NLWJC - KAGAN

EMAILS RECEIVED

ARMS - BOX 089 - FOLDER -005

[02/10/1999 - 02/11/1999]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elizabeth R. Newman (CN=Elizabeth R. Newman/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:10-FEB-1999 09:09:58.00

SUBJECT: Re: guidance

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

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

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

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

TEXT:
medicare - reduction in errant spending (in post and times)
miranda rights - elena said that she would work with counsel's office on this
guns - project exile in nytimes

thanks - please have in by 10:00 - joe only has from 10-10:30 to prepare for his 11:00 briefing becaus ehe has a meeting at 10:30 - thank you

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-FEB-1999 09:35:29.00

SUBJECT: Strategy Meeting

TO: Vicky_Stroud (Vicky_Stroud @ ed.gov@inet [UNKNOWN])
READ:UNKNOWN

TO: David L. Stevenson (CN=David L. Stevenson/OU=OSTP/O=EOP @ EOP [OSTP])
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: Shirley S. Sagawa (CN=Shirley S. Sagawa/OU=WHO/O=EOP @ EOP [WHO])
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: Elena Kagan (CN=Elena Kagan/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: 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

TEXT:
We will NOT be having an Education Strategy Group meeting tomorrow, February 11.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sean P. Maloney (CN=Sean P. Maloney/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:10-FEB-1999 10:19:01.00

SUBJECT: Re: shalala Memo

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

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

TEXT:
sorry to be a pest, but have you had a chance to check this out?

Elena Kagan
02/05/99 06:55:30 PM
Record Type: Record

To: Sean P. Maloney/WHO/EOP
cc:
Subject: shalala Memo

let me take a look this weekend.
---------- Forwarded by Elena Kagan/OPD/EOP on 02/05/99 06:57 PM ----------

Sean P. Maloney

02/05/99 04:00:17 PM

Record Type: Record

To: Elena Kagan/OPD/EOP
cc:
Subject: shalala Memo

A few weeks back we sent up a memo from Sec'y Shalala on HHS' response to the president's July 1998 directive on the public availability of tobacco documents. Do you have a view about whether the president really needs to see this? We're inclined not to send it in, but defer to you guys.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-FEB-1999 10:19:08.00

SUBJECT: draft statement from the President on NAEP scores -- feel free to page me

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

CC: Tanya E. Martin (CN=Tanya E. Martin/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 statement on the NAEP scores. As I mentioned, the VP's office thinks the President should not put out a statement because it would undermine the VP's message today and that this reflects prior discussions between Pat Ewing and Sosnick. I told Pat Ewing to call Bruce to discuss further. Anyway, the draft statement below reflects where the VP and Riley statements on this today. The national Center for Educational Statistics (NCES) will portray a somewhat more mixed picture. NCES will report the positive news --that average scores in reading have increased in 4th, 8th,and 12th grades between 1994 and 1998. But they will also report that only 8th grade scores have increased since 1992, and that 4th and 12th grade scores have merely returned to 1992 levels. They will also report that while higher percentages of 8th grade students scored at or above the basic and proficent level in 1998 thaan 1994, there were no significant changes in the percentage of 4th graders reaching these levels. More 12th graders scored at the advanced and proficient levels in 1998 than 1994, but the percentage of 12th graders scoring at or above the basic level has increased since 1994 but are still below 1992 levels. Secretary Riley still feels strongly that we should portray this as encouraging news, not overstate it, and call for accelerating progress in improving education and enacting the Clinton-Gore education agenda.)

"Today, Vice President Gore and Secretary Riley are holding a press conference on new results published today by the National Center for Education Statistics. The 1998 National Assessment of Educational Progress □&Reading Report Card for the Nation□8 shows encouraging news. For the first time, average reading scores have improved in each of three grades measured -- 4th, 8th, and 12th grade -- between 1994 and 1998. These gains are small but significant. This nation is headed in the right direction, but we must pick up the pace of our progress. That□,s why Congress needs to enact my agenda to improve education -- to ensure that we end social promotion, end the use of unqualified teachers, turn around failing schools, have orderly classrooms, and report to parents on the progress of every school. We also need to work together across party lines to provide support for expanded after-school and summer programs and build on last year□,s down payment to hire more well-prepared teachers to reduce class size in the early grades where children master the basics and learn to read."

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-FEB-1999 10:53:15.00

SUBJECT: FYI. Child care safety study

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

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

TEXT:
Kathleen Begala from CPSC says they have a ready to be released study of Hazards in Child Care Settings. CPSC studied 220 child care settings across the country and found 66% of settings exhibited at least one safety hazard (e.g., 8% had cribs that did not meet safety standards, 19% had cribs with soft bedding that might present a suffocation hazard). The study looked at hazards in child care at GSA, non-profit, in-home, and for-profit run facilities. GSA did not do particularly well (42% had soft bedding present). Kathleen has told Milanne about it. CPSC have some guidelines they want to release. I don't know the issue but wonder whether it makes sense to combine the study release with an executive order to GSA run facilities (maybe we have already) or whether the President and first lady would like to use the study as a way to push his legislation (radio address).

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-FEB-1999 11:32:09.00

SUBJECT: H2A

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

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

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

TEXT:
Per John's request I called Caroline Verveer, in Bob Graham's office, to say that we would get together after I returned from Mexico to discuss Graham's ideas for how to proceed with this tough issue. She said that they were open to working and were not starting with the Wyden bill. Elena--you had said you had a mtg late last week--remind me, what was it on; and also you, Karen and I discussed that we would need to get DOL on the same page (whatever that page is)--so it seems to me time for a small mtg among us to figure out we're doing here--I'd like to do it Friday or Tues of next week---tell me what works and let's discuss agenda and participants--not a large mtg.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-FEB-1999 11:32:15.00

SUBJECT: LRM CJB 6 = ED testimony on Elementary and Secondary Education Act Reautho

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TO: Wei-Min C. Wang (CN=Wei-Min C. Wang/OU=OMB/O=EOP@EOP [OMB])

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

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

LRM TREASURY (LRM TREASURY [UNKNOWN])
READ:UNKNOWN

LRM JUSTICE (LRM JUSTICE [UNKNOWN])
READ:UNKNOWN

ONDCP LRM (ONDCP LRM [UNKNOWN])
READ:UNKNOWN

LRM HHS (LRM HHS [UNKNOWN])
READ:UNKNOWN

Karen DORSEY (Karen DORSEY [UNKNOWN])
READ:UNKNOWN

Gregory JONES (Gregory JONES [UNKNOWN])
READ:UNKNOWN

TEXT:
[**Note: A paper copy of this material will not be faxed to you, unless you are unable to access the document electronically, and so advise us. Thanks.]

Sec. Riley is scheduled to present the testimony below tomorrow, Thursday, Feb. 11th, to the House Committee on Education and the Workforce. His office states that the text is materially identical to the statement he presented on Feb. 9th before the Senate Committee, and that any changes are stylistic. Therefore, your expedited review and clearance is requested.

Please provide any comments by 2:30 p.m. today, Wednesday. If you do not respond to by that time, we will assume you do not object to the statement
.

click here for
testimony:

Total Pages: ____

LRM ID: CJB6
EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Wednesday, February 10, 1999

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: James J. Jukes (for) Assistant Director for Legislative Reference
OMB CONTACT: Constance J. Bowers
PHONE: (202)395-3803 FAX: (202)395-6148
SUBJECT: EDUCATION Testimony on EDUCATION Draft Bill on Elementary and Secondary Education Act Reauthorization

DEADLINE: 2:30 p.m. today Wednesday, February 10, 1999

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

COMMENTS: Sec. Riley is scheduled to present this testimony to the House Committee on Education and the Workforce tomorrow, Thursday, February 11, 1999. Therefore, this deadline is firm. If you do not respond, we will assume you have no objection.

NOTE: ED states that this testimony does not differ in substance from Sec. Riley's testimony before the Senate HELP Committee on 2/9/99 == any changes are "stylistic".

DISTRIBUTION LIST

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Wei-Min C. Wang
Daniel J. Chenok
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Elena Kagan
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Broderick Johnson
Pamula L. Simms
Howard Dendurent
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Brian S. Mason
Robert G. Damus
James J. Jukes
Janet R. Forsgren

LRM ID: CJB6 SUBJECT: EDUCATION Testimony on EDUCATION Draft Bill on Elementary and Secondary Education Act Reauthorization

RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM

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

You may also respond by:
(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
(2) sending us a memo or letter
Please include the LRM number shown above, and the subject shown below.

TO: Constance J. Bowers Phone: 395-3803 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: _____ (Date)

_____ (Name)

_____ (Agency)

_____ (Telephone)

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

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this response sheet==========
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
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□?GO!#C\ P6QP##XP\ P6QXP#Mr. Chairman and Members of the Committee:
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I appreciate this opportunity to present the Administrations views on the upcom
ing reauthorization of the Elementary and Secondary Education Act (ESEA) of 196
5. The Administration is working on a detailed reauthorization proposal that w
e plan to submit for your consideration next month. The Department will also s
oon submit to Congress several reports evaluating the implementation and impact
 of Title I, other ESEA programs, and Goals 2000. Today I will provide an ove
rview of our reauthorization efforts, as well as some of our specific recommend
ations. If there is one overriding principle that defines what we hope to acco
mplish, it is to end the tyranny of low expectations□ □and raise achievement le
vels for all of our young people.

Style0#XX2PQXP##XP\ P6QXP#Let me begin by urging the Committee to develop a si
ngle, comprehensive bill reauthorizing the Elementary and Secondary Education A
ct. Some have suggested an approach that could lead to several separate bills.
 This concerns me, because we have worked very hard with the Congress in recen
t years to develop a comprehensive approach to Federal support for education re
form. If our efforts are to be successful, it is very important for all the pi
eces to fit together, complementing and reinforcing each other to help States,
school districts, and schools to make the changes needed to raise achievement f
or all students. This is why the Administration is developing a single, integr
ated reauthorization proposal, and I hope you will do the same.
Style0
Style0#XX2PQXP##XP\ P6QXP#I also want to point out that with the nearly simult
aneous reauthorization of the Departments Office of Educational Research and Im
provement, we have a unique opportunity to develop a comprehensive agenda for i
ndependent research to support improved practices and instruction in elementary
 and secondary education. We should make every effort to develop researchbased
 solutions to the many challenges we face in elementary and secondary education
, and to get the best information on what works into the hands of parents, teac
hers, principals, and superintendents across the Nation.
Style0
heading 9#XP\ P6QXP##^\ P6QP#□THE 1994 REAUTHORIZATION: A WATERSHE
heading 9 #XP\ P6QXP#□

This is, of course, this Administrations second opportunity to work with Congre ss on improving the ESEA. The 1994 reauthorization"the Improving Americas Scho ols Act"reflected a fundamental break with past practice in Federal efforts to promote excellence and equity in the Nations elementary and secondary schools. The 1994 Act took direct aim at transforming a Federal policy that for too lon g had condoned low expectations and low standards for poor children. Along wit h the Goals 2000: Educate America Act, the 1994 reauthorization reflected a bip artisan effort to raise expectations for all children by helping States and sch ool districts to set high standards and establish goals for improving student a chievement.

It has been just four years, and many States and school districts are still pha sing in the 1994 Act, but already we have strong evidence of its positive impac t on teaching and learning. For example, 48 States, the District of Columbia, and Puerto Rico have developed statelevel standards and two States have pushed for standards at the local level. More importantly, there are promising signs of real progress toward meeting these higher standards in the classroom. The N ational Assessment of Educational Progress (NAEP), for example, has shown signi ficant increases in math scores at the 4th, 8th, and 12th grades (See Chart 1). The National Education Goals Panel reported that between 1990 and 1996, 27 St ates significantly increased the percentage of 8th graders scoring at either th e proficient or the advanced level on the NAEP math test (See Chart 2).

Yesterday, the National Center for Education Statistics released the latest nat ional report card on reading, and I find the results encouraging. As you can s ee on Chart 3 in my testimony, average reading scores have increased for studen ts in grades 4, 8, and 12. I believe this is the first time we have seen such acrosstheboard progress, and that is a hopeful sign indeed. Making sure that every child can read well and independently by the end of the 3rd grade is a ke y benchmark of whether or not American education is improving.

We also have information showing progress in TitleI, the flagship ESEA program that targets assistance to disadvantaged and minority students in highpoverty s chools. Title I has contributed to the rapid development of challenging State standards that apply to all students in Title I schools. Teachers in Title I s chools are increasingly reporting that standards are helping to guide instructi on. Moreover, preliminary data gathered for this reauthorization from States t hat have implemented the Title I standards and assessment provisions generally show increased achievement levels in highpoverty schools.

For the 199798 school year, 7of the 10 States with standards and aligned assess ments in place for two years report increasing percentages of students meeting proficient and advanced performance standards in schools with poverty rates of at least 50 percent. These Statelevel data are particularly encouraging since final assessments are not required to be in place until school year 20002001. This and other information, including data indicating that TitleI is driving hi gher standards to poor districts and schools, will be discussed in greater deta il in the Congressionally mandated National Assessment of Title I scheduled for release in late February.

Turning from the national to the State level, individual States have made notab le progress in a very short period of time (See Chart 4). North Carolina, for example, more than doubled the percentage of its 8th graders scoring at the pro ficient or advanced levels on the NAEP math test, from 9 percent in 1990 to 20 percent in 1996. In Texas, the percentage of 4thgrade students reaching the NA EP proficient or advanced levels rose from 15percent in 1992 to 25 percent in 1 996.

We also have evidence of improving achievement in urban school districts enroll ing significant numbers of poor and minority children. In Signs of Progress, a

1998 report from the Council of Great City Schools, 18 urban school districts reported increased scores on national, State, and local achievement tests.

#^\ P6QP#□CHANGING THE WAY WE DO BUSINESS□
#XP\ P6QXP#
I believe we are seeing this progress in part because the 1994 reauthorization changed the way we do business at the Federal, State, and local levels. The 19 94 Act included provisions to improve teaching and learning, increase flexibili ty and accountability for States and local school districts, strengthen parent and community involvement, and target resources to the highest poverty schools and communities. There is strong evidence that these changes, particularly the emphasis on high standards and new flexibility to innovate, have helped States and school districts carry out the hard work of real education reform.

#^\ P6QP#□Setting High Standards
□
#XP\ P6QXP#States that led the way in adopting standardsbased reforms"like Ken tucky, Maryland, North Carolina, and Oregon"found new support from Federal prog rams that helped them to raise reading and math achievement. In other States, the new ESEA and Goals2000 encouraged and supported improvements in teaching an d learning tied to high standards. For example, in a report on Goals 2000 prep ared by the General Accounting Office (GAO) at the request of the Chairman of t his Committee, we were most pleased that State officials described Goals 2000 a s a significant factor in promoting their education reform efforts and a cata lyst for change.

The National Education Goals Panel issued a report authored by the RAND Corpora tion that examined the experience of North Carolina and Texas. This report fou nd that the most plausible explanation for the testscore gains was an organiz ational environment and incentive structure based on standardsbased reform, def ined as an aligned system of standards, curriculum, and assessments; holding s chools accountable for improvement by all students; and critical support from b usiness. The report also tells us that the willingness of political leaders to stay the course and continue the reform agenda, despite changes of Governors and among legislators, is another key element that has defined the success of t hese two leading States, which enjoyed both the largest achievement gains and s ignificant progress in closing the achievement gap between minority and majorit y students.

#^\ P6QP#□New Flexibility□
#XP\ P6QXP#
At the Department of Education, the 1994 reauthorization sparked a determined e ffort to give States and school districts greater flexibility to make innovatio ns that help all students reach high standards. For example, we systematically examined every Department regulation and set very specific criteria for regula ting only when absolutely necessary. The Office of Management and Budget has s upported this approach, and other Federal agencies have since adopted it as a m odel. Under our new regulatory criteria, we found that we needed to issue regu lations for only five of the programs included in the 1994 ESEA reauthorization ; thus we eliminated a full twothirds of the regulations previously covering th e Elementary and Secondary Education Act.

Another major improvement was to give States the option of submitting a single, consolidated State application, instead of separate applications, for the majo rity of ESEA programs. Not surprisingly, every State but one has adopted this approach, which both reduces paperwork and encourages a comprehensive approach to planning for the use of Federal funds. Moreover, States now submit their si ngle plan just once during the life of the authorization cycle, with brief year ly updates to ensure accountability. States reported in fiscal year 1996 that the consolidated application slashed paperwork requirements by 85percent.

In addition, the Department has vigorously implemented the waiver provisions in cluded in the 1994 reauthorization, which permit States, school districts, and schools to request waivers of statutory and regulatory requirements that presen t an obstacle to innovative reform efforts if there are adequate accountability safeguards in place. Our efforts included a Waiver Hot Line as well as compre hensive waiver guidance at our site on the World Wide Web.

Since the reauthorization of ESEA in 1994, the Department has received 648 requ ests for waivers from States and local districts and granted a total of 357 wai vers. Overall, the Department has approved 55 percent and disapproved 8 percen t of all waivers requested. Of the remainder, 28 percent were withdrawn largel y because districts learned that they had sufficient latitude or flexibility un der existing law to proceed without a waiver, demonstrating that the ESEA is mo re flexible than many people thought even without the waiver authority.

Another approach to flexibility is the EDFlex demonstration program, which allo ws the Department to give States with strong accountability mechanisms the auth ority to approve waivers of certain Federal statutory and regulatory requiremen ts that stand in the way of effective reform at the local level. Congress has authorized up to 12 States to participate in EDFlex.

We are proposing to expand EDFlex to allow all eligible States to participate. I believe such an expansion should be considered in the context of reauthoriza tion and our emphasis on accountability for results. EDFlex can be an importan t tool for accelerating the pace of real reform in our schools, but it must be done thoughtfully. EDFlex cannot be used to get around established civil right s protections, or to undermine the overall purpose of helping disadvantaged chi ldren reach the same high standards as other children.

#^\ P6QP#□Federal Education Dollars to the Local Level□
#XP\ P6QXP#
Body Text#&J\ P6Q&P##XP\ P6QXP#One final issue I want to touch on is the Dep rtments performance in getting Federal education dollars to the local level, wh ere they can do the most good. There have been a number of dollars to the cl assroom proposals over the past two years based on the assumption that the Depa rtment of Education retains a significant portion of Federal elementary and sec ondary appropriations to pay for administrative costs.

The truth is that over 95percent of all the dollars appropriated by Congress fo r ESEA programs already go to local school districts. Almost all of the rest g oes to States to provide technical assistance, to support the use of standards and assessments, and to provide oversight. If the 95 percent figure sounds fa miliar, it is because some of those proposals I mentioned promise to send 95 pe rcent of Federal dollars to the classroom.

I recognize that some may argue about whether the local level is the same as the classroom. My view is that once the funds reach the local level, it is up to local elected school boards to decide how best to spend them to achieve the purposes of the programs enacted by the Congress.

I believe that these accomplishments"widespread adoption of challenging standar ds, promising achievement gains nationally and even more improvement in leadin gedge States, and new flexibility for States and school districts"show that we were on the right track in 1994. The evidence demonstrates a clear connection between raising standards and raising student achievement. The record also sho ws, however, that many States and districts are still phasing in the 1994 refor ms. Taken as a whole, this experience provides a compelling argument for the A dministration and Congress to keep working together to help States and school d istricts get high standards into the classroom, and to push for improved incent

ives and strengthened accountability mechanisms to ensure that these reforms ta
ke hold.

#^\ P6QP#□DISTURBING GAPS REMAIN□
#XP\ P6QXP#
The overall progress I have described cannot hide the fact that disturbing gaps
remain in the educational performance of this Nation. In the areas of math an
d science, for example, the Third International Math and Science Study (TIMSS)
provides the latest evidence of a longstanding pattern of declining performance
in math and science as students move through our elementary and secondary scho
ols. Our 4th graders score among the best in the world in these subjects, our
8th graders are in the middle of the pack, and the performance of our 12thgrade
rs in math and science ranks near the bottom of the nations participating in TI
MSS.

Body Text In particular, progress toward closing the gap in achievement betwee
n disadvantaged and minority students and their more advantaged peers has stall
ed in recent years. Yesterdays NAEP reading report only confirmed what many ot
her studies have shown over the past several years: children in poverty, defin
ed in this case as those who receive free and reducedprice lunch, are almost tw
ice as likely as other children to be read below the basic level.

These achievement gaps are mirrored and exacerbated by two key systemic problem
s that we will try to address through our reauthorization proposal: the teache
r gap and the accountability gap.

#^\ P6QP#□Too Many Unqualified Teachers in Our Classrooms□
#XP\ P6QXP#
Research shows that qualified teachers are the most important inschool factor i
n improving student achievement, yet more than 30percent of newly hired teacher
s are entering the teaching profession without full certification, and over 11p
ercent enter the field with no license at all.

Our ability to raise academic standards also is hindered by teachers teaching
out of field. Overall, nearly 28percent of teachers have neither an undergradu
ate major nor minor in their main assignment fields. Another significant conce
rn is the practice of using teacher aides as the primary instructors.#C\ P6Q
#XP\ P6QXP#All of these individuals are trying to do their best, but where t
hey are being asked to take the place of a teacher we are shortchanging our stu
dents.

Highpoverty urban schools are most likely to suffer from unqualified teachers.
The National Commission on Teaching and Americas Future reported in 1996 that
"in schools with the highest minority enrollments, students have less than a 50
% chance of getting a science or mathematics teacher who holds a license and a
degree in the field he or she teaches."

We cannot expect our students to reach high standards until every classroom is
led by an experienced teacher capable of teaching to high standards. We must d
o more to ensure teacher quality, particularly in highpoverty schools.

#^\ P6QP#□Accountability Mechanisms Are Weak in Many States
□
#XP\ P6QXP#Many States are not yet implementing proven practices that are work
ing in some of the States that are making the most rapid progress. According t
o recent special report on accountability in Education Week, 36 states issue sc
hool report cards, 14 do not, and fewer than half of the parents in States that
do issue report cards are aware of their existence.

The report also tells us that only 19 States provide assistance to low performi

ng schools, and only 16 States have the authority to reconstitute or close down failing schools. Only about half the States require students to demonstrate that they have met standards in order to graduate, and too many still promote students who are unprepared from grade to grade. We need to provide incentives for all States to develop and implement strong accountability mechanisms.

Body Text#&J\ P6Q&P##^\ P6QP#□THE NEXT STAGE: RAISING ACHIEVEMENT IN OUR SCHOOLS AND CLASSROOMS□
#XP\ P6QXP#
The teacher gap and the accountability gap provide the#&J\ P6Q&P#□ □#XP\ P6QP#broader context for our ESEA reauthorization proposals. To close these gaps" and the achievement gaps that they perpetuate"we have developed a comprehensive, threepart strategy of (1)targeting investments to disadvantaged children, with particular attention to the early years of schooling; (2)improving teacher quality, and (3) real accountability. All these pieces need to fit together if we want to raise achievement levels.

First, our investments in Title I, the ClassSize Reduction program, the Reading Excellence Act, education technology, and afterschool programs"to name just a few"are all part of our effort to get communities and their teachers and principals the resources they need to raise achievement for all students. We have put a real emphasis on the early years of schooling because research and common sense tells you that if a young person can master the basics early, they get off to a much better start in their education.

We want to improve academic achievement for all students, with a special emphasis on closing the gap upward between poor and minority students and other students. This is why, for example, we are such strong supporters of reducing class size in the early grades. Research from the Tennessee STAR study demonstrated that reducing class sizes in the early grades led to higher achievement for all students, with poor and minority students showing the greatest gains.

Second, we think it is absolutely essential to put a highly qualified, dedicated teacher in every classroom in America. John Stanford, the inspiring former superintendent from Seattle who recently passed away, had this marvelous slogan that summed up his philosophy: the victory is in the classroom. If we are going to achieve many more victories in the classroom, we simply have to raise teacher quality and get many more certified teachers into our TitleI schools. This is why we asked the Congress to create a strong teacher quality initiative in the Higher Education Act reauthorization last year. Our intent here is to make high standards part of every teachers daily lesson plans. I will discuss this part of our proposal in greater detail later on in my testimony.

Third, we want to support Governors and States that are putting into place strong mechanisms to hold districts, schools, principals, and teachers accountable for student achievement. And we want to provide incentives to those States and communities that have been slow to undertake the hard work and difficult decisions entailed by real accountability.
□
#^\ P6QP#Strengthening Accountability□
#XP\ P6QXP#
President Clintons State of the Union address highlighted a package of accountability measures that forms the core of our approach to accountability in the ESEA reauthorization. Stronger accountability is the third part of our broad strategy of improvement. These measures build on the accountability provisions included in the 1994 reauthorization, and are critical to ensuring that the substantial Federal investment in elementary and secondary education is used wisely and actually produces the desired results for all of our children.

Body Text Much of our thinking about accountability has been informed by succe

ssful accountability initiatives at the local and State levels. The most thoug htful education leaders at the State and local level are doing what we are prop osing: they are ending social promotion, requiring school report cards, identi fying lowperforming schools, improving discipline in schools and classrooms, an d putting in place measurable ways to make change happen, such as basic skills exams at different grade levels. They are striking a careful balance between g iving schools the increased support and flexibility they need to raise achievem ent levels and, at the same time, holding schools accountable when they do not measure up to clearly established goals. We are trying to strike that same bal ance in our reauthorization proposals.

Our emphasis on accountability in ESEA, and in particular in Title I, seeks to build on, support, and encourage these growing State and local efforts to pick up the pace of standardsbased reform. Here it is important to recognize that w e are not talking about more regulations. We want better results. There is bo th a moral and a fiscal dimension to being more accountable. We cannot afford to lose the talents of one child, and we cannot waste the substantial resources entrusted to us by American taxpayers.

The either/or thinking that has dominated the public debate about our accounta bility proposals"more Federal control versus less local control"really misses t he point entirely about what we seek to achieve. If a State is putting its own accountability measures into place, we are not demanding that they replace the ir measures with our measures. But if a State does not have such requirements in place, then it makes a good deal of sense for them to adopt our proposals. We expect States to do this because it is good education policy and the right t hing to do for the children.

Style0#XX2PQXP##XP\ P6QXP#Our approach to increased accountability is one of g raduated response, a range of options"some positive and others more prescriptiv e"that can help break the mold and get lowperforming schools moving in a more p ositive direction. On the positive side of the continuum, we give school distr icts greater flexibility if we see that they are making progress. But if a sch ool or a school district simply isnt making things happen, we want to work with State and local officials to find out why and shake things up. The local scho ol district, for example, may not be giving teachers the real professional deve lopment time they need.

If a school district is refusing to change, we are prepared to be much more spe cific about how it uses ESEA funding. We do not intend to be passive in the fa ce of failure. We will help, nudge, prod, and demand action. And, if we have to, we are prepared to restrict or withhold ESEA funding.
Style0
We recognize that a complete accountability system should be multidimensional a nd include high expectations and accountability for everyone in the system. Al l of us are responsible for ensuring that all students reach high standards. T he accountability measures in our reauthorization proposal will be designed to (1)help school districts and states provide students with a highquality educati on, (2)focus on continuous improvement, and (3)hold students, teachers, princip als, schools, and districts to high standards.

It is important to note that our proposed accountability measures reinforce and build on similar provisions enacted in 1994. For example, the underlying stru cture of the Title I accountability provisions is sound, and a minority of Stat es are hard at work emphasizing continuous improvement and holding schools and principals accountable for results. Many States, however, have not fully imple mented the TitleI provisions and have moved only tentatively to make other chan ges based on high standards and accountability.

We seek to speed up and strengthen the process by requiring States to take imme

diate action to turn around lowperforming schools, to give parents annual repor t cards, to end social promotion, to improve teacher quality, and to have wellt houghtout discipline policies in place that make a difference.

heading 9#XP\ P6QXP#Meeting State Standards
heading 9
First, we would retain the current Title I requirement that States establish as sessments aligned with State content and performance standards by the 20002001 school year. States must also define adequate yearly progress for Title I scho ols and local school districts in a manner that would result in continuous prog ress toward meeting State standards within a reasonable time frame.
□□

heading 9#XP\ P6QXP#Turning Around the Lowest Performing Schools
heading 9
Second, States should take immediate corrective action to turn around the lowes t performing schools. Currently, there are over 6,500 schools and 1,300 school districts designated under Title I as needing improvement. These schools and districts were placed in schoolimprovement status after making little or no imp rovement over a period of two years. Many of these schools are still showing n o improvement despite receiving additional support. We are saying our children have spent enough time in lowperforming schools"it is time to take action now.

States should quickly identify the lowest performing schools that are failing t o show improvement and provide additional support and assistance. If any schoo l continues to show no improvement, States should take bold action such as reco nstituting the school or closing the school down entirely and reopening it as a fresh new school. The Department's 2000 budget request includes a $200million setaside in Title I to help jumpstart this process of State and district inter vention in the lowest performing schools.

heading 9#XP\ P6QXP#Annual Report Cards
heading 9
Third, annual report cards at the State, district, and school levels should be a requirement for receiving ESEA funds. The report cards should provide invalu able information on improvement over time or the lack thereof. They should inc lude information on student achievement, teacher quality, class size, school sa fety, attendance, and graduation requirements. Where appropriate, the student achievement data should be disaggregated by demographic subgroups to allow a gr eater focus on the gaps between disadvantaged students and other students.#&J\ P6Q&P#

#XP\ P6QXP#For report cards to make sense they need to be easily understood by and widely distributed to parents and the public. As I indicated earlier, whi le 36 States already require report cards, many parents and teachers from these States say that they have never seen them. Our proposal is intended to give p arents a tool they can use to join the debate over bringing high standards into the classroom, to advocate on behalf of their children and their childrens sch ools, and to work with teachers and principals to make improvements.
Style0#XX2PQXP##XP\ P6QXP#
Style0I assure you, if parents find out that their children are going to an unr uly or unsafe school, there will be standingroom only at the next school board meeting and that can be a very good thing. If parents discover that test score s are down at their school but up at a nearby school, they will start asking qu estions and spark reform. In short, a good, honest report card gives parents a real accountability tool that allows them to make a difference in the educatio n of their children.

Separately, we have proposed an additional test that can help parents determine if their children are measuring up: the voluntary national tests in 4th grade

reading and 8th grade math. The independent, bipartisan National Assessment G overning Board (NAGB) is developing a plan for this test, in accordance with la nguage in the Fiscal Year 1999 Appropriations Act. I ask the Committee to join me in looking carefully at this plan when NAGB announces it later in the sprin g.

heading 9#XP\ P6QXP#Ending Social Promotion
heading 9
Fourth, all States receiving ESEA funds should end the practice of social promo tion. I want to be clear that in calling for an end to social promotion we are not encouraging school districts to retain students in grade; instead, we are asking school districts to prepare children to high standards.#C\ P6QP# #XP\ P6QXP#That is why we have pushed so hard for programs like Class Size Reductio n, the Reading Excellence Act, and the 21st Century Community Learning Centers afterschool initiative, which invest in the early years and help to minimize th e number of children at risk of retention in grade.

Research indicates that from 10 to 15 percent of young adults who graduate from high school and have not gone further"up to 340,000 students each year"cannot balance a checkbook or write a letter to a credit card company to explain an er ror on a bill. In addition, about 450,000 to 500,000 young people drop out of high school between the 10th and 12th grades. These are the young people who a re hurt by current practices. We need to make sure these students are given th e support they need to succeed.

The Presidents call for an end to social promotion is designed to tell students that performance counts, and to encourage districts and schools to take aggre ssive action to help all students meet promotion standards on time. States sho uld target their efforts at key transition points, such as 4th, 8th, and 10th g rades, and should use multiple measures, such as valid assessments and teacher evaluations, to determine if students have met the high standards required for promotion to the next grade. States would develop their own specific approache s to match their unique circumstances.

Strategies to end social promotion include early identification and interventio n for students who need additional help"including appropriate accommodations an d supports for students with disabilities. Afterschool and summerschool progra ms, for example, can provide extended learning time for students who need extra help to keep them from having to repeat an entire grade.
X` hp x (#7
□?GO!
heading 9#XP\ P6QXP#7
□?GO!7
□?GO!Ensuring Teacher Quality
heading 9
Fifth, States must do more to ensure teacher quality. States receiving ESEA fu nds should adopt challenging competency tests for new teachers, phase out the u se of uncertified teachers, and reduce the number of teachers who are teaching out of field.#C\ P6QP# #XP\ P6QXP#I know the Members of this Committee e our concern about teacher quality, and we want to work with you to address th at concern.

Less than two weeks ago, we released our first biannual report on Teacher Quali ty. In developing this report, we are making a statement that we are going to keep coming back to the issue of teacher quality again and again. The report t old us that less than half of Americas teachers feel very wellprepared to teach in the modern classroom. Teachers cited four areas of concern: using technol ogy, teaching children from diverse cultures, teaching children with disabiliti es, and helping limited English proficient (LEP) students (See Chart 5). This study really is a cry for help and we need to respond□.□

Plain Text#d6X@DQ@##XP\ P6QXP#Our ESEA reauthorization proposal would begin to address these problems by ensuring that States adopt challenging competency examinations for all new teachers that would include assessments of subjectmatter knowledge and teaching skills. We would also work to phase out the use of teacher aides as instructors in Title I schools, but at the same time encourage paraprofessionals to become certified teachers by supporting State and local efforts to build career ladders leading to certification. Our proposal will ensure that States make significant progress in reducing both the number of teachers with emergency certificates and the number of teachers teaching subjects for which they lack adequate preparation.

The issue of improving teacher quality is also of great importance to all of us who want to improve the education of children with disabilities. The ESEA is meant to serve all children and there are growing numbers of children with disabilities who have been successfully mainstreamed into regular classrooms. The ESEA and the Individuals with Disabilities Education Act can work together to make a real difference for many more of these children. The Teacher Quality report told us that the majority of our teachers do not feel as wellprepared as they should to teach children with disabilities. We want to work very hard to make sure that all teachers have the skills and the tools they need to teach these children to high standards.

We made a good start in improving teacher quality last year when Congress passed"with strong bipartisan support"the new teacher recruitment and training programs in TitleII of the reauthorized Higher Education Act. Our ESEA reauthorization plan would build on this success by providing resources to help States strengthen teachercertification standards. It also will include"in the new Teacher Quality and High Standards in Every Classroom initiative"increased investment in the highquality professional development that teachers tell us they need to help all students meet challenging new State standards.

#^\ P6QP#□TITLE I□
#XP\ P6QXP#
!Plain Text!I have described some of the key, crosscutting measures for getting high standards into all classrooms. Now I would like to outline some programs pecific issues and recommendations, beginning with Title I, which is the largest Federal investment in elementary and secondary education. This $7.7billion program reaches more than 45,000 schools in over 13,000 school districts. With the expansion of schoolwide projects following the last reauthorization, the program now serves over 11million students. In the 199697 school year, 36 percent of the children served were white, 30 percent were Hispanic, and 28percent were AfricanAmerican. Seventeen percent of the children served were limited English proficient.

Historically, Title I has been the single largest source of Federal funding targeted to raising the achievement levels of students in highpoverty schools and helping to close the achievement gap between these children and their more advantaged peers. The 1994 reauthorization focused on helping children in high poverty schools reach the same high standards expected of all students. In particular, States were required to develop content and performance standards in reading and math, with aligned assessments to measure student progress toward meeting the standards.

In looking at the impact of TitleI, we should keep in mind that despite its size and prominence at the Federal level, it represents about three percent of national spending on elementary and secondary education. Title I is effective only when it works in partnership with much larger State and local resources. Nevertheless, Title I can and should do more to assist State and local efforts to raise the educational achievement level of poor and minority children, and this

is what we are trying to achieve through our reauthorization proposals.

The 1994 reauthorization improved targeting of resources, expanded the schoolwide approach, and strengthened parental involvement. With regard to targeting, the GAO recently reported that Federal programs are much more targeted than State programs. On average, for every $1 a State provided in education aid for each student in a district, the State provided an additional $0.62 per poor student. In contrast, for every $1 of Federal funding districts received for each student, they received an additional $4.73 in Federal funding per poor student. We believe targeting works, and we recommend leaving in place the TitleI allocation formula adopted by the Congress in 1994.

The 1994 Act expanded schoolwide programs by permitting schools with poor children making up at least 50 percent of their enrollment to use Title I funds in combination with other Federal, State, and local funds to upgrade the instructional program of the entire school. Since 1995, the number of schools implementing schoolwide programs has more than tripled, from about 5,000 to approximately 16,000. Our reauthorization proposal would maintain the 50percent threshold for schoolwide programs.

Parents of Title I children are now more fully involved in their childrens education through the use of parent compacts called for in the 1994 Act. I want to stress that getting parents involved in the process of school reform is often the spark that makes the difference. I have been a strong advocate of increased parental involvement in education for many years and there is a good reason for it. Parents are childrens first teachers and they set the expectations that tell children how hard they should strive to achieve. Teachers tell us again and again that parents are too often the missing part of the education success equation.

If you look at the chart entitled Making the Grade, you will see why we are placing such a strong emphasis on developing compacts between parents and schools for our Title I children (See Chart 6). Four years ago, we created the Partnership for Family Involvement in Education with 40 organizations. This Partnership has since grown to 4,700 organizations and it continues to grow quite rapidly. To give you one example of its activities, last month the Partnership sent out a detailed guide of best practices on how teachers can work better with parents.

#^\ P6QP#□Proposed Changes to Title I□
#XP\ P6QXP#
Building on what we have learned since 1994, our reauthorization proposal would continue to hold atrisk children in highpoverty schools to the same high standards expected of all children and to link Title I to State and local reforms based on high standards. We also would continue targeting resources to areas of greatest need, supporting flexibility at the local level to determine instructional practices, and encouraging more effective implementation of schoolwide programs.

Title I schools would, of course, be subject to the accountability provisions that we would apply to all ESEA programs. Specific improvements to Title I would include targeting additional resources to help the lowest achieving schools and phasing out the use of teacher aides as instructors in Title I schools. We also would strengthen the schoolwide authority by borrowing some of the successful features of the Comprehensive School Reform Demonstration program, such as basing reforms on solid research about what works. And in response to a key recommendation of the reading study conducted by the National Academy of Sciences (NAS), we are proposing the use of diagnostic assessments in the first grade to ensure the early identification of children with reading difficulties. In addition to these proposals, we are giving serious consideration to phasing in a

setaside within Title I for professional development aligned to standards.

With regard to family literacy, an issue that I know is very important to the C hairman of this Committee, the Department is considering changes that would fur ther clarify existing opportunities for using Title I funds to provide family l iteracy services. Additionally, we may propose amendments to Even Start that w ould build upon the quality improvement amendments included in the Reading Exce llence Act.

The Department also is considering proposals to promote high quality profession al development for early childhood educators and others to help children develo p better language and literacy skills in the early years. The NASs reading stu dy presented strong evidence that children who receive enrichment services focu sed on language and cognitive development in early childhood show significantly higher reading achievement in the later elementary and middle school years. W e believe that professional development based on recent research on child langu age and literacy development"including strategies that could be shared with par ents"could make a significant contribution toward the goal of ensuring that eve ry child can read well by the end of the 3rd grade. Our proposal would target those children most at risk of experiencing difficulty in learning to read by w orking with early childhood educators in Head Start and Title I preK programs.

Separately, we support the continuation of the Comprehensive School Reform Demo nstration program, which we believe is generating some good models for improvin g the effectiveness of the broader Title I program and for strengthening both T itleI and nonTitleI schools.

Body Text#&J\ P6Q&P##^\ P6QP#□QUALITY TEACHERS AND HIGH STANDARDS IN EVERY CLASSROOM□
#XP\ P6QXP#
While every State has developed high standards, States and districts now need s ignificant support to continue the hard work of turning these high expectations into classroom realities. This is why we are proposing a new initiative calle d Quality Teachers and High Standards in Every Classroom. This initiative woul d help States and school districts continue the work of aligning instruction wi th State standards and assessments, while focusing most resources on improving teacher quality through highquality professional development. Our proposal wou ld build on and succeed the current Goals 2000, Title II, and Title VI programs .

Body Text □Body Text 2#&J\ P6Q&P##XP\ P6QXP#
The National Commission on Teaching and Americas Future found that the biggest impediment to improving teaching was the lack of access to the kinds of knowled ge and skills teachers need to help students succeed. We know from the Commiss ions report that most school districts do not direct their professional develop ment funds in a coherent way toward sustained, standardsbased, practical, and u seful learning opportunities for teachers. We need to provide teachers with op portunities to change instructional practices in order to ensure that all child ren are taught to high standards.

"□Body Text 2"Plain Text#d6X@DQ@##XP\ P6QXP#Just as we have real concerns abou t improving teacher quality, we need to recognize the growing shortage of quali fied principals. I was struck by a recent article in The Washington Post, whic h indicated that about 50 percent of all schools face a shortage of qualified p rincipal candidates. That is a very heavy statistic.
!Plain Text!□Body Text 2#&J\ P6Q&P##XP\ P6QXP#
Unfortunately, we have not done enough to support the professional growth of te achers and principals. Currently, most school districts spend less than threep ercent of their budgets on professional development, while our best private com panies spend as much as 10percent to ensure that their employees have quality t raining and keep current in their work. If we expect the best from our student

s, we need to ensure that we are giving our teachers the best support possible. And, we know it works. In New York Citys District 2, former Superintendent T ony Alvarado made major investments in professional development"investments tha t paid off in marked improvement in student achievement.

"□Body Text 2"Body Text#&J\ P6Q&P##XP\ P6QXP#The 1994 reauthorization incl d a greater focus on researchbased principles of professional development in th e Eisenhower Professional Development program. Despite this emphasis, recent e valuations of the Eisenhower professional development program found that most d istricts did not receive enough funding to support the kind of ongoing, intensi ve professional development that works best to improve teaching skills.

Body Text As we move into the next phase of getting high standards into school s and classrooms, we must give States and districts the flexibility they need t o strengthen their local efforts to implement standards and to improve teacher quality. States could use these funds to continue the development of standards and assessments and provide leadership to districts working to align instructi on with these standards and assessments and to improve professional development for teachers. School districts would use their funds to implement standards i n schools and to invest in professional development in core subject areas, with a priority on science and mathematics.

States and districts would also be able to use these funds to meet new ESEA tea cher quality requirements related to the implementation and improvement of comp etencybased assessments for initial licensure, the reduction of the number of t eachers on emergency credentials, and the reduction of the number of teachers t eaching out of field.

Funds would be used to advance teacher understanding and use of best instructio nal practices in one or more of the core academic content areas, with a primary focus on math and science. The initiative also is designed to complement the strong emphasis on professional development throughout our ESEA reauthorization proposal, including Title I, the Reading Excellence Act, and Title VII.

We would support activities to assist new teachers during their first three yea rs in classroom, including additional time for course preparation and lesson pl anning, mentoring and coaching by trained mentor teachers, observing and consul ting with veteran teachers, and teamteaching with veteran teachers.

Veteran teachers would be encouraged to participate in collaborative profession al development based on the standards developed by the National Board for Profe ssional Teaching Standards. The initiative also would support districtwide pro fessional development plans designed to help students meet State academic stand ards, the integration of educational technology into classroom practice, and ef forts to develop the next generation of principals.
Body Text#&J\ P6Q&P##XP\ P6QXP#
Body Text #^\ P6QP#□SAFE, DISCIPLINED, AND DRUGFREE SCHOOLS
#XP\ P6QXP#□
Style0#XX2PQXP##XP\ P6QXP#The Administrations plans for reauthorizing the Safe and DrugFree Schools and Communities Act have actually taken shape over the pa st few years in our annual budget requests. These proposals have been designed to strengthen the program by improving accountability and by targeting funds t o local educational agencies with (1)significant drug and violence prevention p roblems and (2)highquality, researchbased programs to address those problems.

Style0#C\ P6QP##XP\ P6QXP#Our reauthorization proposal would build on t arlier efforts by emphasizing a schoolwide approach to drug and violence preven tion. All school districts receiving funds would be required to develop a comp rehensive Safe and DrugFree Schools plan to ensure that they have a drugfree, s afe, and disciplined learning environment. These plans would include fair and

effective discipline policies, safe passage to and from schools, effective rese archbased drug and violence prevention policies, and links to afterschool progr ams. These plans would also have to reflect the principles of effectiveness t hat the Department recently established, which include the adoption of research based strategies, setting measurable goals and objectives for drug and violence prevention, and regular evaluation of progress toward these goals and objectiv es.

Program funds would be distributed in larger, more effective grants, because ou r proposal would require States to award competitive grants to a limited number of highneed districts. Program evaluations have consistently found that the c urrent practice of allocating funds by formula to all districts spreads funds t oo thinly to have a significant impact in most districts. For example, about t hreefifths of districts currently receive grants of less than $10,000, with the average grant providing only about $5 per student.

Our reauthorization plan also would continue the Safe Schools/Healthy Students program, an interagency initiative that provides competitive grants to help sch ool districts and communities to develop and implement comprehensive, community wide strategies for creating safe and drugfree schools and for promoting health y childhood development. Similarly, the Safe and DrugFree Schools Coordinator Initiative would be continued under our proposal.

We also will propose to authorize the Department to provide emergency services, especially mental health and counseling services, to schools affected by the k ind of violence we saw last year in Arkansas, Kentucky, Mississippi, Oregon, an d Pennsylvania. This is the $12million Project SERV (School Emergency Response to Violence) initiative included in the Presidents 2000 budget request. Our r eauthorization plan also would set aside a small amount of funding at the State level to support similar emergency response activities.
7
□?GO!w7
□?GO!
endnote text#XP\ P6QXP#w7
□?GO!7
□?GO!#^\ P6QP#□EDUCATIONAL TECHNOLOGY□
#XP\ P6QXP#
#endnote text#Style0#XX2PQXP##XP\ P6QXP#Since the creation of Title III in th last ESEA reauthorization, the Federal government has helped States and school districts make significant progress in bringing technology into the classroom and making sure that teachers are prepared to effectively integrate technology throughout the curriculum.

With the support of Congress, the Department has delivered over $1 billion to S tates through the Technology Literacy Challenge Fund. This investment is helpi ng to increase the number of classrooms connected to the Internet"just 27 perce nt in 1997"and has helped decrease the studentcomputer ratio from 38 students p er multimedia computer to 13 students per multimedia computer.
Style0
By early March, $1.9 billion dollars in ERate discounts will be provided to the Nations schools and libraries. This means that over the summer, the number of poor schools that are connected to the Internet will rise dramatically. These discounts will also provide affordable access to advanced telecommunications a nd ensure that all of our schools are active participants in the technological revolution.

To reduce the "digital divide" that could widen the achievement gap between dis advantaged students and their wealthier peers, we propose to strengthen the tar geting provisions of the Technology Literacy Challenge Fund. Just 63 percent o f highpoverty schools had connections to the Internet in 1998, compared to 88 p

ercent of lowpoverty schools. The disparity is even greater at the classroom l
evel, with only 14 percent of classrooms connected to the Internet in highpover
ty schools, compared to 34 percent of classrooms in lowpoverty schools.

Federal dollars are helping to narrow this digital divide. Highpoverty schools
received over twoandonehalf times more new computers than their lowpoverty cou
nterparts in recent years. We will make a special effort to address the needs
of rural America, where technologies like distance learning can make a real dif
ference, and to coordinate ESEA technology programs with the Individuals with D
isabilities Education Act Technology Development Program, which expands access
to innovations in technology to students with disabilities.

Body Text#&J\ P6Q&P##XP\ P6QXP# Helping teachers integrate technology into t
eir daily lesson plans will be another special focus. Currently, only 20percen
t of our teachers feel qualified to integrate technology throughout the curricu
lum. The reauthorization proposal for Title III will focus on supporting State
and local efforts to improve teacher quality, with a priority for developing p
artnerships between local school districts, institutes of higher education, and
other entities.
Body Text
We also want to strengthen our evaluation efforts to find proven and promising
models of how technology is improving achievement that we can bring to scale.

#C\ P6QP# #^\ P6QP#
endnote text#XP\ P6QXP##^\ P6QP#□SUPPORTING STUDENTS WITH LIMITED ENGL
FICIENCY□
#XP\ P6QXP#
#endnote text#Students with limited English proficiency (LEP) are the fastest g
rowing population served by the Elementary and Secondary Education Act. Accord
ing to State educational agency data, the number of LEP students grew 67 percen
t between the 199091 and 199697 academic years.

Growing numbers of LEP students are in States and communities that have little
prior experience in serving them. For example, between the 199293 and 199697 s
chool years, the LEP population more than doubled in Alabama, Alaska, Florida,
Idaho, Nebraska, Nevada, North Carolina, Oregon, South Carolina, and Tennessee.

The Presidents goal is to hold schools accountable for ensuring that LEP studen
ts can speak and read English after three consecutive years in our schools. We
are not proposing to cut off services to students after three years. To the c
ontrary, schools must continue to help students until they become proficient in
English.

We are equally committed to ensuring that LEP students reach challenging academ
ic standards in all content areas. We also want to assure that States and scho
ol districts have the flexibility they need to provide the most appropriate ins
truction for each child.

I told you earlier that we cannot afford to waste the talents of one child. On
e of Americas greatest strengths has always been her diversity of peoples. Tod
ay, immigrants and their children are revitalizing our cities, energizing our c
ulture, and building up our economy. We have a responsibility to make them wel
come here and to help them be part of the American success story.

Our reauthorization proposal for the Title VII bilingual education provisions s
eeks to achieve these goals by emphasizing the same two key strategies we are p
ursuing throughout the ESEA: improving teacher quality and strengthening accou
ntability.

To increase teacher quality, for example, all institutions of highe
r education applying for Title VII grants would be required to show that their
teacher education programs include preparation for all teachers serving LEP stu
dents.
endnote text#XP\ P6QXP#
#endnote text#Body Text#&J\ P6Q&P##XP\ P6QXP#To strengthen accountability,
would require both Title VII grantees and Title I schools to annually assess t
he progress of LEP students in attaining English proficiency. These assessment
s will be used to inform parents of their childrens progress and to help school
s improve instruction.
Body Text
LEP students who have been in U.S. schools for less than three years would cont
inue to be included in the Title I assessment system, but after three years rea
ding assessments would be conducted in English. Schools and districts would be
held responsible, as part of the larger ESEA accountability provisions, for en
suring that LEP students reach the threeyear English language proficiency goal.

footnote ref#XP\ P6QXP#I also believe that Americas children need to become
ch more fluent in other languages. We are very far behind other nations when i
t comes to giving our students a mastery of other languages. There are teenage
rs in Europe who can easily speak three languages. I am certain we can do a mu
ch better job at giving our students both a mastery of English and fluency in a
t least one foreign language. #footnote ref#There are currently over 200 twowa
y bilingual education programs that teach English and a foreign language and al
low all students to truly develop proficiency in both languages.
#C\ P6QP#
#^\ P6QP#□EXCELLENCE AND OPPORTUNITY IN PUBLIC EDUCATION
#XP\ P6QXP#□
As I travel around the country visiting schools, I continue to see the spark of
innovation and creativity in many public schools. Public education is changin
g quite rapidly at the ground level and offering parents many more options in t
he terms of the type of schools their children can attend and the courses they
can take.

This Administration is a strong advocate of public school choice as a way to en
courage and stimulate the creative efforts of school districts to give parents
the opportunity to find a school that best fits the needs of their children. S
ome discussions about choice suggest that there is choice only outside of publi
c education. Well, that is an assumption that I want to challenge because it r
eally has no basis in fact.

You can go to school district after school district and find schoolswithinschoo
ls, magnet schools, schooltowork initiatives, high schools collaborating with l
ocal colleges, and option and theme schools that focus in on specialized fields
like the environment, the visual and performing arts, communications and techn
ology, backtobasics, classical studies, marine science, accelerated learning, t
he international baccalaureate, finance, and medical sciences.

There is a great deal of variety in public education at the local level, from a
lternative schools to communitybased learning efforts, to schoolswithoutwalls,
to public schools that focus in on the coreknowledge approach to education. T
here are public school districts like Seattle that have a completely open choic
e model and many other school districts that offer intradistrict choice, interd
istrict choice, and controlled choice. Critics of public education would do we
ll to recognize that many public school districts are far more in touch with pa
rents than they think and are giving parents the choices they seek.

I want to stress that one of the most important choices that parents can make a
bout a childs education is the choice of subjects and not schools. We have a g

rowing body of research showing that courses students choose in middle and high school are powerful predictors of success"from mastery of highlevel math to ga ining entrance to top colleges and universities. The best schools in America"w hether they are public, private or parochial"all share something in common: th ey place a strong emphasis on a rigorous and engaging academic program. This i s what makes these schools distinctive, and it is what makes them work.

That is why President Clinton has spent six years advocating the idea that by r aising standards, exciting families about their childrens education, and puttin g quality teachers into every classroom, we can raise achievement for many, man y more of our students"and indeed, someday soon, hopefully all of our students. That is the best public policy for us to support. Private school voucher pro grams affect only a small number of students, divert us from our goal of high s tandards for all children, and take scarce resources from the public schools th at serve around 90 percent of Americas children.

While the Administration strongly opposes efforts to divert public funds to pr ivate schools through vouchers or similar proposals, we want to encourage the d evelopment of new choices within the public school system. This is why we work ed very closely with Congress to reauthorize the Charter School legislation tha t fosters creativity with accountability.

This year we are proposing a new choice authority that would help us identify a nd support new approaches to public school choice, such as interdistrict magnet schools and worksite schools, and promote a new, broader version of choice tha t works within all public schools.

We are interested in promoting public school choice programs in which the schoo ls and programs are public and accountable for results, are genuinely open and accessible to all students, and promote high standards for all students. There are many successful public schools that can provide models for improving lowpe rforming schools, and one of our goals must be to find ways to help States and local school districts to replicate these successful models by leveraging what works for our childrens education.

#^\ P6QP#□MODERNIZING SCHOOLS FOR THE 21ST CENTURY□
#XP\ P6QXP#
An additional priority for the Administration is to help communities build and renovate the school buildings they will need to help all students reach challen ging standards. The General Accounting Office has reported that States and sch ool districts face over $112billion in repairs to existing schools. In additio n, many schools face severe overcrowding as a result of the baby boom echo. Th e truth of the matter is that America's schools are overcrowded and wearing out . The average school in America is over 40 years old and we know that school b uildings begin to deteriorate once they become that old.

Style0#XX2PQXP##XP\ P6QXP#The Administration is proposing $25 billion in bondi ng authority to finance the construction or renovation of up to 6,000 schools. As part of the Presidents tax legislation, the Federal government will provide bondholders with tax credits in lieu of interest payments. State and local bo nd issuers will be responsible for repayment of principal. In addition, throug h the reauthorized ESEA, we would make grants to involve citizens in designing schools that reflect the needs of the entire community. The Presidents 2000 bu dget would provide $10 million for these grants under the Fund for the Improvem ent of Education.
Style0
Style0#XX2PQXP##XP\ P6QXP#Teaching and learning is changing and the schools we build need to reflect these changes, and be much more open to the community as whole. The generation of schools we build now are going to be around for a go od 40 to 50 years and they ought to be built in such a way that they are true c

enters of community and anchors for livable communities. We have found that en gaging citizens in the process of planning and designing schools also encourage s people to save money and share resources. Placing an elementary school next to a senior citizen center, for example, can be beneficial to everyone.
Style0
#^\ P6QP#□CONCLUSION□
#XP\ P6QXP#
Style0#XX2PQXP##XP\ P6QXP#These are just the highlights of a comprehensive rea uthorization proposal that will span a dozen or so titles affecting nearly ever y area of Federal support for the Nations elementary and secondary schools. I encourage you to give careful consideration to our full proposal when it is com pleted next month, and I look forward to discussing the specific details of our plan as your work on your legislation.

The framework for all of our thinking is the clear recognition that the days of dumbing down American education are over. We want to achieve up and raise e xpectations for all of our young people. As I have said so many times before, our children are smarter than we think. We can and surely will debate the meri ts of the policy ideas that we are putting forward today and that is healthy. L et us find common ground, however, around the idea that we have both a moral an d social obligation to give the poorest of our young people the help they need to get a legup in life and be part of the American success story.

Style0 As I travel around the country visiting schools, I really do get a sense that things are happening, that a very strong consensus has develo ped about what needs to be done to improve our schools. All the elements are c oming together: a new emphasis on early childhood, better reading skills, high expectations for all of our young people, and accountability for results. We are moving in the right direction and we need to stay the course to get results and always remember that the victory is in the classroom.

Style0#XX2PQXP##XP\ P6QXP# In conclusion, I want assure you that th e Administration is prepared to work with the Congress to help and support loca l and State educators and leaders who are striving to raise achievement levels. I hope that in the process, a new bipartisan spirit can evolve around educati on issues. The last few years have been somewhat contentious here in Washingto n, and we need to give a better account of ourselves to the American people.
Style0
I will be happy to take any questions you may have.========== END ATTACHMENT

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-FEB-1999 11:53:07.00

SUBJECT: idea for POTUS

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

TEXT:
so, what do you think?
---------- Forwarded by Lynn G. Cutler/WHO/EOP on 02/10/99
11:52 AM ----------

Lynn G. Cutler
02/09/99 11:38:41 AM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: idea for POTUS

Had an idea--I was listening to Mandy Patimkin, who is in town and just had corneal transplants. He has become a major spokesperson for organ transplants, and listening to the terrible statistics on need and availability, it seems to me that this is a good project for the President to push. We could do a really wonderful event, with recipients and with Mandy, and announce some kind of new initiative where people who interface somehow with the federal govt.,i.e., Social Security, could sign up to be a donor. Mail cards with the checks for two months--something. Let me know.

Message Sent
To:_____
Ann F. Lewis/WHO/EOP
Paul E. Begala/WHO/EOP
Maria Echaveste/WHO/EOP
Douglas B. Sosnik/WHO/EOP
Elena Kagan/OPD/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Mickey Ibarra (CN=Mickey Ibarra/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:10-FEB-1999 12:48:23.00

SUBJECT: NGA message

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

TEXT:
I am FOR us focusing on Education Accountability message in the context of more flexability for more accountability. However, we need your help to navigate the sensitivities. Mike Cohen and I got an earfull from Gov. Carper last night.
---------- Forwarded by Mickey Ibarra/WHO/EOP on 02/10/99 12:45 PM ----------

William H. White Jr.
02/10/99 12:34:15 PM
Record Type: Record

To: Fred DuVal/WHO/EOP, Mickey Ibarra/WHO/EOP, Todd A. Bledsoe/WHO/EOP, Maria E. Soto/WHO/EOP
cc:
Subject: NGA message

I spoke to Ann Lewis re NGA message for the 22nd. She said that folks wanted to do education accountability as our message. I told her it may not be a lovefest, and she said that folks were aware, but wanted to have that debate. She did mention that they needed to check with POTUS again cause he may not want a confrontation with his former peers.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-FEB-1999 13:09:02.00

SUBJECT:

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

TEXT:
John Podesta just stopped by to see you- please go see him

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Rebecca L. Walldorff (CN=Rebecca L. Walldorff/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:10-FEB-1999 13:58:16.00

SUBJECT: Legislative Rollout reminder

TO: Donna Dejban (CN=Donna Dejban/OU=NSC/O=EOP @ EOP [NSC])
READ:UNKNOWN

TO: Jennifer R. Muller (CN=Jennifer R. Muller/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

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

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

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

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

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

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

TO: Cathy L. Millison (CN=Cathy L. Millison/OU=NSC/O=EOP @ EOP [NSC])
READ:UNKNOWN

TO: Rhonda Melton (CN=Rhonda Melton/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

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

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

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

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

TEXT:
Quick reminder - Legislative Rollout today at 4PM in the Roosevelt Room.
Thanks!
Rebecca

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-FEB-1999 14:12:41.00

SUBJECT:

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

TEXT:
Jennifer P. is calling for you to come to the 2:00 ed. press mtg- it is now in Lockhart's office

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-FEB-1999 15:19:55.00

SUBJECT:

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

TEXT:
Chuck Ruff just returned your call, but said no rush

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-FEB-1999 17:42:26.00

SUBJECT: Weekly Strategy Meeting

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

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

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

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

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

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

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

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

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

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

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

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

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

CC: Rhonda Melton (CN=Rhonda Melton/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

CC: Jocelyn A. Bucaro (CN=Jocelyn A. Bucaro/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:
There will be a weekly Health Care Strategy Meeting, tomorrow, Thursday, February 11, at 4:00 p.m. in Bruce Reed's office.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:11-FEB-1999 08:36:12.00

SUBJECT:

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

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

TEXT:
from toiv, could we get at least oral guidance by 9:00 on tobacco suit?
62580

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:11-FEB-1999 08:49:09.00

SUBJECT: fyi

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: Paul D. Glastris (CN=Paul D. Glastris/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:

Clinton's dumbest education idea
ENDING "SOCIAL PROMOTION" WON'T CURE WHAT AILS AMERICAN SCHOOLS.

BY JOAN WALSH

When President Clinton vowed in his State of the Union address to "end social promotion" -- passing schoolchildren to the next grade regardless of their achievement -- he bravely declared himself opposed to a concept that has absolutely no supporters. "Social promotion" is a concept much like "welfare as we know it." Nobody likes it, nobody wants to defend it and the president's promise to end it places him squarely on the side of the angels -- and the voters, according to pollsters. Exactly where Clinton likes to be.

So why are former Clinton supporters in the education community furious at the president's promise? "Because he knows better," says Kati Haycock of the Education Trust, which advocates to improve education for poor children. "When he was governor he knew education systems as thoroughly as anyone. He's just pandering." Nobody supports social promotion, Haycock notes, but the likely alternative -- forcing millions of students to repeat a grade in school -- is worse.

It's rare that educational research is unanimous about anything, but on the issue of retention, it's close. There is near consensus among scholars and researchers that retention doesn't help, and often

hurts, the children who repeat a grade.

Chicago's attempt to end social promotion, which Clinton cited approvingly in his State of the Union address, is actually an expensive, undocumented experiment that, despite $100 million annually for remedial programs, has resulted in at least 24,000 students being left back over the last two years. Several states and cities have already ended social promotion and vastly increased retention rates, with dubious results.

Despite that research and experience, ending social promotion has become the cure-all for the nation's education ills. The goal unites a broad spectrum of politicians and social critics who normally disagree.

Conservative writer Charles Murray, whose 1984 book "Losing Ground" blamed permissive 1960s policies for causing the 1980s urban underclass, linked social promotion with welfare as an example of a liberal practice that actually hurt those it was intended to help. "A student who did not want to learn was much freer not to learn," Murray wrote, and faced "no credible sanctions for not learning."

But Sandra Feldman of the American Federation of Teachers -- a group Murray likes no better than welfare-rights advocates -- also blasts social promotion. In her first major speech to the National Press Club after taking office, she blamed the practice of "sending students on to the next grade even though they weren't really ready" for the epidemic of students leaving high school without basic skills. The AFT has come out against social promotion, arguing that if students don't meet basic standards, they should be retained.

And of course, politicians to Clinton's right have tried to make ending social promotion their cause.

Just before he left office last month, former California Gov. Pete Wilson signed two bills to end

social promotion in California -- but they passed the state's Democrat-controlled Legislature unanimously, a measure of the notion's bipartisan popularity. Texas Gov. George W. Bush is a longtime foe of social promotion, but significantly, the plan passed by the Texas Legislature sets tough new standards for promotion, yet allows teachers and parents leeway to avoid leaving students back if they'd be harmed by it.

How did ending social promotion become the education reform flavor of the week? "It's part of the same 'get tough' mentality you see on crime, on welfare," says Ernest House, a University of Colorado education professor who has studied the issue closely. "But on school kids, it just doesn't work."

CLINTON'S DUMBEST EDUCATION IDEA | PAGE 1, 2, 3

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Although Charles Murray traces the social promotion controversy to the 1960s, its roots go back to the early days of the century, when students began staying in school well past childhood, instead of leaving after a few years for farm or industrial work. As students who might have dropped out began staying in school longer, many lagged behind their better educated or more privileged peers, and the practice of holding back those who weren't achieving began to spread.

But as Richard Rosenblatt explained in a recent issue of Phi Delta Kappan magazine, turn-of-the-century educators then began to worry about rising numbers of students repeating grades.

In 1908, Rosenblatt found, the Russell Sage Foundation sounded alarms about the growing amount of education money being wasted on students going through the same grade twice. Some researchers found that as many as two-thirds of students in certain school districts had been left back. Education reformers began charting the negative effects of retention and calling for more

individualized instruction to allow students to advance with their peers -- in other words, social promotion. By 1938, a National Education Association survey found, most school districts practiced some version of social promotion.

The pendulum began to swing back in the 1950s, Rosenblatt observed, as critics blamed social promotion for declining achievement. In reality, many school districts, and individual schools, had always held back large numbers of failing students.

In the 1960s and '70s, advocates for poor and minority children did take aim at retention, finding that black children were more likely to be left back, and that retention hurt their later school performance.

But the 1980s, which saw the reversal of many liberal social policies at the national, state and local level, brought the large-scale return of retention.

While Clinton cites the fledgling Chicago experiment to back his crusade against social promotion, he'd be better off looking at what happened in New York, which abolished social promotion in 1981, but abandoned the program as a failure in 1983. Despite investing more than $50 million in 1,100 new teachers, New York left back more than 25,000 students in those two years.

Unfortunately, their achievement didn't improve, says Ernest House, who evaluated the program. And years later, research found that New York students retained during that experiment were more likely to drop out than comparable low-achieving students who weren't left back. African-American boys who were retained were 37 percent more likely to drop out, House notes, and other studies show similar bad results for black males who've been retained in other districts. Black and Latino students are disproportionately left back under the current retention policies.

House and others believe Chicago is destined to repeat New York's mistakes. While Chicago school officials claim their program has increased overall student achievement, there has been no

independent evaluation, House notes. "It's astonishing that a program that is so controversial and costs so much money has not been independently evaluated after three years," he says.

New York, too, proclaimed its 1981 program an early success, based on internal data, but outside evaluators disputed those early gains, leading New York to abandon the experiment. The Consortium on Chicago School Reform recently took issue with the school district's data, finding that recent improvement in student test scores could not be attributed to its retention experiment. And while Chicago boasts that most students referred to its summer programs manage to move on to the next grade level, thanks to the extra help, a full 46 percent do not. Chicago school district officials did not return phone calls seeking comment on their program.

Programs to end social promotion don't have to lead to widespread retention. Many schools have adopted a policy of abolishing social promotion, but they put resources into identifying students at risk of repeating a grade early in the school year, and offer tutors and other special help. La Ballona Elementary School in Culver City, Calif., for instance, has done such a good job with its program to identify lagging students that last September, then-Gov. Wilson chose it as the site to sign legislation ending social promotion in California. "Yes, some kids are going to be held back," Wilson acknowledged at the press conference. But not at La Ballona. The Los Angeles Times reported that only two or three students a year are actually retained, despite their ambitious program. The principal called retention "a terrible option."

Several cities, including Corpus Christi, Texas, and Long Beach, Calif., have abolished social promotion without vastly increasing retention. Corpus Christi tests at-risk students every three weeks to make sure they're keeping up. Most educators say retention should be one option

among many considered for students who can't achieve at grade level. "The 'expert opinion' on retention changes every 10 years," complains Barbara Karvelis, principal of San Francisco's Edison Elementary School. "Each case is individual, and you can't have one policy. You've got to consider the student's age, gender, their parents' views, whether they were absent a lot." The handful of studies that have found positive benefits to retention have mostly been in well-funded, suburban schools, where the small number of students who are retained are more likely to get the special help they need than at urban schools where higher numbers fail.

CLINTON'S DUMBEST EDUCATION IDEA | PAGE 1, 2, 3
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If retention doesn't work, how can educators best reduce the large number of students who fail to perform at grade level?

Maybe the biggest disappointment of the Clinton administration, especially in a time of budget surpluses, is its failure to vastly increase funding for pre-kindergarten programs. The benefits of preschool, especially for low-income children, have been well-documented. Grade retention rates are much higher for children who haven't attended preschool. But where programs like Head Start tried to give a boost to the poor, they were never fully funded. Ironically, their success resulted in a jump in preschool attendance for middle-class and affluent kids, while the low-income kids who need preschool most are only half as likely as wealthier kids to get it today. Although states would have to get involved in establishing universal pre-kindergarten programs -- and several already have -- the Clinton administration could have put much more political, budgetary and regulatory muscle behind the notion.

Kati Haycock of the Education Trust says the Clinton administration has fallen down most in the area of monitoring Title I funds, the federal dollars

school districts get to help poor and low-achieving students. School districts who receive Title I dollars are now allowed to show overall school improvement, rather than monitoring how poor and low-achieving students are doing, Haycock notes. She and others believe Clinton should have developed a national initiative to recruit good teachers to urban school districts. The new practice of reducing class size has, paradoxically, hurt many urban kids, because good urban teachers are fleeing to new classrooms in higher-paying, less demanding suburban schools, leaving urban kids with poorly trained, uncredentialed teachers. "The research shows that if you could provide low-income kids with teachers as well-trained as those who teach in suburban districts, you'd wipe out half the achievement gap between those groups of kids," Haycock says.

Anti-retention advocates also say devoting more resources to reading skills in the early grades would be more effective than retention. In Chicago, the advocacy group Designs for Change has called upon the school district to invest the $100 million it spends on its retention program in a combination of early childhood education, better reading instruction and early identification of failing students. "We oppose social promotion and retention," says Sue Davenport of Designs for Change.

Of course, the Clinton plan is mostly symbolism. Although it triples federal funding for after-school programs and tutors, to help children who already have or may soon be retained, that will still only provide $600 million for the entire nation, when Chicago is spending $100 million in one city. "What rises to the top of the president's agenda is what pollsters tell him sells," says Haycock. "This won't make a difference. It's chump change."

SALON | Feb. 11, 1999

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Heather M. Riley (CN=Heather M. Riley/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:11-FEB-1999 10:27:33.00

SUBJECT: Guidance

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:
Elizabeth is out today can you get me everything joe will need by 11
(tobacco, and anything else you think he will need) thanks

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:11-FEB-1999 10:35:20.00

SUBJECT: organ donations

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

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

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

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

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

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

TEXT:
I went to the Patinkin show last night and went backstage to meet him and see if he had interest in participating in an event here that would promote donations. He said absolutely--he's wonderful, and very knowledgeable about the issue. He said when he had his first eye surgery that the organ donor activists reported a large increase in donations. This is definitely an area where leadership on the issue can make a huge difference. He also mentioned that the VP had talked about this at one time, so if POTUS doesn't work, I guess we could look at that. I have his contact numbers. He also knows some wonderful "real people" stories.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:11-FEB-1999 10:40:56.00

SUBJECT: Education Strategy Meeting

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

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

TO: David L. Stevenson (CN=David L. Stevenson/OU=OSTP/O=EOP @ EOP [OSTP])
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: Vicky_Stroud (Vicky_Stroud @ ed.gov@inet [UNKNOWN])
READ:UNKNOWN

TO: William H. White Jr. (CN=William H. White Jr./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: 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: Elena Kagan (CN=Elena Kagan/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: 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

TEXT:
We will be having an Education Strategy Meeting on Tuesday, February 16, at 5:15 p.m. in Bruce Reed's office.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:11-FEB-1999 10:49:00.00

SUBJECT: DPC Staff Meeting

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

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

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

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

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

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

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

TO: J. Eric Gould (CN=J. Eric Gould/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

TEXT:
The DPC Staff Meeting for Tuesday, February 16, is CANCELLED.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:11-FEB-1999 11:17:28.00

SUBJECT: Davis Bacon Meeting Reminder

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

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

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

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

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

CC: Carolyn T. Wu (CN=Carolyn T. Wu/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:
REMINDER

Sally Katzen will host a David Bacon meeting on school construction
Friday, February 12th at 2:30 in Rm 472. Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:11-FEB-1999 11:18:34.00

SUBJECT: tobacco

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

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

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

TEXT:
1) Is there some brief guidance we should do for today?

2) I'm reminded by this that I haven't talked to anybody recently about what's going on in the world of tobacco. Would Bruce or Elena please give me a call to let me know what's up? Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Vicky Stroud at Wdcb04 <"IMCEACCMAIL-Vicky+20Stroud+20at+20Wdcb04"@ed.gov>

CREATION DATE/TIME:11-FEB-1999 11:24:24.00

SUBJECT: RE: Education Strategy Meeting

TO: Lorrie McHugh (CN=Lorrie McHugh/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

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

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

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

TO: David L. Stevenson (CN=David L. Stevenson/OU=OSTP/O=EOP [OSTP])
READ:UNKNOWN

TO: Amy Weiss (CN=Amy Weiss/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

TEXT:

Cathy,

Can the meeting run from 5:30-6:30pm instead of 5:15pm?

Vicky
401-4160

_____ Reply Separator
_____

Subject: Education Strategy Meeting
Author: "Cathy_R._Mays@opd.eop.gov" [SMTP:Cathy_R._Mays@opd.eop.gov] at USDOED
Date: 2/11/99 10:40 AM

We will be having an Education Strategy Meeting on Tuesday, February 16, at 5:15 p.m. in Bruce Reed's office.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:11-FEB-1999 11:24:57.00

SUBJECT: Education Strategy Meeting

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

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

TO: David L. Stevenson (CN=David L. Stevenson/OU=OSTP/O=EOP @ EOP [OSTP])
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: Vicky_Stroud (Vicky_Stroud @ ed.gov@inet [UNKNOWN])
READ:UNKNOWN

TO: William H. White Jr. (CN=William H. White Jr./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: 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: Elena Kagan (CN=Elena Kagan/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: 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

TEXT:
This meeting will be at 5:30 p.m. on Tuesday.
---------- Forwarded by Cathy R. Mays/OPD/EOP on 02/11/99
11:24 AM ----------

Cathy R. Mays

02/11/99 10:40:29 AM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: See the distribution list at the bottom of this message
Subject: Education Strategy Meeting

We will be having an Education Strategy Meeting on Tuesday, February 16, at 5:15 p.m. in Bruce Reed's office.

Message Sent
To:
Elena Kagan/OPD/EOP
Janet Murguia/WHO/EOP
Barbara Chow/OMB/EOP
Broderick Johnson/WHO/EOP
Amy Weiss/WHO/EOP
David L. Stevenson/OSTP/EOP
Shirley S. Sagawa/WHO/EOP
Jennifer M. Palmieri/WHO/EOP
William H. White Jr./WHO/EOP
Lorrie McHugh/WHO/EOP
Vicky_Stroud @ ed.gov @ inet

Message Copied
To:
Laura Emmett/WHO/EOP
Mindy E. Myers/WHO/EOP
Jason H. Schechter/WHO/EOP
Sandra Yamin/OMB/EOP
MaryEllen C. McGuire/WHO/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:11-FEB-1999 13:38:11.00

SUBJECT: gary black gets depressed

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

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

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

TEXT:
This is the first Gary Black report I can remember that did not conclude that PM and RN would outperform the market -- and he wrote this before the jury awarded $50m in punitives, when he expected $4m. We're back in business.

TOBACCO

Is Dead Money Now Bad Money? Litigation, Pricing Risks Starting To Strain Value
Proposition.

HIGHLIGHTS

1.We believe tobacco stocks will remain dead money until a new settlement is reached with the federal government, with credits for personal injury and other claims not covered by the MSA. This could take 9-12 months. While valuations remain extreme, the combination of negative litigation sentiment, and escalation in promotional allowances, will unnerve investors near-term.

2.The industry has now lost 3 of its last 5 trials, but appears resistant to pricing personal litigation costs into cigarettes. Given our view that this jury will award punitive damages in the $2-$4 million range -- to a not-sympathetic plaintiff -- litigation risks are likely to increase sharply in California, where 9 of 12 jurors can reach a verdict, and where plaintiffs collect even if 99% to blame.

3.We are increasingly alarmed about the aggressive pricing posture taken by industry leader Philip Morris -- even as it gains share. On Monday, Philip Morris boosted its quarter-end retail buydown on Marlboro from $3.00/carton to a jaw-dropping $5.50/carton (cost $150 million, $.04/share per quarter) -- which RJR

matched on
Camel and Winston (worth $40 million, $.07/share per quarter). PM management cited
the $6.50/carton allowance by Lorillard's Maverick and Old Gold, with collective share
of 1.1%.

4.We remain perplexed that many in the industry believe that settling the AG cases was
justified as an end in to itself -- i.e., was not a means by which to separate tobacco from
food. We have learned that outside counsel for Philip Morris has again advised against
spin-off of Kraft or tobacco. The former may pose fraudulent conveyance risks; the
latter, while not a fraudulent conveyance, could increase the number of claims against
the parent, and create conflicting interests between separate boards.

5.We continue to believe that sale or joint venture of RJR International will do little for
RJR's stock price. Cash or stock received would get buried below the corporate
tobacco liability umbrella -- hence could not be distributed as a dividend or as share
repurchases without triggering the same fraudulent conveyance concerns that has so
far blocked spin-off or split off of Nabisco.

6.The silver lining in this verdict -- and risk to a possible downgrade -- is that the
industry may now fast-track a settlement with DOJ of the still unfiled federal lawsuit.
We believe the industry would pay $150 -$200 billion over 25 years a nd cede FDA
jurisdiction in return for offsets for personal injury and other claims. Obstacle: DOJ
must sue the renegades to force them into settlement.

7.Our favorite in the group remains RJR: With $18/share upside if Nabisco is spun off,
management has to articulate a clear plan to unlock value in the next month or two --
or lose the proxy fight to Icahn (deadline 3/12; annual meeting 5/12). RJR may
consider spinning off tobacco, which might not add value near-term, but create an
arbitrage opportunity between the two Nabisco's.

8.Perhaps the biggest obstacle to a turnaround in investor sentiment is that all three
judges in the cases ahead -- Kaye in Engle, Gwin in the Ohio Iron Workers' case, and
Bailey in Newcombe, seem to favor plaintiffs. The Florida Supreme Court is unlikely to
rule on an unfavorable Engle "verdict" in Phase I until after at least one final
adjudication in Phase II -- which could take 6-9 months.

INVESTMENT CONCLUSIONS

Philip Morris, RJR, and UST are rated outperform. For the past month, we have expressed
our view that tobacco stocks would remain dead money through Spring, given the negative
sentiment associated with four separate trials, and our perception that the federal
government does have the authority to bring a claim for post-1996 claims against the
industry. The factors that have caused us to raise our near-term bearishness to a new level
are: 1) a $3-$5 million dollar loss in what was probably the easiest of the four trials; and 2)
Philip Morris' decision to ramp up promotional spending on Marlboro even though it
continues to gain share and the competitors cited for being aggressive are minuscule. The
two catalysts that could boost valuations -- settlement with the federal government with
credits for personal injury and other claims, and spin-offs / recapitalizations -- are still months
away; hence, won't help valuations.

ADDITIONAL DETAILS

1. Philip Morris disciples will say no, but Henley verdict will affect sentiment for months
to come. Last night, the jury in the Henley case found liability on all eight of the
plaintiff's claims, including strict liability, negligence, various fraud claims and
conspiracy. The jury also decided to award punitive damages, and will return today to
decide how much. While the industry and many investors will dismiss this verdict as
another one that will be overturned (industry's perfect track record at trial remains
intact, following the Florida 1st district court's reversal of the Maddox verdict; all four
cases that the industry has lost over 30 years have been overturned), we believe the
industry cannot ignore these factors: 1) This judge in Henley didn't seem particularly
biased; 2) The plaintiff, Patricia Henley, was not terribly sympathetic; 3) Philip Morris
-- and not B&W -- tried this case, and the attorney (William Ohlmeyer) who led the
defense is considered one of the best in the industry; 4) The jury found against the
industry on each of the eight claims, including fraud; 5) The jury will likely award
punitives in the $2 - $4 million range, which will surely cause many more cases to be
filed in California, where the statute was changed in 1996 to permit t obacco lawsuits.

One silver lining in this verdict is that it may convince many in the industry that
settlement of the AG cases, as an end in to itself, is not a defensible position. We

believe that forward thinkers within the industry will use this adverse verdict -- and the threat of more adverse verdicts to come -- as a wedge to convince those who believed the AG settlement would bring closure to enter into negotiations with the federal government to bring about a new settlement. As we have said before, the new federal settlement would likely require the industry to pay $150 - $200 billion over 25 years ($8 billion per year, would raise prices by $.35/pack), but give the industry offsets for moneys paid out on personal injury and other economic recovery claims not covered by the Master Settlement Agreement reached with the Attorneys General. We believe a federal settlement is at least 9-12 months away.

2.The shot heard around the industry: Philip Morris brings a cannon to shoot a gnat. Our second major concern is the continued escalation in promotional spending, led by Philip Morris. We have long complained about the lack of financial discipline at Philip Morris, and this week's announcement that Philip Morris would increase its quarter-end retail buydown on Marlboro to $5.50/carton, from $3.00/carton, while still gaining share, served notice to us again that the company does not follow the normal logic of competitive behavior. We could overlook the increased litigation risks if the industry was incorporating the costs to pay for these litigation risks into their pricing decisions, but this is clearly not the case.

When asked why it was increasing Marlboro's promotional allowances, Philip Morris told us that Lorillard's Old Gold and Maverick brands, which collectively had 1.1% share of market in 1998 (up from 0.6% in 1997), had put in place $6.50/carton buydowns for 1Q, which end March 31. When we expressed our disbelief that Philip Morris, which increased its share from 48.7% in 1997 to 49.4% in 1998, behind a surge in Marlboro share from 34.0% to 35.3%, we were told that Philip Morris had heard of at least one instance of B&W's GPC and RJR's Doral matching the $6.50/carton buydowns in the midwest. (GPC currently is offering a $5.00/carton buydown in about 10% of the U.S.; Doral is running a normal $3.00/carton buydown in about 50% of the market). In talking to distributors, we heard that Philip Morris is apparently trying to force retailers to sign contracts for its retail leaders program before the end of 1Q; unless a retailer has a contract, they cannot get the $.55/pack

buydown. Because, this was also true of the $.45/pack buydown in 4Q (following the
$.45/pack price hike), we tend to discount this.

While Philip Morris makes clear in its promotional announcement that "the allowance
for our Marlboro price promotion scheduled for May and June 1998 remains at
$.30/pack / $3.00 per carton," RJR has already announced its plans to match
Marlboro's $.55/pack buydown on Winston and Camel, and will likely be forced to take
up buydowns on Doral, its largest brand. If the promotion just lasts through 1Q, and
then normal promotional activity resumes, we would have to take $.04/share from our
Philip Morris 1999 estimate, and $.07/share from our RJR estimate. If the $.55/pack
promotion becomes the norm -- as Philip Morris' escalation from $.20/pack to
$.25/pack to $.30/pack in 1998 became the norm, we would have to quadruple these
impacts (MO $.20/share, RN $.30/share for all of 1999).

With litigation risks increasing, pricing problems mounting, and a federal settlement at
least 9-12 months off, we cannot in good conscience tell investors to buy these stocks
near-term.-Hence, we reiterate our dead money call from the beginning of January, but
alter our message to suggest that the period of dead money will likely last 9-12 months
rather than the 3-4 months we originally projected. While UST is largely unaffected by
any of this, our experience is that when one stock in the group languishes, they all do.
Our favorite at this point would be RJR, given our view that Icahn can win the proxy
fight, or will force management to unveil a credible plan to unlock value. As we have
said many times, we believe that selling or joint-venturing Reynolds International will
add little to RJR's stock price.

3.Henley: The painful details -- Plaintiff wins 8 of 8 counts. After a month-long trial, a
jury in California yesterday found Philip Morris liable to a 52-year old woman with lung
cancer and awarded her $1.5 million. The jury found liability on all eight of the
plaintiff's allegations, including strict liability (defective product), negligence, various
fraud claims and conspiracy. The jury also decided to award punitive damages. One
factor that made it easier to find liability on all counts is that California law requires
only 9 out of 12 jurors to agree on the verdict as to each count, and they do not have to
be the same 9 with respect to each count. Another factor which distinguishes this case

from cases in many other jurisdictions is that California, like Florida, is a pure comparative negligence state. This means that if the jury finds Philip Morris even 1% to blame for the plaintiff's injuries, they can assess damages. In states that have modified comparative negligence rules, by contrast, the defendant is not found liable unless he is more than 50% to blame for the plaintiff's injuries.

However, this did not seem like a very compelling case from the plaintiff's perspective, which does not bode well for the tobacco companies in future trials. First, there was some question whether the plaintiff's cancer originated outside of her lung and thus was not caused by smoking. In addition, the plaintiff did not present strong evidence of addiction. She only made one serious quit attempt before she quit cold turkey in 1997. And she did not seem like the most sympathetic plaintiff because she has reacted very well to her cancer treatments and she did not call family members or friends to provide emotional testimony in her case. In addition, in her testimony Ms. Henley purportedly did not attribute her smoking to statements or advertisements by Philip Morris, but said she started smoking because a boy she had a crush on smoked, her friends smoked and she wanted to look cool.

From reading the lengthy instructions to the jury and the complicated verdict form, where the jury had to answer several questions before finding liability on each count, we can get an idea of the jury's reasoning. In general, the jury must have reached the following conclusions: that Ms. Henley's cancer originated in her lung and was caused by smoking; that Ms. Henley was addicted to cigarettes even though she was able to quit cold turkey on one of her first serious attempts to quit; that Philip Morris continued to deny the dangers of smoking even after there was no legitimate controversy on the subject; and that Ms. Henley relied on Philip Morris' advertisements, misrepresentations and/or public statements despite all of the information available about the dangers of smoking.

Specifically, here are some of the hurdles that the jury had to overcome before finding Philip Morris liable on each claim:

1. Defective product. The jury could find that the product was either defectively designed because it was more dangerous than an ordinary consumer would

expect or that it was defective for lack of an adequate warning. The jury could have found that even though the general public had some idea that smoking could cause cancer, consumers did not really understand the scientific evidence and the seriousness of the danger posed by smoking. In order to find that cigarettes lacked an adequate warning, the jury would have to find that Philip Morris knew or should have known the dangers but that the ordinary users did not know those dangers before the warning labels were put on pac kages in 1969. In previous trials, plaintiffs have introduced evidence that scientists knew, and so the tobacco industry should have known, by the early 1960's that smoking could cause cancer. Yet even a large percentage of doctors continued to smoke through the 1960's, which demonstrates that the public did not fully grasp the dangers of smoking.

2.Negligence. On this claim, the jury was asked whether Philip Morris acted with reasonable care, taking all actions that a reasonably prudent corporation would take. The company had a duty to warn of any dangerous condition that it knew about or should have known about, if the company had reason to think that consumers would not realize the danger. In the verdict form, the jury was asked two simple questions, whether Philip Morris was negligent and whether this was a cause of the plaintiff's injury. There was no instruction about the plaintiff's negligence because Philip Morris withdrew its comparative negligence defense. The jury must have concluded that Philip Morris should not have challenged the emerging scientific evidence in the early 1960's, but instead should have made sure consumers were aware of that information. The defense would have a better chance of prevailing on this count in states that have modified comparative fault rules. Then, if the jury finds the plaintiff 50% or more to blame for choosing to smoke, the defendant would not be held liable.

3.Express warranty. In order to find liability on this count, the jury had to find that Philip Morris made affirmative representations about its cigarettes and that the cigarettes did not conform to the promised quality. It seems that the jury also had to find that Ms. Henley was addicted-- the instructions said that a plaintiff

may not recover damages for injuries caused by use of a product which occurred after the person learned of the defect which is claimed to constitute a breach of warranty, unless the jury finds that under the particular circumstances a person of ordinary prudence would have used the product despite knowledge of such defect. By the 1980's, Ms. Henley was exposed daily to warnings about the hazards of cigarettes, specifically the risk of cancer. Yet, from what we heard of the evidence, she did not seriously try to quit smoking before 1997. So the jury could not have awarded damages for this count unless they found that any reasonable user would have continued to smoke even after learning that smoking could cause cancer. To reach this conclusion, the jury must have found that smoking is addictive.

4. Fraud by Intentional Misrepresentation. The plaintiff had to prove that Philip Morris made a representation of a material fact and that Philip Morris knew that the representation was false or made the representation recklessly. This seemed difficult to prove because scientists have not actually proven that smoking causes cancer; rather, causation has been established through statistical and epidemiological evidence. However, one instruction to the jury, which must have played a role in their decision, said: "When one party possesses superior knowledge regarding the subject of a representation, and the other party is so situated that she may reasonably rely upon such supposed superior knowledge, a representation made by the party possessing such knowledge will be treated as a representation of fact although if made by any other person it might be regarded as an opinion." Taking that instruction into consideration, the jury must also have concluded that given Philip Morris' special position, it was reckless in continuing to deny the dangers of smoking.

The plaintiff also had to prove that Ms. Henley relied on Philip Morris' representations and that she otherwise would not have continued to smoke. This seemed like a tough hurdle for the plaintiff, given the evidence that the public knew the dangers of smoking at least by the 1960's, but the jury must have believed that Ms. Henley was justified in relying on the tobacco

companies for information because of their special position. We are not familia r with the details of the evidence in this case, but in Mr. Wilner's most recent case in Jacksonville, he repeated this mantra throughout his closing argument: "You buy, you rely." The jury must have accepted that premise because they found in favor of the plaintiff. Ms. Henley may have made a similar argument in this case.

5.Fraud by Concealment. As with fraud by intentional misrepresentation, the plaintiff had to prove that the fraud involved a material fact. On this count, the jury also had to address this question: Would plaintiff have acted as she did if she had known of the concealed or suppressed fact? Again, the jury must have believed that Ms. Henley was justified in relying on Philip Morris' statements and disregarding all of the other information available to the public about the dangers of smoking. We believe many other juries would reach a different conclusion on this point and find that if the plaintiff did not make serious attempts to quit by the 1980's, when the warnings on the packages were strongly worded, then the plaintiff would not have quit even if the industry had revealed all of its information on the dangers of smoking.

6.Fraud by False Promise. Again, the jury had to find that Ms. Henley would not have smoked except for her reliance on a promise made by Philip Morris. It is unclear what false promise Ms. Henley allegedly relied upon; she did not testify that she read the 1953 Frank Statement to Cigarette Smokers or was aware of the industry's promises contained in that statement. However, as stated above, the jury may have inferred that Ms. Henley relied on Philip Morris' promises from the fact that she continued to buy their cigarettes.

7.Fraud by Negligent Misrepresentation. As with the other fraud counts, the jury had to find that Philip Morris made a representation as to a material fact. And the jury also had to find that Philip Morris made the representation without any reasonable ground for believing it to be true. The jury may have based this finding on more recent misrepresentations by Philip Morris, made long after the scientific community as a whole had accepted that smoking causes cancer. Also,

as with the other fraud counts, reliance is a hurdle for the plaintiff to overcome.

8.Conspiracy to defraud. In this count, the jury was told to consider whether Philip Morris and other tobacco companies entered into an agreement to conceal information regarding the health effects of cigarette smoking. However, the jury was told that if the plaintiff was nevertheless aware of the concealed information, then Philip Morris should not be found liable on this count. The jury must have found that Ms. Henley was not fully aware of the dangers of smoking through general common knowledge, media articles, the Surgeon General's Reports and cigarette warning labels. Other juries could certainly come out differently on this point. The jury was also told that if the plaintiff would not have acted differently even if she had the concealed information, then Philip Morris should not be found liable. Although Ms. Henley did not make serious attempts to quit even after the warning labels went on packages, the jury must have concluded that she would have quit if the tobacco companies had shared all relevant information with the public. Again, with similar facts, we would expect other juries to reach a different conclusion on this point.

Punitive Damages. Yesterday, the jury decided to award punitive damages but did not decide an amount. Today there will be a short hearing on Philip Morris' net worth and each side will be given an opportunity to argue about the appropriate amount. Then the jury will deliberate again and decide what amount to award.

To find that punitive damages should be awarded, the jury had to find that the plaintiff proved by clear and convincing evidence that Philip Morris acted with oppression, malice or fraud. This is a higher standard of proof than that needed to prove liability for compensatory damages (preponderance of the evidence). The instructions said that clear and convincing evidence has such force that it demonstrates a high probability of the truth of the relevant facts. Oppression is defined as despicable conduct that subjects a person to cruel and unjust hardship in conscious disregard of that person's rights. Malice means conduct which is intended to cause injury or despicable conduct which is carried on with a willful and conscious disregard for the rights or safety of others. Despicable conduct is defined as that so vile,

base, contemptible, miserable, wretched or loathsome that it would be looked down upon and
despised by ordinary people.

Previously, only one jury has awarded punitive damages in a tobacco case, in Woody Wilner's
last trial in Florida. That award was approximately $500,000 but it was overturned on appeal
when a new trial was ordered; the appeals court decided that the case s hould have been tried
in southern Florida, where the plaintiff was from, rather than in Jacksonville.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:11-FEB-1999 14:21:05.00

SUBJECT: Re: tobacco

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

TEXT:
Thanks, I had a good conversation with Bruce.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Caroline R. Fredrickson (CN=Caroline R. Fredrickson/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:11-FEB-1999 15:06:11.00

SUBJECT: Fwd:Tobacco Recoupment

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

TEXT:
FYI
---------- Forwarded by Caroline R. Fredrickson/WHO/EOP on
02/11/99 03:07 PM ----------

Andrea_LaRue @ daschle.senate.gov (Andrea LaRue)
02/11/99 02:46:32 PM
Record Type: Record

To: Caroline R. Fredrickson/WHO/EOP
cc:
Subject: Fwd:Tobacco Recoupment

_____Forward Header_____
Subject: Tobacco Recoupment
Author: Bill Corr
Date: 2/11/99 2:42 PM

As many of you know, as a consequence of the settlement between the states and
the tobacco companies this November, the issue of Medicaid recoupment is now
before Congress. Unfortunately, due to the impeachment proceedings, we have
not been able to give this issue the attention we would have liked prior to this
time. We appreciate that your Governors may be looking for direction and
feedback on this issue from you.

Accordingly, in the interest of preparing for this debate when we return from
recess, we wanted to give you our perspective on the key issues, and get your
input.

One approach, spearheaded by Sen. Kay Bailey Hutchison, is to allow the states

to keep the entire settlement, including the federal share that is due the federal government under current law. This approach has had appeal to some Democratic offices because their states have already indicated their intention to use some of the money for tobacco control.

Another approach is to allow the states to keep the federal share of the settlement, but with limited and appropriate restrictions on the expenditure of the federal share, and to use the recoupment issue to push for a broader youth smoking bill. Senator Daschle, Congressman Gephardt and the Administration have expressed their commitment to youth smoking legislation, including FDA's jurisdiction of tobacco products, and measures to help tobacco farmers.

One of our priorities when we return from recess is to consider the recoupment issue with the help of the tobacco task force. We would like your feedback on what you have been hearing from your states and whether there are conditions on the federal share your Senator believes are appropriate.

The Administration would like to meet with Senators and staff with respect to this issue. We will be contacting you shortly about meeting information, and to hear your ideas. Please contact Andrea LaRue, on our staff, at 4-2321 should you have questions in the mean time or if you need information on your state's tobacco plans.

In sum, this is an extremely important issue, and we hope to have your help.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:11-FEB-1999 15:59:01.00

SUBJECT: Education Strategy Meeting

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

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

TO: David L. Stevenson (CN=David L. Stevenson/OU=OSTP/O=EOP @ EOP [OSTP])
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: Vicky_Stroud (Vicky_Stroud @ ed.gov@inet [UNKNOWN])
READ:UNKNOWN

TO: William H. White Jr. (CN=William H. White Jr./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: 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: Elena Kagan (CN=Elena Kagan/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: 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

TEXT:
This meeting is changed back to 5:15 p.m. on Tuesday.
---------- Forwarded by Cathy R. Mays/OPD/EOP on 02/11/99
03:56 PM ----------

Cathy R. Mays

02/11/99 11:24:31 AM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: See the distribution list at the bottom of this message
Subject: Education Strategy Meeting

This meeting will be at 5:30 p.m. on Tuesday.
---------- Forwarded by Cathy R. Mays/OPD/EOP on 02/11/99 11:24 AM ----------

Cathy R. Mays

02/11/99 10:40:29 AM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: See the distribution list at the bottom of this message
Subject: Education Strategy Meeting

We will be having an Education Strategy Meeting on Tuesday, February 16, at 5:15 p.m. in Bruce Reed's office.

Message Sent
To:
Elena Kagan/OPD/EOP
Janet Murguia/WHO/EOP
Barbara Chow/OMB/EOP
Broderick Johnson/WHO/EOP
Amy Weiss/WHO/EOP
David L. Stevenson/OSTP/EOP
Shirley S. Sagawa/WHO/EOP
Jennifer M. Palmieri/WHO/EOP
William H. White Jr./WHO/EOP
Lorrie McHugh/WHO/EOP
Vicky_Stroud @ ed.gov @ inet

Message Copied
To:
Laura Emmett/WHO/EOP
Mindy E. Myers/WHO/EOP
Jason H. Schechter/WHO/EOP
Sandra Yamin/OMB/EOP
MaryEllen C. McGuire/WHO/EOP

Message Sent

To:
Elena Kagan/OPD/EOP
Janet Murguia/WHO/EOP
Barbara Chow/OMB/EOP
Broderick Johnson/WHO/EOP
Amy Weiss/WHO/EOP
David L. Stevenson/OSTP/EOP
Shirley S. Sagawa/WHO/EOP
Jennifer M. Palmieri/WHO/EOP
William H. White Jr./WHO/EOP
Lorrie McHugh/WHO/EOP
Vicky_Stroud @ ed.gov @ inet

Message Copied
To:
Laura Emmett/WHO/EOP
Mindy E. Myers/WHO/EOP
Jason H. Schechter/WHO/EOP
Sandra Yamin/OMB/EOP
MaryEllen C. McGuire/WHO/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:11-FEB-1999 21:25:49.00

SUBJECT: Q&A -- NY gun lawsuit and updated INS criminal aliens/detention

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

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

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

TEXT:
Q&A for review: (1) NY gun lawsuit attached below; and (2) revised INS detention -- reflects Jose's earlier email on same.

Thanks,
Leanne

---------- Forwarded by Leanne A. Shimabukuro/OPD/EOP on 02/11/99 09:21 PM ----------

Jose Cerda III
02/11/99 09:10:16 PM
Record Type: Record

To: Leanne A. Shimabukuro/OPD/EOP
cc:
Subject: circulate to br,ek,le,pjw, with ins q/a

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D7]MAIL41051274S.036 to ASCII,
The following is a HEX DUMP:

FF57504370040000010A0201000000020500000007B0D00000002000021B7E1B5B4DC8A4E23430C
36164A5E102125CE7806546AE60594A20982599A693A038EF48FF712583D36B3A6E7F9945B6574

INS Criminal Aliens
Question and Answer
February 12, 1999

Q. What is your response to reports that the Immigration and Naturalization Service (INS) is considering a plan to release criminal aliens -- including drug offenders and alien smugglers -- into the community because of lack of detention space?

A. INS will not be releasing any criminal aliens due to lack of detention space. While the Administration has dramatically increased both deportations and detention space, recent changes in the law have significantly increased the number of people that INS must detain. These changes have had serious impacts on INS detention space. Moreover, last year, the Congress underfunded the Administration's detention and deportation funding request by $80 million. So in the short term, we may need to reprogram funds, and we intend to seek additional emergency funding from the Congress to immediately increase INS detention space. In addition, the INS will continue to review a variety of long-term options to meet their responsibilities on detention-- all of which will keep public safety as the first priority.

Hamilton v. Accu-Tek Decision
February 11, 1999

Q: What is your response to the jury decision last night awarding $3.7 million in damages to victims of New-York area shootings? Do you support the decision? Do you support the lawsuits being filed by New Orleans, Chicago, Atlanta and other cities?

A: The Justice Department is currently reviewing last night's decision involving the gun manufacturers (Hamilton v. Accu-Tek), and we won't be in a position to comment on the specifics of that case until they've completed their review.

However, the President is watching closely all of the pending lawsuits against the gun industry. He is especially concerned about allegations -- such as in the Chicago lawsuit -- that some gun dealers are selling guns illegally, helping purchasers evade firearms laws, and even selling guns to persons who say they intend to break the law. These are serious charges which, if proven true, would demonstrate that some parts of the gun industry are helping to promote an illegal market in firearms. Such disrespect for the law endangers our citizens and will not be tolerated. So, if in any of these cases, the evidence demonstrates that federal firearms laws have been violated, we will, of course, vigorously enforce the law.

In the meantime, the Administration will continue to work closely with state and local law enforcement to trace crime guns back to their source, to prevent illegal gun sales -- especially to criminals and juveniles -- and to pass even tougher gun laws.