

NLWJC - KAGAN

EMAILS CREATED

ARMS - BOX 003 - FOLDER 006

[7/4/1997 - 7/10/1997]

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Elena Kagan to Leanne Shimabukuro, et al. Subject: crack [partial] (1 page)	07/06/1997	P6/b(6)
002. email	Elena Kagan to Michael Cohen, et al. Subject: URGENT: Tax bill may slash graduate stipends! [partial] (2 pages)	07/06/1997	P6/b(6)
003. email	Elean Kagan to Jerold R. Mande. Subject: [Chicago] (1 page)	07/07/1997	Personal Misfile

COLLECTION:

Clinton Presidential Records
 Automated Records Management System (Email)
 OPD ([From Elena Kagan])
 OA/Box Number: 250000

FOLDER TITLE:

[7/4/1997 - 7/10/1997]

2009-1006-F
ke771

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 4-JUL-1997 17:03:29.00

SUBJECT: s ct cases

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

TEXT:

Do you happen to have glickman v. wileman and the asbestos class action case? If you do, could you send me copies? Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 4-JUL-1997 15:34:55.00

SUBJECT: Re: Immunization Partnership Between CDC and WIC

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

TEXT:

What did you tell me about this the other day? (Sorry for making you repeat yourself.)

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 4-JUL-1997 15:58:11.00

SUBJECT: Re: POTUS Response to PACHA Letter

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

TEXT:

why don't you get together with r. socarides, draft a letter, and then run it by me. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 4-JUL-1997 15:37:00.00

SUBJECT: NAACP

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

READ:UNKNOWN

TEXT:

fyi

----- Forwarded by Elena Kagan/OPD/EOP on 07/04/97 03:39
PM -----

Minyon Moore

07/01/97 12:33:44 PM

Record Type: Record

To: Ann F. Lewis/WHO/EOP, Elena Kagan/OPD/EOP, Sylvia M. Mathews/WHO/EOP,
Robert B. Johnson/WHO/EOP

cc:

Subject: NAACP

oops. .. The issue that is being debated by the NAACP is not integration.
It is whether or not busing should be used as a means for integration.

----- Forwarded by Minyon Moore/WHO/EOP on 07/01/97 12:30
PM -----

Minyon Moore

07/01/97 12:29:51 PM

Record Type: Record

To: Jennifer M. Palmieri/WHO/EOP, Sylvia M. Mathews/WHO/EOP, Robert B.
Johnson/WHO/EOP

cc: Ann F. Lewis/WHO/EOP, Elena Kagan/OPD/EOP

Subject: NAACP

Guess who called me today...yes that's right Kweisi Mfume. I informed him
that we are working out some internal details and should have a definite
decision on the President's participation sometime today or tomorrow. We
walked through the conference schedule and themes. Thursday is education
day for their conference. Sec. Riley has already confirmed for
Thursday.

I also have some additional details on where the debate on integration
stands within the NAACP. It appears, based on my conversation with
Kweisi, to have been blown way out of proportion by the New York Times.
I will update you all in person. Let me know where we stand. Thanks

FYI: KWEISI WILL BE THE PRESIDENT'S GUEST TOMORROW AT THE ORIOLES GAME.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 4-JUL-1997 16:30:02.00

SUBJECT: Sentencing recommendations

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

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

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

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

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

TEXT:

fyi

----- Forwarded by Elena Kagan/OPD/EOP on 07/04/97 04:31
PM -----

Robert B. Johnson
07/03/97 05:35:06 PM
Record Type: Record

To: Bruce N. Reed/OPD/EOP
cc: See the distribution list at the bottom of this message
Subject: Sentencing recommendations

I have been tracking this issue for some time and I don't think the latest recommendations are going to sit well in the base community. Most people I talk to see this as a fairness issue. They want both drugs to get equal punishment. At the very least, they want the disparity closed. Politically it may not be possible to get it down to a one to one ratio, but we need to be moving more in that direction especially now that we are engaged on the race initiative.

In view of the political realities, I recommend 50 grams of crack be the threshold for the 5 year sentence. Additionally, 100 grams of powder cocaine should be the other threshold. According to local law enforcement authorities both drugs cost about the same per gram. The only difference is one drug is in heavy use by young blacks and the other by mostly whites.

Message Copied

To: _____
Sylvia M. Mathews/WHO/EOP
Maria Echaveste/WHO/EOP
Minyon Moore/WHO/EOP
Bob J. Nash/WHO/EOP
Elena Kagan/OPD/EOP
Charles F. Ruff/WHO/EOP

Cheryl D. Mills/WHO/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 4-JUL-1997 15:57:02.00

SUBJECT: Re: Late term abortion letter from Bishop Anthony Pilla

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

READ:UNKNOWN

TEXT:

I'd just repeat yourself. It's better not to make up any new language in this area.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 13:44:55.00

SUBJECT: Re: Waters

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

READ:UNKNOWN

TEXT:

fyi. something that fell between the cracks.

----- Forwarded by Elena Kagan/OPD/EOP on 07/06/97 01:46
PM -----

Elena Kagan

07/06/97 01:43:23 PM

Record Type: Record

To: Minyon Moore/WHO/EOP, Sylvia M. Mathews/WHO/EOP

cc:

bcc: Cynthia A. Rice/OPD/EOP, Diana Fortuna/OPD/EOP, Records Management

Subject: Re: Waters

We did, and then we unaccountably let it slip. It seems as if someone canceled a meeting on the subject (to be attended by DPC, HHS, and Waters staff) and then it was never rescheduled. We will make sure to make contact her office again on Tuesday. As you know, both we and HHS have substantial policy concerns about her proposal, but we should be giving her every opportunity to make her case.

Minyon Moore

06/30/97 09:38:38 AM

Record Type: Record

To: Sylvia M. Mathews/WHO/EOP

cc: Elena Kagan/OPD/EOP

Subject: Waters

I hope by now Elena has made contact with her office. I remember forwarding two e-mails asking her to follow-up even if there was no resolve. Please check with her. Let me know if you find out anything. I haven't heard one way or the other.

On the note of the children, thanks for pushing me to do that. Boy were they excited. I will definitely show you the pictures.

----- Forwarded by Minyon Moore/WHO/EOP on 06/30/97 09:34
AM -----

Sylvia M. Mathews

06/28/97 12:15:35 PM

Record Type: Record

To: Minyon Moore/WHO/EOP

cc:

Subject: Waters

Do you know where we are on the grandmothers exemption? (Can you tell that I am trying to catch up?) Hope you had a good time with your family. What beautiful little ones. I want to see the pics.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 15:22:42.00

SUBJECT: Outline of new CBEST brief

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

TEXT:

As promised -- Mike's thoughts.

----- Forwarded by Elena Kagan/OPD/EOP on 07/06/97 03:24
PM -----

Michael Cohen

06/29/97 02:05:34 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc:

Subject: Outline of new CBEST brief

I've reviewed the outline for the "compromise" CBEST brief, and here's what I think:

1. The final section of the outline (III) goes beyond the limited approach we discussed -- namely that the brief would object only to the early version and not to the current version of the test -- because it poses objections to the whole set of validation studies. If this section remains in, we are back to the original EEOC brief and objections.

2. Assuming this section is deleted, then the brief essentially argues that the original validation studies were deficient, demonstrated by the fact that the state made significant changes in the math portion of the test in particular after the 1994 Lundquist evaluation study. Consequently, the unrevised, pre-1995 version of the test lacked demonstrated validity and job-relatedness, and therefore its use was unlawful in light of the disparate impact it created. In addition, the court committed a serious procedural error when in let the state get away with either failing to conduct validity studies, or conducting seriously deficient validity studies, in the pre-1994 period of test administration.

3. The brief doesn't state this, but if this is the essence of the case we would present, I presume we would take this the next step and suggest that the appropriate remedy would be to give back pay (or some other compensation) to any of the plaintiffs who take and pass the current version of the test, and who then go into teaching. If they can't pass the test, or no longer want to teach, then I don't think they would be entitled to some kind of remedy.

4. The brief needs to more clearly make the argument for our standards and testing policy, along the following lines:
setting high standards for students is a necessary first step in improving teaching and learning; this is especially important for students from disadvantaged background, because they have traditionally suffered from a "tyranny of low expectations" which has resulted in these students being exposed to a watered down curriculum which limits their learning opportunities

testing to see if students are meeting these standards is also essential, because the test reinforces the standards; drives curriculum and instruction in the classroom (what gets tested gets taught); lets students, teachers and parents know if the kids are making progress and on track; and provides the basis for holding schools accountable for performance;

raising standards for students requires setting standards for teachers: kids can't learn from teachers who lack the basic prerequisite knowledge. This is especially true for students from disadvantaged backgrounds. There is considerable evidence to suggest, for example, high poverty schools are most likely to have the least-well prepared teachers, which clearly works to the disadvantage of the most disadvantaged kids. all teachers need to master some basic reading, writing and math skills in order to teach, because these skills: are likely to be required at some point in just about every class and in every other setting in which professional educators (including counselors, principals, school nurses, etc.) interact with kids; are required in order to build and retain public confidence in public schools; and, because adults in schools are supposed to be role models for kids; if they demonstrate that they lack basic skills students are expected to learn, they undermine the moral authority of the school, which is necessary to maintain order and to motivate students (who, by virtue of compulsory attendance laws are the involuntary clientele of the school).

that's why we support the basic idea of requiring prospective teachers to pass basic skills tests; in fact, we think teachers ought to also be required to pass more rigorous tests in the subject area in which they teach, and ought to also be required to demonstrate a level of expertise in other areas (e.g., pedagogy, classroom management, child development, etc.) The point here is to clarify that on policy grounds we think basic skills testing is at one end of a continuum of performance requirements, and we'd like to see states move to the other, more rigorous, end.

Because these basic skills tests are so important, and because we expect more states to adopt even more rigorous testing policies, we think it is very important that these tests be done right, and especially that they are consistent with civil rights employment laws.

We also value very highly the goal of increasing the number of well prepared, qualified minorities in schools. Because high standards and well designed licensure tests can be a very important tool for upgrading teacher preparation (just as standards and tests are a tool for upgrading teaching and learning for kids), it is important that we make sure that the tests are in place, done right, and do not needlessly discriminate. Title VII is the tool for doing this; if Title VII requirements and procedures are met then we will have valid tests that will serve to improve teaching. If not, then they will neither improve teaching nor increase the participation of underrepresented minorities in the classroom.

That is why we are appealing the court's decision: the court set a precedent for allowing a poorly validated test be used when there was a disparate impact. Even though the test is now "fixed", if the part of the ruling bearing on the pre-1995 test is allowed to stand, than future tests may be used where they also lack validity, and may be based on much more demanding standards which could lack the easy "face validity" of basic skills.

4. I think the outline above makes a more compelling case than the EEOC outline for why standards and testing are important policy tools, and why enforcing Title VII is important in this context. I could imagine proceeding with a brief framed along these lines from a policy perspective.

5. Finally, from a policy point of view, I could be comfortable about proceeding with a brief along these lines. I will defer to other's judgment about the wisdom of this approach from a legal and strategic

standpoint,. My own instinct is that we still look like we are raising a relatively small concern about a really big issue, though I am still thinking about this.

I hope this helps.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 12:47:43.00

SUBJECT: Re: URGENT: Tax bill may slash graduate stipends! (fwd)

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

READ:UNKNOWN

TEXT:

Usually more Gene than us, but sometimes we get involved too. I've sent your message to the principal NEC and DPC education people. I'll let you know what I learn.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 13:19:59.00

SUBJECT: Re: Wolfe Letter/African AZT Trials

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

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

TEXT:

Eric: what's the status of this? Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 14:02:10.00

SUBJECT: Re: Executive order for employment of disabled

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

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

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

TEXT:

It seems as if you're on track. I would get Mac Reed involved now (with an explanation that we've made no final decisions yet); he's more helpful when he feels as if he's been brought into the process from the start. On substance: it sounds as if it won't get us much press in the short run, but may be valuable in the long run -- and that's fine. You should make sure with Lancaster et al. that the community will say nice things about it, rather than rip into us for not doing enough or not doing something now, etc. I guess the one question I'd ask is whether we could join the order with some other action, so that we're not just examining/studying, but actually doing/changing something. The action could involve federal employment alone (like the EO) or could relate to employment issues more generally. On the former, wasn't there some proposal that OMB didn't like, but that Erskine thought was eminently reasonable involving DOD? On the latter, do we know where we are on CASA yet? Is there anything else that makes sense and that we could put together by the end of July? Let me know.

Diana Fortuna
06/27/97 05:28:08 PM

Record Type: Record

To: Elena Kagan/OPD/EOP
cc: Cynthia A. Rice/OPD/EOP
Subject: Executive order for employment of disabled

We just got a new and substantially revised version of this draft executive order, after advice from DOL. I just talked it through with John Lancaster of the President's Committee on Employment of People with Disabilities, who is shepherding it. It is now going through one more round of comments from the appointees with disabilities and DOL before the attention turns to us. DOL/Seth Harris is supposedly pretty positive on it. I have talked a bit to Anne Lewis of NEC on this and will talk to her more to get their perspective.

The current draft is much more benign than the previous one we saw. There is no "quota" or goal of employment. Instead, it has a long preamble on why this issue is important, a statement that the employment rate of the disabled should be "as close as possible" to the one for the non-disabled, and it establishes a federal agency task force, led by DOL, to examine all agency programs and policies to figure out how to encourage employment of

the disabled. A few agencies are called on to do specific things, most of which are OK. The task force has to report in a year and then biannually after that until 2002.

The main problem is I'm not sure what it adds up to. On the other hand, if it focuses attention on this issue, pleases the community right before the ADA anniversary, and comes up with a few good ideas, maybe that's OK -- I'm not sure what our standard for executive orders are.

I can send it to you if you want to see it, but otherwise I am going to see what additional comments John Lancaster gets and talk to NEC. I assume we don't go to Mac Reed/OMB counsel's office to vet this until we are sure that we like the general idea. The ADA anniversary is July 26, so we have to get it moving if we are going to do it. Any advice is welcome.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 16:52:39.00

SUBJECT: welfare notes

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

READ:UNKNOWN

TEXT:

1. I just looked over Eli's most recent memo to you. It looks great. I'd try to convince him, though, to combine the St. Louis event with the announcements on (a) 1,000 companies and (b) partnerships in other cities. There are only so many times in August that the Welfare-to-Work Partnership can expect to make the news.
2. Cynthia and Diana have modified their original views on whether the new minimum wage provision weakens work requirements between 20 and 30 hours. You recall that they initially told us that the new provision allows low-wage states like Mississippi to count below 20 hours the same activities that any state can count under the current law between 20 and 30 hours. But it seems as if that's not really right. While the welfare law allows states to count education and training directly related to employment in the gap between 20 and 30 hours, the law does NOT make it easier for states to count job search and voc ed in this gap. So the new minimum wage provision, which allows states to count ALL of these activities once the employee has worked off her benefit package, WILL give almost every state (low-wage or high-wage) new flexibility to resort to job search, etc. and still meet the work requirements.
3. I'm sending you materials from DOL on alternatives to the current FLSA provision in the budget bill. We had a meeting with them on Thursday which was quite useful. Give the materials a quick once-over when you have a chance and/or ask me to brief you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 13:36:49.00

SUBJECT: regs

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

TEXT:

At a recent COS scheduling meeting, the powers-that-be suggested that someone from DPC get together with you semi-regularly to go over a list of upcoming regs. I think that means me. Could you call me so we can figure out how it makes best sense to do this?

Also: what's happening with the "racial classification" issues for the census. We were supposed to hook up on this a while back, and never did.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 16:27:12.00

SUBJECT: women's procurement

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

TEXT:

I was going over some old papers this weekend and found some on women's procurement. Did we ever decide on a course of action in this area?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 13:43:52.00

SUBJECT: Re: Waters

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

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

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

TEXT:

We did, and then we unaccountably let it slip. It seems as if someone canceled a meeting on the subject (to be attended by DPC, HHS, and Waters staff) and then it was never rescheduled. We will make sure to make contact her office again on Tuesday. As you know, both we and HHS have substantial policy concerns about her proposal, but we should be giving her every opportunity to make her case.

Minyon Moore
 06/30/97 09:38:38 AM
 Record Type: Record

To: Sylvia M. Mathews/WHO/EOP
 cc: Elena Kagan/OPD/EOP
 Subject: Waters

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On the note of the children, thanks for pushing me to do that. Boy were they excited. I will definitely show you the pictures.
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Sylvia M. Mathews
 06/28/97 12:15:35 PM
 Record Type: Record

To: Minyon Moore/WHO/EOP
 cc:
 Subject: Waters

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family. What beautiful little ones. I want to see the pics.

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COLLECTION:

Clinton Presidential Records
Automated Records Management System (Email)
OPD ([From Elena Kagan])
OA/Box Number: 250000

FOLDER TITLE:

[7/4/1997 - 7/10/1997]

2009-1006-F
ke771

RESTRICTION CODES**Presidential Records Act - [44 U.S.C. 2204(a)]**

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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 17:38:40.00

SUBJECT: crack

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

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

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

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

TEXT:

We should get together sometime Monday to discuss how to proceed in the days ahead, on communications and legislative strategy. In this vein, Bob Litt of DOJ called me over the weekend to discuss whether we should (a) release the Reno/McCaffrey letter, (b) do a press release, or (c) try to operate below the radar screen. He also raised trying to do a deal with Abraham -- his support on this issue in exchange for our agreement to nominate someone P6(b)(6) whom he wants on the Sentencing Commission. [001]

I'll have Laura pull together a meeting.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 17:50:25.00

SUBJECT: Re: cops report

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

READ:UNKNOWN

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

I agree with Bruce about what's needed here. I think we should push for the addition of a first chapter that tries to link community policing strategies with the reduction of crime -- that shows that these strategies actually work. In effect, the new chapter would back up the third paragraph of the foreword, which makes some quite broad (and good!) claims about community policing and its link to controlling crime. ("The crime data confirm that those agencies most committed to community policing . . . are the ones that experience the largest decreases in crime.") I'm assuming that we won't be able to "prove" this beyond a shadow of a doubt; still, I think it's worth making the effort. One way to do it is just to compare the crime reduction statistics of these communities to those of comparable communities that haven't put community policing strategies into effect. Or compare the statistics of these 10 communities (and others using the same strategies?) with statistics nationwide. There's just got to be a way to do this -- maybe not a way that can't be contested by some political scientist, but a way that's good enough for the average person. Also: why isn't New York in this report?

Bruce N. Reed

06/30/97 01:20:56 PM

Record Type: Record

To: Leanne A. Shimabukuro/OPD/EOP, Jose Cerda III/OPD/EOP

cc: Elena Kagan/OPD/EOP

Subject: cops report

The draft report looks fine. It might have more news value if it focused more on crime reduction statistics, or if it came to some conclusions about what kinds of new strategies work. But it's useful propaganda in any event.

It's such a great program, they can't really bungle an account of it. But I was a little surprised to read the Boston chapter, which credits the new chief with completely turning the Boston force around when he took over in 1994 -- completely ignoring the fact that he took over from Bratton, the most effective chief of all time. I assume all the chapters are joint press releases between DOJ and the sitting chief.

National Tests: Secretary Riley has received a letter from Governor Knowles expressing Alaska's commitment to participate in the national tests in 1999. In addition, in the past week we have received verbal confirmation that Gov. Romer, Gov. Carnahan and most likely Gov. Carper will sign on to participate in the tests. We also have verbal commitments from local superintendent's in Broward County (FL), Cincinnati, Long Beach and Philadelphia, in addition to the superintendent from San Antonio who announced her commitment at the family Conference. In anticipation of an announcement event on July 25, we are working to firm up these verbal commitments, and secure commitments from additional states and cities.

Agostini v. Felton Decision Follow-Up

Last Friday the Education Department wrote Chief State School Officers regarding the Supreme Court's Agostini v. Felton decision, making clear that public school teachers may now provide Title I supplementary instructional services to eligible children in religiously-affiliated private schools. The letter emphasized the Department's expectation that school districts will meet with local private school officials to examine whether they can arrange to take advantage of the Supreme Court's decision for the upcoming school year. Question and answer guidance will go to the field in mid-July, and meetings with both public and private school officials (including state Title I directors and the U.S. Catholic Conference) are being planned over the next month.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 13:14:34.00

SUBJECT: Re: Cardin education tax credit memo

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

READ:UNKNOWN

TEXT:

whatever happened to this?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 15:21:01.00

SUBJECT: Re: CBEST

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

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

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

TEXT:

I read the draft this weekend and agree. Mike Cohen wrote a much more interesting outline, from an "educator's perspective," which I will send you. But in the end, I think we should let the EEOC (and Wade) know that we will not be filing a brief. I'll try to grab you for a minute or two on Monday to discuss how best to convey that message.

Charles F. Ruff
07/03/97 11:33:30 AM
Record Type: Record

To: Elena Kagan/OPD/EOP
cc:
Subject: CBEST

I have reviewed the EEOC draft and, wholly apart from the views expressed in the note, continue to believe that a US brief will not fly -- certainly not in the form suggested by the EEOC. Let's discuss how to proceed.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 13:11:48.00

SUBJECT: Re: MOE

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

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

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

TEXT:

Have we ever found out how many states will be required to spend more on MOE this year than if the law hadn't passed? You mentioned asking for the data; have we gotten it?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 16:32:37.00

SUBJECT: Tobacco

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

READ: UNKNOWN

TEXT:

fyi

----- Forwarded by Elena Kagan/OPD/EOP on 07/06/97 04:34
PM -----

Elizabeth Drye
07/06/97 04:26:39 PM
Record Type: Record

To: Elena Kagan/OPD/EOP
cc:
Subject: Tobacco

Here's a written recap, per your request, of where we are on outreach.
Congressional Outreach

As you know, Hilley and Rich Tarplin talked Thursday and tentatively agreed to the outreach process outlined below, and Hilley has asked that we work with Dan and Tracey. Jerry, Rich and I are briefing Dan and Tracey in a noon conference call Monday.

Monday, July 7: Rich calls leadership staff to let them know (1) the Administration will contact key committees and offer Shalala/Reed (bipartisan) briefing, and (2) the Administration would be happy to brief any group(s) convened by leadership. Once contact has been made, WH/HHS staff contact four key committee chairs to arrange briefings (Senate: Labor, Judiciary; House: Labor, Commerce).

Week of July 7: Begin Shalala/Reed committee briefings.

Staff reach out to secondary committees and leading pro/anti tobacco members not on committees to inform them of the review process.

Week of July 14: Continue Shalala/Reed meetings.

Public Outreach

First meeting is Wednesday, with Koop and Kessler, time TBD. HHS has sent over a modified outreach plan, which I'm leaving on your chair. We are meeting with them at 1:00 Monday to finalize our outreach effort. HHS is pushing for a more comprehensive process involving "senior officials" other than Donna and Bruce. Jerry and I prefer to stick with the approach outlined in Erskine memo-- Donna and Bruce do a small number of visible public health-focused meetings. We simply can't do a comprehensive effort in 2 weeks. At Monday's meetings with HHS, I hope we can reaffirm that strategy and spend some time talking about whether/ how to do a public meeting/hearing.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 13:21:02.00

SUBJECT: Re: Wolfe Letter/African AZT Trials

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

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

TEXT:

Let's try that again -- this time "with history." What's the status of this letter?

Eric P. Goosby
06/28/97 09:20:57 AM
Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc:
Subject: Wolfe Letter/African AZT Trials

Hello:

I just wanted you to know HHS is in the final stages of the Wolfe letter reply, and has incorporated a reply for the WH letter. I have reviewed and made extensive edits that improve the argument, focusing on the extraordinary circumstances that justify proceeding with a study with no treatment as the controls. It should be ready Monday. I will keep you informed.

Eric

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 13:24:45.00

SUBJECT: Re: Agriculture and civil rights

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

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

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

TEXT:

Could you and Mary look into this further and see what makes sense? The POTUS and Erskine both seem to think they're doing great things. Is there anything interesting we can announce in the way of policy changes? I'm going to put in a call to Greg Frazier as well.

Thomas L. Freedman
06/28/97 06:10:18 PM
Record Type: Record

To: Elena Kagan/OPD/EOP, Jose Cerda III/OPD/EOP
cc:
Subject: Agriculture and civil rights

in some work with USDA, we've been running into the strong work Glickman has been doing on race and USDA. They've put out an interesting report with 98 recommendations and evidently the POTUS enjoyed their memo on it very much... i've got the materials, etc. but likely i'm old news...anyway, they were suggesting a POTUS black famers/rural plural America event...happy trails.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. email	Elena Kagan to Michael Cohen, et al. Subject: URGENT: Tax bill may slash graduate stipends! [partial] (2 pages)	07/06/1997	P6/b(6)

COLLECTION:

Clinton Presidential Records
Automated Records Management System (Email)
OPD ([From Elena Kagan])
OA/Box Number: 250000

FOLDER TITLE:

[7/4/1997 - 7/10/1997]

2009-1006-F
ke771

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 12:45:57.00

SUBJECT: URGENT: Tax bill may slash graduate stipends! (fwd)

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

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

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

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

CC: Cheryl D. Mills (CN=Cheryl D. Mills/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:

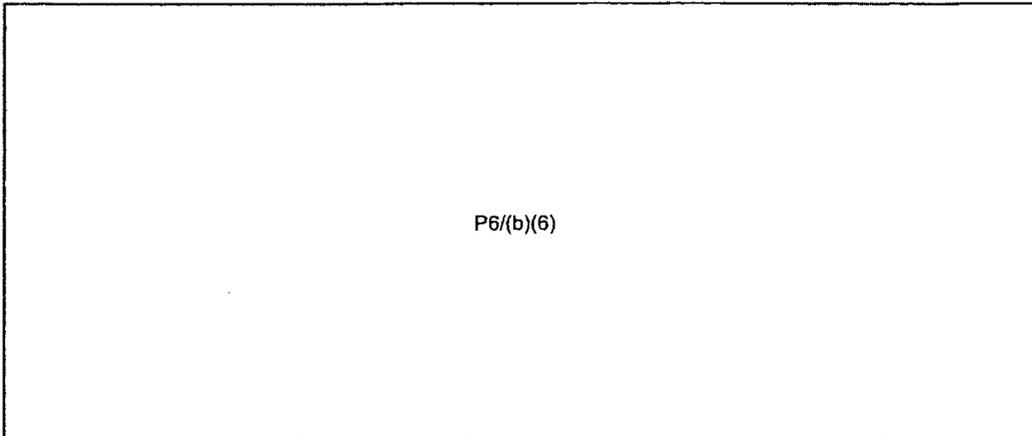
I'm passing on a message from Cheryl Mills (who was passing on a message from a friend) on a House provision to make tuition waivers taxable. This does seem as if it would have a significant -- and undesirable -- effect on American graduate school education. Have we taken a position on this? Are we doing anything about it?

----- Forwarded by Elena Kagan/OPD/EOP on 07/06/97 12:39 PM -----

Cheryl D. Mills
07/05/97 11:28:14 AM
Record Type: Record

To: Elena Kagan/OPD/EOP
cc: Bruce N. Reed/OPD/EOP
Subject: URGENT: Tax bill may slash graduate stipends! (fwd)

Are taxes in your area? If not, tell me who to send this to. If so -- skip down to the bottom message.
----- Forwarded by Cheryl D. Mills/WHO/EOP on 07/05/97 11:27 AM -----



[002]

P6(b)(6)

----- Forwarded message -----

Date: Thu, 3 Jul 1997 08:10:35 -0800
From: Lori Cottle <lori.cottle@stanford.edu>
To: iephd@forsythe.Stanford.EDU
Subject: URGENT: Tax bill may slash graduate stipends! (fwd)

>Date: Thu, 3 Jul 1997 07:09:08 -0700 (PDT)
>From: "Susan E. Owen" <owen@pangea.Stanford.EDU>
>To: besharov@leland.Stanford.EDU, Connie.Chin@forsythe.Stanford.EDU,
> eeyore@leland.Stanford.EDU, gina.johnson@forsythe.Stanford.EDU,
> herrmann@leland.Stanford.EDU, hf.a2d@forsythe.Stanford.EDU,
> hf.c69@forsythe.Stanford.EDU, hf.kbc@forsythe.Stanford.EDU,
> hf.klr@forsythe.Stanford.EDU, hf.lcf@forsythe.Stanford.EDU,
> hf.rsx@forsythe.Stanford.EDU, hobzngr@leland.Stanford.EDU,
> jeri@forsythe.Stanford.EDU, jmerrill@leland.Stanford.EDU,
> judith.haccou@forsythe.Stanford.EDU, lasensky@leland.Stanford.EDU,
> lori.cottle@forsythe.Stanford.EDU,
> monica.wheeler@forsythe.Stanford.EDU,
> robin.heinen@forsythe.Stanford.EDU
>Subject: URGENT: Tax bill may slash graduate stipends! (fwd)
>MIME-Version: 1.0

>Please forward this message to grad students in your dept
>Thank you!

> * * * * *

>Please read this carefully, even if you have already heard
>about this issue. We apologize for the length, but feel
>this is a critical issue, and that students nationwide need to band
>together.

>***Please forward this Email to your fellow graduate students
> and faculty at all US universities as well as to family and
> friends who will be supportive of our views, and under-
> graduates who may be considering graduate school in the
> future. Please help us spread the word in order to keep
> your taxes down. It is urgent that this message be heard
> across the country by every graduate student*** July 1, 1997

>>From the graduate student representative organizations at:
> Johns Hopkins School of Medicine

> Harvard University
> Massachusetts Institute of Technology
> Stanford University
>=====

>
>Background:

>
>As you may know, the "Tax Relief Act" of 1997, passed the U.S.
>House of Representatives (H.R. 2014) on Thursday, June 26; a
>different version of the bill passed the Senate (S. 949) on
>Friday, June 27. The House bill, while providing \$135 billion
>in tax relief to many Americans, contains a provision which
>drastically and detrimentally affects graduate students. A
>short clause phases out section 117(d) of the tax code, the
>section that excludes the value of tuition waivers or tuition
>reductions from taxable income. With the loss of this tuition
>tax exclusion, many graduate students will see their taxes
>raised by thousands of dollars per year. Examples provided by
>the NAGPS (National Association of Graduate-Professional
>Students) indicate that some of us may see our after-tax wages
>cut by 50% or even more!!

>
>Tuition waivers are used in many graduate programs to assist
>students during their often-lengthy education. Most of these
>students are obtaining PhDs in academic fields and will go on
>to modestly-paying university positions, possibly after long
>post-doctoral research. They serve as teaching assistants or
>research assistants in return for not paying tuition, which can
>easily exceed \$20,000 per year at private institutions. Under
>the House version of the bill, the value of this tuition waiver
>would be considered taxable income.

>
>Although the House version of this bill is a disaster for
>graduate students, the Senate version does not include the
>repeal of section 117(d) of the tax code. Because of this
>and many other differences in the House and Senate versions
>of the bill, both houses of Congress (as well as the White
>House) will convene to reconcile the two versions of the bill
>following the July 4th recess. At that point, the bill will
>be voted on for final passage, and signed into law. Our last
>chance to defeat the House bill is through this House-Senate
>Committee, which is expected to begin meeting the week of
>July 7th.

>
>If you have not heard of this issue, contained within the
>highly publicized "Tax Relief Act," it is because this act is
>enormous, containing tax issues involving cigarettes,
>capital gains, and the \$500 per child tax credit, to name just
>a few. It is these other issues which have gained the media's
>attention, and few people seem to be aware of the impending
>disaster for graduate students, higher education, and
>university and research budgets. **It is our responsibility
>to ensure that our opinions are voiced and that this issue
>gains national attention.**

>
>For more background on this situation, see one of the
>following web sites:

>NAGPS:
> <http://www.nagps.org/Student_Aid/105th/97_TaxReconciliation.html>
>MIT GSC:
> <<http://www.mit.edu/activities/gsc/Tax/tax.html>>
>Harvard GSC:
> <<http://www.hcs.harvard.edu/~gsc/issues/funding/section117.shtml>>

>
>=====

>
>What you can do:

>
>1. Please forward this Email to all graduate students you know
> at other institutions, as well as your family, your
> friends, and any undergraduates you know who plan to go
> to graduate school in the future. (Maybe media also!)
> Convince them to take action.
>
>2. Distribute this information to fellow students, faculty,
> department and graduate program directors, and
> administrators within your own institution. Organize a
> campus-wide response through your local graduate student
> representative group. Be sure that your administration
> is on top of this issue and is taking immediate action.
>
>3. Call (or fax or email) your Senators and Representative!
> It is critical that your voice be heard by your own members
> of Congress. Sheer numbers of calls will make an impact.
>
>4. Make a special effort to swamp the members of the Conference
> Committee with calls, as they will make the ultimate
> decision in reconciling the bills. If you are
> represented by one of these Senators or know someone who
> is (DE/MS/NY/NM/IA/OK/NJ/ND), make sure contact is made!
>
>=====

>
>How to contact your Senators and Representatives:

>
>House/Senate switchboard: 800-962-3524 or 800-972-3524
> or House: 202-225-3121 Senate: 202-224-3121
>
>Or check <<http://congress.org>> for addresses, direct phone
> number, district office number, email and more information.
>
>The following senators are members of the Conference Committee
>which will be composing the final version of the bill. These are
>critical people to target, especially if you live or go to school
>in DE, MS, NY, NM, IA, OK, NJ or ND.
> Roth (R-DE), Lott (R-MS), Moynihan (D-NY),
> Domenici (R-NM), Grassley (R-IA), Nickles (R-OK),
> Lautenberg (D-NJ), Conrad (D-ND)
>
>House Conference Committee members will not be announced until
>July 7th or 8th.
>
>Congress is now on Independence Day recess (through July 7th)
>and most members will be in their home districts. Use this
>opportunity to meet with them personally to discuss your concerns.
>
>=====

>
>What to say in your calls and letters:

>
>Please be polite and courteous, but let them know that you oppose
>the loss of section 117(d), the tuition tax waiver for graduate
>students. This waiver is retained in the Senate version (S. 949)
>of the Tax Relief Act but eliminated in the House version
>(H.R. 2014). Be sure to mention that you are concerned that this
>issue be carefully considered at the meeting of the Joint House-

>Senate Conference Committee to reconcile the two versions of the
>Tax Relief Act. Explain to them your concerns for higher
>education and for research should the tuition tax waiver be lost.

>
>Here are some specific points to mention:
>- how this tax increase will impact your financial status
> (have numbers to illustrate your point)
>- how top students will opt not to pursue graduate degrees,
> threatening America's continued leadership in research
>- how graduate students will leave graduate school
>- how losing qualified students in your field will impact the US
> (e.g., biology: cancer and HIV/AIDS research
> engineering/physics: national defense)
>- how this tax will increase costs to universities, leading to
> an increase in undergraduate tuition
>- for more specifics, see NAGPS Talking Points:
> <http://www.nagps.org/Student_Aid/105th/Tax_TalkingPoints.html>

>WRITE, PHONE, and FAX these issues to your representatives
>immediately. The more they are aware that there is real and dire
>concern over this issue, the more likely that this issue will be
>removed in the House-Senate Conference Committee.

>=====

>Thanks for your action!

>
>The Johns Hopkins University School of Medicine
>Graduate Student Association
>gsa-g@welchlink.welch.jhu.edu
><<http://www.med.jhu.edu/gsa/GSAmain.html>>

>
>Harvard University Graduate School of Arts & Sciences
>Graduate School Council
>gsc@hcs.harvard.edu
><<http://www.hcs.harvard.edu/~gsc/>>

>
>Massachusetts Institute of Technology
>Graduate Student Council
><<http://www.mit.edu/activities/gsc/>>

>
>Stanford University
>Graduate Student Council
>gsc@assu.stanford.edu
><<http://pangea.stanford.edu/~owen/gsc.html>>

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

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IKT2XXTMV400769I@PMDF.EOP.GOV> for MILLS_C@a1.eop.gov; Thu,
03 Jul 1997 17:05:51 -0500 (EST)

Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IKT2XWH53K0078VE@PMDF.EOP.GOV> for
MILLS_C@a1.eop.gov; Thu, 03 Jul 1997 17:05:50 -0500 (EST)
Received: from cardinal2.Stanford.EDU ([36.21.0.112])
by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01IKT2XBJGYI001FKR@STORM.EOP.GOV> for MILLS_C@a1.eop.gov; Thu,

03 Jul 1997 17:05:27 -0400 (EDT)
Received: (from jlk@localhost) by cardinal2.Stanford.EDU (8.8.5/8.8.4)
id OAA03917; Thu, 03 Jul 1997 14:05:18 -0700 (PDT)
===== END ATTACHMENT 1 =====

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-JUL-1997 17:25:25.00

SUBJECT: uniformed division collective bargaining

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

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

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

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

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

TEXT:

The FOP is once again reminding us that we have not resolved the secret service unionization issue. There's now a new Director of the Secret Service, so we don't have any good reason to postpone this any longer. We did an informational memo for the President on this issue a couple of months ago; we can easily turn that into a decision memo, for either him or Erskine. Let's discuss how to proceed.

Withdrawal/Redaction Marker Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. email	Elean Kagan to Jerold R. Mande. Subject: [Chicago] (1 page)	07/07/1997	Personal Misfile

COLLECTION:

Clinton Presidential Records
Automated Records Management System (Email)
OPD ([From Elena Kagan])
OA/Box Number: 250000

FOLDER TITLE:

[7/4/1997 - 7/10/1997]

2009-1006-F
ke771

RESTRICTION CODES**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-JUL-1997 08:51:21.00

SUBJECT: Re: case analysis

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

TEXT:

Thanks. I think we're OK for now, but I will.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-JUL-1997 09:04:45.00

SUBJECT: doj psa on ada

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

READ:UNKNOWN

TEXT:

I kind of like it.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-JUL-1997 07:45:19.00

SUBJECT: Re: Abortion Memo

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

TEXT:

damned if i remember what i was supposed to be writing about. could you
send me your (and Robin's) stuff first and then I'll add to it?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-JUL-1997 19:50:36.00

SUBJECT: Re: Grandparents meeting

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

READ:UNKNOWN

TEXT:

give them as many meetings as they want. thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-JUL-1997 07:53:41.00

SUBJECT: contraception legislation

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

TEXT:

You asked last week whether we are supporting the Snowe-Reid bill requiring that insurance companies cover contraceptives. We do not yet have a position on the bill, and Chris Jennings and Jen Klein both have some concerns about it. For the most part, we have avoided mandating insurance companies to cover particular services. (The thinking goes: why should we require them to cover contraceptives, but not, for example, eye glasses for children?) In addition, the bill doesn't reach many people because it doesn't cover ERISA plans or Medicaid. That said, the bill does fit with the President's message to make abortion, safe, legal, and rare, and we are still looking into this matter.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-JUL-1997 08:50:40.00

SUBJECT: Re: POTUS Response to PACHA Letter

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

TEXT:

I'd like to get his take on this letter. Is there a problem with that?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-JUL-1997 16:26:07.00

SUBJECT: Re: OMB and Title V funding

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

READ:UNKNOWN

TEXT:

good work.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-JUL-1997 16:27:28.00

SUBJECT: Re: indian law enforcement directive

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

TEXT:

I gave it to phil; ask him whether it went to the President.

I left a note for Ron but didn't hear back; why don't you try one of the VP's other people?

Thanks. Great work on this.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-JUL-1997 19:52:12.00

SUBJECT: Re: FYI...Lott Recusal

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

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

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

TEXT:

He said it on one of the Sunday shows a couple of weeks ago, just prior to commenting extensively on the deal.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-JUL-1997 16:23:19.00

SUBJECT: Immigration Issues

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

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 07/07/97 04:25
PM -----

Robert N. Weiner
07/07/97 10:49:41 AM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: Immigration Issues

DOJ suggests that iut would be useful to have a followup meeting to discuss our approach on the legislative and other issues. Justice can do 3:30 tomorrow, in Chuck's office. Please let me know if you can attend.

Message Sent

To: _____
Elena Kagan/OPD/EOP
Maria Echaveste/WHO/EOP
Janet Murguia/WHO/EOP
Peter G. Jacoby/WHO/EOP
KRECZKO_A @ A1 @ CD @ LNGTWY
Ora Theard/WHO/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-JUL-1997 09:11:03.00

SUBJECT: Re: URGENT: Tax bill may slash graduate stipends! (fwd)

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

READ:UNKNOWN

TEXT:

Get hold of a copy and (if the objection is in there) send it to cheryl.

Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-JUL-1997 07:56:48.00

SUBJECT: Re: Contraception

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

TEXT:

One more thing: It could be argued that this is different from the "eyeglasses for children" situation because it applies only when the insurance company covers all other pharmaceuticals. (There's a kind of sexism implicit in the exclusion of contraceptives from this category.) Just a thought; I have no particular view on this question.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-JUL-1997 07:46:02.00

SUBJECT: Re: Contraception .

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

TEXT:

Thanks. That's enough for now. Let me know when you have more.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-JUL-1997 16:29:18.00

SUBJECT: Re: FINAL MONDAY REMINDER: DAILY REPORTS TO POTUS

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

TEXT:
we don't have anything today. thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-JUL-1997 08:49:24.00

SUBJECT: race disparities

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

TEXT:

Podesta was pushing today for an event on race disparities in health, so we should definitely be getting this together -- both what the facts are and what actions we will take to deal with them. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-JUL-1997 10:06:54.00

SUBJECT: President Clinton's Higher Education Tax Cuts

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

TEXT:
please print.

----- Forwarded by Elena Kagan/OPD/EOP on 07/08/97 10:09 AM -----

Russell W. Horwitz
07/08/97 09:53:29 AM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: President Clinton's Higher Education Tax Cuts

The Lotus document, which is a 1-pager on state-by-state benefits of the Administrations's tuition tax credits, should be inserted into the packet which is the first document.

If you would like the packet of state by states (1-page for each state) stop by Sperling's office.

Message Sent

- To: _____
- Lori L. Anderson/WHO/EOP
 - Barry B. Anderson/OMB/EOP
 - Brenda M. Anders/WHO/EOP
 - Kenneth S. Apfel/OMB/EOP
 - Eli G. Attie/WHO/EOP
 - Donald A. Baer/WHO/EOP
 - Kris M Balderston/WHO/EOP
 - David S. Beaubaire/WHO/EOP
 - Marsha E. Berry/WHO/EOP
 - Sarah A. Bianchi/OMB/EOP
 - Jill M. Blickstein/OMB/EOP
 - Erskine B. Bowles/WHO/EOP
 - Emily Bromberg/WHO/EOP
 - Susan A. Brophy/WHO/EOP
 - Rebecca A. Cameron/WHO/EOP
 - Phillip Caplan/WHO/EOP
 - Laura K. Capps/WHO/EOP
 - Paul R. Carey/WHO/EOP
 - Cheryl M. Carter/WHO/EOP
 - Ann M. Cattalini/WHO/EOP
 - Barbara Chow/WHO/EOP
 - Michael Cohen/OPD/EOP
 - Steven A. Cohen/WHO/EOP
 - Brenda B. Costello/WHO/EOP
 - Michelle Crisci/WHO/EOP

Betty W. Currie/WHO/EOP
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D. Stephen Goodin/WHO/EOP
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Katherine Hubbard/WHO/EOP
Kathryn O. Higgins/WHO/EOP
Peter G. Jacoby/WHO/EOP
Christopher C. Jennings/OPD/EOP
Brian J. Johnson/CEQ/EOP
Elena Kagan/OPD/EOP
Thomas A. Kalil/OPD/EOP
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Kristen E. Panerali/OPD/EOP
John Podesta/WHO/EOP
Jonathan Prince/WHO/EOP
Victoria Radd/WHO/EOP
Franklin D. Raines/OMB/EOP
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Christa Robinson/OPD/EOP
Dorothy Robyn/OPD/EOP
Steven J. Ronnel/WHO/EOP

Stacey L. Rubin/WHO/EOP
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Charles R. Marr/OPD/EOP
Beverly J. Barnes/WHO/EOP
Barbara D. Woolley/WHO/EOP
Robert B. Johnson/WHO/EOP
Cynthia A. Rice/OPD/EOP
Aviva Steinberg/WHO/EOP
William H. White Jr./WHO/EOP
Dan Pink/OVP @ OVP
Jill M. Pizzuto/OMB/EOP
Joseph M. Wire/OMB/EOP
Lisa J. Levin/WHO/EOP
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Lynn G. Cutler/WHO/EOP
Christopher J. Lavery/WHO/EOP
Minyon Moore/WHO/EOP
Craig T. Smith/WHO/EOP
Karen E. Skelton/WHO/EOP
Jeffrey A. Forbes/WHO/EOP
Virginia M. Terzano/OVP @ OVP
Lorraine A. Voles/OVP @ OVP
Roger V. Salazar/OVP @ OVP
Julia M. Payne/OVP @ OVP
Anne H. Lewis/OPD/EOP
Daniel C. Tate/WHO/EOP
Mickey Ibarra/WHO/EOP
Virginia N. Rustique/WHO/EOP
Elizabeth R. Newman/WHO/EOP
Emil E. Parker/OPD/EOP
Leanne A. Shimabukuro/OPD/EOP
Robert M. Shireman/OPD/EOP
Robin J. Bachman/WHO/EOP
Barbara Chow/WHO/EOP
Ananias Blocker III/WHO/EOP
Jonathan H. Schnur/OVP @ OVP
Christopher R. Ulrich/OVP @ OVP

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

TEXT:

Unable to convert ARMS_EXT: [ATTACH.D29]MAIL411083886.116 to ASCII,
The following is a HEX DUMP:

PRESIDENT CLINTON'S HIGHER EDUCATION TAX CUTS

*The President's Hope Scholarship and
Tuition Tax Credit Help 12.6 Million Students --
7 Million More Students than Congressional Versions*

SUMMARY DOCUMENTS

July 8, 1997

TABLE OF CONTENTS

- I. Fact Sheet on Higher Education Tax Cuts
- II. A Comparison: Higher Education Tax Cuts
- III. State-by-State Analysis of Benefits
- IV. Greater Benefits for More Families (examples)
- V. Endorsement from Higher Education Organizations
- VI. Distribution Analysis of Alternative Tax Plans

President Clinton's Higher Education Tax Cut Proposal

A Fact Sheet

President Clinton's HOPE Scholarship and 20% Tuition Tax Credit help 12.6 million students and their families -- seven million more students than under Congressional versions. While all of the plans encourage saving and help with student loan payments, only the Administration's proposal provides tax credits to working families who use their earnings to pay for college beyond the first two years, for part-time study to improve or acquire job skills, or graduate study. The higher education tax cut plans passed by the House and Senate are limited in their scope, providing some of the largest benefits to higher-income families who can afford to save large amounts.

- **HOPE Scholarship.** A maximum \$1,500 credit for the first two years of postsecondary education. Students attending on at least a half-time basis would receive a 100% credit for the first \$1,000 of tuition and required fees and a 50% credit for up to the next \$1,000. For example, a student attending a community college with tuition costs of \$1,400 would receive a \$1,200 HOPE Scholarship. Scholarships would be phased out for joint filers with income between \$80,000 and \$100,000, and for single filers with income between \$50,000 and \$70,000. After 2002, the HOPE Scholarship increases to a 100% credit for the first \$1,500 and a 50% credit for the next \$1,000 of tuition and required fees.
- **20% Tuition Tax Credit.** Undergraduates beyond their first two years, graduate students, plus working people going to school part-time to improve or acquire job skills, would benefit from a 20% tax credit on the first \$5,000 of tuition and required fees through the year 2000 and after 2000 a 20% tax credit on the first \$10,000 of tuition and required fees. The credit would be phased out at the same income levels as HOPE.
- **Education and Retirement Savings Accounts.** Allows penalty-free IRA withdrawals for undergraduate, post-secondary vocational, and graduate education expenses. Additionally, taxpayers eligible for the child tax credit are given the opportunity to deposit their child tax credit plus an additional \$500, in a Kidsave Account for the child's education, first-time home purchase or the taxpayer's retirement. Earnings would accumulate tax-free in the Kidsave Account and no taxes would be due upon withdrawal for an approved purpose.
- **Employer-Provided Education Benefits.** Extends permanently Section 127 of the tax code, which allows people to exclude \$5,250 of employer-provided education benefits from their taxable income. Eligibility for graduate education benefits would be reinstated retroactively back to June 30, 1996, with both undergraduate and graduate education eligible in the future. Additionally, a 10% employer credit for small business training is included. This credit would apply to payments made to third parties to cover expenses of education for employees under employer-provided education assistance programs. The credit would be available to employers with average annual gross receipts of \$10 million or less for the prior three years.
- **Student Loan Interest Deduction.** Allows a deduction for up to \$2,500 per year of interest on education loans for expenses of students enrolled at an institution of higher education. The deduction would be allowed for the first 60 months interest is due on a loan. The deduction would phase out for taxpayers making between \$45,000 and \$65,000 (\$65,000 and \$85,000 for married taxpayers filing jointly). This deduction would be available even if the taxpayer does not itemize deductions.
- **Community Service Loan Forgiveness.** In most circumstances, a loan that is forgiven is considered income and is therefore taxable. To encourage programs that offer loan forgiveness to borrowers who take lower-paying, community-service jobs, loan amounts forgiven through programs run by nonprofit tax-exempt charitable or educational institutions, and loans forgiven under the Direct Loan Program's income-contingent repayment program, would be excluded from income. Currently, the exclusion generally covers only certain forgiveness arrangements between students and government entities.
- **Repeal Cap on Tax Exempt Bond Issuance by Colleges and Universities.** Repeals the \$150 million bond cap that affects private higher education institutions and certain other charitable institutions. The repeal would apply to tax-exempt bonds issued by these institutions to finance new capital expenditures.

A Comparison: Higher Education Tax Cuts

Automated Records Management System
Hex-Dump Conversion

HOPE Scholarship and Tuition Tax Credit	President	House	Senate
Students in their first two years of college, attending at least half-time	100% tax credit on the first \$1,000 of tuition and required fees, 50% on next \$1,000. After 2002, a 100% credit on first \$1,500 and 50% on the next \$1,000.	50% tax credit on up to \$3,000 on tuition, required fees, books, and supplies.	75% tax credit on up to \$2,000 for community colleges; 50% tax credit on up to \$3,000 for other institutions for tuition, required fees, books, and supplies.
Students beyond the first two years, enrolled at least half-time	20% tax credit on up to \$5,000 in 1998 and up to \$10,000 starting in 2001.	None	None
Graduate students	20% tax credit on up to \$5,000; up to \$10,000 starting in 2001.	None	None
Part-time (less than half-time) students seeking to acquire or improve job skills	20% tax credit on up to \$5,000; up to \$10,000 starting in 2001.	None	None
5-year revenue cost:	\$35 billion	\$22 billion	\$20 billion
Estimated number of beneficiaries in 1999	12.6 million	5.6 million	5.6 million

Other provisions	Administration	House	Senate
Employer-provided education assistance (Section 127)	Permanent extension for graduate and undergraduate courses. 10% Small Business Credit.	Six month extension, only for undergraduates.	Permanent extension for graduate and undergraduate courses.
Student loan interest deduction	Up to \$2,500 may be deducted each year for five years of repayment.	None	Up to \$2,500 may be deducted each year for five years of repayment.
Other provisions	Administration	House	Senate
Savings incentives	Penalty-free IRA withdrawals for higher education. Optional Kidsave education accounts. Maximum per-child contribution of child credit plus \$500 each year. Earnings free from tax if	Penalty-free IRA withdrawals for higher education. Education investment accounts and new qualified tuition programs. Maximum per-child contribution \$5,000 each year, \$50,00 total. Earnings used for higher	Penalty-free IRA withdrawals for higher education. Requires contributions to Educational IRAs or qualified tuition plans for parents to obtain the child credit for children 13 and over.

	used for various purposes including child's postsecondary tuition and fees.	education not taxed (subject to limits).	Education IRAs and expanded qualified tuition programs; tax-free distributions for educational expenses. Maximum per-child contribution \$2,000 plus child credit each year (no limits on State-sponsored plans).
--	---	--	---

Methodology of State-by-State Analysis

Using a nationally-representative sample of postsecondary students and data on Pell Grant recipients, an estimate was derived for the proportion of the total national number of recipients of the tax benefit in 1998. Using that ratio, the number of recipients for each State was determined. Based on the Joint Tax Committee and Treasury revenue estimates of the three plans for 1999, a dollar amount for each State was derived using the same ratio as the State/national number of beneficiaries.

President Clinton's Higher Education Tax Cuts: Greater Benefits for More Families

While providing the greatest help in the first two years, the Administration's plan has always gone *much* farther, granting a substantial tax cut for virtually *any* investment in postsecondary education or training. Unlike the Congressional plans, the President's tax credits cover *more types and ages of postsecondary students*, including:

- part-time students (less than half-time) seeking to improve or acquire job skills;
- students beyond their first two years of undergraduate study;
- graduate students.

Although the Administration, House and Senate plans all provide modest assistance for students who borrow or families who have special education savings accounts, for many situations that families find themselves in, the House and Senate plans provide little or no help. Consider the following:

Tuition Tax Credits Under Various Situations	President	House Plan	Senate Plan
Two kids in college: Married couple, \$60,000 income, with two kids in college: one at a community college with \$2,000 tuition and \$200 books, the other a junior at a private college with \$10,000 tuition.	\$2,500 (\$3,500 after year 2000)	\$1,100	\$1,500
Divorced parent, same income: Single parent with \$50,000 income, one child going to an average community college full-time (\$1,200 tuition and fees)	\$1,100	\$0	\$0
Returning to school less than half-time: Family with \$30,000 income, one parent going to a public four-year college part-time to change careers (\$2,000 tuition and fees)	\$400	\$0	\$0
Child is beyond first two years: Family with \$40,000 income, one child is junior at average private college (\$12,000 tuition and fees)	\$1,000 (\$2,000 after year 2000)	\$0	\$0
Returning to school full-time to become a teacher: Homemaker, family income of \$70,000, attending graduate teacher training program at public university after being out of college for 20 years (\$3,500 tuition).	\$700	\$0	\$0
Graduate student: Single graduate student with \$15,000 income and tuition of \$15,000.	\$1,000	\$0	\$0

Alternative Tax Cut Proposals A Comparison of Distributional Impact

<i>Income by Quintile</i>	<i>President Clinton</i>	<i>House</i>	<i>Senate</i>
Lowest	1.2%	0.6%	0.4%
Second	10.1	2.5	2.7
Third	22.2	9.6	10.2
Fourth	34.6	20.0	21.3
Highest	31.5	66.8	65.0
Top 10%	11.7	47.3	42.3
Top 5%	6.5	34.9	28.2
Top 1%	2.6	18.8	12.5
Middle 60% (Second, third, fourth quintiles)	66.9%	32.1%	34.2%

Source: U.S. Department of Treasury

Tables assumes fully phased-in (2007) law and behavior, in 1998 dollars. It includes major tax cut provisions in each of the plans: HOPE Scholarship, tuition credit, Section 127, Student loan interest deduction, child tax credit, Kidsave accounts, capital gains provisions, home office deduction, distressed areas initiatives, Puerto Rico tax incentives, individual and corporate AMT changes, prepaid tuition programs, IRAs, DC tax incentives, safe harbor for independent contractors, modifications of treatment of company owned life insurance.

**Distribution of Higher Education Tuition Tax Credits by Student's State of Legal Residence 1/
(Beneficiary Calculations FY 1998/Dollar Amounts FY 1999)**

	Number of Beneficiaries 2/ (in thousands)			Dollar Amounts of Benefits (in millions)			Dollar Difference: (in millions) President Compared to	
	President	House/Senate	Difference	President	House	Senate	House	Senate
Alabama	195	87	108	\$111.6	\$78.2	\$72.3	\$33.4	\$39.3
Alaska	27	12	15	15.4	10.6	9.8	4.8	5.6
Arizona	244	108	136	139.4	97.0	89.6	42.4	49.8
Arkansas	79	36	43	45.3	32.0	29.5	13.4	15.8
California	1,654	733	922	944.9	655.9	605.8	289.0	339.1
Colorado	219	97	122	125.0	86.7	80.0	38.3	44.9
Connecticut	149	66	83	85.1	58.8	54.2	26.3	30.9
Delaware	42	18	23	23.8	16.4	15.2	7.4	8.7
District of Columbia	74	32	41	42.0	28.9	26.7	13.1	15.3
Florida	553	246	306	316.1	220.6	203.8	95.5	112.3
Georgia	266	119	147	152.0	106.3	98.2	45.7	53.8
Hawaii	61	27	34	35.0	24.1	22.2	10.9	12.8
Idaho	51	23	28	29.3	20.6	19.0	8.8	10.3
Illinois	669	296	374	382.2	264.6	244.4	117.6	137.8
Indiana	259	115	144	148.2	103.1	95.3	45.1	52.9
Iowa	150	67	83	85.9	59.9	55.4	25.9	30.5
Kansas	151	67	84	86.5	60.2	55.6	26.3	30.9
Kentucky	154	69	85	88.3	61.9	57.2	26.3	31.0
Louisiana	166	75	91	94.9	67.0	62.0	27.9	33.0
Maine	50	22	28	28.7	20.0	18.5	8.7	10.3
Maryland	243	108	136	138.9	96.2	88.9	42.7	50.1
Massachusetts	383	169	214	218.4	151.2	139.6	67.3	78.9
Michigan	493	219	274	281.4	195.6	180.7	85.8	100.7
Minnesota	258	115	143	147.4	102.5	94.7	44.9	52.7
Mississippi	97	44	53	55.4	39.3	36.3	16.2	19.1
Missouri	259	115	144	148.3	103.3	95.4	45.0	52.9
Montana	32	15	18	18.6	13.1	12.1	5.4	6.4
Nebraska	104	46	58	59.2	41.1	38.0	18.0	21.2
Nevada	61	27	34	34.5	23.8	22.0	10.7	12.6
New Hampshire	57	25	32	32.8	22.7	21.0	10.1	11.8
New Jersey	304	134	169	173.5	120.3	111.1	53.2	62.4
New Mexico	87	39	48	49.9	35.0	32.3	15.0	17.6
New York	897	402	495	513.5	360.0	332.7	153.5	180.7
North Carolina	333	148	186	190.4	132.1	122.0	58.3	68.3
North Dakota	34	15	19	19.3	13.5	12.5	5.7	6.7
Ohio	482	214	267	275.2	191.9	177.3	83.3	97.9
Oklahoma	156	70	86	89.1	62.6	57.8	26.5	31.3
Oregon	147	65	82	84.2	58.5	54.0	25.7	30.2
Pennsylvania	545	242	303	311.3	216.5	200.0	94.8	111.4
Rhode Island	67	30	37	38.4	26.6	24.6	11.7	13.8
South Carolina	150	67	83	85.9	60.0	55.4	25.9	30.5
South Dakota	31	14	17	17.6	12.4	11.5	5.2	6.1
Tennessee	212	94	117	121.1	84.5	78.1	36.6	43.0
Texas	841	374	467	480.5	334.8	309.3	145.7	171.2
Utah	126	56	70	72.3	50.5	46.7	21.8	25.6
Vermont	31	14	17	18.0	12.5	11.6	5.5	6.4
Virginia	321	142	179	183.3	127.1	117.4	56.2	65.9
Washington	255	113	142	145.8	101.3	93.6	44.5	52.3
West Virginia	75	34	41	42.8	30.0	27.7	12.8	15.1
Wisconsin	277	122	155	158.2	109.6	101.2	48.6	57.0
Wyoming	27	12	15	15.4	10.7	9.9	4.7	5.5
US Totals	12,600	5,600	7,000	\$7,200.0	\$5,012.0	\$4,630.0	\$2,188.0	\$2,570.0

1/ Includes HOPE Scholarship plans and the President's 20% tax credit for lifelong learning.

Calculations do not include interest deductions and tax benefits that could be received in outyears from savings incentives in all three plans.

2/ The number of beneficiaries is the same under the House and Senate plans, though the amounts of benefits differ.

Source: Education Department estimates based on State-level enrollment and Pell Grant recipient data.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 9-JUL-1997 19:42:58.00

SUBJECT: Re: test

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

TEXT:
YES!!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 9-JUL-1997 07:14:24.00

SUBJECT: TIME CHANGE/CENSUS MTG

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

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 07/08/97 06:10
PM -----

Marjorie Tarmey
07/08/97 01:13:27 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: Sara M. Latham/WHO/EOP, Virginia N. Rustique/WHO/EOP, Laura
Emmett/WHO/EOP
Subject: TIME CHANGE/CENSUS MTG

The Census mtg is now 3:30 - 4:30 on Wednesday, July 9 in room 211.

Please confirm your attendance.

Message Sent

To: _____
John Podesta/WHO/EOP
Kris M Balderston/WHO/EOP
Barbara Chow/WHO/EOP
Kris M Balderston/WHO/EOP
Lynn G. Cutler/WHO/EOP
Elena Kagan/OPD/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 9-JUL-1997 15:33:02.00

SUBJECT: AG's meeting

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

READ:UNKNOWN

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 07/09/97 03:32
PM -----

Elizabeth Drye
07/08/97 08:39:03 PM
Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Jerold R. Mande/OSTP/EOP
Subject: AG's meeting

Shalala would like to schedule this meeting at 10:30 am. Thursday. Does that work?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 9-JUL-1997 07:14:20.00

SUBJECT: Re: meeting with Erskine-update

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

TEXT:
Great. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 9-JUL-1997 19:43:25.00

SUBJECT: Re:

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

TEXT:

Fantastic. And thanks. I'll look at it tonight.

-- D R A F T --

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
ELENA KAGAN

SUBJECT: POLICY DEVELOPMENT FOR THE RACE INITIATIVE

This memorandum proposes a policy development process for the Race Initiative -- and recommends an initial policy announcement to be unveiled at the NAACP's annual meeting on July 17th. Although we would have preferred to develop this process with the assistance of the Race Commission's staff director, we believe that it is of critical importance to get started right away. Thus, we recommend that DPC immediately convene three workgroups in the key areas of economic empowerment, education and administration of justice, and that a fourth issue -- health -- be addressed through DPC's ongoing relationship with HHS.

Our goal for these workgroups is three-fold: (1) to provide a statistical "snapshot" of racial and ethnic minorities and, thus, an informed starting point for policy development; (2) to assess the impact of Administration initiatives on racial and ethnic minorities; and (3) based on our analysis, to recommend policy initiatives to announce throughout the upcoming year -- as well as longer-term policies to incorporate into the Race Commission's final report.

I. WORKGROUPS

A. Economic Empowerment

Managed jointly by DPC and NEC, this group's mission will be to look for ways to promote job growth and the culture of work among disadvantaged minorities. Increasing job opportunities for unemployed and underemployed blacks and Latinos, and assimilating them into the workplace, is the way to strike right at the economic root of racism in our society. Jobs give minorities what they want most -- a chance to participate in the mainstream economy -- and help dispel majority fears about racial and ethnic minorities who are at the margins of society. Other participants in the Economic Empowerment group will include: CEA, OVP, OMB, Treasury, Labor, HUD, HHS, Agriculture, Commerce, Interior, SBA and Transportation.

We have already met with the CEA to begin compiling the economic data for this task. Some analysis was conducted during the Administration's affirmative action review, but more needs to be done. We will also specifically examine a host of Administration initiatives -- including the Welfare jobs initiative, EITC, EZs, CDFIs, changes to CRA, the minimum wage increase, One Stop Career Centers and Capital Shops, HUD's Bridges-to-Work, Home

Ownership Zones , etc. -- and look at their impact on racial and ethnic minorities. We will try and build on existing economic efforts wherever possible.

With respect to longer-term policy development, the Economic Empowerment group will also look at other topics, such as: (1) strengthening job recruitment networks; (2) matching and transporting workers to where there us worker demand; (3) promoting mixed-income, multi-racial communities; (4) affordable housing strategies; (5) housing mobility; and (5) rural economic development.

B. Education

This group, which will be managed jointly by DPC and the Department of Education, will consist of two subgroups: one specifically to look into the dramatic drop in minority enrollment at the Universities of California and Texas; and one to promote improvements in elementary and secondary education. If addressing the "jobs gap" is the most visible and immediate way to begin addressing economic disparities and racial stereotypes, than increasing levels of education among disadvantaged minorities must be our primary long-term challenge.

The experience of Latinos in many parts of our country makes clear the importance of education to climbing the economic ladder. While Latinos in some cities have been able to overcome discrimination in hiring and develop successful job recruitment networks -- often leading to coveted industrial jobs -- their average income is either stagnant or declining. A recent study by the Woodstock Institute in Chicago found that while unemployment rates for Hispanic Empowerment Zone (EZ) residents were half that of their African American counterparts, their average income was considerably lower than that of employed African Americans.

The Minority Enrollment subgroup will consists of DPC, White House Counsel, Education and Justice, and has already started to meet and collect data. In addition to DPC and Education, the broader subgroup on elementary and secondary education will include NEC, CEA, OVP, OMB and HHS. This group will look at how performance standards, teacher training, technology and infrastructure improvements can help our poorer schools. Also, we are particularly interested in reviewing what Mayor Daley of Chicago and other mayors are doing to turn their school systems around, and how such comprehensive -- and race neutral -- changes can benefit all Americans.

C. Administration of Justice

This group will also be split into two subgroups, both led by DPC: the first will focus on crime control and prevention; and the second will target government-wide enforcement of our civil rights laws. Other members of these groups will include: OVP, OMB, Treasury, DOJ, Education, Labor, HUD, HHS, Agriculture, Interior and EOC.

The primary focus of the Crime group will be to examine the under protection of racial and ethnic minorities. Although minorities, particularly in our inner cities, are the most likely victims of crime, they have been historically under protected by local law enforcement. Even now, as crime has dipped to its lowest level in 35 years, initial data indicate that minority communities have not benefitted as much from this decline as other communities. This is especially true for Indian Country, where the homicide rate has jumped more than 80 percent since 1992.

We strongly believe that the Administration's community policing initiative is on the right track and helping to reverse the trend of under protection. It is helping thousands of communities put more police in neglected, high-crime areas -- as well as allowing police officers to work collaboratively with community residents to solve a broad spectrum of crime problems (youth violence, domestic abuse, hate crimes, etc.) With more than 40,000 new police officers to be hired, there is still much the Administration's community policing -- and other crime initiatives -- can do to address the considerable public safety needs of minority communities.

The Civil Rights Enforcement group will seek to develop a coordinated strategy and common mission for the many federal agencies involved in civil rights enforcement. In addition to reviewing how to reduce the considerable backlog of cases in some of these agencies, the Civil Rights group will tackle and troubleshoot some of the policy quandaries that arise when communities try to be innovative. For instance, the Fair Housing Act has prevented some EZs from targeting their housing monies to EZ residents. Similarly, school districts that have tried to improve by implementing initiatives such as teacher testing have come into conflict with Title VII of the Civil Rights Act.

D. Health

Instead of establishing a new work group to review health issues, we intend to build on DPC's close working relationship with HHS and existing health initiatives.. HHS has already commenced an internal review to identify disparities in health needs and the provision of services. Also, we are reviewing the Administration's immunization initiative to see how it has impacted racial and ethnic minorities, and considering how we can ensure that the low-income children's health initiative meets the significant needs of certain minorities.

II. INITIAL EDUCATION ANNOUNCEMENT

We are recommending that you announce a two-part education initiative when you speak to the NAACP on July 17th. This initiative, which will be included as part of the reauthorization of the Higher Education Act, focuses on improving teacher recruitment and preparation, with a particular focus on preparing teachers to teach in urban and poor rural school systems. The teacher preparation component of the program will provide funds to partnerships involving institutions of higher education with exemplary teacher preparation programs, other institutions of higher education seeking to strengthen their teacher preparation programs, and local school

systems that will employ new teachers. These partnerships will work together to implement teacher preparation programs that effectively equip new teachers to teach in urban and rural environments.

The second component funds scholarships for individuals preparing to teach; scholarship recipients will be required to teach for at least three years in an under served community. Funds will be distributed on a competitive basis to partnerships of eligible local school systems and institutions of higher education. The partners together will define the priority local needs (e.g., teachers in particular disciplines, specialties or grade levels) and target populations (e.g., mid-career adults, paraprofessionals already in the classrooms, or more traditional teacher candidates), and will provide scholarships to individuals meeting these criteria.

By focusing on better training for teachers and improving our neglected schools, we believe that you will be in a strong position to urge the NAACP not to abandon its long history in support of integration -- and to support the Administration's education initiatives.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-JUL-1997 11:19:04.00

SUBJECT: Last minute crack Q/A

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

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 07/10/97 11:19 AM -----

Jose Cerda III
06/30/97 01:22:01 PM
Record Type: Record

To: April K. Mellody/WHO/EOP, Jonathan Murchinson/WHO/EOP
cc: Elena Kagan/OPD/EOP, Leanne A. Shimabukuro/OPD/EOP
Subject: Last minute crack Q/A

Arpil/John:

Just a quick "crack" q&a noting that DOJ/ONDCP recommendations have not arrived to WH yet, but they're on the way. Also, quick refresher on initial recs we're responding to. WH press may not be in-tune with this yet, but thought we'd send it anyway.

Jose'

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

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D81]MAIL45712409W.116 to ASCII,
The following is a HEX DUMP:

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**U.S. Sentencing Commission Report on Crack Cocaine
June 30, 1997**

Questions and Answers

Q. Weren't the Attorney General and ONDCP Director scheduled to make recommendations to the President today on the U.S. Sentencing Commission's recommendations on crack cocaine penalties?

A. When the Commission's report was released (April 29th), the President directed the Attorney General and ONDCP Director to take a comprehensive review of the Sentencing Commission's recommendations and report back to him within 60 days -- or by yesterday. My understanding is that the Justice Department and ONDCP are finalizing their recommendations, and that we expect to receive them within the next couple of days.

Q. What did the U.S. Sentencing Commission's report recommend?

A. The U.S. Sentencing Commission transmitted a report to Congress and the Administration on April 29th that recommended legislation to reduce the disparity between sentences for crack cocaine and powder cocaine.

Specifically, the Sentencing Commission recommended that the triggering amount for the 5-year mandatory minimum sentence for cocaine be changed from 5 grams to somewhere between 25 and 75 grams for crack violations and from 500 grams to between 125 and 375 grams for powder cocaine. In other words, they recommend a "pinch" - - reduce crack cocaine penalties a little and increase powder cocaine penalties a little to narrow the sentencing disparity. This is only a recommendation to amend federal law, and Congress is not required to act on it.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-JUL-1997 14:36:26.00

SUBJECT: weekly

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

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

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

TEXT:

Could you do entries for the weekly on our crack strategy and our Brady plans? thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-JUL-1997 14:09:49.00

SUBJECT: materials for V.P. tax event

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

TEXT:

please print

----- Forwarded by Elena Kagan/OPD/EOP on 07/10/97 02:09
PM -----

Russell W. Horwitz
07/10/97 12:15:01 PM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: materials for V.P. tax event

Attached is a packet of background materials on the child tax credit.
Includes fact sheet, examples of working families who fare better under
the President's plan and summary of state-by-state analysis.

Message Sent

To: _____
Lori L. Anderson/WHO/EOP
Barry B. Anderson/OMB/EOP
Brenda M. Anders/WHO/EOP
Kenneth S. Apfel/OMB/EOP
Eli G. Attie/WHO/EOP
Donald A. Baer/WHO/EOP
Kris M Balderston/WHO/EOP
David S. Beaubaire/WHO/EOP
Marsha E. Berry/WHO/EOP
Sarah A. Bianchi/OMB/EOP
Jill M. Blickstein/OMB/EOP
Erskine B. Bowles/WHO/EOP
Emily Bromberg/WHO/EOP
Susan A. Brophy/WHO/EOP
Rebecca A. Cameron/WHO/EOP
Phillip Caplan/WHO/EOP
Laura K. Capps/WHO/EOP
Paul R. Carey/WHO/EOP
Cheryl M. Carter/WHO/EOP
Ann M. Cattalini/WHO/EOP
Barbara Chow/WHO/EOP
Michael Cohen/OPD/EOP
Steven A. Cohen/WHO/EOP
Brenda B. Costello/WHO/EOP
Michelle Crisci/WHO/EOP
Betty W. Currie/WHO/EOP
Suzanne Dale/WHO/EOP
Michael Deich/OMB/EOP

Marilyn DiGiacobbe/WHO/EOP
Elizabeth Drye/OPD/EOP
Ann T. Eder/WHO/EOP
James T. Edmonds/WHO/EOP
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D. Stephen Goodin/WHO/EOP
Julia R. Green/WHO/EOP
Melissa Green/OPD/EOP
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Daniel D. Heath/OMB/EOP
Nancy V. Hernreich/WHO/EOP
John L. Hilley/WHO/EOP
Katherine Hubbard/WHO/EOP
Kathryn O. Higgins/WHO/EOP
Peter G. Jacoby/WHO/EOP
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Brian J. Johnson/CEQ/EOP
Elena Kagan/OPD/EOP
Thomas A. Kalil/OPD/EOP
Jonathan A. Kaplan/OPD/EOP
Angus S. King/WHO/EOP
Nicholas B. Kirkhorn/WHO/EOP
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Jeanne Lambrew/OPD/EOP
G N. Lattimore/WHO/EOP
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Patricia F. Lewis/WHO/EOP
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Peter R. Orszag/OPD/EOP
Kristen E. Panerali/OPD/EOP
John Podesta/WHO/EOP
Jonathan Prince/WHO/EOP
Victoria Radd/WHO/EOP
Franklin D. Raines/OMB/EOP
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Stacey L. Rubin/WHO/EOP
Ellen S. Seidman/OPD/EOP
Laura D. Schwartz/WHO/EOP

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 Christopher J. Lavery/WHO/EOP
 Minyon Moore/WHO/EOP
 Craig T. Smith/WHO/EOP
 Karen E. Skelton/WHO/EOP
 Jeffrey A. Forbes/WHO/EOP
 Virginia M. Terzano/OVP @ OVP
 Lorraine A. Voles/OVP @ OVP
 Roger V. Salazar/OVP @ OVP
 Julia M. Payne/OVP @ OVP
 Anne H. Lewis/OPD/EOP
 Daniel C. Tate/WHO/EOP
 Mickey Ibarra/WHO/EOP
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 Emil E. Parker/OPD/EOP
 Leanne A. Shimabukuro/OPD/EOP
 Robert M. Shireman/OPD/EOP
 Robin J. Bachman/WHO/EOP
 Barbara Chow/WHO/EOP
 Ananias Blocker III/WHO/EOP
 Jonathan H. Schnur/OVP @ OVP
 Christopher R. Ulrich/OVP @ OVP

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

TEXT:

Unable to convert ARMS_EXT: [ATTACH.D22]MAIL444815090.116 to ASCII,
 The following is a HEX DUMP:

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FF575043611C0000010A0201000000020500000015C50000000200002BF4E4F45794B600BBA80D
30443422FCF895B0A5DA688953C7531C48EB5EA639435A31ABB3CCA973C566C173118EDE50949C
15628826A597448A8E7F15288511B672DC07AFA738BBCCAA1084FC3FD9C01EBD81B2E6ADA0F83B
  
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PRESIDENT CLINTON'S CHILD TAX CREDIT

Working families
who pay taxes and play by the rules
deserve a tax cut too

July 10, 1997

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President Clinton's Child Tax Credit

A Fact Sheet

July 10, 1997

The President's child tax credit includes the following features:

Age:

- Covers children under 17 through 2002.
- After 2002, covers children under 19.

Amount per-child:

- \$400 in 1998
- \$500 in 1999 and then indexed for inflation.

Income Limits:

- Phased out for families with incomes between \$60,000 and \$75,000 until 2000.
- After 2000, the phase-out range is raised to between \$80,000 and \$100,000 and then indexed for inflation.

Refundability to Cover Out-of-Pocket Income and Payroll Taxes:

- Working families who pay out of pocket federal taxes would benefit from the child tax credit. The child tax credit is calculated before the EITC and will be partially refundable. A family will get a child credit for their income taxes plus the extent to which their out-of-pocket (employee share) payroll taxes exceed their EITC.

Savings Incentive Feature:

- Taxpayers who are entitled to a child credit would have the opportunity to contribute their child tax credit plus an additional \$500 per-child each year to a Kidsave Account for the child's education, first time home purchase, or the taxpayer's retirement. Earnings would accumulate tax-free in the account and no taxes would be due upon withdrawal for these purposes.

Cost:

- \$70.2 billion over 1997-2002.
- \$176.1 billion over 1997-2007.
- \$22.0 billion in 2007.

Working Families Who Pay Taxes and Play by the Rules Deserve a Tax Cut Too

Compared to the President's proposal, the Senate bill denies the child credit to 3.8 million families who make less than \$30,000. The House bill denies the child tax credit to 4.8 million of these families. The President strongly believes families who work hard, pay taxes, and play by the rules deserve a tax cut too.

Examples of working families who receive a tax cut under President Clinton's plan but are shortchanged by Congressional plans:

Example #1: A Family Like Police Officer Daniel Mercado's

Consider a family like Police Officer Daniel Mercado's of Savannah, Georgia. A family like his with two parents, four children, and an income of \$26,000 would receive a \$1,238 child tax credit under President Clinton's proposal, but would not receive a child tax credit under the House or Senate bills.

Federal Tax Situation Before Any Child Tax Credit/1:

Income taxes owed before EITC	\$285
Payroll taxes (just employee share)	\$1,989
Excise taxes/2	\$400
Federal out-of-pocket taxes owed before EITC	\$2,674
Employer share of payroll taxes	\$1,989
Federal taxes before EITC	\$4,663
Benefit from EITC	\$1,036

	President Clinton's Proposal	House Bill	Senate Bill
Child Tax Credit for family with two parents and four kids and income of \$26,000	\$1,238	\$0	\$0

Notes:

- 1: Source: U.S. Department of Treasury. Assumes 1999 tax parameters.
- 2: Estimate calculated from Congressional Budget Office Data. CBO estimates that in 1998, families with incomes between \$20,000 and \$30,000 would pay 1.54 percent of their income in federal excise taxes.

Example #2: A Family Like Michelle Orticke's

Consider a family like Michelle Orticke's, a receptionist from Springfield, Virginia. A family like hers with a mother and two children and an income of \$24,000 would receive a \$1,000 child tax credit under President's Clinton's proposal. A family like this one would receive a smaller \$651 child tax credit under the Senate bill and would receive no child tax credit under the House bill.

Federal Tax Situation Before Any Child Tax Credit/1:

Income taxes owed before EITC	\$1,380
Payroll taxes (just employee share)	\$1,836
Excise taxes/2	\$370
<hr/>	
Federal out-of-pocket taxes owed before EITC	\$3,586
Employer share of payroll taxes	\$1,836
<hr/>	
Federal taxes before EITC	\$5,422
Benefit from EITC	\$1,457

	President Clinton's Proposal	House Bill	Senate Bill
Child Tax Credit for family with one parent and two kids and income of \$24,000	\$1,000	\$0	\$651

Notes:

- 1: Source: U.S. Department of Treasury. Assumes 1999 tax parameters.
- 2: Estimate calculated from Congressional Budget Office Data. CBO estimates that in 1998, families with incomes between \$20,000 and \$30,000 would pay 1.54 percent of their income in federal excise taxes.

State-by-State Analysis of Working Families Shortchanged by Congressional Tax Cut Plans

PRESIDENT CLINTON STRONGLY BELIEVES FAMILIES WHO WORK HARD, PAY TAXES, AND PLAY BY THE RULES DESERVE A TAX CUT TOO:

- Compared to President Clinton's tax cut proposal, the House bill denies the child tax credit to 4.8 million working families who make less than \$30,000.
- Compared to President Clinton's tax cut proposal, the Senate bill denies the child tax credit to 3.8 million working families who make less than \$30,000.

<i>State</i>	<i>Compared to President's Plan Number of Working Families Who Make Below \$30,000 Denied the Child Credit under the <u>Senate</u> Plan</i>	<i>Compared to Presidents Plan Number of Working Families Who Make Below \$30,00 Denied the Child Credit under the <u>House</u> Plan</i>
Alabama	82,659	104,411
Alaska	6,323	7,987
Arizona	68,517	86,548
Arkansas	49,268	62,233
California	447,915	565,788
Colorado	50,160	63,360
Connecticut	27,150	34,294
Delaware	10,038	12,679
Florida	222,038	280,469
Georgia	130,635	165,013
Hawaii	13,203	16,678
Idaho	19,334	24,421
Illinois	155,667	196,632
Indiana	78,566	99,241
Iowa	36,093	45,591
Kansas	35,135	44,381
Kentucky	57,021	72,026
Louisiana	80,628	101,846
Maine	16,949	21,409
Maryland	71,351	90,128
Massachusetts	54,677	69,066
Michigan	104,371	131,837
Minnesota	50,043	63,213
Mississippi	61,474	77,651
Missouri	78,557	99,230
Montana	13,400	16,926
Nebraska	23,648	29,872
Nevada	26,709	33,737
New Hampshire	12,794	16,161

<i>State</i>	<i>Compared to President's Plan Number of Working Families Who Make Below \$30,000 Denied the Child Credit under the <u>Senate</u> Plan</i>	<i>Compared to Presidents Plan Number of Working Families Who Make Below \$30,00 Denied the Child Credit under the <u>House</u> Plan</i>
New Jersey	96,681	122,124
New Mexico	31,716	40,063
New York	237,157	299,567
North Carolina	134,793	170,265
North Dakota	8,756	11,060
Ohio	135,211	170,792
Oklahoma	54,046	68,269
Oregon	41,077	51,886
Pennsylvania	141,976	179,338
Rhode Island	10,915	13,787
South Carolina	71,580	90,417
South Dakota	11,719	14,804
Tennessee	94,790	119,735
Texas	354,927	448,328
Utah	27,212	34,373
Vermont	7,887	9,963
Virginia	86,986	109,877
Washington	61,630	77,848
West Virginia	25,255	31,901
Wisconsin	56,208	71,000
Wyoming	6,623	8,366
District of Columbia	11,147	14,081
United States	3.8 million	4.8 million

Methodology of State-by-State Analysis

Using the Treasury individual income tax model, an estimate was generated for the aggregate numbers of taxpayers in 1998 with Adjusted Gross Income below \$30,000 who receive the child tax credit under President Clinton's proposal but not under the House and Senate bills. These aggregates were distributed across states in proportion to the fraction of EITC recipients nationwide in 1995 with incomes between \$15,000 and \$30,000 who reside in the particular state. EITC recipients with incomes between \$15,000 and \$30,000 form the group primarily affected by the differences in the child tax credit proposals.

Child Tax Credits for Families With Incomes Between \$18,000 and \$30,000

Families of Four: Two Parents and Two Children

Family Income	President's Proposal	House Bill	Senate Bill
\$18,000	\$0	\$0	\$0
\$20,000	\$225	\$0	\$0
\$22,000	\$330	\$0	\$0
\$24,000	\$1,000	\$0	\$96
\$26,000	\$1,000	\$89	\$607
\$28,000	\$1,000	\$810	\$1,000
\$30,000	\$1,000	\$1,000	\$1,000

Source: U.S. Department of Treasury. Figures for 1999.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-JUL-1997 14:11:26.00

SUBJECT: Re: COS Scheduling Mtg.

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

TEXT:

why did erskine want to kill it?

is genetic screening still on the schedule?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-JUL-1997 09:10:34.00

SUBJECT: Re: Friday

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

TEXT:
Anytime after 3. That would be great.

RECORD TYPE: PRESIDENTIAL (NOTES READ RECEIPT)

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

CREATION DATE/TIME:10-JUL-1997 14:08:52.00

SUBJECT: RECEIVED: Reminder--LRM MNB3 Comments Due

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

TEXT:
RETURN RECEIPT

Your Document:
Reminder--LRM MNB3 Comments Due
was successfully received by:
CN=Elena Kagan/OU=OPD/O=EOP
at:
07/10/97 02:07:20 PM

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-JUL-1997 19:35:42.00

SUBJECT: re: public health groups meeting with VP

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

TO: DRYE_E (DRYE_E @ A1 @ CD @ LN GTWY [UNKNOWN]) (OPD)
READ:UNKNOWN

TEXT:

hmmmm.

----- Forwarded by Elena Kagan/OPD/EOP on 07/10/97 07:37
PM -----

Michael Waldman
07/10/97 04:59:13 PM
Record Type: Record

To: Elena Kagan/OPD/EOP, Barbara D. Woolley/WHO/EOP, Donald H. Gips/OVP @
OVP
CC:
Subject: re: public health groups meeting with VP

Joan Claybrook, the President of Public Citizen (my former employer, as you know), called me to ask for her or David Vladeck, the Director of Public Citizen's Litigation Group, to be included in the meeting with the VP tomorrow of health groups. (I wasn't aware of such a meeting, but she said it was in the paper.) They were involved in the FDA litigation (they were intervenors on behalf of the public health groups in the North Carolina case), and have been involved in a number of other ways.

Unless this is a smaller meeting (i.e., of people who only love the deal, etc.), it would make sense to include Claybrook or Vladeck. THANKS.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-JUL-1997 19:37:05.00

SUBJECT:

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

TEXT:
please print.

----- Forwarded by Elena Kagan/OPD/EOP on 07/10/97 07:39
PM -----

Bruce N. Reed
07/10/97 05:47:28 PM
Record Type: Record

To: Elena Kagan/OPD/EOP, Paul J. Weinstein Jr./OPD/EOP
cc:
Subject:

----- Forwarded by Bruce N. Reed/OPD/EOP on 07/10/97
05:48 PM -----

From: Melissa Green on 07/10/97 05:25:06 PM
Record Type: Record

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

Please deliver the following agenda and dicussion paper to your principal for tomorrow's 2:00pm Climate Change Meeting. If there are any problems with the transmission please call Melissa Green at 456-5804. Thank you.

Message Sent

To: _____
Rodrigo Prudencia @ 647-0753 @ Fax
Sheri @ 695-7011 @ Fax
Liz Toohey @ 219-7971 @ Fax
esther @ 622-1800 @ Fax
Mary Beth @ 720-2166 @ Fax
Lucie Naphin @ 482-0052 @ Fax
Jose Vazquez @ 366-5535 @ 366-7952 @ Fax
Barbara @ 366-3937 @ Fax
Denise @ 260-0279 @ Fax
Marcus King @ 586-7573 @ Fax
Peg Weathers @ 586-7573 @ Fax
Janet Graves @ 395-1005 @ Fax
Lois Altoft @ 395-3174 @ Fax

Agenda
NEC/CEQ Principals Meeting
Climate Change
July 11, 1997

- I. Interagency Decision Process
- II. Domestic Emissions Trading

CLIMATE CHANGE POLICY WORKGROUPS

1. Domestic Policies

- A. Domestic Emissions Trading
- B. Technology Policy
- C. Transition Assistance
- D. Regulations and Standards

2. International Policies

- A. International Emissions Trading & Joint Implementation
- B. Developing Country Issues
- C. Enforcement/Compliance

DISCUSSION PAPER:

**DOMESTIC EMISSIONS TRADING PROGRAMS
FOR GREENHOUSE GASES**

1. Introduction

Under emissions trading programs, emissions allowances are first allocated or auctioned. These allowances may then be traded. Allowances can have substantial value, so distributional issues are an important component of program design.

Emission trading programs offer both “static” and “dynamic” efficiency advantages over more traditional forms of regulation. Trading allows those with higher abatement costs to purchase allowances from those whose costs are lower. Total costs will therefore be lower than under traditional regulation, which require all polluters to comply with a specific standard. Nevertheless, emissions trading may often involve people and firms adjusting to higher prices.

Under traditional regulation, firms have little incentive to abate pollution by more than the minimum required. As a result, firms under-invest in pollution control R&D. Emissions trading offers dynamic efficiency gains by creating incentives to continuously improve pollution abatement technologies in order to generate “surplus” allowances for sale.

2. US Experience with Emissions Trading

The US has had more experience with emissions trading than any other country. Examples include:

Sulfur Dioxide (SO₂) Allowance Trading: The Clean Air Act Amendments of 1990 required a 50% reduction in SO₂ emissions from electric utility boilers. To accomplish this goal, a fixed number of emission allowances were allocated to electric utilities based on a formula reflecting historical emissions. In addition, a small portion of allowances are auctioned every year to facilitate price discovery and new entrants. Allowances are specifically excluded from being defined as rights to pollute, may be traded to any party anywhere, and may be “banked” for use in future years. Participants need to conduct regular monitoring of emissions and make an annual accounting of their emissions. Penalties are imposed if emissions exceed the number of allowances held by a source.

A functioning market in SO₂ allowances now exists, involving both bilateral exchanges

between companies, and brokered exchanges through third parties. This market, along with other factors,¹ has helped to dramatically reduce the cost of the abatement program. Initially, forecasters claimed that a 50% reduction (10 million tons) in SO₂ would correspond to allowance prices in the range of \$400 to \$1000.² However, prices for allowances that would be needed in the next decade to achieve this level of emission reduction currently range between \$100 to \$120. In addition, 1995 emissions were actually 40% below the legally required levels for that year.

Water Effluent Trading: The US generally has regulated surface water quality through a system of discharge limits for large sources of water pollution. In addition, states have standards for ambient water quality which are often not attained even after large dischargers apply "best technology." The reason is that small ("nonpoint") sources (such as runoff from farms) contribute significantly to water pollution. A number of state and local governments are employing trading systems for watersheds that either permit trading among large dischargers, or allow large dischargers to fulfill their requirements by controlling nonpoint sources. These include the Fox River in Wisconsin, the Dillon Reservoir in Colorado, and the Tar-Pamlico River in North Carolina. The latter two programs are designed to manage future economic growth. Thus, the quantity of effluent allowances allocated exceeds current discharge levels. Once growth consumes this excess, trading is expected to reduce compliance costs.

Inter-refinery Lead Trading: EPA operated a lead trading program from 1983 to 1987 as it phased out lead from gasoline. Lead trading allowed refiners and importers to trade lead reduction credits in order to meet limits for the lead content of gasoline. The quantity of allowances to which a firm was entitled was determined by the amount of leaded fuel produced by the firm and the contemporaneous EPA standard. Those who bettered the standard could sell their credits to others. Some 10 billion grams of lead were traded during

¹ These include the fact that the target that was actually adopted was not as onerous as many in industry had feared, the low price and widespread availability of low sulfur coal, the awarding of "bonus allowances," the postponement of capital investments, and lower than expected transportation costs.

² Hahn, Robert W., and Carol May, "The Behavior of the Allowance Market: Theory and Evidence," The Electricity Journal, March, 1994.

the course of the program at prices ranging from 0.75 to 5 cents per gram. Allowing the trading of lead credits reduced the costs of the program by approximately 20 percent.

Criteria Air Pollutant Trading: EPA first began incorporating aspects of emissions trading in its air program in 1974, when it allowed a modified source to use "credits" earned by another source within the same plant to avoid additional regulatory requirements. Since then, emission trading has substantially expanded. Trades have numbered in the thousands and have been estimated by Hahn and Hester (1986) to have achieved savings between \$525 million and \$12 billion.

Market Mechanisms for Chlorofluorocarbon (CFC) Phaseout: Under the 1987 Montreal Protocol to limit stratospheric ozone depletion, the U.S. required the phase out of the production of CFCs by 1996. As part of its program, the U.S. adopted a tradeable permit regime covering CFC manufacturers and importers. These allowances were allocated based on each firm's 1986 market share. As the market for CFCs declined, the system allowed firms to allocate production among different facilities according to the least-cost pattern of supply. It also gave CFC users the flexibility to switch between different CFC compounds, within the overall limit on allowances. This program helped reduce the costs of the phaseout. In 1988, EPA estimated that the cost to *halve* CFC use would be \$3.55 per kilogram. By 1993, it became clear that all uses could be *eliminated* by 1996 at a cost of \$2.45 per kilogram.

3. Emissions Trading of Greenhouse Gases

A greenhouse gas emissions trading program would likely contain several elements. First, emissions budgets would be established. Some entity or entities would be given responsibility for verifying compliance and the integrity of allowances. Noncompliance with allowance limitations or reporting requirements would result in penalties. The program would establish permit lifetimes, monitoring and enforcement provisions, and rules for permit banking, borrowing, and trading.

Among the important issues to be addressed in designing a domestic emissions trading program are:

- Where the constraint is imposed. A "primary fuel" trading program would limit the production or import of fossil fuels. A "sectoral" trading program would limit emissions from one or more key sectors (e.g. utilities, transport or heavy manufacturing).
- How permits are distributed. Permits could be given to existing emitters, given to

others (who could then sell them back to existing emitters), auctioned, or some combination of the foregoing. If permits are auctioned, substantial revenues could be raised. (Options for using these revenues include tax cuts, deficit reduction and support for transitional or technology programs). If permits are given away, recipients would potentially receive a windfall.

These and related issues are discussed below.

A. Where the constraint is imposed.

Carbon dioxide from fossil fuel combustion currently accounts for about 85 of U.S. greenhouse gas emissions. A trading program could be implemented at various points in the energy market, including fuel import, fuel extraction, processing, refining, distribution, and secondary conversion (e.g., coal to electricity). These points could vary by sector. For example, an emissions trading program could focus on the point of final combustion for coal, but on refining for oil, or distribution for natural gas.

Possible programs are described below:

Primary Fuel Emissions Trading

The primary fuel producing sector – extraction, processing, refining, and distribution – has many levels where a permit program could be implemented. One option would be to require permits at the point of first sale (a permit is surrendered with the first inter- or intra-company transaction). Such a system would include transactions between a coal company and an electric utility, between a natural gas producer and its marketing arm, between a natural gas producer and a broker, or between an oil extraction company and its refinery operations. Fuel importers would also require permits to import fuel. This would capture the carbon from fuel consumed in the refining process. The number of market actors under this program design would be under 5000 and virtually all carbon in the energy sector would be included in the program.

Sectoral Emission Trading

An emissions trading program could also be applied at the point of combustion, allowing trading among affected sources. This system would be most comparable to the current SO₂ emissions allowance trading system.

Including the six largest industrial CO₂-emitting sectors (electric utilities, cement, primary metals, pulp and paper, petroleum refining and chemicals) in a trading program could encompass as many as 20,000 market participants and 90 percent of industrial CO₂ emissions. Mobile source emissions could be indirectly included in the system by allocating transportation equipment manufacturers permits for emissions associated with their automobile fleets or by including refiners in the program. Residential and commercial emissions could be similarly addressed by focusing upstream in the energy system. The electric generating sector could use existing monitoring and reporting infrastructure.

In determining where constraints would best be imposed, the following factors may be relevant:

Administrative and compliance feasibility: The number of sources involved in the trading program should be small enough to be administratively feasible and large enough to ensure market competition. In addition, monitoring and verification of permit compliance must be possible for those included in the program.

Public Acceptance: The program must consider the ease or difficulty with which various allocation approaches would be accepted by the public.

Potential to Diffuse Low Greenhouse Gas Technologies: Alternative points of intervention should be evaluated for their ability to provide incentives for research, development, adoption and diffusion of low greenhouse gas technologies.

Market Impacts: The permit program will have economic impacts on firms that vary depending on program design. For example, exempting certain sizes or categories of sources from permit requirements because of administrative or equity concerns (e.g., small boilers or home heating oil) has competitive implications within the energy market.

Consistency with the international trading system: The domestic program should be consistent with any international prescriptions concerning the coverage of sources and gases.

2. Who gets permits

In an emissions trading system, permits can be given to existing emitters on the basis of baseline/historical emissions or other formulae, given to others (who can then sell them to emitters), auctioned (where revenues accrue to the government), or some combination of the foregoing.

Permit allocation formulae could take into account the market impacts of the mitigation

program. "Set asides" could be made available to those industries, workers or consumers who experience a disproportionate share of the costs of control. A set aside could also be auctioned, with the revenues used for the same purpose.

Allocation Based On Baseline/Historical Emissions

Under this approach, sources are given a number of permits based on baseline fuel production or emissions and an allocation formula. Various allocation formulae can be devised, weighted to greater or lesser degrees in favor of sources with high historical emissions. Emissions allowances are endowed to facility operators for no cost and would be transferable. Those receiving permits thus obtain assets of potentially large value from the government at no cost.

Such an allocation mechanism could create entry barriers. In a capital intensive sector like primary fuel production, where entry barriers are already substantial, new entrants would be further disadvantaged if they had to purchase permits – especially if existing holders hoard permits. This problem could be mitigated by setting aside a number of permits for purchase by new entrants or by auctioning a portion on the open market. Such an auction would also facilitate price discovery in a new market. Although new firms will still be disadvantaged (as they will pay for all of their permits), they would be able to enter the market. The pool of permits would need to be withheld from existing sources to ensure compliance with budgeted national emission levels.

It may be desirable to design an allocation that would allow credit for early emissions reductions (those achieved prior to the start of the program, but after the baseline period) -- in particular for those that reduced greenhouse gas emissions as part of government sponsored voluntary programs. If credits for past actions are given, the total credits allowed would need to be deducted from the overall permit allocation for the first budget period in order not to exceed the national greenhouse gas emissions target. In addition, mechanisms may be necessary to ensure verification of these credits.

Auction

Alternatively, an auction could be used to allocate permits. The price permit holders pay would depend in part on the auction design or method used. Auctions ensure that permits cannot be hoarded (a concern often expressed regarding allocation approaches), are available for trade, and would serve to inform potential traders about current price levels. Auctions would put new entrants on the same footing as existing emitters. As discussed earlier, since an auction could produce substantial revenues, some decision would have to be made with respect to what to do with the proceeds.

Given that an auction could produce substantial revenues, some decision would have to

be made with respect to what to do with the proceeds. They could be used exclusively to reduce taxes or the deficit. Alternatively, as discussed below, a portion of the revenues could be used to address inequities in the distribution of control costs and to fund R&D for less carbon intensive energy sources and end uses.

Supporting Technological Progress and Transitions

The allocation of permits, or the use of auction revenue, could be used to promote more rapid diffusion of existing climate-friendly technologies and accelerated R&D for new technologies. For example, a reserve of allowances could be set aside to encourage more rapid development and diffusion of low greenhouse gas emitting technologies. Manufacturers of energy consuming equipment could compete for the set aside based on the degree to which they produce equipment more efficient than the average in use or than required by current mandatory efficiency standards. Such a program could yield reductions in energy demand and help buffer the consumer from the impact of higher energy costs. Similar results could be achieved with the use of auction revenue.

Permit allocation formulae could take into account the market impacts of the mitigation program. Set asides could be made available to those industries, workers, or consumers who experience a disproportionate share of the costs of control. Auction revenues could also be used for this purpose.

C. Non-carbon greenhouse gases

Greenhouse gases include not only carbon dioxide, but also methane, nitrous oxides, hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆). Gases differ both in their atmospheric lifetimes and in their ability to trap heat in the atmosphere. In addition, carbon is not only emitted through the combustion of fossil fuels, but is also absorbed by "sinks" such as trees and soils.

Gases other than carbon dioxide account for the 15% of U.S. greenhouse gas emissions. Most important is methane, which accounts for 11% of national emissions. Since gases differ in their lifetimes and in their potential to trap heat in the atmosphere, an "exchange rate" or trading ratio must be established to convert all gases into common units for inclusion in a trading program. Such ratios have been developed by climate researchers and could be applied here. These should be consistent with the rules established in the international protocol.

Several, although not all, of the many sources of non-carbon greenhouse gases could likely be included in a trading system. For example, methane emitting coal mines, landfills, livestock manure management facilities and potentially natural gas distribution systems may meet the criteria described above for inclusion in a greenhouse gas trading program. These sources account for 7% of national greenhouse gas emissions. Similarly, emissions of some sources of

other gases could potentially be included (e.g., magnesium production).

Forests in the United States currently remove an amount of carbon equal to 8 of national emissions from the atmosphere. Their inclusion in the trading program would enhance the system's flexibility, although there could be considerable methodological challenges with such an approach.