

NLWJC - KAGAN

EMAILS RECEIVED

ARMS - BOX 098 - FOLDER -010

[05/27/1998-06/04/1998]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:27-MAY-1998 09:54:04.00

SUBJECT: Principal's Meeting on Poverty Measurement

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

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

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

TO: pruggles (pruggles @ osaspe.dhhs.gov @ inet [UNKNOWN])
READ:UNKNOWN

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

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

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

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

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

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

TEXT:

Sally and Elena, after you left the meeting yesterday Joe, Kathy, Pat and I talked a bit about the principal's meeting. We are concerned that a full interagency principal's meeting somewhat violates the request from the Department of Commerce. They approached OMB at the beginning of this process to say, "We're planning to publish some alternative poverty measures based on the NAS recommendations. Do you (OMB or other policy people at the WH) have any input you want to give us on those decisions that involve policy issues as much as statistical issues?" In short, the request was a limited request -- not a request to set up a full interagency working group to give advice to Commerce about what they should publish. The working group we established as a result was explicitly EOP only (this was a very conscious decision) -- with Pat Ruggles included because of her expertise on program eligibility issues.

Our advice is to call an EOP-only principals meeting on the issues we discussed yesterday, including NEC, DPC, OMB, and CEA. (This can always be broadened later -- but I think we shouldn't do that without explicitly going back to the Dept of Commerce to talk with them about the process.)

On the other hand, a broader vetting of these poverty measure changes and their possible implications with all of the relevant agencies also needs

to start immediately. Perhaps at a joint NEC-DPC Principal's meeting sometime soon, we can do a short briefing on the new "alternative poverty line" plans of the Census and from there set up a broad Working Group (our existing policy working group plus whatever agencies want to be involved) to discuss all of questions about how a new poverty measure might impact program issues.

Unless I hear otherwise, I'll assume we're heading toward a limited EOP-only principal's meeting. I'll be getting an options paper to you for comments (along with Pat's one-pager on eligibility) within the next couple of days.

Becky

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Donna L. Geisbert (CN=Donna L. Geisbert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 27-MAY-1998 11:16:47.00

SUBJECT: Weekly Tobacco Meeting -- CANCELLED

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

TO: DAILARD_C (DAILARD_C @ A1 @ CD @ VAXGTWY [UNKNOWN]) (OPD)
READ: UNKNOWN

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

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

TO: Toby Donenfeld (CN=Toby Donenfeld/O=OVP @ OVP [UNKNOWN])
READ: UNKNOWN

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

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

TO: MARR_C (MARR_C @ A1 @ CD @ VAXGTWY [UNKNOWN]) (OPD)
READ: UNKNOWN

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

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

TO: Sherman G. Boone (CN=Sherman G. Boone/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: Jerold R. Mande (CN=Jerold R. Mande/OU=OSTP/O=EOP @ EOP [OSTP])
READ: UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

CC: haverkamp_jennifer (haverkamp_jennifer @ ustr.gov @ INET @ VAXGTWY [UNKNOWN])

READ:UNKNOWN

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

READ:UNKNOWN

CC: MURRAY_MM (MURRAY_MM @ A1 @ CD @ VAXGTWY [UNKNOWN]) (WHO)

READ:UNKNOWN

CC: Satish Narayanan (CN=Satish Narayanan/O=OVP @ OVP [UNKNOWN])

READ:UNKNOWN

CC: Dan J. Taylor (CN=Dan J. Taylor/O=OVP @ OVP [UNKNOWN])

READ:UNKNOWN

TEXT:

The Weekly Tobacco Strategy Meeting scheduled for Thursday, May 28 at 2:45 is cancelled

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:27-MAY-1998 11:26:08.00

SUBJECT: Bankruptcy Meeting today

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

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

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

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

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

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

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

TO: Christopher D. Carroll (CN=Christopher D. Carroll/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

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

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

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

CC: Ophelia D. West (CN=Ophelia D. West/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

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

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

TEXT:

The bankruptcy meeting scheduled for 3:00 today has been changed to 4:30 pm room 324. Sorry for any inconveniences. Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 27-MAY-1998 13:04:17.00

SUBJECT: Bankruptcy Meeting today

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

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

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

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

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

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

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

TO: Christopher D. Carroll (CN=Christopher D. Carroll/OU=CEA/O=EOP @ EOP [CEA])
READ: UNKNOWN

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

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

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

CC: Ophelia D. West (CN=Ophelia D. West/OU=OMB/O=EOP @ EOP [OMB])
READ: UNKNOWN

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

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

TEXT:

The bankruptcy meeting has been changed back to its original time 3:00 pm room 239 today. Please except our apology for any inconveniences. Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:28-MAY-1998 15:29:54.00

SUBJECT: Draft options memo for Principal's meeting on poverty measurement

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

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

TO: pruggles (pruggles @ osaspe.dhhs.gov @ inet [UNKNOWN])
READ:UNKNOWN

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

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

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

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

CC: Richard B. Bavier (CN=Richard B. Bavier/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

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

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

TEXT:

Attached is a draft options memo for the upcoming Principal's meeting on poverty measurement. Please return your comments to me as soon as possible.

Thanks.

Becky Blank

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

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D45]MAIL40804315U.126 to ASCII,
The following is a HEX DUMP:

FF575043700B0000010A02010000000205000000779B00000002000046592509DE08AA3B791A3A
4E2A59B9D38480FE1E6A344897CCC32B2851684DFBA27BAF6A22C5EEAAB605489D9EC71A0C9FDB
5C2D0BD73984607F51A7248348DFB2FA6316AF57ABA4E1DB243502F868CB327A2935ACDE7F1928
D6CC7B90B37B03BEA288E0719169BEB7E6078FF4864526CBAACA96C9785BE5F2A7BF422B9C378C
4A8356FAFC74945270DA3ADF8876CB593C4403596E59E2ABB5F1C32EBEC3502B368C2245B7A1E1
D9806C7824FCB846AC56FC6D0B0382BF89D9AD86FB953AB5B6100CDC829418DF40F256FF2E59AF
FDBEBD522E254B6B9B710D340260C2455119C4B8F70A7D09C041E035AF478FC9E2F78D24F19768

May 27, 1998

DRAFT MEMORANDUM FOR EOP PRINCIPAL'S MEETING

Jack Lew
Bruce Reed
Gene Sperling
Janet Yellen

*Automated Records Management System
Hex-Dump Conversion*

FROM: EOP Policy Working Group on Poverty Measurement

SUBJECT: Advice to the Bureau of the Census

BACKGROUND

In 1992, the Bureau of the Census commissioned the National Research Council of the National Academy of Sciences (NAS) to establish a panel of experts to recommend improvements in the measurement of poverty. The final NAS report was issued in 1995. Census has announced that IT IS planning to release a report in late 1998 or early 1999 providing alternative poverty measures, based on the NAS recommendations. Near the end of 1997 the Department of Commerce approached OMB and indicated its willingness to receive any advice that OMB or other WH policy offices might have regarding policy-related issues that the Bureau of the Census will face in determining which alternative poverty measures to present. As a result of that request, an EOP Policy Working Group on Poverty Measurement (composed of CEA, DPC, NEC, and OMB) was established to review key policy-related questions. The Deputy Assistant Secretary for Human Services Policy in HHS also attended these meetings because of her expertise on programs. This memorandum presents a set of options discussed by that group on topics where the NAS poverty measurement recommendations have major policy ramifications. (Note that a broader interagency Technical Working Group on Poverty Measurement is also meeting to consult with Census on statistical issues relating to alternative poverty measures.) It is important to note that we are merely being asked to give advice to the Bureau of the Census; what they actually publish is their decision.

The official measure of poverty has remained virtually unchanged for 35 years, despite substantial changes in family behavior and government policy. For instance, the NAS panel identified several weaknesses in the current poverty measure:

- The current poverty measure takes no account of changes in government policy, such as changes in tax laws (i.e., the expansion of the EITC) or changes in in-kind benefits (i.e., Food Stamps).
- The current measure does not distinguish between the needs of working and non-working families. In particular, it does not reflect the cost of child care and other work expenses for working low-income families.

- The current measure takes no account of medical care costs which vary substantially across families.

Note that the discussion to date only concerns the alternative measures that Census will publish. The Statistical Policy Office in OIRA officially issues the regulation that determines what the “official” poverty measurement methodology will be, while the Office of the ASPE in HHS officially determines the “guidelines”, which are a simplified form of poverty thresholds used by some programs in the determination of eligibility. The last item for discussion is the process to explore the possibility of adopting an improved alternative poverty definition as the new “official” definition and utilizing it in program eligibility decisions. Attachment 1 (from HHS) provides a brief review of how program eligibility is (or isn’t) tied to poverty line measurement.

The Current Poverty Measure

The methodology by which current poverty thresholds are determined was developed in the early 1960s by Mollie Orshansky, a staff economist at the Social Security Administration. She developed a set of poverty thresholds that vary with the number of adults, the number of children, and the age of the family head. These thresholds represent the cost of a minimum diet multiplied by 3 to allow for non-food expenditures. The multiplier of 3 was chosen because the average family in 1955 spent one-third of its after-tax income on food. Since the late 1960s, the thresholds have simply been updated annually to adjust for price inflation.

The NAS Recommendations

In order to understand the NAS panel’s recommended revisions, one must understand the basics of determining poverty. A family is considered poor when their resources fall below a predetermined poverty line or threshold. Therefore, one must develop a methodology for estimating family resources and for defining the threshold resource level below which a family is considered poor.

1. Defining Family Resources

For purposes of the current poverty calculation, the definition of family resources is cash income. The NAS recommendations would estimate family resources as:

Family resources = Cash income + Near-money in-kind benefits - Taxes - Child care costs - Work expenses - Child support payments - Out of pocket medical care expenditures (including health insurance premiums)

The rationale for subtracting taxes, work and medical expenses from family resources is that these expenditures are typically not discretionary and reduce the income available to a family for economic survival.

There is near consensus among researchers that adjusting for near-money in-kind benefits (primarily food stamps and housing subsidies) and taxes would be an improvement in how poverty is measured. There is slightly less agreement on whether child care costs, work expenses, and child support payments should also be deducted because an unknown proportion of these expenses are likely discretionary. (The NAS proposes to cap the amount of child care and work expenses that can be subtracted to deal with this problem.) As discussed below, the adjustment for out-of-pocket medical care expenditures is more controversial.

2. Defining a Poverty Threshold

A threshold must be determined against which to compare a family's resources. The NAS panel recommends basing the threshold on a fraction of expenditures on necessities (food, shelter, and clothing) plus a little more. Specifically, the NAS panel recommends selecting the 30th to 35th percentile in the distribution of annual expenditures on food, shelter, and clothing among families of four (two adults and two children), and then multiplying this expenditure level by between 1.15 and 1.25. Thresholds for other family sizes and types would be determined by an equivalency scale calculation.

The NAS recommends adjusting these thresholds to take into account geographic variation in cost of living, based on differences in housing costs by region and by city-size. It recommends adjusting them over time by recalculating them from expenditure data on an annual basis.

OPTIONS FOR DISCUSSION

1. Recommendations regarding which alternatives the Bureau of the Census should adopt to determine the level of the poverty threshold.

The NAS panel acknowledges that the actual level at which the poverty threshold is set (and hence the final poverty rate) is inherently arbitrary and cannot be determined on the basis of purely statistical judgements. There are two primary options:

A. The NAS alternative. As described above, the NAS panel recommends establishing a threshold based on the 30th-35th percentile in the distribution of annual expenditures for a family of four, with a small multiplier to account for additional small personal expenditures. As shown in Tables 1 and 2, column 3, this would raise the 1996 poverty rate from 13.7% to 18%, and increase poverty among all subgroups.

B. Benchmarking. The NAS also provides poverty estimates that benchmark the alternative poverty rate to equal the old poverty rate in a given year. The Census has done a number of such benchmarked calculations for 1996, as shown in Tables 1 and 2, column 2. (The report issued early next year would benchmark to 1997.) Benchmarking would assure that the aggregate poverty rate is identical for the official and the alternative measure in the benchmark year. But

the distribution of poverty among subgroups within each measure would differ (see Table 2). Similarly, both historical and future trends would differ. For instance, the alternative measure is identical in 1996 but higher in 1991. (The faster fall is largely due to the decline in the EITC.)

Pros of using the NAS measure:

- Incorporates the recommendations of the NAS panel, based on their judgement from the best available evidence.
- Maintains threshold levels that are quite similar to the current thresholds (although they have a very different interpretation.)

Cons of using the NAS Measure:

- Results in a substantially higher poverty rate (although the trends over time are similar.)
- Changes the relative poverty share of different groups.

Pros of Benchmarking:

- May provide an easier transition to the new methodology because there will not be a change in the overall level of poverty.
- Focuses the arguments on the relative distribution of who is poor rather than how many people are poor. Proposed changes in the relative well-being of different groups may be more defensible than proposed changes in the levels of poverty.

Cons of Benchmarking:

- Violates the NAS recommendation that the threshold should be based on the 30th-35th percentile in the expenditure distribution. In order to benchmark, the threshold falls to (about) the 25th percentile of expenditures on food, shelter, and clothing.

2. Recommendations regarding updating the thresholds over time

Currently the poverty threshold is updated annually using the CPI. This, however, does not allow for adjustments that reflect changes in underlying consumption patterns that might affect the revised thresholds. For instance, food prices have decreased relative to other goods over time, while housing prices have increased. There are two options:

(A) Recalculate the thresholds annually as a share of consumption on food, shelter, and clothing. (This is recommended by the NAS panel.)

(B) Update the thresholds on a year-to-year basis using a price index (preferably one based only on food, shelter and clothing). Implement a regular process (every 5-10 years) of reviewing the poverty measure and recalculating the thresholds.

NOTE: The deputies recommend Option (B).

Pros of Re-calculating the Thresholds:

- Regular recalculation will allow the poverty thresholds to more accurately reflect changes in consumption patterns and standards of living.
- Without an expectation that the thresholds will be re-calculated regularly, it may be hard to update them at all.

Pros of Updating Using the CPI:

- Using the NAS methodology, the poverty thresholds are somewhat relative (i.e., they are affected by changes in the distribution of household expenditures.) As a result, they are a moving target and do not provide an absolute standard of need. A CPI adjustment would make it easier to compare poverty from year to year against a constant standard.
- Because consumption patterns and standards of living change slowly, it may be better to take them into account periodically rather than annually.
- If updated with a CPI for necessities only (food, clothing, and shelter), this may capture most of the relevant changes and will make it easier in the short-run to understand the updating procedure.
- The data may not be good enough for an annual re-calculation of the thresholds.

3. Recommendation as to whether thresholds should be adjusted for geographic variation.

The NAS panel recommended adjusting the poverty thresholds for cost-of-living differences across regions and by city size. Census proposes to make such adjustments based on housing cost differences (which have much greater regional/city size variation than food or clothing.)

NOTE: The Deputies recommend against geographic price adjustments.

Pros of Adjusting for Geographic Variation in Cost of Living:

- Most statisticians and economists agree that such adjustments should be made if data are available.

Cons of Adjusting for Geographic Variation in Cost of Living:

- There is no one “right” way to make such adjustments and legislators could try to intervene on exactly how the “correct” regional price adjustments are done.
- The data available to make such adjustments are limited and may not be entirely reliable.
- Implementing such an adjustment in the poverty line threshold could lead to pressure to

provide regional cost adjustments in a wide variety of other government programs, from Social Security benefits to tax payments.

4. Recommendation regarding how to account for medical care expenditures.

Since the mid-1970s, analysts have been concerned that the official poverty rate overstates the extent of poverty among beneficiaries of Medicare, Medicaid, and private health insurance. At the same time, the official poverty rate may understate the extent of poverty among populations with large medical expenditures. Most analysts agree that, in principle, medical care "needs" should be incorporated into the calculations of the threshold and family resources (i.e., families with higher medical needs should have higher thresholds; those with more generous medical benefits should have higher income; and those who must spend more to achieve "good health" should have those expenses subtracted from their resources). However we cannot observe a family's medical need. In addition, it is not clear that one can simply impute the cash value of insurance benefits and add this to income. The "extra" benefits received from insurance to cover expensive medical services do not provide income that can be used for any other purpose.

To understand the difficulties, consider including medical benefits into the income calculations. Adding medical benefits to income, without also adjusting the poverty threshold, has the perverse effect of making sicker individuals appear better off. Other proposals to adjust the poverty threshold (without also adjusting income), run into similar problems.

In the end, the NAS panel recommended subtracting all medical out-of-pocket (MOOP) expenses (including health insurance premiums) from income, without trying to value health insurance as a part of income or medical need as a part of the thresholds. Hence, family resources are measured net of MOOP. Those individuals with good insurance will have few out-of-pocket expenses; those without insurance who face health problems will have lower measured incomes as they pay more for medical care. (The NAS panel also recommends a "medical care risk" index be developed, separate from an index of economic need, to measure how well an individual is protected against medical problems.)

This adjustment accounts for the larger poverty rates using the NAS methodology. For example, in 1996 the poverty rate was 13.7% using the current methodology; it would have been 18% using the NAS methodology, but only 13.2% using the NAS methodology minus the medical expenses adjustment. This adjustment has its largest impact on poverty rates for the elderly and would have the effect of substantially narrowing the poverty gap between children and the elderly. This adjustment is one of the most controversial of the NAS recommendations.

There is general agreement that ignoring medical care and medical expenses entirely is not a good idea, particularly given the rapid increase in medical costs in the past 30 years and the extent of uninsurance among the low-income population. Ignoring this issue -- particularly given this Administration's concern with it -- is not a credible option. There are two other

alternatives

(A) Follow the NAS recommendations and subtract MOOP from family resources. This makes families without health insurance who face medical expenses less well-off than other families. (Note, there is still an open discussion as to whether MOOP should be subtracted from family resources or added to the thresholds. Either way, it will make little difference in aggregate. This is clearly a technical decision best left to the Census.)

(B) Try to impute the value of health insurance to income, so those with insurance have higher resources. Health insurance should then also be imputed into the thresholds.

NOTE: The Deputies recommend option A

Pros of Adjusting for MOOP:

- While not perfect, under the NAS recommended adjustment families with higher medical expenditures will be “poorer.” The NAS recommended adjustment would also be sensitive to changes in health care financing that would increase disposable income and thereby reduce poverty.
- If we do not adjust for medical care (in some way) now, it may be much harder to do so in a few years when we will have better data (because the change will be so dramatic it will be viewed as another big methodology change).

Cons of Adjusting for MOOP:

- The data that are currently available are out-of-date, (but we should have updated information available in a more timely fashion within another year.)
- The NAS recommended approach relies on the controversial assumption that all medical care expenditures are nondiscretionary. (This concern could be mitigated to some extent by imposing a cap on the amount of medical expenses.)

Pros of Imputing the Value of Health Insurance into Resources and Thresholds:

- Provides a more complete accounting of all medical resources available to a family.

Cons of Imputing the Value of Health Insurance into Resources and Thresholds:

- There is no accepted “correct” way to do this. The data here are probably more unreliable than the data needed to impute the value of MOOP to families.
- Many analysts agree with the NAS panel that the value of health insurance is quite different than (say) the value of food stamps, which are far more fungible. Mixing in health insurance coverage with economic need causes serious interpretational and conceptual problems to a measure of economic need.
- To date, Census has been following the NAS recommendations. If we asked them to

switch to this approach, it might require substantial additional work and seriously delay their report.

5. Recommendations regarding which alternatives Census should publish and/or how they should be presented.

The current plan is to publish a small number (maybe 3) alternatives. For instance, the Census could publish a 1997-benchmarked poverty rate and a NAS-alternative poverty rate, providing two alternatives. Or it could publish a 1997-benchmarked poverty rate including all of the NAS recommendations, and then publish the same thing without MOOP, or without geographical price variation. (There will be extensive appendices in this report that will report a wide variety of different poverty calculations, to demonstrate the statistical properties of the poverty measurement recommended by NAS.)

- Will it be confusing to publish multiple (even a small number) of alternatives, as opposed to only one alternative? How will this affect how the report is received? How should these be presented?
- What problems will it create to have multiple alternatives if at some future point we want to redefine the official poverty rate to one of these improved alternative measures?

6. Process from here

Among the options to be considered as we move forward from here:

- Hold a joint DPC-NEC Principal's meeting to brief the broad group of interagency principals about this process and it's potential implications.
- An interagency working group should start discussing the implications of alternative poverty measures on program eligibility.
- Is there some preparation we should be sure happens on the Hill or among advocacy groups to prepare people for the upcoming poverty report?

Table 1. Poverty Rates and Thresholds under Alternative Measures, 1991-96, CPS

	Official measure	Benchmarked to 1996	NAS Experimental	
Poverty Rates				
1991	14.2	14.5	18.9	
1992	14.8	15.3	19.6	
1993	15.1	15.7	20.2	
1994	14.6	14.7	19.0	
1995	13.8	13.8		18.2
1996	13.7	13.7	18.0	
Thresholds for 2 adults and 2 children (in dollars)				
1991	13,812	11,891	13,891	
1992	14,228	12,249	14,309	
1993	14,654	12,616	14,738	
1994	15,029	12,938	15,115	
1995	15,455	13,305	15,543	
1996	15,911	13,698	16,002	

Table 2. Poverty Rates under Alternative Measures, 1996, CPS

	Official measure	BenchmarkedNAS to 1996	Experimental
All persons	13.7	13.7	18.0
Children	20.5	18.1	23.8
Nonelderly adults	11.4	11.5	15.0
Elderly	10.8	15.6	20.4
White	11.2	11.8	15.6
Black	28.4	25.2	32.0
Hispanic origin	29.4	28.5	37.7
One or more workers	9.5	10.0	13.6
Persons in family of type:			
Married couple	6.9	7.8	11.1
Female householder	35.8	32.3	40.4
Geographic regions:			
Northeast	12.7	14.3	18.8
Midwest	10.7	10.3	13.8
South	15.1	14.2	18.3
West	15.4	16.1	21.0
Metro/CC	19.6	19.2	24.7
Not CC	9.4	10.6	14.1
Nonmetro	15.9	13.5	17.5

Attachment 1 (from HHS)

Use of the Federal Poverty Guidelines in Determining Program Eligibility and Benefits

The Federal poverty guidelines are a simplified version of the official poverty line thresholds which are used for program purposes. They are issued by HHS annually, and are based on the previous year's thresholds.

As Gordon Fisher, the analyst at HHS who oversees the production of the guidelines, notes in a recent paper:

A number of people believe that the poverty guidelines affect many big entitlement programs. That belief is an exaggeration of the actual situation. Most of the Federal programs using the guidelines are medium-sized or small, with only a few big programs. Moreover, most...are discretionary programs...Only a few programs using the guidelines are mandatory: Medicaid, the Food Stamp Program, and child nutrition programs (mainly the National School Lunch Program.)¹

As Fisher notes, spending under discretionary programs, which are appropriated each year, would not be affected by any change in the guidelines, even if that change affected eligibility for the program. If eligibility for these programs expands, the appropriated funds are able to serve a smaller proportion of the eligible population, but total spending does not change. (Most of these programs already serve only a small fraction of those estimated to be eligible.) Only the three big mandatory programs Fisher mentions above would have spending changes associated with a change in the guidelines.

Even within these three programs, the impact of changes in the poverty guidelines is less than might be expected. In Medicaid, for example, most recipients qualify for coverage because of their participation in other means-tested programs such as TANF and SSI--programs that do not use the poverty line in their eligibility criteria. The major group whose coverage does depend on the guidelines is children in families below 133% of the poverty line who are not current or recent TANF recipients. In all, people whose eligibility for Medicaid is somehow related to the poverty line are estimated to account for about 20 percent of Medicaid recipients. Since most are in families with incomes well below the specified level, only a small fraction would actually be affected by a poverty line change.

Impacts in the Food Stamp Program and the National School Lunch Program would probably be even smaller. The poverty guidelines are used in the Food Stamp Program to set gross income eligibility--only families with gross incomes below 130% of the poverty line are eligible for food

¹G. Fisher, "Disseminating the Administrative Version and Explaining the Administrative and Statistical Versions of the Federal Poverty Measure." Clinical Sociology Review, vol. 15 (1997), p. 165.

stamps. Actual food stamp benefits are calculated based on net income, however--income after deductions for work expenses and other items. Net income is compared to a specific benefit allotment, determined nationally for each family size, and that benefit is reduced by 30 cents for every dollar of net income the family receives. In practice, the benefit allotment would reach zero for almost all families long before an income of 130 percent of poverty was reached. Thus, the gross income eligibility cut-off for food stamps is more theoretical than real--families at or near 130% of the poverty line will almost always be eligible only for zero benefits.

The National School Lunch Program has two cut-offs related to the poverty guidelines: Families with incomes below 130% of poverty are eligible for free lunches, and those below 185% are eligible for reduced-price lunches. Unlike the Food Stamp and Medicaid Programs, however, the school lunch program does not collect and verify detailed information on recipients' family incomes. Instead, families are asked at the beginning of each school year (or when their child enters a new school) to fill out a form certifying that their incomes are below the specified level. Because this process is relatively informal, it seems unlikely that small changes in the level of the income cut-off would have big impacts on the number of children applying for and receiving free and reduced-price school lunches. In any case, total spending on the school lunch program--a significant proportion of which is not means-tested--is much smaller than spending on Medicaid and food stamps. In 1996 Federal spending on the school lunch program was \$5.4 billion, compared to \$25.4 billion for food stamps and almost \$92 billion for the Federal share of Medicaid.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 29-MAY-1998 18:17:44.00

SUBJECT: The President's trip to TX/OH

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

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

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

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

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

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

TO: Beth A. Viola (CN=Beth A. Viola/OU=CEQ/O=EOP @ EOP [CEQ])
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TO: Marjorie Tarmey (CN=Marjorie Tarmey/OU=WHO/O=EOP @ EOP [WHO])
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TO: Kris M Balderston (CN=Kris M Balderston/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

TEXT:

On Tuesday, June 2, 1998, the President will travel to Houston, Texas, to participate in a roundtable discussion on the Census and attend a DCCC luncheon. Later that day, he will fly to Dallas and attend a DNC dinner. On Wednesday, June 3, the President will travel to Cleveland, Ohio, participate in a roundtable discussion on national service, deliver remarks to the City Year convention, and attend a reception for gubernatorial candidate Lee Fisher. He will return to Washington on Wednesday night.

Deadlines for the President's trip book are as follows:

TX & OH Background Memos:

DUE MON., JUNE 1, AT 4:00 P.M.

- Political Memo
- CEQ Hot Issues
- Cabinet Affairs Hot Issues
- Economic One-Pager
- Accomplishments

TX & OH Event Memos:

DUE MON., JUNE 1, AT 6:00 P.M.

- Census Roundtable
- DCCC Luncheon
- DNC Dinner
- National Service Roundtable
- City Year Convention
- Lee Fisher Reception

Please call or e-mail me if you have any questions. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 1-JUN-1998 15:04:04.00

SUBJECT: Trip Book Update

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

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

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

TEXT:

We understand the President will now return to the White House tomorrow night, before proceeding to Ohio on Wednesday morning. Accordingly, the Ohio-related briefings for the President's trip book will now be due tomorrow night at 4:00 p.m. (background) and 6:00 p.m. (events), respectively. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Rebecca M. Blank (CN=Rebecca M. Blank/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 3-JUN-1998 12:17:45.00

SUBJECT: Poverty Measurement

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

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

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

TO: pruggles (pruggles @ osaspe.dhhs.gov @ inet [UNKNOWN])
READ:UNKNOWN

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

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

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

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

CC: Richard B. Bavier (CN=Richard B. Bavier/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

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

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

TEXT:

Attached is the latest version of the options paper for the Principals. It now contains a two-page cover memo, with a more extensive background paper. I hope we're close to agreement on all of this -- I've tried to integrate some very different comments into this draft. Please send any comments to me ASAP.

As soon as I hear from you that you approve this draft, I'll ask Sally Katzen's office to schedule a Principal's meeting. We need to move on this -- Commerce knows this process is under way and wants to get us in the room together with Census to talk about these issues very soon. I hope we can get this draft approved today, and aim for a Principal's meeting no later than the beginning of next week. As soon as a Principal's meeting is scheduled, I'll schedule a meeting with Commerce a few days later. I assume you will all want to be invited to that meeting with Commerce (Commerce will decide who comes from the Census).

Note that I've made no changes to Pat's memo on eligibility. Joe has promised (threatened?) a set of revisions from his staff, but I haven't

June 3, 1998

DRAFT BACKGROUND MEMORANDUM FOR EOP PRINCIPAL'S MEETING

Jack Lew
Bruce Reed
Gene Sperling
Janet Yellen

FROM: EOP Policy Working Group on Income and Poverty Measurement

Subject: Meeting on Income and Poverty Measures

Purpose of the Meeting

In early 1999, the Census Bureau will publish alternative measures of poverty based on the proposals contained in the 1995 National Research Council report, *Measuring Poverty: A New Approach*. The current official poverty measure dates back to the 1960s, and while it has been an important contributor to public debate and policymaking, the NRC report reflects a broad consensus that the measure is out-of-date and in need of revision.

Poverty measurement involves two concepts: (1) A definition of family income; and (2) A "threshold" against which income is compared to determine if a family is poor. Changes in these two concepts will have a direct impact on statistics used by the public for informational purposes. Through the poverty "guidelines" (a simplified form of poverty thresholds, issued by the Office of the Assistant Secretary for Planning and Evaluation in HHS), a change in poverty measurement is likely to have indirect effects on Federal programs as well.

Because of the importance of an independent statistical system, the Census Bureau plays the major role in deciding technical issues regarding poverty measurement. However, because of the important policy and political implications of the poverty concept, Census has asked for advice from the EOP (which, through OIRA's Statistical Policy Office, is the statutory arbiter of the "official" poverty measurement methodology) on their upcoming report. Note, if the Congress had serious disagreement with the technical decisions made by Census, or saw a policy or political opportunity, it could pass legislation to remove OIRA's legal authority to change the official poverty concept. This could turn the concept of poverty into a political football, and have adverse policy fallout as well.

In response to Census' request, CEA, DPC, NEC, and OMB formed a policy working group. (Among the agencies, only the Deputy Assistant Secretary for Human Services Policy at HHS was invited to participate because of her expertise on poverty measurement.) This working group has held a series of meetings, and prepared the attached memo to outline its tentative guidance to Census. The meeting of EOP Principals is intended to review the working group's conclusions before they are transmitted to Census. It is important to emphasize that we are only

being asked to give advice to the Bureau of the Census; what they actually publish is their decision.

There are four global issues to be decided:

1) Should the Census Bureau highlight a single alternative poverty measure, or present several equally in its forthcoming report? Do the principals have a single preferred measure that they would like to see replace the current official measure? Would anointing a single measure at this time be premature, and prejudice the analytical process? Would it raise ire in the Congress? If we do not anoint a single preferred measure at this time, will it be difficult to select one later should we want to switch the “official” definition to one of the proposed alternatives?

2) There are also two technical issues (policy options 1 and 4 in the background memo) that require careful political consideration.

- Should we advise Census to benchmark the new poverty measure to the old poverty rate in the current year? What would be the implications of instituting the NAS recommendations that would result in a significantly higher poverty rate?
- If there is only one measure reported by Census, the Deputies believe that measure should account for differences in medical out-of-pocket (MOOP) expenditures among households in the way recommended by the NAS, namely, subtracting them from income before a family’s poverty status is calculated. If we believe that several measures should be equally reported by Census, should one of them account for medical expenditures using a different methodology?

3) How should the Administration proceed after the Census report is released? Should it proceed along a specific timetable to replace the current official measure before the end of this Administration? If so, what process do we need to establish to move forward on this in a timely fashion? Or, should the Administration proceed more cautiously, letting a consensus build around a preferred measure among the community of users of poverty statistics, but possibly endangering the chances that the official measure is ultimately changed?

4) In addition to OMB’s designation of the “official” poverty measurement, HHS also issues administrative poverty guidelines, used in certain program eligibility calculations. If revised poverty thresholds are adopted as part of a new poverty measure, would the Administration envisage continuing the old administrative poverty guidelines with some form of updating, or would the guidelines be changed to be consistent with the new threshold measure? If the guidelines are made consistent, would the Administration envisage programmatic changes to mitigate the effects on eligibility and spending of switching to the new guidelines?

TECHNICAL BACKGROUND ON INCOME AND POVERTY MEASURES

The Current Poverty Measure

The methodology by which current poverty thresholds are determined was developed in the early 1960s by Mollie Orshansky, a staff economist at the Social Security Administration. She developed a set of poverty thresholds that vary with the number of adults, the number of children, and the age of the family head. These thresholds represent the cost of a minimum diet multiplied by 3 to allow for non-food expenditures. The multiplier of 3 was chosen because the average family in 1955 spent one-third of its after-tax income on food. Since the late 1960s, the thresholds have simply been updated annually to adjust for price inflation -- i.e., the measure of poverty has remained virtually unchanged for 35 years, despite substantial changes in family behavior and government policy.

The NAS panel identified several weaknesses in the current poverty measure:

- The current poverty measure takes no account of changes in taxes (i.e., the expansion of the EITC) or in in-kind benefits (i.e., Food Stamps).
- The current measure does not distinguish between the needs of working and non-working families. In particular, it does not reflect the cost of child care and other work expenses for working low-income families.
- The current poverty measure takes no explicit account of medical care costs, which vary significantly across families and have increased substantially since the current poverty measure was developed.

The NAS Recommendations

In order to understand the NAS panel's recommended revisions, one must understand the basics of determining poverty. A family is considered poor when their resources fall below a predetermined poverty line or threshold. Therefore, one must develop a methodology for estimating family resources and for defining the threshold resource level below which a family is considered poor.

1. Defining Family Resources

For purposes of the current poverty calculation, the definition of family resources is cash income. The NAS recommendations would estimate family resources as:

Family resources = Cash income + Near-money in-kind benefits - Taxes - Child care costs - Work expenses - Child support payments - Out of pocket

medical care expenditures (including health insurance premiums)

The rationale for subtracting taxes, work and medical expenses from family resources is that these expenditures are typically not discretionary and reduce the income available to a family for economic survival.

There is near consensus among researchers that adjusting for near-money in-kind benefits (primarily food stamps and housing subsidies) and taxes would be an improvement in how poverty is measured. There is slightly less agreement on whether child care costs, work expenses, and child support payments should also be deducted because an unknown proportion of these expenses is likely discretionary. (The NAS proposes to cap the amount of child care and work expenses that can be subtracted to deal with this problem.) As discussed below, the adjustment for out-of-pocket medical care expenditures is more controversial.

2. Defining a Poverty Threshold

A threshold must be determined against which to compare a family's resources. The NAS panel recommends basing the threshold on expenditures on "necessities" (food, shelter, and clothing) plus a little more. Specifically, the NAS panel recommends selecting the 30th to 35th percentile in the distribution of annual expenditures on food, shelter, and clothing among families of four (two adults and two children), and then multiplying this expenditure level by between 1.15 and 1.25. Thresholds for other family sizes and types would be determined by an equivalency scale calculation.

The NAS recommends adjusting these thresholds to take into account geographic variation in cost of living, based on differences in housing costs by region and by city-size. It also recommends adjusting the thresholds over time by recalculating them from expenditure data on an annual basis.

OPTIONS FOR DISCUSSION

1. Recommendations regarding which alternatives the Bureau of the Census should adopt to determine the level of the poverty threshold.

The NAS panel acknowledges that the actual level at which the poverty threshold is set (and hence the final poverty rate) is inherently arbitrary and cannot be determined on the basis of purely statistical judgements. There are two primary options:

A. The NAS alternative. As described above, the NAS panel recommends establishing a threshold based on the 30th-35th percentile in the distribution of annual expenditures for a family of four, with a small multiplier to account for additional small personal expenditures. As shown in Tables 1 and 2, column 3, this would raise the 1996 poverty rate from 13.7% to 18%,

and increase poverty among all subgroups.

B. **Benchmarking.** The NAS panel also considered poverty estimates that benchmark the alternative poverty rate to equal the old poverty rate in a given year. The Census has done a number of such benchmarked calculations for 1996, as shown in Tables 1 and 2, column 2. (The report issued early next year would benchmark to 1997.) Benchmarking would assure that the aggregate poverty rate is identical for the official and the alternative measure in the benchmark year. But the distribution of poverty among subgroups within each measure would differ (see Table 2). Similarly, both historical and future trends would differ. For instance, the alternative measure is identical in 1996 but higher in 1991. (The faster fall using the alternative measure is largely due to the expansion in the EITC.)

Pros of using the NAS measure:

- Incorporates the recommendations of the NAS panel, based on their judgement from the best available evidence.
- Generates dollar threshold levels that are quite similar to the current thresholds (although the resources to which the thresholds would be compared are quite different).

Cons of using the NAS Measure:

- Results in a substantially higher poverty rate (although the trends over time are similar.)

Pros of Benchmarking:

- May provide an easier transition to the new methodology because there will not be a change in the overall level of poverty.
- Focuses the arguments on the relative distribution of who is poor rather than how many people are poor. (Proposed changes in the relative well-being of different groups may be more defensible than proposed change in the total number of poor.)

Cons of Benchmarking:

- Violates the NAS recommendation that the threshold should be based on the 30th-35th percentile in the expenditure distribution. In order to benchmark, the threshold falls to (about) the 25th percentile of expenditures on food, shelter, and clothing.

The EOP Policy Working Group recommends benchmarking.

2. Recommendations regarding updating the thresholds over time

Currently the poverty threshold is updated annually using the CPI. This, however, does not allow for adjustments that reflect changes in underlying consumption patterns that might affect the revised thresholds. For instance, food prices have decreased relative to other goods over

time, while housing prices have increased. There are two options:

(A) Recalculate the thresholds annually as a share of consumption on food, shelter, and clothing. (This is recommended by the NAS panel.)

(B) Update the thresholds on a year-to-year basis using a price index (preferably one based only on food, shelter and clothing). Implement a regular process (every 5-10 years) of reviewing the poverty measure and recalculating the thresholds.

Pros of Re-calculating the Thresholds:

- Regular recalculation will allow the poverty thresholds to reflect more accurately changes in consumption patterns and standards of living.
- Without an expectation that the thresholds will be re-calculated regularly, it may be hard to update them at all.

Pros of Updating Using the CPI:

- Using the NAS methodology, the poverty thresholds are somewhat relative (i.e., they are affected by changes in the distribution of household expenditures.) As a result, they are a moving target and do not provide an absolute standard of need. A CPI adjustment would make it easier to compare poverty from year-to-year against a constant standard.
- Because consumption patterns and standards of living change slowly, it may be better to take them into account periodically rather than annually.
- An update with a CPI for necessities only (food, clothing, and shelter) may capture most of the relevant changes and would make it easier in the short-run to understand the updating procedure.
- The data may not be good enough for an annual re-calculation of the thresholds.

The EOP Policy Working Group recommends Option (B).

3. Recommendation as to whether thresholds should be adjusted for geographic variation.

The NAS panel recommended adjusting the poverty thresholds for cost-of-living differences across regions and by city size. Census proposes to make such adjustments based on housing cost differences (which have much greater regional/city size variation than food or clothing.)

Pros of Adjusting for Geographic Variation in Cost of Living:

- Most statisticians and economists agree that such adjustments should be made if data are available.

Cons of Adjusting for Geographic Variation in Cost of Living:

- There is no one “right” way to make such adjustments and the issue could be highly politicized.
- The data available to make such adjustments are limited and may not be entirely reliable.
- Implementing such an adjustment in the poverty line threshold could lead to pressure to provide regional cost adjustments in a wide variety of other government programs, from Social Security benefits to tax payments.

The EOP Policy Working Group recommends against geographic price adjustments.

4. Recommendation regarding how to account for medical care expenditures.

Since the mid-1970s, analysts have been concerned that the official poverty rate overstates the extent of poverty among beneficiaries of Medicare, Medicaid, and private health insurance. At the same time, the official poverty rate may understate the extent of poverty among populations with large medical expenditures. Most analysts agree that, in principle, medical care “needs” should be incorporated into the calculations of the threshold and family resources (i.e., families with higher medical needs should have higher thresholds; those with more generous medical benefits should have higher income; and those who must spend more to achieve “good health” should have those expenses subtracted from their resources). However we cannot observe a family’s medical need. In addition, it is not clear that one can simply impute the cash value of insurance benefits and add this to income. The “extra” benefits received from insurance to cover expensive medical services do not provide income that can be used for any other purpose.

To understand the difficulties, consider including medical benefits into the income calculations. Adding medical benefits to income, without also adjusting the poverty threshold, has the perverse effect of making sicker individuals appear better off. Other proposals to adjust the poverty threshold (without also adjusting income) run into similar problems.

In the end, the NAS panel recommended subtracting all medical out-of-pocket (MOOP) expenses (including health insurance premiums) from income, without trying to value health insurance as a part of income or medical need as a part of the thresholds. Hence, family resources are measured net of MOOP. Those individuals with good insurance will have few out-of-pocket expenses; those without insurance who face health problems will have lower measured incomes as they pay more for medical care.

This adjustment accounts for the larger poverty rates using the NAS methodology. For example, in 1996 the poverty rate was 13.7% using the current methodology; it would have been 18% using the NAS methodology, but only 13.2% using the NAS methodology minus the medical

expenses adjustment. This adjustment nearly doubles the poverty rate for the elderly, raising it almost to the rate for children. This adjustment is one of the most controversial of the NAS recommendations.

There is general agreement that ignoring medical care and medical expenses entirely is not a good idea, particularly given the rapid increase in medical costs in the past 30 years and the extent of uninsurance among the low-income population. Ignoring this issue -- particularly given this Administration's concern with it -- is not a credible option. There are two other alternatives:

(A) Follow the NAS recommendations and subtract MOOP from family resources. This makes families with unreimbursed medical expenses less well-off than other families. (Note, there is still an open discussion as to whether MOOP should be subtracted from family resources or added to the thresholds. Either way, it will make little difference in aggregate. This is clearly a technical decision that Census should address.)

(B) Try to impute the value of health insurance to income, so those with insurance have higher resources. Health insurance should then also be imputed into the thresholds.

Pros of Adjusting for MOOP:

- While not perfect, under the NAS recommended adjustment families with higher unreimbursed medical expenditures will be "poorer." The NAS recommended adjustment would also be sensitive to changes in health care financing that would decrease MOOP and thereby increase disposable income and reduce poverty.
- If we do not adjust for medical care (in some way) now, it may be much harder to do so in a few years when we will have better data (because the change will be so dramatic it will be viewed as another big methodology change).

Cons of Adjusting for MOOP:

- The data that are currently available are out-of-date, (but we should have updated information available in a more timely fashion within another year.)
- The NAS recommended approach relies on the controversial assumption that all medical care expenditures are nondiscretionary. (This concern could be mitigated to some extent by imposing a cap on the amount of medical expenses.)

Pros of Imputing the Value of Health Insurance into Resources and Thresholds:

- Provides a more complete accounting of all medical resources available to a family.

Cons of Imputing the Value of Health Insurance into Resources and Thresholds:

- There is no accepted "correct" way to do this. The data here are probably more unreliable than the data needed to impute the value of MOOP to families.

- Many analysts agree with the NAS panel that the value of health insurance is quite different than (say) the value of food stamps, which are far more fungible. Mixing in health insurance coverage with economic need causes serious interpretational and conceptual problems to a measure of economic need.
- To date, Census has been following the NAS recommendations. If we asked them to switch to this approach, it might require substantial additional work and seriously delay their report.

The EOP Policy Working Group recommends option (A).

5. Recommendations regarding which alternatives Census should publish and/or how they should be presented.

The current plan is to publish a small number (maybe 3) of alternatives. For instance, the Census could publish a 1997-benchmarked poverty rate and a NAS-alternative poverty rate, providing two alternatives. Or it could publish a 1997-benchmarked poverty rate including all of the NAS recommendations, and then publish the same thing without MOOP, or without geographical price variation. (There will be extensive appendices in this report that will report a wide variety of different poverty calculations, to demonstrate the statistical properties of the poverty measurement recommended by NAS.)

- Will it be confusing to publish multiple (even a small number) of alternatives, as opposed to only one alternative? How will this affect how the report is received? How should these be presented?
- What problems will it create to have multiple alternatives if at some future point we want to redefine the official poverty rate to one of these improved alternative measures?

Table 1. Poverty Rates and Thresholds under Alternative Measures, 1991-96, CPS

	Official measure	Benchmarked to 1996	NAS Experimental	
Poverty Rates				
1991	14.2	14.5	18.9	
1992	14.8	15.3	19.6	
1993	15.1	15.7	20.2	
1994	14.6	14.7	19.0	
1995	13.8	13.8		18.2
1996	13.7	13.7	18.0	
Thresholds for 2 adults and 2 children (in dollars)				
1991	13,812	11,891	13,891	
1992	14,228	12,249	14,309	
1993	14,654	12,616	14,738	
1994	15,029	12,938	15,115	
1995	15,455	13,305	15,543	
1996	15,911	13,698	16,002	

Table 2. Poverty Rates under Alternative Measures, 1996, CPS

	Official measure	BenchmarkedNAS to 1996	Experimental
All persons	13.7	13.7	18.0
Children	20.5	18.1	23.8
Nonelderly adults	11.4	11.5	15.0
Elderly	10.8	15.6	20.4
White	11.2	11.8	15.6
Black	28.4	25.2	32.0
Hispanic origin	29.4	28.5	37.7
One or more workers	9.5	10.0	13.6
Persons in family of type:			
Married couple	6.9	7.8	11.1
Female householder	35.8	32.3	40.4
Geographic regions:			
Northeast	12.7	14.3	18.8
Midwest	10.7	10.3	13.8
South	15.1	14.2	18.3
West	15.4	16.1	21.0
Metro/CC	19.6	19.2	24.7
Not CC	9.4	10.6	14.1
Nonmetro	15.9	13.5	17.5

Attachment 1 (from HHS)

Use of the Federal Poverty Guidelines in Determining Program Eligibility and Benefits

The Federal poverty guidelines are a simplified version of the official poverty line thresholds which are used for program purposes. They are issued by HHS annually, and are based on the previous year's thresholds.

As Gordon Fisher, the analyst at HHS who oversees the production of the guidelines, notes in a recent paper:

A number of people believe that the poverty guidelines affect many big entitlement programs. That belief is an exaggeration of the actual situation. Most of the Federal programs using the guidelines are medium-sized or small, with only a few big programs. Moreover, most...are discretionary programs...Only a few programs using the guidelines are mandatory: Medicaid, the Food Stamp Program, and child nutrition programs (mainly the National School Lunch Program.)¹

As Fisher notes, spending under discretionary programs, which are appropriated each year, would not be affected by any change in the guidelines, even if that change affected eligibility for the program. If eligibility for these programs expands, the appropriated funds are able to serve a smaller proportion of the eligible population, but total spending does not change. (Most of these programs already serve only a small fraction of those estimated to be eligible.) Only the three big mandatory programs Fisher mentions above would have spending changes associated with a change in the guidelines.

Even within these three programs, the impact of changes in the poverty guidelines is less than might be expected. In Medicaid, for example, most recipients qualify for coverage because of their participation in other means-tested programs such as TANF and SSI--programs that do not use the poverty line in their eligibility criteria. The major group whose coverage does depend on the guidelines is children in families below 133% of the poverty line who are not current or recent TANF recipients. In all, people whose eligibility for Medicaid is somehow related to the poverty line are estimated to account for about 20 percent of Medicaid recipients. Since most are in families with incomes well below the specified level, only a small fraction would actually be affected by a poverty line change.

Impacts in the Food Stamp Program and the National School Lunch Program would probably be even smaller. The poverty guidelines are used in the Food Stamp Program to set gross income eligibility--only families with gross incomes below 130% of the poverty line are eligible for food

¹G. Fisher, "Disseminating the Administrative Version and Explaining the Administrative and Statistical Versions of the Federal Poverty Measure." Clinical Sociology Review, vol. 15 (1997), p. 165.

stamps. Actual food stamp benefits are calculated based on net income, however--income after deductions for work expenses and other items. Net income is compared to a specific benefit allotment, determined nationally for each family size, and that benefit is reduced by 30 cents for every dollar of net income the family receives. In practice, the benefit allotment would reach zero for almost all families long before an income of 130 percent of poverty was reached. Thus, the gross income eligibility cut-off for food stamps is more theoretical than real--families at or near 130% of the poverty line will almost always be eligible only for zero benefits.

The National School Lunch Program has two cut-offs related to the poverty guidelines: Families with incomes below 130% of poverty are eligible for free lunches, and those below 185% are eligible for reduced-price lunches. Unlike the Food Stamp and Medicaid Programs, however, the school lunch program does not collect and verify detailed information on recipients' family incomes. Instead, families are asked at the beginning of each school year (or when their child enters a new school) to fill out a form certifying that their incomes are below the specified level. Because this process is relatively informal, it seems unlikely that small changes in the level of the income cut-off would have big impacts on the number of children applying for and receiving free and reduced-price school lunches. In any case, total spending on the school lunch program--a significant proportion of which is not means-tested--is much smaller than spending on Medicaid and food stamps. In 1996 Federal spending on the school lunch program was \$5.4 billion, compared to \$25.4 billion for food stamps and almost \$92 billion for the Federal share of Medicaid.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

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

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

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

TO: Joseph P. Lockhart (CN=Joseph P. Lockhart/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: Sara M. Latham (CN=Sara M. Latham/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Phu D. Huynh (CN=Phu D. Huynh/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Nancy V. Hernreich (CN=Nancy V. Hernreich/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Paul K. Engskov (CN=Paul K. Engskov/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Maria Echaveste (CN=Maria Echaveste/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: Carolyn E. Cleveland (CN=Carolyn E. Cleveland/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

TO: Debra D. Bird (CN=Debra D. Bird/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Barbara A. Barclay (CN=Barbara A. Barclay/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

On Friday, June 5, 1998, the President will travel to Boston, Massachusetts, to deliver the commencement address at M.I.T.; tour the Thoreau Institute; participate in a live video discussion with high school students; make remarks commemorating the Thoreau Institute's opening; and tape the radio address. Deadlines for the President's trip book are as follows:

Background Memos:

DUE THUR., JUNE 4, AT 4:00 P.M.

- Political Memo
- CEQ Hot Issues
- Cabinet Affairs Hot Issues

- Economic One-Pager
- Accomplishments

Event Memos:

DUE THUR., JUNE 4, AT 6:00 P.M.

- MIT Speech
- Thoreau Institute Tour, Discussion, and Remarks
- Radio Address

Please call or e-mail me if you have any questions. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Donna L. Geisbert (CN=Donna L. Geisbert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 3-JUN-1998 17:13:31.00

SUBJECT: Weekly Tobacco Strategy Meeting

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

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

TO: MARR_C (MARR_C @ A1 @ CD @ VAXGTWY [UNKNOWN]) (OPD)
READ:UNKNOWN

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

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

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

TO: Toby Donenfeld (CN=Toby Donenfeld/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

TO: DAILARD_C (DAILARD_C @ A1 @ CD @ VAXGTWY [UNKNOWN]) (OPD)
READ:UNKNOWN

TO: Cynthia A. Rice (CN=Cynthia A. Rice/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: Sherman G. Boone (CN=Sherman G. Boone/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: Jerold R. Mande (CN=Jerold R. Mande/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

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

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

READ:UNKNOWN

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

CC: haverkamp_jennifer (haverkamp_jennifer @ ustr.gov @ INET @ VAXGTWY [UNKNOWN])
READ:UNKNOWN

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

CC: MURRAY_MM (MURRAY_MM @ A1 @ CD @ VAXGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

CC: Satish Narayanan (CN=Satish Narayanan/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

CC: Dan J. Taylor (CN=Dan J. Taylor/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TEXT:

The Weekly Tobacco Strategy Meeting is scheduled for Thursday, June 4,
2:45 in Room 211.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-JUN-1998 19:44:01.00

SUBJECT: WOMEN'S Mtg

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

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

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

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

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

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

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

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

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

TO: Lucia F. Gilliland (CN=Lucia F. Gilliland/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

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

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

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

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

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

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

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

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

READ:UNKNOWN

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

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

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

CC: Francine P. Obermiller (CN=Francine P. Obermiller/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

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

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

CC: June G. Turner (CN=June G. Turner/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

CC: Marjorie A. Black (CN=Marjorie A. Black/OU=PIR/O=EOP @ EOP [PIR])
READ:UNKNOWN

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

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

TEXT:

There will be a Women's Mtg on Thursday at 9am in room 100. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 4-JUN-1998 17:01:32.00

SUBJECT: The President's Trip to NY/CT

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

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

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

TO: Cecily C. Williams (CN=Cecily C. Williams/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: Christopher Wayne (CN=Christopher Wayne/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

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

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

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

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

TO: Mary Morrison (CN=Mary Morrison/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

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

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

TO: Joseph P. Lockhart (CN=Joseph P. Lockhart/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: Sara M. Latham (CN=Sara M. Latham/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

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

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

TO: Shelley N. Fidler (CN=Shelley N. Fidler/OU=CEQ/O=EOP @ EOP [CEQ])
READ:UNKNOWN

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

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

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

TO: Daniel K. Chang (CN=Daniel K. Chang/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

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

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

TO: Nicholas R. Baldick (CN=Nicholas R. Baldick/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: Phillip Caplan (CN=Phillip Caplan/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

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

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

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

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

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

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

TO: Marjorie Tarmey (CN=Marjorie Tarmey/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: Darby E. Stott (CN=Darby E. Stott/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

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

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

TO: Dan K. Rosenthal (CN=Dan K. Rosenthal/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Sarah J. Reber (CN=Sarah J. Reber/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Simeona F. Pasquil (CN=Simeona F. Pasquil/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: Kevin S. Moran (CN=Kevin S. Moran/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: Sylvia M. Mathews (CN=Sylvia M. Mathews/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

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

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

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

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

TO: Russell W. Horwitz (CN=Russell W. Horwitz/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

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

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

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

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

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

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

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

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

TEXT:

On Monday, June 8, 1998, the President will travel to New York City to address the United Nations Special Session on Drugs. He will then proceed to Westport, Connecticut, to attend a Coordinated Campaign Luncheon and a Barbara Kennelly Reception. Returning to New York City, the President will meet with President Zedillo of Mexico and attend a DCCC Dinner, before returning to Washington.

Deadlines for the President's trip book are as follows:

Background Memos:

DUE FRI., JUNE 5, AT 3:00 P.M.

- Political Memo

- CEQ Hot Issues
- Cabinet Affairs Hot Issues
- Economic One-Pager
- Accomplishments

Event Memos:

DUE FRI., JUNE 5, AT 5:00 P.M.

- UN Special Session (if available)
- Coordinated Campaign Luncheon
- Kennelly Reception
- Zedillo Meeting (if available)
- DCCC Dinner

Please call or e-mail me if you have any questions. Thanks.