

**NLWJC - KAGAN**

**EMAILS RECEIVED**

**ARMS - BOX 093 - FOLDER -006**

**[04/13/1999-04/14/1999]**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:13-APR-1999 08:20:17.00

SUBJECT: rollout meeting

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

READ:UNKNOWN

TEXT:

Let me know what your take on this is. tds

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michelle Peterson ( CN=Michelle Peterson/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:13-APR-1999 09:17:52.00

SUBJECT: Re: bioterrorism

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

READ:UNKNOWN

TEXT:

I've been talking to Devorah and Leanne, but given situation, I wanted to also let you know that Chuck has some concerns about where we are going on this one. He will want to weigh in personally before any decision is made.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:13-APR-1999 11:30:22.00

SUBJECT: INS meeting today

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

My recollection from our last meeting was that Elena was to pull together a meeting (and let my office know when, in case I had time to stop by) with leg and opl and others who would have an opinion about who should be advised of our problem with naturalization and how we propose to deal with it--basically I wanted a plan for when we would go public with this, especially in light of what INS and Meissner in particular has not been saying. Has that taken place? If not, I don't see the purpose of us getting together this pm--if Michael you have something to report from your conversations with INS and DOJ, email is fine for me, unless you think we really need a meeting. I hope that this clarifies what we were meeting about.1

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:13-APR-1999 11:37:08.00

SUBJECT: WtW and Census Funding

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Timing

DOL is pushing us to give legislative language to Cardin by the end of the week. I tend to agree that -- after urging Cardin to take a leading role -- we can't keep him holding any longer. If Cardin introduces the bill early next week it will be public for a week before the W&M hearing, thus giving groups and other testifiers a chance to comment on it at the hearing.

What are the odds we'll have a decision by week's end?

Barbara Chow thinks if we don't have an overall decision on how to pay for the Census, we could go ahead, warning Labor and Cardin that we may propose a WtW budget cut later. Seems awkward but certainly less awkward than not telling anyone. Needless to say I think cutting back on the \$1 billion is very very awkward so I'd support any other possible candidates if possible.

Where to Cut

OMB's idea is to not fund any competitive grants in FY 2000, thus keeping the formula grants about the same as we proposed in the budget. We think this is a bit goofy -- we have tremendous demand for the competitive grants (over 1,400 applications of which we've only funded 126 so far), while states are saying they don't necessarily need the formula \$\$\$. We'd rather keep the competitive grant funds at about \$250 million and lower the formula grant amount. If, say, 10 states don't come in for formula \$\$ we could redistribute those funds to the remaining 40 states. What do you think?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Karin Kullman ( CN=Karin Kullman/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:13-APR-1999 11:59:02.00

SUBJECT: Riley, Announcements, and National Teacher of the Year

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: Julie D. Eddy ( CN=Julie D. Eddy/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

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

READ:UNKNOWN

CC: Bethany Little ( CN=Bethany Little/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Bruce,

I have faxed over the profile of this year's national teacher of the year, a male, kindergarten teacher from Georgia. I hope this is helpful in determining the appropriate announcement for the event on Monday.

Something important to note: I have been informed that Sec. Riley is currently scheduled to be in Puerto Rico on Monday, but would change his schedule to be here if we were releasing the social promotions guide.

Let me know what you think about the announcement potentials, and what you would like me to do on the Sec. Riley participation front.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:13-APR-1999 12:06:16.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

I am having Bruce review the health Q&A's -Laura

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:13-APR-1999 12:08:10.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

Nevermind last page- I got your edits thanks. -Laura

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Linda L. Moore ( CN=Linda L. Moore/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:13-APR-1999 12:25:37.00

SUBJECT: reminder

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

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

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

TO: ( [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

TEXT:

Political Affairs and Cabinet Affairs are co-hosting a 1999-2000 political briefing for top agency staff tomorrow evening, Wednesday, April 14, at 6:00 p.m. in the Indian Treaty Room.

Presentations will be made by the campaign committees on the political landscape and by counsel's office on the proper procedures for involving Cabinet Members in political activities.

We would welcome any participation by White House staff as well. You and your staff should feel free to join us.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Irene Bueno ( CN=Irene Bueno/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:13-APR-1999 13:24:24.00

SUBJECT: INS Strategy Mtg. Wednesday

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Elena -

Please let me know if you would like me to prepare anything in particular for this meeting.

FYI - I worked out with Laura a meeting with you for tomorrow , Wed. 11:15 am to discuss outstanding immigration and race issues.

Thanks.

Irene

----- Forwarded by Irene Bueno/OPD/EOP on 04/13/99 01:12 PM -----

Laura Emmett

04/13/99 12:43:50 PM

Record Type: Record

To: See the distribution list at the bottom of this message  
cc: Sherron Duncan/OMB/EOP, Mindy E. Myers/WHO/EOP, Joseph D. Ratner/WHO/EOP, Ilia V. Velez/WHO/EOP  
Subject: INS Strategy Mtg. Wednesday

There will be an INS strategy meeting Wednesday, April 14 at 4:00 PM in room 211 OEOB. Please let me know if this presents a problem. Thanks.

participants

Elena Kagan

Maria Echaveste

Michael Deich

Janet Murguia

Mary Beth Cahill

Irene Bueno

Caroline Frederickson

Broderick Johnson

Maritza Rivera

Message Sent

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

Michael Deich/OMB/EOP  
Janet Murguia/WHO/EOP  
Caroline R. Fredrickson/WHO/EOP  
Broderick Johnson/WHO/EOP  
Maritza Rivera/WHO/EOP  
Irene Bueno/OPD/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:13-APR-1999 13:27:13.00

SUBJECT: Fourth Affirmative Defense

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Here is a minor change to the Fourth Affirmative Defense under the Equal Pay Act, which Daschle and the women's groups would like to add. NEC, CEA, EEOC, and the women's groups have signed off on the following. If you are OK with it, I will send it to Daschle today. Daschle's staff has been very anxious to get it now that they are back in session. Thanks, Mary

4-12-99

Proposed Change to Fourth Affirmative Defense under the Equal Pay Act

The current statute lays out three specific exceptions (affirmative defenses) to the prohibition against wage disparities, by allowing disparities when payment is based on a seniority system, a merit system, or a system which measures earnings by quantity or quality of production. Right now, the fourth defense is a catch-all. It provides for an exception to the prohibition against gender-based wage disparities if the differential is based on any other factor other than sex.

The women's groups and Daschle's staff would like to limit this fourth affirmative defense to pay differences that (1) are job-related; (2) concern a legitimate business interest; (3) were actually used in setting the wages; and (4) are not the result of sex discrimination.

4-13-99

The following language is proposed:

Except where payment is made pursuant to:

(iv) a differential based on a bona fide factor other than sex, such as education, training or experience, provided that this defense shall be available only if:

(a) the factor causing the wage differential is (1) job related for the position in question or (2) serves a legitimate business purpose unless the employee demonstrates an alternative employment practice that would serve the same purpose without producing such differential and the employer refuses to adopt such alternative employment practice;

(b) such a factor was actually applied and used reasonably in light of the

asserted justification; and , the employee fails to demonstrate that the differential produced by reliance on the factor is itself the result of sex discrimination by the employer.□8

[pick up with further provisio that an employer paying a wage rate differential in violation of this subsection shall not, in order to comply with the provision of this subsection, reduce the wage of any employee]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Charles M. Brain ( CN=Charles M. Brain/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:13-APR-1999 13:52:22.00

SUBJECT: Nat'l Commission of Voter Turnout

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

Dario J. Gomez ( Dario J. Gomez [ WHO ] )

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Last month a bipartisan group of five house members wrote to the President to urge him to appoint a "National Commission of Voter Turnout." The signatories were: Sanders, Boehlert, Bonior, Campbell and Conyers. Sanders is the moving force. I'll get the letter to each of you.

The letter points out that U.S. voter turnout is the lowest of any industrialized nation and continues to decline. The members feel that a commission could identify possible steps to reverse this trend.

This strikes me as an idea in which we might be interested? Any reaction? Thoughts about how to proceed?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:13-APR-1999 14:51:45.00

SUBJECT: DPC Team Leaders Mtg -- Time Change

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

CC: Bethany Little ( CN=Bethany Little/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

There will be a DPC Team Leaders Meeting on Monday, April 5, at 4:00 p.m. in Bruce's office. See you then.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Ruby Shamir ( CN=Ruby Shamir/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:13-APR-1999 15:37:14.00

SUBJECT: Child Care Update

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Nicole is traveling with the First Lady and asked me to pass the following information on:

This morning there were some stories that reported that Kasich and Domenici had decided to drop the Dodd Amendment from the Conference Report for more general language that some consideration needs to be given to the child care needs of working families. Jeannie Ireland from Dodd's office called this morning to say that contrary to these reports, Kasich and Domenici had not made any such decision and that Dodd may offer a motion to instruct when the conferees are appointed this afternoon.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:13-APR-1999 16:13:07.00

SUBJECT: Re: INS meeting today

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

READ:UNKNOWN

TEXT:

thanks--

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:14-APR-1999 09:34:12.00

SUBJECT: Pretty Good USA Today article--not in WH Clips though

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

Here's the USA Today article (wasn't in our clips for some reason). It ran on page A8 with a file photo of the President with kids and a Campaign for Tobacco Free Kids sign. There was a teaser on page 1.

Also here's the final VP release

Copyright 1999 Gannett Company, Inc.  
USA TODAY

April 14, 1999, Wednesday, FIRST EDITION

SECTION: NEWS; Pg. 8A

LENGTH: 445 words

HEADLINE: Teens light up name brands Heavy advertisers get most smokers

BYLINE: Wendy Koch

DATELINE: WASHINGTON

BODY:

WASHINGTON -- Most teen-age smokers continue to choose cigarette brands that are heavily advertised, despite repeated tobacco industry denials that it markets to kids, says a government study that Vice President Gore will release today.

The study finds that 88% of 12th-graders who smoke, 86% of 10th-grade smokers and 82% of eighth-grade smokers choose Marlboro, Newport or Camel -- brands that are among the most advertised.

Marlboro ranks first overall, picked by three of every five teen smokers, including girls. Newport is the top brand among African-American teens. The menthol cigarette appears to be heavily marketed in the black community.

The 1998 findings closely resemble those of the last similar study, done in 1993 by the U.S. Centers for Disease Control and Prevention.

But in the intervening five years, the industry has faced mounting pressure not to target kids. Under a settlement reached last year with 46 states, the industry can be taken to court if it does. It's now banned from using cartoon characters in its ads, and must take down the last of its billboards by April 23.

Anti-smoking forces say the industry is still going after kids. "Our children are targets of a massive media campaign to hook them on cigarettes," Gore says. Today, he'll talk to teens in Akron, Ohio, at one of 1,200 anti-smoking events nationwide marking the fourth annual "Kick Butts Day." Health and education groups are sponsoring the events, organized by the Campaign for Tobacco-Free Kids.

"The new study puts a tremendous onus on Philip Morris," the nation's largest tobacco company and maker of Marlboros, says Bill Novelli, the campaign's president.

The company recently began a \$ 100 million campaign of anti-smoking TV ads nationwide geared towards kids. Critics question, though, whether the industry is trying to woo public opinion and avoid pending anti-smoking efforts.

Scott Williams, an industry spokesman, says tobacco companies don't target kids. He says that just because teens use advertised cigarettes does not mean they are targeted. "They will probably buy the market leader of any consumer product," he says.

Last year, after the Senate killed a broad anti-smoking bill, President Clinton ordered annual government-funded studies of teen smoking.

The new study was conducted by the University of Michigan's Institute for Social Research, which does annual surveys on teen use of illicit drugs, alcohol and cigarettes. More than 7,000 teens who smoked at least one cigarette the previous month participated. The surveys show teen smoking rates dipped slightly in 1998.

GRAPHIC: Clinton: Speaks with teens in person, on phone on 'Kick Butts Day' in 1996

LANGUAGE: ENGLISH

LOAD-DATE: April 14, 1999 ===== ATTACHMENT 1 =====  
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D61]MAIL44140281Z.136 to ASCII,  
The following is a HEX DUMP:

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**THE WHITE HOUSE**

**Office of the Vice President**

**For Immediate Release  
Wednesday, April 14, 1999**

**Contact: Alejandro Cabrera  
(202) 456-7035**

**VICE PRESIDENT GORE UNVEILS NEW STUDY  
SHOWING THAT THREE CIGARETTE BRANDS DOMINATE YOUTH SMOKING**

**Akron, OH – Vice President Gore unveiled today a new study showing that some of the most heavily advertised cigarette brands -- Marlboro, Newport, and Camel -- are also the most popular among current teen smokers.**

**“Our children are targets of a massive media campaign to hook them on cigarettes,” Vice President Gore said today at a Kick Butts Day issues forum. “This study shows why Congress should stand with our kids and stand up to the tobacco companies – let's act now to make sure tobacco settlement funds are used to reduce youth smoking.”**

**The study, commissioned by the Department of Health and Human Services, examined overall brand use and preference among teens. It found that approximately 88 percent of 12th graders, 86 percent of 10th graders, and 82 percent of 8th graders who currently smoke cigarettes use these three brands, among the most heavily advertised.**

**In addition, the study found that:**

- Marlboro, the dominant brand of the three, is preferred by an average of 60 percent of current smokers across the three grade levels. Some 70 percent of white 12th graders who were current smokers in 1998 preferred Marlboro, and more than 60 percent of white students in both the 8th and 10th grades preferred this brand. This week, Advertising Age designated the Marlboro advertisement campaign the most successful ad campaign of the century.**
- More than 80 percent of African-American 12th graders who were current smokers in 1998 preferred Newport -- a mentholated cigarette heavily marketed to the African-American community. More than 70 percent of African-Americans in both the 8th and 10th grades preferred Newport.**
- In all three grades, Newport and Marlboro were just as popular among girls as among boys.**

The Vice President also highlighted new study released today by the Campaign for

Tobacco Free Kids that shows the children are still being targeted by cigarette ads.

Highlights from this study include that:

- **Our children are being targeted by tobacco companies. Kids are two and a half times as likely as adults to have seen tobacco advertising in the past two weeks -- (75 percent of kids compared 31 percent of adults). Seventy-eight percent of kids say companies target them and want them to smoke.**
- **Young people are more likely to smoke the brands they have seen advertised.** Sixty-nine percent of those who recall tobacco advertising say they have seen ads for Marlboro, the leading brand used by kids.
- **Kids' perceptions of smoking influenced by what they see in the media.** On average, the youth surveyed believe that two-thirds of adults smoke when, in reality, less than 25 percent do.

**The Vice President also highlighted other steps that the Administration is taking to reduce teen smoking and urged the Congress to take action to pass critical measures to protect our children. Taken together, these efforts will help cut youth smoking in half within five years. These include:**

**Requiring that money from the state tobacco settlement be spent on keeping kids from smoking. The Administration believes that any legislation that waives the federal government's claim to tobacco settlement funds must make a commitment from the states to fund such efforts. Without such a commitment, states won't have to spend a single penny of the \$246 billion settlement to reduce youth smoking.**

**Raising the price of cigarettes so fewer young people start to smoke. Public health experts agree that the single most effective way to cut youth smoking is to raise the price of cigarettes. The Administration is asking Congress to pass a \$0.55 cigarette tax to build on increases already agreed to between the tobacco companies and the States and those passed by the Congress.**

**Reaffirming the Food and Drug Administration (FDA) full authority to keep cigarettes out of the hands of children. The Vice President also reiterated the call on Congress to pass legislation to reaffirm the FDA's authority to regulate tobacco products in order to halt advertising targeted at children, and to curb minors' access to tobacco products. Only by affirming FDA's authority can Congress ensure that America's children are protected from the next generation of tobacco industry marketing.**

**Supporting critical public health efforts to prevent youth smoking. The Vice President also urged the Congress to help support tobacco prevention**

**programs in States and local communities by passing the Administration's proposal to double the funding for FDA's tobacco budget to \$68 million and increase funding for the Centers for Disease Control's tobacco control efforts by one-third, from \$74 to \$101 million.**

**Protecting farmers and farming communities. The Administration remains committed to protecting farmers and their communities, and we are encouraged that the states and industry were able to agree recently upon a \$5 billion package to compensate farmers. The Administration will work with all parties, as needed, to ensure the financial well-being of tobacco farmers, their families, and communities.**

**Kick Butts Day is a nationwide initiative designed to curb tobacco use among children and adolescents. Organized annually by the Campaign for Tobacco-Free Kids, it involves young people nationwide staging a variety of anti-tobacco activities, such as testifying before State legislatures, exposing tobacco sales to minors, and dumping merchandise containing tobacco brand-name logos into garbage dumpsters. This year, for the fourth annual Kick Butts day, there are more than 1,200 events being held around the country.**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michelle Peterson ( CN=Michelle Peterson/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:14-APR-1999 09:58:44.00

SUBJECT: Re: bioterrorism

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

READ:UNKNOWN

TEXT:

On the issues of reckless handling and background checks, his views are much more in line with HHS than DOJ/NSC. But I understand that DOJ and HHS may be coming closer to resolving their differences, so I will wait to see what they come up with and perhaps we will be able to live with that.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:14-APR-1999 12:08:30.00

SUBJECT: child care update

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Janet Murguia ( CN=Janet Murguia/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:

More good news on child care in the context of the Republican budget resolution. Yesterday, when the conferees were appointed, Senator Dodd offered a motion to instruct the conferees on his child care amendment for an increase of \$12.5 billion over 10 years in child care funding. The vote passed, 66-33. As of last night, the final conference report included specific language directing \$6 billion over 10 years in new money for child care (the conferees cut in half Dodd's figure, but it's still a big victory). I'll include an item in the weekly report.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:14-APR-1999 12:13:21.00

SUBJECT: FINAL DOCUMENT

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

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

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

TO: Cahill ( Cahill [ WHO ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

TO: jgreen@pfaw.org ( jgreen@pfaw.org [ UNKNOWN ] )  
READ:UNKNOWN

TO: Andrei H. Cherny ( CN=Andrei H. Cherny/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

TO: MCrisci@arnellgroup.com ( MCrisci@arnellgroup.com [ UNKNOWN ] )  
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

TO: Michael V. Terrell ( CN=Michael V. Terrell/OU=CEQ/O=EOP @ EOP [ CEQ ] )  
READ:UNKNOWN

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

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

TO: Virginia M. Terzano ( CN=Virginia M. Terzano/O=OVP @ OVP [ UNKNOWN ] )

READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TO: Thomas A. Kalil ( CN=Thomas A. Kalil/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: Nancy V. Hernreich ( CN=Nancy V. Hernreich/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

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

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

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

TO: Kris M Balderston ( CN=Kris M Balderston/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TEXT:

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D81]MAIL405674813.136 to ASCII,  
The following is a HEX DUMP:

FF5750431F120000010A0201000000020500000091B60000000200006807B6C253765A3DEE4622

**PRESIDENT CLINTON  
INTRODUCES  
UNIVERSAL SAVINGS  
ACCOUNTS**

**Summary Documents**

***April 14, 1999***

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- I. 1-Page Description of President Clinton's USA Accounts Proposal
- II. Hypothetical Examples of How Families Benefit from President Clinton's USA Accounts
- III. 1-Page on "the Need for Universal Savings Accounts"
- IV. 2-Page Background on President Clinton's USA Accounts

## **PRESIDENT CLINTON INTRODUCES UNIVERSAL SAVINGS ACCOUNTS: PROVIDING MILLIONS OF AMERICANS A NEW OPPORTUNITY TO SAVE FOR RETIREMENT**

*April 14, 1999*

Today, President Clinton announced his Plan to Provide Universal Savings Accounts for Most Americans. These accounts will give 124 million Americans the opportunity to build wealth and to save for their retirement through a progressive tax cut. A married couple that participated for 40 years, could accumulate over \$253,680 in today's dollars -- enough to produce \$20,121 a year of after-tax income in retirement.

**Currently, Too Few Americans have Additional Savings.** Because Americans are living longer, it is more important than ever for them to build wealth for a secure retirement. Currently, over two-thirds of Americans rely on Social Security as their principal source of retirement income, and 18 percent rely on Social Security as their only source of income. Too few Americans are saving for their retirement. The typical family headed by someone 55-64 years of age has financial assets worth just \$32,000.

**President Clinton Believes that Social Security Reform Needs to be Complemented with Actions to Strengthen Private Savings and Private Pensions.** Social Security reform will ensure that Social Security remains a rock solid foundation for retirement security. Universal Savings Accounts will give working American families the opportunity to save for a secure retirement. **Under this new program, 73 million people who do not participate in employer-provided pension plans would qualify for USAs, as well as 51 million people with pensions.**

### **Here's How USAs Work:**

- 98 million adults would receive an automatic government contribution to their Universal Savings Account every year.
- In addition to the automatic contribution, the government would match, dollar for dollar, voluntary contributions to the USAs by low and moderate income workers. Eligible workers with higher incomes would have a match rate of at least 50 percent.

**USAs Provide a Progressive Approach for Retirement Savings for the Majority of Working Americans.** The current tax system provides 66 percent of the tax benefits for pensions and retirement savings to taxpayers with incomes above \$100,000. In contrast, the USA proposal would provide 80 percent of its benefits to families with incomes below \$100,000. USAs makes the tax system more progressive by providing the most generous tax breaks for low and middle income workers-- who are the least likely to have access to employer pensions and who have the most difficult time saving.

**USAs Will Help Make Additional Retirement Savings Universal.** Each spouse in a married couple with family earnings over \$5,000 and adjusted gross income of less than \$100,000 who is between the ages of 18 and 70 will be eligible for a USA tax credit (single taxpayers must have adjusted gross income below \$50,000; head of household filers must have income below \$75,000). In addition, workers with higher incomes who do not have pension coverage are eligible for an account.

**USAs Allow American Families to Build Wealth to Meet Their Retirement Needs.** USAs give these workers an opportunity to build wealth and save for retirement.

- A couple earning \$40,000 would automatically receive \$600 of tax credits deposited into their accounts, even if this family contributed nothing to their accounts. After 40 years, with only automatic contributions their accounts would total \$76,104 (in today's dollars) and provide \$6,036 a year of after-tax retirement income.
- **However, if each year this family saved \$700 (\$350 in the account of each spouse), then the government would provide a \$1,300 tax credit (\$650 each). After 40 years they would have wealth totaling over \$253,680 in today's dollars, enough to provide \$20,121 of after-tax income in retirement.**

## USA Tax Credits

### A Family of Four with an Income of \$40,000

Consider a married couple with two children. One spouse makes \$40,000 a year working for a small business. The other spouse stays at home with their young children. Like millions of other families, they live paycheck to paycheck. Before payday, their bank account rarely has more than a couple hundred dollars.

**How the New USA Accounts Work for this Family.** The USA accounts are designed to deliver tax credits to help families save and build wealth for their retirement. This family would receive:

- **Automatic Tax Credit:** Every year the husband and wife would each receive an automatic annual tax credit of \$300, for a total of \$600. They would claim the tax credit on their tax return, and it would be deposited in their new USA accounts.
- **Matched Tax Cut:** As a powerful new incentive to save, this couple would receive an additional \$1 in tax credit for every dollar the couple saved -- up to \$700 (\$350 each) of savings would be matched. For each dollar the couple deposited in their USA accounts, they would receive a corresponding \$1 in a matching tax credit, which would also be deposited in their USA accounts.
- **This Adds Up to A Big Tax Cut for Retirement Savings and a Great Investment:** The couple's \$700 of savings would be supplemented by a \$1300 tax credit for a total of \$2000 a year in retirement savings. That's \$600 credited automatically (\$300 each) plus a \$700 savings credit (\$350 each). The USA credit almost triples the couple's contribution, and it allows for tax favored build up of account balances.

#### THE AUTOMATIC TAX CREDIT PROVIDES CORE SAVINGS SUPPORT

<i>Automatic Tax Credit</i>	<i>Family Contribution</i>	<i>Matched Tax Cut</i>	<i>Total Annual Savings in USA</i>
\$600	\$0	\$0	\$600

- This savings could build to \$76,104 after 40 years -- assuming a 5 percent real rate of return.

#### THE MATCHING TAX CUT PROVIDES A POWERFUL INCENTIVE TO SAVE

<i>Automatic Tax Credit</i>	<i>Family Contribution</i>	<i>Matched Tax Cut</i>	<i>Total Annual Savings in USA</i>
\$600	\$700	\$700	\$2000

- This will provide a total tax credit of \$1,300.
- These savings could build to \$253,680 after 40 years -- assuming 5 percent real rate of return.
- And would provide \$20,121 of after-tax income in every year of retirement.

**Building Wealth for Retirement.** Regular savings over a lifetime combined with these tax credits will help working families build wealth and retirement security. If this family saved \$700 every year and received the maximum tax credit of \$1,300, after 40 years they would have a nest egg of wealth totaling \$253,680 in today's dollars. This would provide \$20,121 of after-tax income in every year of retirement from depositing only \$700 per year while they worked.

**Benefits of USA Tax Credits Compared to the 10% Across-the-Board Tax Cut.** This family would receive a much larger tax cut from the USA account tax credits than from the 10% across-the-board tax cut. While this family would receive just \$315 from the across-the-board tax cut, they would be eligible to receive \$1,300 from the USA account tax credits.

## USA Tax Credits

### A Family of Four with an Income of \$60,000

Consider a married couple with two children. One spouse makes \$60,000 a year working for a small business. The other spouse stays at home with their young children. Like millions of other families, they live paycheck to paycheck. Before payday, their bank account rarely has more than a couple hundred dollars.

**How the New USAs Work for this Family.** USAs are designed to deliver tax credits to help families save and build wealth for their retirement. This family would receive:

- **Automatic Tax Credit:** Every year the husband and wife would each receive an automatic annual tax credit of \$150, for a total of \$300. They would claim the tax credit on their tax return and it would be deposited in their new USAs.
- **Matching Tax Credit:** As a powerful new incentive to save, this couple would receive an additional \$0.75 in tax credit for every dollar the couple saved -- up to \$972 (\$486 each) of savings would be matched.
- **This Adds Up to A Big Tax Cut for Retirement Savings and a Great Investment:** The couple's \$972 of savings would be supplemented by a \$1,028 tax credit for a total of \$2,000 a year in retirement savings. That's \$300 credited automatically (\$150 each) plus a \$728 savings credit (\$364 each). The USA credit more than doubles the couple's contribution, and it allows for tax favored build up of account balances.

#### THE AUTOMATIC TAX CREDIT PROVIDES CORE SAVINGS SUPPORT

<i>Automatic Tax Credit</i>	<i>Family Contribution</i>	<i>Matching Tax Credit</i>	<i>Total Annual Savings in USA</i>
\$300	\$0	\$0	\$300

- This savings could build to \$38,052 after 40 years -- assuming a 5 percent real rate of return.

#### THE MATCHING TAX CREDIT PROVIDES A POWERFUL INCENTIVE TO SAVE

<i>Automatic Tax Credit</i>	<i>Family Contribution</i>	<i>Matching Tax Credit</i>	<i>Total Annual Savings in USA</i>
\$300	\$972	\$728	\$2000

- This will provide a total tax credit of \$1,028.
- These savings could build \$253,680 after 40 years -- assuming 5 percent real rate of return.
- And would provide \$20,121 of after-tax income in every year of retirement.

**Building Wealth for Retirement.** Regular savings over a lifetime combined with these tax credits will help working families build wealth and retirement security. If this family saved \$972 every year and received the maximum tax credit of \$1,028, after 40 years they would have a nest egg of wealth totaling \$253,680 in today's dollars. This would provide \$20,121 of after-tax income in every year of retirement from depositing only \$972 per year while they worked.

**Benefits of USA Tax Credits Compared to the 10% Across-the-Board Tax Cut.** This family would receive a much larger tax cut from the USA account tax credits than from the 10% across-the-board tax cut. While this family would receive just \$547 from the across-the-board tax cut, they would be eligible to receive \$1,028 from the USA account tax credits.

## USA Tax Credits

### A Family of Four with an Income of \$80,000

Consider a married couple with two children. One spouse makes \$80,000 a year working for a small business. The other spouse stays at home with their young children.

**How the New USAs Work for this Family.** USAs are designed to deliver tax credits to help families save and build wealth for their retirement. This family would receive:

- **Matching Tax Credit:** As a new incentive to save, this couple would receive an additional \$.50 in tax credit for every dollar the couple saved -- up to \$1,333 (\$667 each) of savings would be matched.
- **This Adds Up to A Big Tax Cut for Retirement Savings and a Great Investment:** The couple's \$1,333 of savings would be supplemented by a \$667 tax credit for a total of \$2,000 a year in retirement savings. That's a \$667 savings credit (\$333 each). The USA credit increases the couple's contribution, and it allows for tax favored build up of account balances.

#### AT THIS INCOME LEVEL THE AUTOMATIC TAX CREDIT IS NOT AVAILABLE

<i>Automatic Tax Credit</i>	<i>Family Contribution</i>	<i>Matching Tax Credit</i>	<i>Total Annual Savings in USA</i>
\$0	\$0	\$0	\$0

#### THE MATCHING TAX CUT PROVIDES A POWERFUL INCENTIVE TO SAVE

<i>Automatic Tax Credit</i>	<i>Family Contribution</i>	<i>Matching Tax Credit</i>	<i>Total Annual Savings in USA</i>
\$0	\$1,333	\$667	\$2000

- This will provide a total tax credit of \$667.
- These savings could build \$253,680 after 40 years -- assuming 5 percent real rate of return.
- And would provide \$20,121 of after-tax income in every year of retirement.

**Building Wealth for Retirement.** Regular savings over a lifetime combined with these tax credits will help working families build wealth and retirement security. If this family saved \$1,333 every year and received the maximum tax credit of \$667, after 40 years they would have a nest egg of wealth totaling \$253,680 in today's dollars. This would provide \$20,121 of after-tax income in every year of retirement from depositing only \$1,333 per year while they worked.

#### **Benefits of USA Tax Credits Compared to the 10% Across-the-Board Tax Cut.**

This family would receive \$947 from a 10% across-the-board tax cut. At first glance, this might seem to be somewhat larger than the \$667 USA tax credit. However, the USA also provides for tax-free compounding of account balances, making the tax credit worth well over \$1000 to this family.

## **THE NEED FOR USAs**

*Making Savings For A Secure Retirement Available to More Americans*

**Currently, Too Few Americans Have Enough Savings For A Secure Retirement.** Because Americans are living longer it is more important than ever for them to build the wealth necessary for a secure retirement. But there are gaps in the system that leave too many American families behind.

- **Social Security Provides A Core Foundation For Retirement And Reform is Necessary To Keep It Strong, But It Is Only One Leg of The Retirement Stool.** While providing basic economic security for older Americans, the program was never meant to provide enough to maintain the standard of living individuals had during their working years. Social Security replaces just one-half of pre-retirement income for an individual who earned \$17,000, and less than one-quarter of the income of an individual who earned \$72,600. Yet Social Security is the only source of income for 18 percent of elderly Americans, and the principal source of income for 66 percent of elderly Americans.
- **Pension Coverage Provides Additional Support, But Many American Workers Are Not Covered.**
  - Half of all American workers have no pension coverage at all through their current job. This situation is worse for workers in small businesses, where only 18 percent of people who work for organizations employing fewer than 25 workers have access to pensions through their current job.
  - Less than 20 percent of workers have their own IRA, and many do not contribute regularly.
  - Just one quarter of all workers are covered by 401(k) plans in their current job. And while two-thirds of people with earnings \$75,000 and over have 401(k)s, just 43 percent of those with earnings between \$35,000 and \$39,000 have 401(k)s.
  - While 91 percent of all families have some financial holdings, the median value of these holdings is just \$13,000. The median value of financial assets of families headed by someone over age 65 is just \$20,000.

**The Tax Incentives For Retirement Savings Help Many American Families, But The Tax Benefits Are Skewed To The Better Off.**

- Two thirds of existing pension tax subsidies go to families with incomes over \$100,000, while just one third goes to those making under \$100,000 and just 7 percent goes to families earning less than \$50,000.

**USA Accounts provide a progressive tax credit so that the overall retirement system will be more balanced and give all American families an incentive to save.**

- 80 percent of the tax benefits of USA Accounts go to those making *under* \$100,000.

## SUMMARY OF UNIVERSAL SAVINGS ACCOUNT PROPOSAL

Universal Savings Accounts (USAs) are voluntary individual retirement savings accounts with a progressive tax subsidy.

**Automatic Government Contribution.** Workers and their spouses in low- or moderate-income households receive an automatic government contribution of \$300, in the form of a refundable tax credit deposited directly into their USAs. The automatic credit is phased out between \$40,000 and \$80,000 of adjusted gross income (AGI) for joint filers (\$20,000-\$40,000 for singles; \$30,000-\$50,000 for head of household filers).

**Government Match of Individual Contributions.** Voluntary individual contributions to a USA are matched by additional government contributions to the taxpayer's USA. The matches will also be in the form of a refundable tax credit deposited directly into the USA. Low- and moderate-income individuals receive a dollar-for-dollar match. The match rate phases down to 50 percent over the same income ranges as the phase-down for the automatic contribution, and then remains at 50 percent until the income level at which eligibility ends (\$100,000 for joint filers with pension coverage; \$50,000 for single filers with pension coverage; \$75,000 for head of household filers with pension coverage; no limit for people without pension coverage). Total contributions (including the credit) to an account are capped at \$1,000 per year.

**Eligibility.** To be eligible, a taxpayer must have at least \$5,000 of earnings (which can be combined earnings on a joint return) and must not be the dependent of another taxpayer. Thus, an individual without earnings can have a USA if his or her spouse earns at least \$5,000. Taxpayers younger than age 18 or older than 70 are ineligible. Taxpayers with an employer-sponsored retirement plan must have AGI of less than \$100,000 for joint filers (\$50,000 for single filers; \$75,000 for head of household filers). All eligible workers without an employer-provided pension would receive at least a 50 percent match, regardless of income.

**Investment Choice.** Individuals will have the option of investing their accounts in a universal retirement plan similar to the Federal Thrift Savings Plan (TSP), a 401(k)-type plan for federal government employees. Individuals would be able to choose among a limited number of broad-based investment options similar to those offered in the TSP and in many private sector 401(k) plans. We look forward to working with Congress and experts from the private sector to devise the best way to administer the accounts, as well as to explore whether it would be possible to provide account holders with the option of investing directly with private sector fund managers.

**Withdrawal Rules.** No amount could be withdrawn from a USA before age 65, unless the account holder dies. Once withdrawals commence after age 64, no additional contributions could be made to the account.

**Tax Treatment of Accounts.** Automatic and matching government contributions would not be taxable when deposited to accounts. Earnings would grow tax free until retirement. Withdrawals would generally be taxable, but 15 percent of each withdrawal would be excluded from taxes in order to approximate a tax-free return of an individual's own contribution. Voluntary USA contributions will not be tax deductible because the tax subsidy is provided in the form of the tax credit rather than a deduction, enabling the program to be more progressive.

**Coordination with 401(k)-type Plans.** Eligible employees will receive a government matching contribution deposited to their USA when they contribute either to their USA or to a 401(k)-type plan . The government match supplements any employer matching contributions. Therefore, USAs will not cause workers to shift contributions from private-sector 401(k)-type plans to USAs. In fact, USAs will encourage workers to save through 401(k)-type plans by giving the millions of workers who are currently eligible to contribute, but who fail to do so, a greater incentive to contribute without imposing administrative burdens on employers or plan administrators. Because contributions to a 401(k)-type plan are excludable from taxable income while USA contributions are not, joint filers with AGI of more than \$50,000 (\$25,000 for single filers; \$37,500 for head of household filers) who elect to receive government matches will be required to include in taxable income 80 percent of the portion of the 401(k) contribution that is matched.

**Protections for Women Including Divorcees and Widows.** The design of USAs recognizes that women are more likely to spend time out of the labor force than men and have lower average earnings than men, and ensures women will have the opportunity to accumulate significant savings in their USAs. First, spouses of workers are eligible for the USA tax credit even if they do not work. Second, the progressive credit formula targets the tax benefits to low and moderate income workers. We look forward to working with Congress and outside experts to determine what the best means are to ensure that women are protected in case of divorce or widowhood.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:14-APR-1999 12:15:59.00

SUBJECT: Reminder--comments on OSHA Q&As (LRM MNB44) ARE DUE

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: Peter Rundlet ( CN=Peter Rundlet/OU=WHO/O=EOP@EOP [ WHO ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TO: justice.lrm ( justice.lrm @ usdoj.gov @ inet [ UNKNOWN ] ) (OA)

READ:UNKNOWN

TO: Courtney B. Timberlake ( CN=Courtney B. Timberlake/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: Sandra Yamin ( CN=Sandra Yamin/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

This is a reminder that your comments on the subject Q&As are due.

Please provide any comments via fax (395-6148), e-mail, or phone (395-7887) no later than 2 p.m. TODAY. If we do not hear from you by the deadline, we will assume you have no comments on the document.

Please call if you have any questions. Thanks!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:14-APR-1999 13:15:24.00

SUBJECT: USA Today Article on Teen Smoking

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 -- we eventually get things right!

----- Forwarded by Jennifer M. Palmieri/WHO/EOP on  
04/14/99 01:15 PM -----

Mark A. Kitchens

04/14/99 12:25:21 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: USA Today Article on Teen Smoking

USA TODAY

APRIL 14, 1999, FIRST EDITION

Teens light up name brands Heavy advertisers get most smokers

By Wendy Koch

WASHINGTON -- Most teen-age smokers continue to choose cigarette brands that are heavily advertised, despite repeated tobacco industry denials that it markets to kids, says a government study that Vice President Gore will release today.

The study finds that 88% of 12th-graders who smoke, 86% of 10th-grade smokers and 82% of eighth-grade smokers choose Marlboro, Newport or Camel -- brands that are among the most advertised.

Marlboro ranks first overall, picked by three of every five teen smokers, including girls. Newport is the top brand among African-American teens. The menthol cigarette appears to be heavily marketed in the black community.

The 1998 findings closely resemble those of the last similar study, done in 1993 by the U.S. Centers for Disease Control and Prevention.

But in the intervening five years, the industry has faced mounting pressure not to target kids. Under a settlement reached last year with 46 states, the industry can be taken to court if it does. It's now banned from using cartoon characters in its ads, and must take down the last of its billboards by April 23.

Anti-smoking forces say the industry is still going after kids. "Our children are targets of a massive media campaign to hook them on cigarettes," Gore says. Today, he'll talk to teens in Akron, Ohio, at one of 1,200 anti-smoking events nationwide marking the fourth annual "Kick Butts Day." Health and education groups

are sponsoring the events, organized by the Campaign for Tobacco-Free Kids.

"The new study puts a tremendous onus on Philip Morris," the nation's largest tobacco company and maker of Marlboros, says Bill Novelli, the campaign's president.

The company recently began a \$ 100 million campaign of anti-smoking TV ads nationwide geared towards kids. Critics question, though, whether the industry is trying to woo public opinion and avoid pending anti-smoking efforts.

Scott Williams, an industry spokesman, says tobacco companies don't target kids. He says that just because teens use advertised cigarettes does not mean they are targeted. "They will probably buy the market leader of any consumer product," he says.

Last year, after the Senate killed a broad anti-smoking bill, President Clinton ordered annual government-funded studies of teen smoking.

The new study was conducted by the University of Michigan's Institute for Social Research, which does annual surveys on teen use of illicit drugs, alcohol and cigarettes. More than 7,000 teens who smoked at least one cigarette the previous month participated. The surveys show teen smoking rates dipped slightly in 1998.

GRAPHIC: Clinton: Speaks with teens in person, on phone on 'Kick Butts Day' in 1996

END

Message Sent

To:

---

Douglas B. Sosnik/WHO/EOP@EOP  
Joseph P. Lockhart/WHO/EOP@EOP  
Jennifer M. Palmieri/WHO/EOP@EOP  
Anthony R. Bernal/OVP@OVP  
Melissa G. Green/OPD/EOP@EOP  
Leslie Bernstein/WHO/EOP@EOP  
Robin M. Roland/WHO/EOP@EOP  
Chandler G. Spaulding/WHO/EOP@EOP  
Dominique L. Cano/WHO/EOP@EOP  
Dag Vega/WHO/EOP@EOP  
Brenda M. Anders/WHO/EOP@EOP  
gamble-bennett@dol.gov @ inet  
Megan C. Moloney/WHO/EOP@EOP  
Richard L. Siewert/WHO/EOP@EOP  
Jordan Tamagni/WHO/EOP@EOP  
Beverly J. Barnes/WHO/EOP  
Elizabeth R. Newman/WHO/EOP@EOP  
Julia M. Payne/WHO/EOP@EOP  
Julianne B. Corbett/WHO/EOP@EOP  
Jeffrey M. Smith/OSTP/EOP@EOP  
Lowell A. Weiss/WHO/EOP@EOP  
Jonathan A. Kaplan/OPD/EOP@EOP  
Thurgood Marshall Jr/WHO/EOP@EOP  
Jennifer Ferguson/OMB/EOP@EOP  
Mark D. Neschis/WHO/EOP@EOP  
Ruby Shamir/WHO/EOP@EOP  
Nanda Chitre/WHO/EOP@EOP  
Amy Weiss/WHO/EOP@EOP  
Lisa J. Levin/WHO/EOP@EOP

Peter A. Weissman/OPD/EOP@EOP  
William A. Halter/OMB/EOP@EOP  
Eli G. Attie/OVP@OVP  
Patricia M. Ewing/OVP@OVP  
Sara M. Latham/WHO/EOP@EOP  
Melissa M. Murray/WHO/EOP@EOP  
Jonathan E. Smith/WHO/EOP@EOP  
Barry J. Toiv/WHO/EOP@EOP  
Anne M. Edwards/WHO/EOP@EOP  
Michael Waldman/WHO/EOP@EOP  
Gene B. Sperling/OPD/EOP@EOP  
Paul K. Engskov/WHO/EOP@EOP  
Laura D. Schwartz/WHO/EOP@EOP  
Kevin S. Moran/WHO/EOP@EOP  
Julie E. Mason/WHO/EOP@EOP  
Steven J. Naplan/NSC/EOP@EOP  
Alison Muscatine/WHO/EOP@EOP  
Gordon Li/WHO/EOP@EOP  
Jason H. Schechter/WHO/EOP@EOP  
Mark A. Kitchens/WHO/EOP@EOP  
June Shih/WHO/EOP@EOP  
Jeffrey A. Shesol/WHO/EOP@EOP  
Rochester M. Johnson/WHO/EOP@EOP  
Rachael E. Sullivan/OVP@OVP  
Julie B. Goldberg/WHO/EOP@EOP  
Sarah E. Gegenheimer/WHO/EOP@EOP  
Susanna B. McGuire/WHO/EOP@EOP  
Steve Ricchetti/WHO/EOP@EOP  
Edward F. Hughes/WHO/EOP@EOP  
Melissa J. Prober/WHO/EOP@EOP  
Justin Coleman/WHO/EOP@EOP  
Clara J. Shin/WHO/EOP@EOP  
Jonathan M. Prince/WHO/EOP@EOP  
Joshua S. Gottheimer/WHO/EOP@EOP  
Heather M. Riley/WHO/EOP@EOP  
Alejandro G. Cabrera/OVP@OVP  
Rebecca L. Walldorff/WHO/EOP@EOP  
Jon P. Jennings/WHO/EOP@EOP  
Katharine Button/WHO/EOP@EOP  
Tracy Pakulniewicz/WHO/EOP@EOP  
James T. Heimbach/WHO/EOP@EOP  
Victoria L. Valentine/WHO/EOP@EOP  
James E. Kennedy/WHO/EOP@EOP  
Michael A. Hammer/NSC/EOP@EOP  
Laura J. Lewis/WHO/EOP@EOP  
Toby C. Graff/WHO/EOP@EOP  
Sean P. O'Shea/WHO/EOP@EOP  
Thomas D. Janenda/WHO/EOP@EOP  
Rajiv Y. Mody/WHO/EOP@EOP  
Robin J. Bachman/WHO/EOP@EOP  
Saladbar 23 <saladbar23 @ hotmail.com> @ inet  
Kimberly S. Anderson/OA/EOP@EOP  
Erica S. Lepping/WHO/EOP@EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:14-APR-1999 15:10:12.00

SUBJECT: Weekly Health Care Strategy Meeting

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

TO: Mary E. Cahill ( CN=Mary E. Cahill/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: 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: Neera Tanden ( CN=Neera Tanden/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: Rhonda Melton ( CN=Rhonda Melton/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

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

CC: Joseph D. Ratner ( CN=Joseph D. Ratner/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 the weekly Health Care Strategy Meeting tomorrow, April 15, at 4:00 p.m. in Bruce Reed's office.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Loretta M. Ucelli ( CN=Loretta M. Ucelli/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME:14-APR-1999 16:35:42.00

SUBJECT: radio address

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

READ:UNKNOWN

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

READ:UNKNOWN

CC: Tracy Pakulniewicz ( CN=Tracy Pakulniewicz/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

following this afternoon's meeting, contenders for the radio address include: racial profiling which, if ready to announce, has the best shot at breaking through. (we should consider whether it's more effective as an event, although the calender presents a problem); cops grants which is ripe and has local appeal and the supplemental which is a long shot but obviously has a kosovo connection if it's ready and we want to go that route. what do you think?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Dan Marcus ( CN=Dan Marcus/OU=WHO/O=EOP [ UNKNOWN ] )

CREATION DATE/TIME:14-APR-1999 18:11:28.00

SUBJECT: grijalva

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

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

CC: Derek V. Howard ( CN=Derek V. Howard/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TEXT:

I am circulating to you the SG's reply brief, as filed yesterday. It is pretty much the same as the draft we saw a few days ago.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:14-APR-1999 18:30:34.00

SUBJECT: Possible Welfare Stories Tomorrow -- Daily Report

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

READ:UNKNOWN

CC: Eugenia Chough ( CN=Eugenia Chough/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

USA Today

Rich Wolf isn't interested in writing about the OOW rule, at least not now -- perhaps with more reporting or new data he might be in the future.

He is finishing up a story that I believe I had mentioned to you, Bruce (may have been when you were on vacation Elena), that he started working on several weeks ago, about the criminal child support enforcement task forces that we're expanding as part of our child support law enforcement initiative. It may be in as soon as tomorrow. I'd given HHS and Justice some guidance about how to be helpful. We'll have to see tomorrow whether it worked!

Here's the paper we released in January

Others

Today the Manhattan Institute held a conference on "Next Steps in Welfare Reform." Genie attended, said there were press there (Jason DeParle and Rich Wolf at least). Gov Thompson clearly was misinformed. She reported:

Overall, remarks by State and local officials, academics, faith-based and business community representatives were laudatory about the impact of welfare reform and declining caseloads. Speakers such as Charles Murray and Jason Turner generally characterized the next challenge as "constructively spending our wealth in this robust economy." However, the keynote address delivered by Governor Tommy Thompson was particularly critical of the Administration and its final TANF regulation which was released this past Monday. Below is a more detailed summary of his remarks.

GOVERNOR THOMPSON

-- Began by observing the irony in the President claiming credit for the success of welfare reform when he vetoed it twice before finally enacting

the bill -- analogous to the Vice President claiming he invented the Internet.

-- Painted a bleak picture of WI before he took office. WI was chasing businesses away with high taxes and luring welfare recipients in with high AFDC checks.

-- Shared the successes of welfare reform in Wisconsin under his administration. Since 1986, there has been a 90 percent reduction in statewide welfare rolls, dropping from about 100,000 families to roughly 9,000 families today (out of total population of approximately 5.5 million people). In 1997, he launched W-2, the State's TANF program that added on to the 1995 Welfare-not-Work program. W-2 includes a family cap which limits increases for women who have more children while on welfare, and participants who leave welfare earn an average wage of \$7.42 per hour.

-- Remarked that, in the true spirit of Washington, HHS released its final TANF rule more than 3 years after the signing of the welfare reform law -- illustrating once again that "Washington is an inhibitor of reform rather than instigator of reform." While the rule reflects that HHS did hear the States, and in some instances, listened to States, the regulation is primarily "bad, especially for those States at the forefront of reforms."

-- Continued to describe the upcoming challenges. Of those who remain on the caseloads, "80 percent are minorities, 40 percent experience problems with substance abuse or mental health, 50 percent never worked, and 50 percent have no high school education."

-- As a result, the Governor stated, "States need more flexibility in supportive services...[the rule] is bad because it ties our hands and doesn't help people retain jobs...and it doesn't prevent future lapses.."

-- The Governor described some of his current welfare reform efforts, such as youth grants, fatherhood initiatives, foster family recruiting. He cited specifically that his "Better Badger Babies" proposal to create high-tech learning centers for at-risk young children would not be an allowable cost under the new TANF rule.

-- In sum, because of "Washington, the Disneyland of the East," the TANF rule "prohibits the flexible use of the TANF block grant."

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

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D94]ARMS13767591S.136 to ASCII,  
The following is a HEX DUMP:

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```

*President Clinton Proposes New Child Support Crackdown and  
Announces a Record 80 Percent Increase in Child Support Collections*

*December 31, 1998*

Today, President Clinton announced a new child support crackdown aimed at the nation's most egregious child support violators. Despite record child support collections, there are still too many parents who flagrantly ignore their obligations to their children, and the President will propose to spend \$46 million to identify, investigate, and prosecute these deadbeat parents. The President took this action today as he released new evidence that his Administration's child support efforts are working: child support collections have gone up a record 80 percent since he took office, from \$8 billion in 1992 to an estimated \$14.4 billion in 1998.

*New Record Child Support Collections*

Since taking office, President Clinton has made child support enforcement a top priority, and those efforts are paying off for children across America. New figures released by the U.S. Department of Health and Human Services today show that child support collections have gone up a record 80 percent since the President took office, from \$8 billion in 1992 to an estimated \$14.4 billion in 1998. Moreover, new figures show that the federal government has collected \$1.1 billion this year by withholding federal tax refunds from deadbeat parents. Nearly 1.3 million families in all 50 states benefited from these tax refunds, which totaled \$151 million in California, \$63 million in Ohio, \$52 million in Florida, and \$48 million in New York (a state by state chart is available).

*New Child Support Law Enforcement Initiative*

To ensure that every parent pays the child support he owes, in June President Clinton signed into law the Deadbeat Parents Punishment Act, creating two new categories of federal felonies for the most egregious child support violators, a measure he had called for in his 1997 State of the Union address. Many prosecutors say they would be able to prosecute even more child support cases if they had legal staff dedicated to the issue and if they received referrals after a complete financial investigation had been conducted.

*New Investigative Resources:* Under this new initiative, the U.S. Department of Health and Human Services will establish investigative teams in five regions of the country to identify, analyze, and investigate cases for prosecution. These sites, costing approximately \$12 million over five years, will serve 17 states plus D.C., which together have 63 percent of the nation's child support cases. State child support offices will refer their most serious child support cases to these sites, where trained investigative staff will locate the violator, document information needed for prosecution, and then provide the investigated case to the appropriate prosecutor. These sites will be based upon a model law enforcement effort established earlier this year to serve five states, which in six months has produced an 18-fold increase in federal convictions and collections.

*New Prosecutorial Resources:* To ensure U.S. Attorney's offices have the skilled legal staff they need to prosecute more deadbeat parents, the President proposes to provide new funds for legal support personnel, who will conduct fact finding and investigations, do legal research, and assist in the drafting of court papers. The President's new budget will include \$34 million over five years, \$5 million in FY 2000 rising to \$8 million in later

years, to fund an eightfold increase in legal support staff dedicated to child support. With this new staff, the U.S. Department of Justice expects to increase child support prosecutions significantly.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:14-APR-1999 18:39:31.00

SUBJECT: Re: Revised POTUS Q&A's

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

TEXT:

Thanks -- tomorrow we get to see if anybody guessed right.

----- Forwarded by Barry J. Toiv/WHO/EOP on 04/14/99

06:39 PM -----

Erica S. Lepping

04/14/99 03:24:26 PM

Record Type: Record

To: Laura Emmett/WHO/EOP@EOP

cc: See the distribution list at the bottom of this message

bcc:

Subject: Re: Revised POTUS Q&A's

Thanks - these look good.

Laura Emmett

04/14/99 03:20:50 PM

Record Type: Record

To: Erica S. Lepping/WHO/EOP@EOP, Barry J. Toiv/WHO/EOP@EOP,

Heather M. Riley/WHO/EOP@EOP, Jason H. Schechter/WHO/EOP@EOP

cc: See the distribution list at the bottom of this message

Subject: Revised POTUS Q&A's

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

Cynthia A. Rice/OPD/EOP@EOP

Jose Cerda III/OPD/EOP@EOP

Leanne A. Shimabukuro/OPD/EOP@EOP

Paul J. Weinstein Jr./OPD/EOP@EOP

Jonathan H. Schnur/OPD/EOP@EOP

Tanya E. Martin/OPD/EOP@EOP

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To:

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barry j. toiv/who/eop@eop  
 heather m. riley/who/eop@eop  
 jason h. schechter/who/eop@eop  
 cynthia a. rice/opd/eop@eop  
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 paul j. weinstein jr./opd/eop@eop  
 jonathan h. schnur/opd/eop@eop  
 tanya e. martin/opd/eop@eop

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

TEXT:

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**Campaign Finance Reform Q&A**  
**April 14, 1999**

**Q: Why do you believe the current campaign finance reform system should be changed?**

A: The rules governing our system of financing federal election campaigns are sorely out of date. Enacted more than two decades ago when election campaigns were much less expensive, they have been overtaken by events -- particularly, by dramatic changes in the nature and cost of political campaigns. Spending in congressional campaigns has risen sixfold in the last two decades -- more than three times the rate of inflation -- and spending on television is the primary reason. Money is raised and spent in ways that simply were not contemplated when Congress last overhauled our campaign finance laws. We must bring the rules up to date to reflect the changes in elections and campaigning that have overtaken our political system.

**Crime Q&A**  
**April 14, 1999**

**Q: Does gun control really work to reduce gun-related crime and violence?**

**A: Yes, my Administration has taken some of the boldest, most comprehensive steps ever to keep guns off the streets and out of the hands of juveniles and criminals, and we are seeing the results. These steps, along with the comprehensive efforts of communities across the country to combat gun violence have contributed to a 27 percent decline in the number of violent crimes committed with guns since 1992. Some of our accomplishments in this area include:**

- **Passing the Brady Law.** We stood up to the gun lobby and secured passage of the Brady Law, which has helped to prevent over a quarter of a million felons, fugitives, and stalkers from getting handguns nationwide.
- **Creating the National Instant Criminal Background Check System.** Last November, we put into place the National Instant Criminal Background Check System, which has already conducted over 2.6 million background checks on gun purchasers, and stopped over 27,000 prohibited buyers from getting firearms.
- **Banning dangerous assault weapons.** I fought for the 1994 assault weapons ban to bar the manufacture and importation of 19 of the deadliest assault weapons. Last year, we took executive action to ban the importation of over 50 models of deadly modified assault weapons. A recent Justice Department study found that the 1994 assault weapon ban contributed to a decrease in criminal use of the banned guns and a reduction in the overall gun murder rate.
- **Increasing crime gun tracing and combating illegal gun trafficking.** My Youth Crime Gun Interdiction Initiative (YCGII) is working in 37 cities to crack down on the illegal gun markets that supply firearms to juveniles and criminals. As a result of YCGII, crime gun tracing by ATF has increased from about 50,000 traces to 200,000 traces annually. In FY 98, ATF initiated over 300 ATF investigations in the YCGII cities, involving over 3,300 illegally trafficked firearms.

**Combined with our overall crime strategy to put 100,000 additional police officers on our streets, tougher punishment for hardened criminals, and smarter prevention for our young people to avoid crime in the first place, these efforts have led to crime coming down across the country -- in all categories and in all regions -- and the violent crime rate plummeting to its lowest point in a quarter century.**

**Education Q&A**  
**April 14, 1999**

**Q: What is the role of federal government in education?**

**A:** States and localities must have primary responsibility for education and must have the flexibility to decide what to teach and how to teach it. But as we enter the 21st century, leadership at the national level is essential to provide the quality education that our people need to succeed.

That means first that the federal government must make targeted investments to improve access to, and the quality of, education. Federal investment in education has a proud history: for example, in the nineteenth century the federal government provided land for educational institutions, and in the 1950's, Sputnik led us to invest in math and science education. Now we are trying to make targeted investments to help communities and schools improve education quality by reducing class size, providing after-school programs, modernizing school facilities, and expanding parental choice in public education. The federal government also must provide extra resources to help children, schools, and communities in greatest need through programs like Title I and extra funding for high-poverty communities in all of the initiatives I just mentioned.

Second, and just as important, the federal government has a critical role to play in holding states and schools that receive federal funding accountable for results. That is why my education accountability act will ensure that states and school districts adopt proven and effective accountability measures that will help to lift student achievement in every public school and close the opportunity gap by giving special attention to disadvantaged students. We need to take the education reforms that some states and cities are showing produce the best results -- turning around failing schools, phasing out the use of unqualified teachers, ending social promotion while providing extra support to help students achieve -- and spread those reforms throughout the nation.

**Tobacco Q&A**  
**April 14, 1999**

**Q: Why is tobacco regulation necessary? Are you just trying to put a legal industry out of business?**

A: My efforts are not intended to go after tobacco companies; they are intended to protect children. Cigarette companies have the right to market their products to adults. But I draw the line on children because many of them do not yet have the maturity to understand the dangers of tobacco products and withstand the industry's marketing efforts. Studies show that if kids don't start smoking by age 19, they're not likely to start at all. And the data also indicates that children start smoking in part because of advertisements; for example, data released this week show that 88 percent of smokers in 12th grade smoke one of the three most heavily advertised cigarette brands. That's why the FDA rule we put forward in 1995 proposed to limit advertising that appeals to children in places where they are likely to see it. We need Congress to take this rule out of the courts and to take the range of other measures that will have a significant, long-term effect on youth smoking rates.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Irene Bueno ( CN=Irene Bueno/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:14-APR-1999 20:02:14.00

SUBJECT: Event Ideas

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

CC: Karin Kullman ( CN=Karin Kullman/OU=OPD/O=EOP @ EOP [ OPD ] )

READ:UNKNOWN

TEXT:

As you requested, the following is a brief list of event ideas. I will continue to beat the bushes for other ideas.

1. Asian American and Pacific Islander Executive Order - signing ceremony or some event during Asian Pacific American heritage month (May) announcing this EO. This Order is still in the process of being cleared but should be cleared by May.
2. Public Charge Regulation Roll-out - this is good news but the timing is unclear. This event could take place in a state with a high immigration population such as California.
3. Race Book Roll-out - a process has already begun to develop roll-out ideas but the timing is unclear.

Please let me know if you have any questions or need more information about these proposals.

Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Jason H. Schechter"@lmgate3.eop.gov ( "Jason H. Schechter"@lmgate3.eop.gov

CREATION DATE/TIME:14-APR-1999 20:20:56.00

SUBJECT: USA Accounts Proposal

TO: Jeffrey H. Oakman ( CN=Jeffrey H. Oakman/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

TO: Kristina L. Gordon ( CN=Kristina L. Gordon/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

TO: Mae E. Haney ( CN=Mae E. Haney/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

TO: Erica S. Lepping ( CN=Erica S. Lepping/OU=WHO/O=EOP [ WHO ] )  
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TO: James E. Kennedy ( CN=James E. Kennedy/OU=WHO/O=EOP [ WHO ] )  
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TO: Michael J. Sullivan ( CN=Michael J. Sullivan/OU=WHO/O=EOP [ WHO ] )  
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TO: Shannon M. Hinderliter ( CN=Shannon M. Hinderliter/OU=WHO/O=EOP [ WHO ] )  
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TO: " ( "/R=EOPMRX/R=LNGTWY/R=metronetworks.com/U=aaron\_cohen/FFN=aaron\_cohen/"@mr.e  
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TO: "Jordan D. Matyas"@lmgate4.eop.gov ( "Jordan D. Matyas"@lmgate4.eop.gov [ UNKNOW  
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TO: "Thomas M. Rosshirt"@lmgate4.eop.gov ( "Thomas M. Rosshirt"@lmgate4.eop.gov [ UN  
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TO: Sarah E. Gegenheimer ( CN=Sarah E. Gegenheimer/OU=WHO/O=EOP [ WHO ] )  
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TO: Patrick E. Briggs ( CN=Patrick E. Briggs/OU=WHO/O=EOP [ WHO ] )

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

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

TO: Brian D. Smith ( CN=Brian D. Smith/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

TO: Thomas D. Janenda ( CN=Thomas D. Janenda/OU=WHO/O=EOP [ WHO ] )  
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TO: Virginia N. Rustique ( CN=Virginia N. Rustique/OU=WHO/O=EOP [ WHO ] )  
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TO: Laura S. Marcus ( CN=Laura S. Marcus/OU=WHO/O=EOP [ WHO ] )  
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TO: Megan C. Moloney ( CN=Megan C. Moloney/OU=WHO/O=EOP [ WHO ] )  
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TO: Beverly J. Barnes ( CN=Beverly J. Barnes/OU=WHO/O=EOP [ WHO ] )  
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TO: Andrew J. Mayock ( CN=Andrew J. Mayock/OU=WHO/O=EOP [ WHO ] )  
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TO: Sara M. Latham ( CN=Sara M. Latham/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

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

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

TO: Dag Vega ( CN=Dag Vega/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

TO: Richard Socarides ( CN=Richard Socarides/OU=WHO/O=EOP [ WHO ] )  
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TO: Brenda M. Anders ( CN=Brenda M. Anders/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

TO: Catherine T. Kitchen ( CN=Catherine T. Kitchen/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

TO: Dorian V. Weaver ( CN=Dorian V. Weaver/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

TO: Michael Waldman ( CN=Michael Waldman/OU=WHO/O=EOP [ WHO ] )  
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TO: Douglas B. Sosnik ( CN=Douglas B. Sosnik/OU=WHO/O=EOP [ WHO ] )  
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TO: Laura D. Schwartz ( CN=Laura D. Schwartz/OU=WHO/O=EOP [ WHO ] )  
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TO: Elisa Millsap ( CN=Elisa Millsap/OU=WHO/O=EOP [ WHO ] )  
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TO: Lori E. Abrams ( CN=Lori E. Abrams/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

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

TO: meglynn@usia.gov ( meglynn@usia.gov [ UNKNOWN ] )  
READ:UNKNOWN

TO: RUNDLET\_P@a1.eop.gov ( RUNDLET\_P@a1.eop.gov [ UNKNOWN ] ) (WHO)  
READ:UNKNOWN

TO: Timothy L. Newell ( CN=Timothy L. Newell/OU=WHO/O=EOP [ WHO ] )  
READ:UNKNOWN

TO: GRIBBEN\_J@a1.eop.gov ( GRIBBEN\_J@a1.eop.gov [ UNKNOWN ] ) (WHO)  
READ:UNKNOWN

TO: NAPLAN\_S@a1.eop.gov ( NAPLAN\_S@a1.eop.gov [ UNKNOWN ] ) (NSC)  
READ:UNKNOWN

TO: WOZNIAK\_N@a1.eop.gov ( WOZNIAK\_N@a1.eop.gov [ UNKNOWN ] ) (NSC)  
READ:UNKNOWN

TO: JOHNSON\_WC@a1.eop.gov ( JOHNSON\_WC@a1.eop.gov [ UNKNOWN ] ) (OA)  
READ:UNKNOWN

TO: BARBUSCHAK\_K@a1.eop.gov ( BARBUSCHAK\_K@a1.eop.gov [ UNKNOWN ] ) (OA)  
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TO: "Alejandro G. Cabrera"@lmgate4.eop.gov ( "Alejandro G. Cabrera"@lmgate4.eop.gov  
READ: UNKNOWN

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READ:UNKNOWN

TO: "Jodi R. Sakol"@lmgate4.eop.gov ( "Jodi R. Sakol"@lmgate4.eop.gov [ UNKNOWN ] )  
READ:UNKNOWN

TO: "Eli G. Attie"@lmgate4.eop.gov ( "Eli G. Attie"@lmgate4.eop.gov [ UNKNOWN ] )  
READ:UNKNOWN

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READ:UNKNOWN

TO: RATCLIFF\_M@a1.eop.gov ( RATCLIFF\_M@a1.eop.gov [ UNKNOWN ] ) (VPO)  
READ:UNKNOWN

TO: BUDIG\_N@a1.eop.gov ( BUDIG\_N@a1.eop.gov [ UNKNOWN ] ) (NSC)  
READ:UNKNOWN

TO: HEMMIG\_M@a1.eop.gov ( HEMMIG\_M@a1.eop.gov [ UNKNOWN ] ) (WHO)  
READ:UNKNOWN

TO: RILEY\_R@a1.eop.gov ( RILEY\_R@a1.eop.gov [ UNKNOWN ] ) (OA)  
READ:UNKNOWN

TO: WEINER\_R@a1.eop.gov ( WEINER\_R@a1.eop.gov [ UNKNOWN ] ) (DON)  
READ:UNKNOWN

TO: GRAY\_W@a1.eop.gov ( GRAY\_W@a1.eop.gov [ UNKNOWN ] ) (NSC)  
READ:UNKNOWN

TO: SUNTUM\_M@a1.eop.gov ( SUNTUM\_M@a1.eop.gov [ UNKNOWN ] ) (WHO)  
READ:UNKNOWN

TO: INFOMGT@a1.eop.gov ( INFOMGT@a1.eop.gov [ UNKNOWN ] ) (SYS)  
READ:UNKNOWN

TO: US" <" ( "1=US" <"/C=US/ADMD=WESTERN UNION/O=ATT.COM/DD.ELN=62955104/"@mrx.eop.g  
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PRESIDENT CLINTON INTRODUCES UNIVERSAL SAVINGS ACCOUNTS: PROVIDING MILLIONS OF AMERICANS A NEW OPPORTUNITY TO SAVE FOR RETIREMENT  
April 14, 1999

Today, President Clinton announced his Plan to Provide Universal Savings Accounts for Most Americans. These accounts will give 124 million Americans the opportunity to build wealth and to save for their retirement through a progressive tax cut. A married couple that participated for 40 years, could accumulate over \$253,680 in today's dollars -- enough to produce \$20,121 a year of after-tax income in retirement.

Currently, Too Few Americans have Additional Savings. Because Americans are living longer, it is more important than ever for them to build wealth for a secure retirement. Currently, over two-thirds of Americans rely on Social Security as their principal source of retirement income, and 18 percent rely on Social Security as their only source of income. Too few Americans are saving for their retirement. The typical family headed by someone 55-64 years of age has financial assets worth just \$32,000.

President Clinton Believes that Social Security Reform Needs to be Complemented with Actions to Strengthen Private Savings and Private Pensions. Social Security reform will ensure that Social Security remains a rock solid foundation for retirement security. Universal Savings Accounts will give working American families the opportunity to save for a secure retirement. Under this new program, 73 million people who do not participate in employer-provided pension plans would qualify for USAs, as well as 51 million people with pensions.

Here's How USAs Work:

98 million adults would receive an automatic government contribution to their Universal Savings Account every year.

In addition to the automatic contribution, the government would match, dollar for dollar, voluntary contributions to the USAs by low and moderate income workers. Eligible workers with higher incomes would have a match rate of

at  
least 50 percent.

USAs Provide a Progressive Approach for Retirement Savings for the Majority of Working Americans. The current tax system provides 66 percent of the tax benefits for pensions and retirement savings to taxpayers with incomes above \$100,000. In contrast, the USA proposal would provide 80 percent of its benefits to families with incomes below \$100,000. USAs makes the tax system more progressive by providing the most generous tax breaks for low and middle income workers-- who are the least likely to have access to employer pensions and who have the most difficult time saving.

USAs Will Help Make Additional Retirement Savings Universal. Each spouse in a married couple with family earnings over \$5,000 and adjusted gross income of less than \$100,000 who is between the ages of 18 and 70 will be eligible for a USA tax credit (single taxpayers must have adjusted gross income below \$50,000; head of household filers must have income below \$75,000). In addition, workers with higher incomes who do not have pension coverage are eligible for an account.

USAs Allow American Families to Build Wealth to Meet Their Retirement Needs. USAs give these workers an opportunity to build wealth and save for retirement.

A couple earning \$40,000 would automatically receive \$600 of tax credits deposited into their accounts, even if this family contributed nothing to their accounts. After 40 years, with only automatic contributions their accounts would total \$76,104 (in today's dollars) and provide \$6,036 a year of after-tax retirement income.

However, if each year this family saved \$700 (\$350 in the account of each spouse), then the government would provide a \$1,300 tax credit (\$650 each). After 40 years they would have wealth totaling over \$253,680 in today's dollars, enough to provide \$20,121 of after-tax income in retirement.

#### USA Tax Credits

A Family of Four with an Income of \$40,000

Consider a married couple with two children. One spouse makes \$40,000 a year working for a small business. The other spouse stays at home with their young children. Like millions of other families, they live paycheck to paycheck. Before payday, their bank account rarely has more than a couple hundred dollars.

How the New USA Accounts Work for this Family. The USA accounts are

designed to deliver tax credits to help families save and build wealth for their retirement. This family would receive:

**Automatic Tax Credit:** Every year the husband and wife would each receive an automatic annual tax credit of \$300, for a total of \$600. They would claim the tax credit on their tax return, and it would be deposited in their new USA accounts.

**Matched Tax Cut:** As a powerful new incentive to save, this couple would receive an additional \$1 in tax credit for every dollar the couple saved -- up to \$700 (\$350 each) of savings would be matched. For each dollar the couple deposited in their USA accounts, they would receive a corresponding \$1 in a matching tax credit, which would also be deposited in their USA accounts.

**This Adds Up to A Big Tax Cut for Retirement Savings and a Great Investment:**

The couple's \$700 of savings would be supplemented by a \$1300 tax credit for a total of \$2000 a year in retirement savings. That's \$600 credited automatically (\$300 each) plus a \$700 savings credit (\$350 each). The USA credit almost triples the couple's contribution, and it allows for tax favored build up of account balances.

**The Automatic Tax Credit Provides Core Savings Support**

Automatic Tax Credit	Family Contribution	Matched Tax Cut	Total
Annual Savings in USA			
\$600	\$0	\$0	\$600*

\*This savings could build to \$76,104 after 40 years -- assuming a 5 percent real rate of return.

**The Matching Tax Cut Provides A Powerful Incentive To Save**

Automatic Tax Credit	Family Contribution	Matched Tax Cut	Total
Annual Savings in USA			
\$600	\$700	\$700	\$2000*

\*This will provide a total tax credit of \$1,300.

These savings could build to \$253,680 after 40 years -- assuming 5 percent real rate of return. And would provide \$20,121 of after-tax income in every year of retirement.

**Building Wealth for Retirement.** Regular savings over a lifetime combined with these tax credits will help working families build wealth and retirement security. If this family saved \$700 every year and received the maximum tax credit of \$1,300, after 40 years they would have a nest egg of wealth totaling \$253,680 in today's dollars. This would provide \$20,121 of after-tax income

in every year of retirement from depositing only \$700 per year while they worked.

Benefits of USA Tax Credits Compared to the 10% Across-the-Board Tax Cut. This family would receive a much larger tax cut from the USA account tax credits than from the 10% across-the-board tax cut. While this family would receive just \$315 from the across-the-board tax cut, they would be eligible to receive \$1,300 from the USA account tax credits.

#### USA Tax Credits

A Family of Four with an Income of \$60,000

Consider a married couple with two children. One spouse makes \$60,000 a year working for a small business. The other spouse stays at home with their young children. Like millions of other families, they live paycheck to paycheck. Before payday, their bank account rarely has more than a couple hundred dollars.

How the New USAs Work for this Family. USAs are designed to deliver tax credits to help families save and build wealth for their retirement. This family would receive:

**Automatic Tax Credit:** Every year the husband and wife would each receive an automatic annual tax credit of \$150, for a total of \$300. They would claim the tax credit on their tax return and it would be deposited in their new USAs.

**Matching Tax Credit:** As a powerful new incentive to save, this couple would receive an additional \$0.75 in tax credit for every dollar the couple saved -- up to \$972 (\$486 each) of savings would be matched.

This Adds Up to A Big Tax Cut for Retirement Savings and a Great Investment:

The couple's \$972 of savings would be supplemented by a \$1,028 tax credit for a total of \$2,000 a year in retirement savings. That's \$300 credited automatically (\$150 each) plus a \$728 savings credit (\$364 each). The USA credit more than doubles the couple's contribution, and it allows for tax favored build up of account balances.

The Automatic Tax Credit Provides Core Savings Support

Automatic Tax Credit	Family Contribution	Matching Tax Credit
Total Annual Savings in USA		
\$300	\$0	\$300

\*This savings could build to \$38,052 after 40 years -- assuming a 5 percent real rate of return.

The Matching TAX CREDIT Provides A Powerful Incentive To Save

Automatic Tax Credit	Family Contribution	Matching Tax Credit

Total Annual Savings in USA  
 \$300      \$972      \$728      \$2000\*

\*This will provide a total tax credit of \$1,028.

These savings could build \$253,680 after 40 years -- assuming 5 percent real rate of return. And would provide \$20,121 of after-tax income in every year of retirement.

Building Wealth for Retirement. Regular savings over a lifetime combined with these tax credits will help working families build wealth and retirement security. If this family saved \$972 every year and received the maximum tax credit of \$1,028, after 40 years they would have a nest egg of wealth totaling \$253,680 in today's dollars. This would provide \$20,121 of after-tax income in every year of retirement from depositing only \$972 per year while they worked.

Benefits of USA Tax Credits Compared to the 10% Across-the-Board Tax Cut. This family would receive a much larger tax cut from the USA account tax credits than from the 10% across-the-board tax cut. While this family would receive just \$547 from the across-the-board tax cut, they would be eligible to receive \$1,028 from the USA account tax credits.

USA Tax Credits  
 A Family of Four with an Income of \$80,000

Consider a married couple with two children. One spouse makes \$80,000 a year working for a small business. The other spouse stays at home with their young children.

How the New USAs Work for this Family. USAs are designed to deliver tax credits to help families save and build wealth for their retirement. This family would receive:

Matching Tax Credit: As a new incentive to save, this couple would receive an additional \$.50 in tax credit for every dollar the couple saved -- up to \$1,333 (\$667 each) of savings would be matched.

This Adds Up to A Big Tax Cut for Retirement Savings and a Great Investment:  
 The couple's \$1,333 of savings would be supplemented by a \$667 tax credit for a total of \$2,000 a year in retirement savings. That's a \$667 savings credit (\$333 each). The USA credit increases the couple's contribution, and it allows for tax favored build up of account balances.

At this income level the Automatic tax credit is not available

Automatic Tax Credit	Family Contribution	Matching Tax
Credit	Total Annual Savings	
in USA		
\$0	\$0	\$0

The Matching Tax Cut Provides A Powerful Incentive To Save

Automatic Tax Credit	Family Contribution	Matching Tax
Credit	Total Annual Savings	
in USA		
\$0	\$1,333	\$667
		\$2000*

\*This will provide a total tax credit of \$667.

These savings could build \$253,680 after 40 years -- assuming 5 percent real rate of return. And would provide \$20,121 of after-tax income in every year of retirement.

Building Wealth for Retirement. Regular savings over a lifetime combined with these tax credits will help working families build wealth and retirement security. If this family saved \$1,333 every year and received the maximum tax credit of \$667, after 40 years they would have a nest egg of wealth totaling \$253,680 in today's dollars. This would provide \$20,121 of after-tax income in every year of retirement from depositing only \$1,333 per year while they worked.

Benefits of USA Tax Credits Compared to the 10% Across-the-Board Tax Cut. This family would receive \$947 from a 10% across-the-board tax cut. At first glance, this might seem to be somewhat larger than the \$667 USA tax credit. However, the USA also provides for tax-free compounding of account balances, making the tax credit worth well over \$1000 to this family.

#### THE NEED FOR USAs

Making Savings For A Secure Retirement Available to More Americans

Currently, Too Few Americans Have Enough Savings For A Secure Retirement. Because Americans are living longer it is more important than ever for them to build the wealth necessary for a secure retirement. But there are gaps in the system that leave too many American families behind.

Social Security Provides A Core Foundation For Retirement And Reform is Necessary To Keep It Strong, But It Is Only One Leg of The Retirement Stool.

While providing basic economic security for older Americans, the program was never meant to provide enough to maintain the standard of living individuals had during their working years. Social Security replaces just one-half of

pre-retirement income for an individual who earned \$17,000, and less than one-quarter of the income of an individual who earned \$72,600. Yet Social Security is the only source of income for 18 percent of elderly Americans, and the principal source of income for 66 percent of elderly Americans.

Pension Coverage Provides Additional Support, But Many American Workers Are Not Covered.

-- Half of all American workers have no pension coverage at all through their current job. This situation is worse for workers in small businesses, where only 18 percent of people who work for organizations employing fewer than 25 workers have access to pensions through their current job.

-- Less than 20 percent of workers have their own IRA, and many do not contribute regularly.

-- Just one quarter of all workers are covered by 401(k) plans in their current job. And while two-thirds of people with earnings \$75,000 and over have 401(k)s, just 43 percent of those with earnings between \$35,000 and \$39,000 have 401(k)s.

-- While 91 percent of all families have some financial holdings, the median value of these holdings is just \$13,000. The median value of financial assets of families headed by someone over age 65 is just \$20,000.

The Tax Incentives For Retirement Savings Help Many American Families, But The Tax Benefits Are Skewed To The Better Off.

Two thirds of existing pension tax subsidies go to families with incomes over \$100,000, while just one third goes to those making under \$100,000 and just 7 percent goes to families earning less than \$50,000. USA Accounts provide a progressive tax credit so that the overall retirement system will be more balanced and give all American families an incentive to save.

80 percent of the tax benefits of USA Accounts go to those making under \$100,000.

#### SUMMARY OF UNIVERSAL SAVINGS ACCOUNT PROPOSAL

Universal Savings Accounts (USAs) are voluntary individual retirement savings accounts with a progressive tax subsidy.

Automatic Government Contribution. Workers and their spouses in low- or moderate-income households receive an automatic government contribution of

\$300, in the form of a refundable tax credit deposited directly into their USAs. The automatic credit is phased out between \$40,000 and \$80,000 of adjusted gross income (AGI) for joint filers (\$20,000-\$40,000 for singles; \$30,000-\$50,000 for head of household filers).

Government Match of Individual Contributions. Voluntary individual contributions to a USA are matched by additional government contributions to the taxpayer's USA. The matches will also be in the form of a refundable tax credit deposited directly into the USA. Low- and moderate-income individuals receive a dollar-for-dollar match. The match rate phases down to 50 percent over the same income ranges as the phase-down for the automatic contribution, and then remains at 50 percent until the income level at which eligibility ends (\$100,000 for joint filers with pension coverage; \$50,000 for single filers with pension coverage; \$75,000 for head of household filers with pension coverage; no limit for people without pension coverage). Total contributions (including the credit) to an account are capped at \$1,000 per year.

Eligibility. To be eligible, a taxpayer must have at least \$5,000 of earnings (which can be combined earnings on a joint return) and must not be the dependent of another taxpayer. Thus, an individual without earnings can have a USA if his or her spouse earns at least \$5,000. Taxpayers younger than age 18 or older than 70 are ineligible. Taxpayers with an employer-sponsored retirement plan must have AGI of less than \$100,000 for joint filers (\$50,000 for single filers; \$75,000 for head of household filers). All eligible workers without an employer-provided pension would receive at least a 50 percent match, regardless of income.

Investment Choice. Individuals will have the option of investing their accounts in a universal retirement plan similar to the Federal Thrift Savings Plan (TSP), a 401(k)-type plan for federal government employees. Individuals would be able to choose among a limited number of broad-based investment options similar to those offered in the TSP and in many private sector 401(k) plans. We look forward to working with Congress and experts from the private sector to devise the best way to administer the accounts, as well as to explore whether it would be possible to provide account holders with the option of investing directly with private sector fund managers.

Withdrawal Rules. No amount could be withdrawn from a USA before age 65, unless the account holder dies. Once withdrawals commence after age 64, no additional contributions could be made to the account.

Tax Treatment of Accounts. Automatic and matching government contributions

would not be taxable when deposited to accounts. Earnings would grow tax free until retirement. Withdrawals would generally be taxable, but 15 percent of each withdrawal would be excluded from taxes in order to approximate a tax-free return of an individual's own contribution. Voluntary USA contributions will not be tax deductible because the tax subsidy is provided in the form of the tax credit rather than a deduction, enabling the program to be more progressive.

Coordination with 401(k)-type Plans. Eligible employees will receive a government matching contribution deposited to their USA when they contribute either to their USA or to a 401(k)-type plan. The government match supplements any employer matching contributions. Therefore, USAs will not cause workers to shift contributions from private-sector 401(k)-type plans to USAs. In fact, USAs will encourage workers to save through 401(k)-type plans by giving the millions of workers who are currently eligible to contribute, but who fail to do so, a greater incentive to contribute without imposing administrative burdens on employers or plan administrators. Because contributions to a 401(k)-type plan are excludable from taxable income while USA contributions are not, joint filers with AGI of more than \$50,000 (\$25,000 for single filers; \$37,500 for head of household filers) who elect to receive government matches will be required to include in taxable income 80 percent of the portion of the 401(k) contribution that is matched.

Protections for Women Including Divorcees and Widows. The design of USAs recognizes that women are more likely to spend time out of the labor force than men and have lower average earnings than men, and ensures women will have the opportunity to accumulate significant savings in their USAs. First, spouses of workers are eligible for the USA tax credit even if they do not work. Second, the progressive credit formula targets the tax benefits to low and moderate income workers. We look forward to working with Congress and outside experts to determine what the best means are to ensure that women are protected in case of divorce or widowhood.

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The following attachments were included with this message:

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April 14, 1999

~~SAVINGS ACCOUNTS: PROVIDING MILLIONS OF~~  
**AMERICANS A NEW OPPORTUNITY TO SAVE FOR  
RETIREMENT**

Today, President Clinton announced his Plan to Provide Universal Savings Accounts for Most Americans. These accounts will give 124 million Americans the opportunity to build wealth and to save for their retirement through a progressive tax cut. A married couple that participated for 40 years, could accumulate over \$253,680 in today's dollars -- enough to produce \$20,121 a year of after-tax income in retirement.

**Currently, Too Few Americans have Additional Savings.** Because Americans are living longer, it is more important than ever for them to build wealth for a secure retirement. Currently, over two-thirds of Americans rely on Social Security as their principal source of retirement income, and 18 percent rely on Social Security as their only source of income. Too few Americans are saving for their retirement. The typical family headed by someone 55-64 years of age has financial assets worth just \$32,000.

**President Clinton Believes that Social Security Reform Needs to be Complemented with Actions to Strengthen Private Savings and Private Pensions.** Social Security reform will ensure that Social Security remains a rock solid foundation for retirement security. Universal Savings Accounts will give working American families the opportunity to save for a secure retirement. **Under this new program, 73 million people who do not participate in employer-provided pension plans would qualify for USAs, as well as 51 million people with pensions.**

**Here's How USAs Work:**

- 98 million adults would receive an automatic government contribution to their Universal Savings Account every year.
- In addition to the automatic contribution, the government would match, dollar for dollar, voluntary contributions to the USAs by low and moderate income workers. Eligible workers with higher incomes would have a match rate of at least 50 percent.

**USAs Provide a Progressive Approach for Retirement Savings for the Majority of Working Americans.** The current tax system provides 66 percent of the tax benefits for pensions and retirement savings to taxpayers with incomes above \$100,000. In contrast, the USA proposal would provide 80 percent of its benefits to families with incomes below \$100,000. USAs makes the tax system more progressive by providing the most generous tax breaks for low and middle income workers-- who are the least likely to have access to employer pensions and who have the most difficult time saving.

**USAs Will Help Make Additional Retirement Savings Universal.** Each spouse in a married couple with family earnings over \$5,000 and adjusted gross income of less than \$100,000 who is between the ages of 18 and 70 will be eligible for a USA tax credit (single taxpayers must have adjusted gross income below \$50,000; head of household filers must have income below \$75,000). In addition, workers with higher incomes who do not have pension coverage are eligible for an account.

**USAs Allow American Families to Build Wealth to Meet Their Retirement Needs.** USAs give these workers an opportunity to build wealth and save for retirement.

- A couple earning \$40,000 would automatically receive \$600 of tax credits deposited into their accounts, even if this family contributed nothing to their accounts. After 40 years, with only automatic contributions their accounts would total \$76,104 (in today's dollars) and provide \$6,036 a year of after-tax retirement income.
- **However, if each year this family saved \$700 (\$350 in the account of each spouse), then the government would provide a \$1,300 tax credit (\$650 each). After 40 years they would have wealth totaling over \$253,680 in today's dollars, enough to provide \$20,121 of after-tax income in retirement.**

## SUMMARY OF UNIVERSAL SAVINGS ACCOUNT PROPOSAL

Universal Savings Accounts (USAs) are voluntary individual retirement savings accounts with a progressive tax subsidy.

**Automatic Government Contribution.** Workers and their spouses in low- or moderate-income households receive an automatic government contribution of \$300, in the form of a refundable tax credit deposited directly into their USAs. The automatic credit is phased out between \$40,000 and \$80,000 of adjusted gross income (AGI) for joint filers (\$20,000-\$40,000 for singles; \$30,000-\$50,000 for head of household filers).

**Government Match of Individual Contributions.** Voluntary individual contributions to a USA are matched by additional government contributions to the taxpayer's USA. The matches will also be in the form of a refundable tax credit deposited directly into the USA. Low- and moderate-income individuals receive a dollar-for-dollar match. The match rate phases down to 50 percent over the same income ranges as the phase-down for the automatic contribution, and then remains at 50 percent until the income level at which eligibility ends (\$100,000 for joint filers with pension coverage; \$50,000 for single filers with pension coverage; \$75,000 for head of household filers with pension coverage; no limit for people without pension coverage). Total contributions (including the credit) to an account are capped at \$1,000 per year.

**Eligibility.** To be eligible, a taxpayer must have at least \$5,000 of earnings (which can be combined earnings on a joint return) and must not be the dependent of another taxpayer. Thus, an individual without earnings can have a USA if his or her spouse earns at least \$5,000. Taxpayers younger than age 18 or older than 70 are ineligible. Taxpayers with an employer-sponsored retirement plan must have AGI of less than \$100,000 for joint filers (\$50,000 for single filers; \$75,000 for head of household filers). All eligible workers without an employer-provided pension would receive at least a 50 percent match, regardless of income.

**Investment Choice.** Individuals will have the option of investing their accounts in a universal retirement plan similar to the Federal Thrift Savings Plan (TSP), a 401(k)-type plan for federal government employees. Individuals would be able to choose among a limited number of broad-based investment options similar to those offered in the TSP and in many private sector 401(k) plans. We look forward to working with Congress and experts from the private sector to devise the best way to administer the accounts, as well as to explore whether it would be possible to provide account holders with the option of investing directly with private sector fund managers.

**Withdrawal Rules.** No amount could be withdrawn from a USA before age 65, unless the account holder dies. Once withdrawals commence after age 64, no additional contributions could be made to the account.

**Tax Treatment of Accounts.** Automatic and matching government contributions would not be taxable when deposited to accounts. Earnings would grow tax free until retirement. Withdrawals would generally be taxable, but 15 percent of each withdrawal would be excluded from taxes in order to approximate a tax-free return of an individual's own contribution. Voluntary USA contributions will not be tax deductible because the tax subsidy is provided in the form of the tax credit rather than a deduction, enabling the program to be more progressive.

**Coordination with 401(k)-type Plans.** Eligible employees will receive a government matching contribution deposited to their USA when they contribute either to their USA or to a 401(k)-type plan . The government match supplements any employer matching contributions. Therefore, USAs will not cause workers to shift contributions from private-sector 401(k)-type plans to USAs. In fact, USAs will encourage workers to save through 401(k)-type plans by giving the millions of workers who are currently eligible to contribute, but who fail to do so, a greater incentive to contribute without imposing administrative burdens on employers or plan administrators. Because contributions to a 401(k)-type plan are excludable from taxable income while USA contributions are not, joint filers with AGI of more than \$50,000 (\$25,000 for single filers; \$37,500 for head of household filers) who elect to receive government matches will be required to include in taxable income 80 percent of the portion of the 401(k) contribution that is matched.

**Protections for Women Including Divorcees and Widows.** The design of USAs recognizes that women are more likely to spend time out of the labor force than men and have lower average earnings than men, and ensures women will have the opportunity to accumulate significant savings in their USAs. First, spouses of workers are eligible for the USA tax credit even if they do not work. Second, the progressive credit formula targets the tax benefits to low and moderate income workers. We look forward to working with Congress and outside experts to determine what the best means are to ensure that women are protected in case of divorce or widowhood.

## USA Tax Credits

### A Family of Four with an Income of \$40,000

Consider a married couple with two children. One spouse makes \$40,000 a year working for a small business. The other spouse stays at home with their young children. Like millions of other families, they live paycheck to paycheck. Before payday, their bank account rarely has more than a couple hundred dollars.

**How the New USA Accounts Work for this Family.** The USA accounts are designed to deliver tax credits to help families save and build wealth for their retirement. This family would receive:

- **Automatic Tax Credit:** Every year the husband and wife would each receive an automatic annual tax credit of \$300, for a total of \$600. They would claim the tax credit on their tax return, and it would be deposited in their new USA accounts.
- **Matched Tax Cut:** As a powerful new incentive to save, this couple would receive an additional \$1 in tax credit for every dollar the couple saved -- up to \$700 (\$350 each) of savings would be matched. For each dollar the couple deposited in their USA accounts, they would receive a corresponding \$1 in a matching tax credit, which would also be deposited in their USA accounts.
- **This Adds Up to A Big Tax Cut for Retirement Savings and a Great Investment:** The couple's \$700 of savings would be supplemented by a \$1300 tax credit for a total of \$2000 a year in retirement savings. That's \$600 credited automatically (\$300 each) plus a \$700 savings credit (\$350 each). The USA credit almost triples the couple's contribution, and it allows for tax favored build up of account balances.

#### THE AUTOMATIC TAX CREDIT PROVIDES CORE SAVINGS SUPPORT

<i>Automatic Tax Credit</i>	<i>Family Contribution</i>	<i>Matched Tax Cut</i>	<i>Total Annual Savings in USA</i>
\$600	\$0	\$0	\$600

- This savings could build to \$76,104 after 40 years -- assuming a 5 percent real rate of return.

#### THE MATCHING TAX CUT PROVIDES A POWERFUL INCENTIVE TO SAVE

<i>Automatic Tax Credit</i>	<i>Family Contribution</i>	<i>Matched Tax Cut</i>	<i>Total Annual Savings in USA</i>
\$600	\$700	\$700	\$2000

- This will provide a total tax credit of \$1,300.
- These savings could build to \$253,680 after 40 years -- assuming 5 percent real rate of return.
- And would provide \$20,121 of after-tax income in every year of retirement.

**Building Wealth for Retirement.** Regular savings over a lifetime combined with these tax credits will help working families build wealth and retirement security. If this family saved \$700 every year and received the maximum tax credit of \$1,300, after 40 years they would have a nest egg of wealth totaling \$253,680 in today's dollars. This would provide \$20,121 of after-tax income in every year of retirement from depositing only \$700 per year while they worked.

**Benefits of USA Tax Credits Compared to the 10% Across-the-Board Tax Cut.** This family would receive a much larger tax cut from the USA account tax credits than from the 10% across-the-board tax cut. While this family would receive just \$315 from the across-the-board tax cut, they would be eligible to receive \$1,300 from the USA account tax credits.

## USA Tax Credits

### A Family of Four with an Income of \$60,000

*Consider a married couple with two children. One spouse makes \$60,000 a year working for a small business. The other spouse stays at home with their young children. Like millions of other families, they live paycheck to paycheck. Before payday, their bank account rarely has more than a couple hundred dollars.*

**How the New USAs Work for this Family.** USAs are designed to deliver tax credits to help families save and build wealth for their retirement. This family would receive:

- **Automatic Tax Credit:** Every year the husband and wife would each receive an automatic annual tax credit of \$150, for a total of \$300. They would claim the tax credit on their tax return and it would be deposited in their new USAs.
- **Matching Tax Credit:** As a powerful new incentive to save, this couple would receive an additional \$0.75 in tax credit for every dollar the couple saved -- up to \$972 (\$486 each) of savings would be matched.
- **This Adds Up to A Big Tax Cut for Retirement Savings and a Great Investment:** The couple's \$972 of savings would be supplemented by a \$1,028 tax credit for a total of \$2,000 a year in retirement savings. That's \$300 credited automatically (\$150 each) plus a \$728 savings credit (\$364 each). The USA credit more than doubles the couple's contribution, and it allows for tax favored build up of account balances.

**THE AUTOMATIC TAX CREDIT PROVIDES CORE SAVINGS SUPPORT**

<i>Automatic Tax Credit</i>	<i>Family Contribution</i>	<i>Matching Tax Credit</i>	<i>Total Annual Savings in USA</i>
\$300	\$0	\$0	\$300

- This savings could build to \$38,052 after 40 years -- assuming a 5 percent real rate of return.

**THE MATCHING TAX CREDIT PROVIDES A POWERFUL INCENTIVE TO SAVE**

<i>Automatic Tax Credit</i>	<i>Family Contribution</i>	<i>Matching Tax Credit</i>	<i>Total Annual Savings in USA</i>
\$300	\$972	\$728	\$2000

- This will provide a total tax credit of \$1,028.
- These savings could build \$253,680 after 40 years -- assuming 5 percent real rate of return.
- And would provide \$20,121 of after-tax income in every year of retirement.

**Building Wealth for Retirement.** Regular savings over a lifetime combined with these tax credits will help working families build wealth and retirement security. If this family saved \$972 every year and received the maximum tax credit of \$1,028, after 40 years they would have a nest egg of wealth totaling \$253,680 in today's dollars. This would provide \$20,121 of after-tax income in every year of retirement from depositing only \$972 per year while they worked.

**Benefits of USA Tax Credits Compared to the 10% Across-the-Board Tax Cut.** This family would receive a much larger tax cut from the USA account tax credits than from the 10% across-the-board tax cut. While this family would receive just \$547 from the across-the-board tax cut, they would be eligible to receive \$1,028 from the USA account tax credits.

## USA Tax Credits

## A Family of Four with an Income of \$80,000

Consider a married couple with two children. One spouse makes \$80,000 a year working for a small business. The other spouse stays at home with their young children.

**How the New USAs Work for this Family.** USAs are designed to deliver tax credits to help families save and build wealth for their retirement. This family would receive:

- **Matching Tax Credit:** As a new incentive to save, this couple would receive an additional \$.50 in tax credit for every dollar the couple saved -- up to \$1,333 (\$667 each) of savings would be matched.
- **This Adds Up to A Big Tax Cut for Retirement Savings and a Great Investment:** The couple's \$1,333 of savings would be supplemented by a \$667 tax credit for a total of \$2,000 a year in retirement savings. That's a \$667 savings credit (\$333 each). The USA credit increases the couple's contribution, and it allows for tax favored build up of account balances.

### AT THIS INCOME LEVEL THE AUTOMATIC TAX CREDIT IS NOT AVAILABLE

Automatic Tax Credit	Family Contribution	Matching Tax Credit	Total Annual Savings in USA
\$0	\$0	\$0	\$0

### THE MATCHING TAX CUT PROVIDES A POWERFUL INCENTIVE TO SAVE

Automatic Tax Credit	Family Contribution	Matching Tax Credit	Total Annual Savings in USA
\$0	\$1,333	\$667	\$2000

- This will provide a total tax credit of \$667.
- These savings could build \$253,680 after 40 years -- assuming 5 percent real rate of return.
- And would provide \$20,121 of after-tax income in every year of retirement.

**Building Wealth for Retirement.** Regular savings over a lifetime combined with these tax credits will help working families build wealth and retirement security. If this family saved \$1,333 every year and received the maximum tax credit of \$667, after 40 years they would have a nest egg of wealth totaling \$253,680 in today's dollars. This would provide \$20,121 of after-tax income in every year of retirement from depositing only \$1,333 per year while they worked.

### **Benefits of USA Tax Credits Compared to the 10% Across-the-Board Tax Cut.**

This family would receive \$947 from a 10% across-the-board tax cut. At first glance, this might seem to be somewhat larger than the \$667 USA tax credit. However, the USA also provides for tax-free compounding of account balances, making the tax credit worth well over \$1000 to this family.

## THE NEED FOR USAs

*Making Savings For A Secure Retirement Available to More Americans*

**Currently, Too Few Americans Have Enough Savings For A Secure Retirement.** Because Americans are living longer it is more important than ever for them to build the wealth necessary for a secure retirement. But there are gaps in the system that leave too many American families behind.

- **Social Security Provides A Core Foundation For Retirement And Reform is Necessary To Keep It Strong, But It Is Only One Leg of The Retirement Stool.** While providing basic economic security for older Americans, the program was never meant to provide enough to maintain the standard of living individuals had during their working years. Social Security replaces just one-half of pre-retirement income for an individual who earned \$17,000, and less than one-quarter of the income of an individual who earned \$72,600. Yet Social Security is the only source of income for 18 percent of elderly Americans, and the principal source of income for 66 percent of elderly Americans.
- **Pension Coverage Provides Additional Support, But Many American Workers Are Not Covered.**
  - Half of all American workers have no pension coverage at all through their current job. This situation is worse for workers in small businesses, where only 18 percent of people who work for organizations employing fewer than 25 workers have access to pensions through their current job.
  - Less than 20 percent of workers have their own IRA, and many do not contribute regularly.
  - Just one quarter of all workers are covered by 401(k) plans in their current job. And while two-thirds of people with earnings \$75,000 and over have 401(k)s, just 43 percent of those with earnings between \$35,000 and \$39,000 have 401(k)s.
  - While 91 percent of all families have some financial holdings, the median value of these holdings is just \$13,000. The median value of financial assets of families headed by someone over age 65 is just \$20,000.

**The Tax Incentives For Retirement Savings Help Many American Families, But The Tax Benefits Are Skewed To The Better Off.**

- Two thirds of existing pension tax subsidies go to families with incomes over \$100,000, while just one third goes to those making under \$100,000 and just 7 percent goes to families earning less than \$50,000.

**USA Accounts provide a progressive tax credit so that the overall retirement system will be more balanced and give all American families an incentive to save.**

- 80 percent of the tax benefits of USA Accounts go to those making *under* \$100,000.