office now

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 19:44:36.00

SUBJECT: SOTU Event Memo

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

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

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

TEXT:

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December 7, 1998

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: BRUCE REED

SUBJECT: DPC STATE OF THE UNION ROLLOUT

Following is a list of possible announcements that the President could make prior to the State of the Union.

**HEALTH CARE:**

*Week 1 Anti-Asthma Initiative*

**The President could unveil a new budget initiative that includes new funding for States to develop disease management programs through Medicaid and for EPA to conduct a national asthma awareness campaign, initiate community based activities to reduce asthma triggers in homes, and establish school based asthma programs in every community. This initiative is especially critical as the number of children afflicted with asthma has doubled to total about 6 million over the past 15 years.**

**Week 1 Bioterrorism Event**

**The President could announce a new budget initiative to protect the country from the devastation of disease outbreaks due to bioterrorist attacks or bacterial strains that are resistant to treatment. The new program provides funding for a new disease surveillance system to collect and analyze epidemiological information on disease outbreaks, training epidemic intelligence officers to identify and respond to attacks, developing a mass casualty emergency response system, maintaining a stockpile of pharmaceuticals, and developing new vaccines and antibiotics that could be used in the event of an attack.**

**Week 1 New Work Incentives initiative for people with disabilities.**

**The FY 2000 budget includes a historic workers incentive program that provides for continued and enhanced access to programs that empower people with disabilities to work. This package includes the Jeffords-Kennedy Work Incentives Improvement Act, which enables people with disabilities to go back to work by providing them with the option to buy into Medicaid and Medicare, a tax credit for work-related expenses for people with disabilities, a new program to integrate local employment-related and support services for adults**

with disabilities, and new efforts to provide assisting technologies to people with disabilities. **The unemployment rate among the 30 million working-age adults with disabilities continues to be much higher than that of the general population --close to 75 percent for people with significant disabilities, who cite their inability to retain their health coverage as their main impediment to returning to work.** These announcements will reflect many of the recommendations included in the President's Task Force on Employment of Adults with Disabilities, and **the overall initiative is strongly supported by the disability community.** We may be able to coordinate the event with the bipartisan introduction of the Jeffords-Kennedy legislation.

*Week 2 Nursing Home Event: Unveiling new sanctions and investments in quality*

*oversight for nursing homes.* To preempt the release of a GAO report in early January by Senator Grassley that criticizes our nursing home quality enforcement record, this event could highlight our aggressive efforts and a new investment of over \$90 million dollars to implement effective nursing home enforcement tools and improved nursing home quality and safety standards. These include **proposing new Federal legislation imposing civil and criminal penalties on nursing homes committing repeated and egregious violations of Medicare or Medicaid regulations, increasing monitoring of facilities that are repeatedly in violation of quality standards,** and establishing a new national commission to study the quality of care providing in nursing homes and assisted living facilities.

**Week 2 Long Term Care Initiative**

**The President could release new budget initiatives designed to address the growing national need for high quality long term care services, including a new multibillion dollar long term care tax credit, proposals that provide Federal employees the option of purchasing private long term care insurance, educate Medicare beneficiaries about available long term care options,** and invest \$125 million dollars (if included in budget) in a new national program to support Americans who care for chronically ill or disabled family members or friends. About 2 million Americans live in nursing homes and another 5 million Americans live in the community, but have health problems that make them dependent on others for basic activities of daily living, such as bathing or dressing. This multi-faceted initiative addresses a growing problem and represents our first significant effort to introduce new long term care policy that is extremely important to the aging community.

*Week 3 New Labeling Requirements for Over-The-Counter Drugs*

The President could announce the release of a new regulation requiring

pharmaceutical companies to label over the counter drugs in easily read and understandable language, ensuring that millions of consumers understand how to take medication safely and effectively. Presently, labels for over the counter drugs are often printed too small to read and in language that is often difficult to understand. (This regulation will be ready for release in January; however, since it is not budget related it would be timely regardless of when it is released.)

*Week 3 Preventing Genetic Discrimination*

The President can challenge the Congress to pass bipartisan legislation that ensures that insurers and employers do not inappropriately utilize genetic information to discriminate against enrollees and employees. Presently, Americans are not adequately protected against companies who use this information as an excuse to deny them employment. (This is not budget related and could be held for a later time.)

*Week 4 Children's Health Insurance Outreach Initiative*

*or Feb.* The President would announce several new activities to identify and enroll eligible children in Medicaid or CHIP, including launching a national ad campaign that includes a 1-800 number sponsored by the NGA and announce other private sector initiatives. Last year, we created a \$24 billion Children's Health Insurance Program -- the largest health expansion for children in 30 years. However, over 10 million children are eligible for either Medicaid or CHIP but are not enrolled.

**CRIME:**

**Week 1**

**Crime Statistics and COPS II Launch**

The President could announce his budget proposal for COPS II in a large ceremony with the law enforcement community before the State of the Union. The President could hold this event on the same day the of the release of the Justice Department's 1997 National Crime Victimization Survey (NCVS), which will show a continued decrease in crime victimization rates to the lowest point since the survey first began. The NCVS will show that violent and property crime rates have dropped more than 20% since the President first took office and will provide the opportunity to highlight the success of the COPS program and build support for COPS II.

**Week 1**

**"Zero Tolerance" for Drugs in Prisons**

Following up on his directive calling for "zero tolerance" of drugs in prisons, the President could make a series of announcements reinforcing the Administration's strong commitment to using the coercive power of the criminal justice system to reduce drug use and crime.

Specifically, he could make the following announcements:

(1) The availability of up to \$50 million in FY 99 for prison drug testing/treatment. As part of the recent budget deal, the Administration fought for and won the flexibility for states to use their federal prison grants to drug test and treat prisoners/parolees. A state-by-state break-out of this funding could be released, as well as the official solicitation for funds. Also, MD Governor Glendening or Lt. Gov. Kennedy-Townsend -- who already plan to use these funds to test parolees -- could attend and speak in support of this initiative.

(2) \$200 Million in additional funding for FY 2000. The FY 2000 budget will include \$200 million to support drug testing, treatment and sanctions throughout the criminal justice system, and this information could be leaked as part of -- or just prior to -- the event.

(3) \$4 Million for Drug Detection in Prisons. ONDCP is prepared to release \$4 million in grants for 8 states (MD, CA, AZ, AL, FL, NJ, NY and KS) to implement drug detection technologies to help keep drugs from being smuggled into prisons.

(4) Report on Drug Testing/Treatment. The Justice Department is preparing a report that shows that more than 3/4 of prisoners have abused drugs in their past and that approximately 1/3 of state prisoners committed their crimes while under the influence of drugs. These rates are an increase since 1991.

**Week 2**

**Gun Show Recommendations**

The President can announce his support for Administrative actions and legislation to crack down on the sale of guns at gun shows. The Attorney General and Treasury Secretary will submit their report of recommendations for cracking down on gun shows to the President by January 7. The President could hold an event where he announces new Administrative actions that follow the recommendations in the report and his support for legislation to combat the sale of guns at gun shows.

**WOMEN, CHILDREN, AND FAMILIES**

**Week 1**

**Title IX Executive Order**

The President could sign an executive order as early as next week prohibiting discrimination on the basis of race, color, national origin, or sex in education programs conducted by the federal government. This includes schools operated by the Defense Department for military dependents, schools operated by the Department of the Interior for Native Americans, and numerous training and educational programs run by federal departments. This is a follow up to an Executive Memorandum the President issued last year asking the Department of Justice to lead an effort to identify all federally-conducted education programs and to recommend appropriate action to end discrimination.

**Week 2 Child Care/Families**

The President and First Lady could host a ceremony with child care advocates where the President previews the entire child care initiative in the State of the Union.

**Week? Kids Aging Out of Foster Care**

The President could join the First Lady in an event announcing the new budget initiatives on independent living/transitional living/Medicaid for children aging out of the foster care system.

**Week 2-4 Mentoring Event**

The President could join the First Lady in hosting a mentoring event in which he would announce \$16 million in mentoring grants, release a report on the effectiveness of mentoring, as well as promote a new PSA campaign on mentoring. We are also exploring additional mentoring announcements from the Department of Education.

**Week 2 Equal Pay**

The President could announce his budget proposals for the Administration to take action on this issue (without legislation). Specifically, the President could announce his budget proposals for an education program for employees; new outreach to businesses to provide information on current law and offer technical assistance; and upgrading training for EEOC employees and resources for increases in enforcement capabilities. As a result of the initiative, EEOC states it will reach over 10 million workers through public service announcements and reach over 3000 small, medium, and large employers by providing technical assistance. The President could also announce his proposed funding for a Women in Non-Traditional Occupations Initiative within the Department of Labor, which will identify best practices, emphasize anti-discrimination and anti-harassment activities, and explore incentives to improve access for women into glass ceiling and nontraditional opportunities such as construction, technology, and manufacturing.

**Week 3 or 4 Car Seat Announcement**

The President could announce the final Department of Transportation rule for universal child safety seats. Under the new rule, every seat would be required to fit in every car the same way -- eliminating the current confusion caused by the existence of 100 kinds of child seats and 300 kinds of passenger vehicles. The National Highway Transportation Safety Administration estimates that 80 percent of the children strapped into safety seats are at risk because seats are improperly connected. Approximately 600 children under 5 years old are killed and more than 70,000 are injured in vehicle crashes every year. The new rule would make

it easier for parents to use child safety seats properly and encourage greater use of child safety seats.

**EDUCATION:**

**Week 2      Ending Social Promotions**

The President can visit a school system that is ending social promotion and roll out the after-school/ending social promotion FY2000 budget initiative. At this event, the President could release the Department of Education Guide to Ending Social Promotions. (A D.C. or Boston are both options.)

**Week 2      School Accountability.**

The President could roll out the FY2000 Excellence and Accountability Fund proposal that seeks to turn around failing schools. He could visit a school that exemplifies the policy. Maryland is intervening in schools in Baltimore and PG County, and there are a number of places in NYC we could go to as well.

**Week 2      Class Size Reduction.**

The President could announce Department of Education guidance for states and school districts for reducing class size. The President could visit a school with large classes to dramatize how much we can help or a school with small classes to hear parents and teachers talk about how wonderful small classes are. If the President can travel, visiting a Tennessee school would underscore that this really works.

**Week 2-4      1000 New Teachers for Native American Students.**

The President could announce his budget proposal to train 1000 new Native American teachers. The Department of Education proposal has three parts: (1) a fellowship program that will support the training of 1000 new American Indian and Alaska Native teachers over 5 years by providing for their expenses while attending school, including child care; (2) funding for 25 grants to educational institutions, with priorities for partnerships with tribal colleges, to create teacher training programs in Native American communities; and (3) providing continuing education for in-service teachers to improve the quality of teaching in Native American communities.

**WELFARE:**

**Week 1      Work Participation Rates and Welfare to Work Initiatives**

The President could visit a welfare-to-work program or make an announcement from the White House on: (1) new state work participation rates, showing that almost all states are meeting the welfare law's single-parent requirements, although some are failing to meet the law's separate two-parent requirement (these rates, for July - September 1997, are the first available under the new welfare reform law); (2) new caseload data showing continuing declines; and (3)

new data on the number of people who were on welfare in 1997 and working in March 1998. This event could also be used to: (4) preview Welfare-to-Work reauthorization, including Responsible Fatherhood Grants.

*Week 1 Child Support Law Enforcement Initiative and PSA*

Unveil a new child support law enforcement initiative to double the number of prosecutions of egregious child support violators by providing resources to identify, investigate, and prosecute these cases. This effort will be part of a challenge to law enforcement in every state to join our national effort to ensure America's children receive the support that they need and deserve. At this event, the President could also unveil a new national public service announcement underscoring fathers' responsibility to pay child support.

**FOOD SAFETY:**

**Week 2-4 Nationwide Crackdown on Food Safety**

The President could announce his proposed budget initiative that would highlight safety standards and enforcement. Included in this initiative are (1) a repackaged and somewhat modified legislative proposal giving the FDA and USDA additional enforcement powers (e.g., mandatory recalls and civil penalties); (2) additional food-specific regulations and/or guidelines (e.g., for certain fruits and vegetables); and (3) more extensive adoption of our model codes for restaurants and food service workers. In addition, we will focus on improving coordination with state and local agencies that regulate food safety in order to develop a wholly integrated national inspection system.

**TOBACCO:**

**Week ? Announcement on Recovering Federal Costs**

Announce that we will seek to recover federal costs caused by tobacco, through our budget and through a federal lawsuit.

**Week 2-4 Cessation Event**

The President could issue a directive to the OPM requiring enhanced coverage for federal employees of smoking cessation services, either by raising coverage limits (now only \$100 for most fee for service plans) or waiving deductible and copayments. At the same time, he could unveil his plans to provide improved smoking cessation services to veterans and members of the armed forces. New cessation coverage will be part of a comprehensive anti-tobacco plan to increase military readiness.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 17:20:08.00

SUBJECT: charter schools

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

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

TEXT:

Charter schools. A report on 17 California charter schools was released on December 3 that emphasized a number of ways in which charter schools have "failed to live up to their promise". The report 's primary criticisms are that charter schools 1) are not yet being held highly accountable for academic achievement, 2) generally depend on private resources to supplement their public funding, 3) exercise some control over the type of students enrolled through contracts requiring parental involvement and strict discipline codes, 4) don't frequently collaborate with -- or spark changes in -- other local public schools. To address these concerns, the report recommends strengthening accountability through requirements for more specific performance goals, targeting federal and state charter school funding to low-income schools, expanding access through better information and transportation and curtailment of parental participation requirements and strictly enforced discipline codes, and facilitating more collaboration among charter and other public schools. The recently enacted Charter School Expansion Act of 1998 addresses some of these issues -- establishing a funding priority for states that have increased the number of quality, accountable charter schools and for states that adopt stronger accountability provisions for charter schools, and by creating a 10% set-aside for "cross-fertilization" grants to support collaboration among charter and other public schools.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-DEC-1998 13:32:43.00

SUBJECT: Revised Green Bonds Proposal

TO: Elizabeth J. Potter ( CN=Elizabeth J. Potter/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

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

TO: Pieter J. Boelhouwer ( CN=Pieter J. Boelhouwer/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

TO: Bradley M. Campbell ( CN=Bradley M. Campbell/OU=CEQ/O=EOP @ EOP [ CEQ ] )  
READ:UNKNOWN

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

CC: Wilson.reid ( Wilson.reid @ epamail.epa.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

CC: Bruce.davie ( Bruce.davie @ treas.sprint.com @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

CC: Leonard.Burman ( Leonard.Burman @ treas.sprint.com @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

CC: mark.mazur ( mark.mazur @ hq.doe.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TEXT:

This is the most recent long version of the green bonds proposal. Please disregard earlier versions.

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

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D94]MAIL46825465D.326 to ASCII,

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## **Livable and Clean Communities Bonds**

**draft 12/18/98**

**This proposal recommends the creation of a new financing mechanism -- Livable and Clean Communities Bonds (LCCBs) -- to raise funds to finance environment-related public projects. Modeled on the school construction proposal, this bond initiative would provide new resources to local and state governments seeking to preserve open space, cleanup and redevelop brownfield sites, and restore community parks and important historic civic spaces. Like qualified zone academy bonds, this program would allow state and local governments to issue zero interest bonds to lenders who could claim a tax credit for the life of the bond in lieu of interest. The issue makes no principal or interest payments on the bond until maturity (13 years). The overall program would be capped at xx million annually over five years. [Note: requiring the issuer to pay some amount of interest would increase the amount of bonds that could be issued for the stated revenue cost; the maturity could be extended to 15 or 20 years to stretch out the time the issuer has to raise funds to pay off the bonds).**

**Sprawl and efforts to manage it -- loosely termed smart-growth -- are quickly emerging as a national issue. Over 75 percent of the 224 "livable communities" ballot measures voted on in the 1998 elections were passed. Many of these initiatives, such as the "Clean Michigan Bond Proposal", included funding for bonds to promote more livable communities and protect open space. This continued the trend of support for such bonds that has increased dramatically through the 1990s.**

**The availability of LCCBs would encourage actions that recognize the relationship between land conservation and clean water, and development. (As an aside, note that 70 of the Nation's 75 largest cities were founded on a significant body of water.) LCCBs would be available to finance projects that create environmental amenities in urban, suburban, and rural areas that would encourage long-term economic investment (providing the long-term benefit of job creation), enhance the quality of the local environment, and provide an attractive and functional setting for urban revitalization.**

**The allocation of the limited amount of LCBS issuance authority would be made through an open competition, with State and local governments submitting plans for use of the bond proceeds to an inter-agency evaluation panel, chaired by EPA in consultation with the Departments of the Interior, Housing and Urban Development, Agriculture, and Treasury. The pool of available bond issuance authority would be divided in half, with one part reserved for a competition among the Nation's 100 largest cities and the other part reserved for a competition among the fifty States (the States, of course, could then use the bond proceeds to support projects sponsored by local governments). This division would ensure that large cities, particularly those with many environmentally impaired neighborhoods, will receive appropriate attention and treatment in the allocation process. The annual competition among cities would ensure that the bonds went to support plans that best met the goals of promoting livable and clean communities while promoting job creation and business development. Additional preference would be given to those cities**

**whose applications included the participation and involvement of several adjacent communities. EPA would monitor compliance with the plans.**

**The portion of bond authority competitively awarded to the States would be administered by State environmental agencies and distributed among local communities according to the submitted plans that indicated how the bond issuance would support environmental improvement projects. Like the competition among cities, the plans selected would be those best meeting the goals of promoting livable and clean communities while promoting job creation and business development. Additional preference would be given to those states whose applications focused on sustainability and metropolitan planning and coordination. Again, EPA would monitor compliance with the plans.**

The green bonds proposal would encompass both public, governmental activities and private activities that promise substantial public benefits. The virtue of a mechanism that encompasses activities from both the private and public sectors is largely one of efficiency and efficacy. For example, the cost to a developer of adding an environmental amenity with significant public benefits (e.g., extra pollution control features) may be far less than if a government entity had to implement the same measure independently at a subsequent time. Similarly, the total environmental benefits from a concerted strategy featuring actions by private companies and local governments could easily be far greater than the benefits if each took independent action.

To allow greater flexibility to localities in electing between private or public approaches to the same "green infrastructure", public entities would be permitted to use the new bonding authority to capitalize revolving funds that in turn could be used by private entities meeting the qualified use definitions. This would help ease the understandably daunting enforcement burden identified by the Internal Revenue Service. In addition, projects would be certified as being in compliance with the plan and other legal requirements by the State environmental agency.

A requirement for green bond issuance would be that 95 percent of the proceeds from sale of the bonds must be used for the purposes outlined in this proposal and in accordance with the plans submitted by the qualified applicants within 3 years of issuance of the bonds. Administrative expenses would not be considered in meeting this 95 percent test.

Under the proposal, a menu of projects would be eligible for assistance. Projects available for assistance would include:

- Open Space (Including Farmlands and Wetlands) -- Governmental acquisition or conservation of open space, including parks, important historic civic spaces, and wetlands. Governmental acquisition or the facilitation by private, non-profit enterprises of qualified easements to preserve these open spaces would be included as an eligible activity. Over the life of the bonds, the property must remain an open space -- no change in use would be permitted;
- Water Pollution -- Eligible activities would include the following: (1) Government-initiated passive infrastructure to control polluted runoff, such as settling ponds, and greenways (specifically, this would not include capital-intensive treatment plants funded under other

mechanisms); (2) Enhancements to private development projects that add significant pollution runoff control features (again, this would not include capital-intensive treatment plants funded under other mechanisms); (3) Public resources used to finance water pollution reductions from sources not captured by regulation (e.g. small businesses and farmers);

- **Brownfield Redevelopment.** This includes governmental assessment, cleanup, and redevelopment of brownfield sites for community supported parks, playgrounds, open spaces, or for the redevelopment for industrial or commercial enterprises that would reduce sprawl in outlying communities.

**Cost: the revenue cost would be limited to \$700 million over 5 years by setting the annual cap appropriately.** This program would permit the issuance of \$XXX million of green bonds each year for five years. The present value of the thirteen years worth of tax credits generated issued in each of the five years would be \$XXX million, based on a discount rate of AFR + 2 percent.