

**NLWJC - KAGAN**

**EMAILS CREATED**

**ARMS - BOX 004 - FOLDER 007**

**[12/3/1997 - 12/16/1997]**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 16:30:23.00

SUBJECT: Re: updates

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

TEXT:

everything here looks good.

let's talk about the ins process further once I've had a chance to read your memo.

on haiti, leg affs has told justice it doesn't think we should do DED and offered Holder a meeting with bruce and john hilley if he disagrees.

i do NOT want to do any presumptions for Central Americans, but the new administrative scheme looks ok.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 15:11:46.00

SUBJECT: Mtg.

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

TEXT:  
is this ok?

----- Forwarded by Elena Kagan/OPD/EOP on 12/03/97 03:11  
PM -----

Carole A. Parmelee  
12/03/97 10:13:22 AM  
Record Type: Record

To: Elena Kagan/OPD/EOP  
cc:  
Subject: Mtg.

Elena, EBB is holding a mtg. next Wed., 12/10, at 2:00 PM to discuss Sec.  
Ser. unionization.  
Pls. let me know if you can attend. Thanks. Carole



## Race Initiative

1. I have been working with the Town Hall people (Ann Lewis and Minyon heading the effort) on questions for the President and the moderator to use in Akron.
2. Also today, Tanya and I met with folks from the PIR and Bob Shireman to discuss the agenda for the December 17th Board Meeting. The topic is K-12 education. The proposed themes of the day are equity and excellence in primary and secondary education. They envision a more chatty format, with panelists taking questions from the audience and the Board. The proposed panelists include education experts (those who have promoted various models of school reform), students, parents and teachers from urban, suburban and rural school districts. These panelists would be expected to discuss the varying experiences of public education and the challenges that still exist (racial isolation; low expectations; etc.). Though they would take questions from the audience, they talked of scripting some questions or at least getting submissions from the group, and screening for interesting and relevant ones.

They envision the second session as including a discussion of "promising practices" -- programs where schools or school districts have been successful in overcoming racial divides (in resources; expectations; racial segregation; etc.) This panel would include people who are involved in programs that bridge racial divides and education experts with different views on how best to achieve equality of opportunity for kids.

This is all still very rough, but we are hoping to seem more concrete stuff (including names of potential panelists) over the next several days.

3. I met today with John Goering (PIR) and Lisa Ross (DOL) re: the January 13th Board meeting on employment. It is in its very early formative stages.

## Immigration

1. We (NSC, WHC, Maria) had a meeting with the INS and Justice this afternoon re: the implementation of the suspension of deportation provisions of the new law as applied to Guatemalans, Salvadorans and Eastern Europeans covered by the new law. The advocacy groups have asked (1) for a regulation that provides for a presumption of "extreme hardship" for all central Americans covered by the legislation; (2) an additional provision that provides for a presumption of "good moral character" for the same group; and (3) that the process be handled by asylum officers (w/in INS; an administrative process) rather than immigration judges (EOIR). The INS and DOJ are very opposed to doing a reg., but have proposed a new administrative scheme that would permit asylum officers to determine suspension of deportation claims. This would expedite the process for applicants, be cheaper (no lawyers), but would still allow immigration review (de novo) if the applicant is denied by the asylum officer. It also seems to make sense because the ABC class members (who make up the bulk of those covered by the legislation) are entitled to an asylum adjudication anyway, and the suspension process could be incorporated into that proceeding. The INS is going to give us an outline of their proposal, which

will include an explanation of how different groups covered by the legislation (i.e., those who have been through the asylum process already; those who have dates scheduled before EOIR, those not in the system, etc.) would be affected by this administrative change. We should have that by the end of the week.

2. Last Wednesday, Steve Mertens from OMB let us know that he was including a reform proposal in his passback to INS. Though INS had seen an earlier version of OMB's thinking a couple of weeks ago, we were concerned that INS not think that the OMB proposal was any kind of benchmark for our review, or that it in any way had the imprimatur of the EOP. We voiced these concerns to Mertens at that time. According to Scott Busby at NSC, Commissioner Meissner was displeased that OMB included a reform proposal in their passback, outside of the DPC process, and without further consultation with them. We spoke with Mertens today, and he informed us that Commissioner Meissner had informed the DOJ that it is inappropriate for them to comment on the OMB proposal while the DPC review is happening.

3. Leanne and I have one more INS reform meeting to go. On Thursday, we are meeting with the second group of advocates (arranged by Maria) to talk about services (the other was on enforcement). By the end of the week, we will have a summary for you on the meetings that we have had. Our next step, we think, is a White House meeting on the reform (trying to get a sense of where people are internally) where we would also discuss how much we think we need to have done by the middle to end of December (thinking about whether we want something to be part of the President's budget proposal). We would next want to meet with INS on their own, to discuss options. DOJ has told us that the sooner we can make some broad decisions (whether the restructure within INS, within DOJ, pull some functions out, etc.) the better they would be able to tailor the Booze Allen (management consultants) review that they are about to start.

4. You had asked me to follow up on a letter that we received from the Carnegie Endowment re: employment verification pilot programs administered by the INS. Carnegie, et al was concerned about whether these pilots were being conducted with the appropriate concern for civil rights and privacy. I spoke with Bob Bach who informed me that INS has a RFP out to get bids on performing the evaluative function of the pilots. They will have chosen a winner by early Winter, with the hope of having the evaluation begin by March or April. The groups are concerned that pilots are running now without evaluation. However, according to Bob, only one pilot (of 5) is operating now, and they are moving with the evaluation process as fast as they can. Bob has not been able to give the groups any more information on this effort, for fear of creating the appearance of impropriety in the bidding (i.e., the same groups that are asking for information on the process are bidding in response to the RFP; thus, if he gives too much information to one group on how they want the evaluations to be structured, they could be opening themselves up to a challenge on the fairness of their process)

5. As far as I know, we have not reached closure on the Haitian issue. Is there something else I should know or should be doing?

6. Leanne has been following up with Alan Erenbach re: battered women and 245(i).

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 19:06:03.00

SUBJECT: Re: updates

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

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 12/03/97 07:05  
PM -----

Julie A. Fernandes  
12/03/97 05:20:01 PM  
Record Type: Record

To: Elena Kagan/OPD/EOP  
cc:  
Subject: Re: updates

I just got a call from Maria, asking about the status of the Haitian issue. She wanted me to pass on that if there is a necessity for a meeting between Holder and the WH, she would like to be there.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 15:32:15.00

SUBJECT: guns and schools

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

TEXT:

how's the report idea doing?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 15:28:26.00

SUBJECT: needle exchange

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

READ:UNKNOWN

TEXT:

remember that i've promised you would hold a meeting.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 15:27:49.00

SUBJECT: fast track/sonny bono

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

READ:UNKNOWN

TEXT:

I read in the Washington Post last week that we promised Sonny Bono to support his country-of-origin legislation in exchange for his vote on fast track. Did we? Please tell me yes -- we've been looking for a way to do this in the face of agency opposition.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 16:39:51.00

SUBJECT: Re: A few thoughts on today's child care meeting

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

TEXT:

I wish you had said this at the meeting. It's a lot more intelligent sounding than anything I came up with.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1997 15:31:39.00

SUBJECT: civil rights plan

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

TEXT:

How are we doing on this? Also, have you worked on the piece relating to the eeoc's proposed policy on discrimination complaints brought against the federal government?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 4-DEC-1997 09:01:17.00

SUBJECT: Re: Class size update

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

would it be more or less expensive to use a ceiling of 20 instead of an average of 18?

how much would adding grade 3 cost -- just a half again as much, or are there "economies of scale" here?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 4-DEC-1997 14:10:52.00

SUBJECT: Re: Class size update

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

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

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

TEXT:

I was asking something else -- not how much a ceiling of 18 would cost, but how much a ceiling of 20 would cost (without an average of 18)

Michael Cohen  
12/04/97 11:26:11 AM  
Record Type: Record

To: Bruce N. Reed/OPD/EOP  
cc: Elena Kagan/OPD/EOP, Tanya E. Martin/OPD/EOP  
Subject: Re: Class size update

Couple of things. On the declining match, I don't know if that alleviates Rileys concerns or exacerbates them. The down side to the approach you proposed is that it appears to pull the feds out after 5 years, leaving the locals with half the cost to pick up. From that perspective, a lower but continuing federal contribution might be better. I'm off to meet with Riley in a few minutes, and will see what I can find out.

Second: you laid out a five year declining match--does that mean you would prefer a five year initiative rather than a seven year--with resulting higher costs each year?

Third--as an earlier e-mail indicated, ED is revising its estimate of the number of teachers we need to hire, in order to get to an 18 kid ceiling rather than average. It looks like that will drive the number of new teachers need to about 89,000, from the 76,000 figure we used yesterday. Not a terrible increase, but costly nonetheless. We'll have new cost estimates soon.

Finally--HAS ANYBODY READ MY DRAFT MEMO FROM THIS MORNING YET?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 4-DEC-1997 09:04:54.00

SUBJECT: Race Initiative--Presidential Meeting in January with Civil Rights leaders

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

READ:UNKNOWN

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 12/04/97 09:04  
AM -----

Maria Echaveste  
12/03/97 07:49:43 PM  
Record Type: Record

To: Sylvia M. Mathews/WHO/EOP  
cc: See the distribution list at the bottom of this message  
Subject: Race Initiative--Presidential Meeting in January with Civil Rights  
leaders

As part of our ongoing dialogue, we will be scheduling a meeting with civil rights leaders with the President sometime in January. Some of you may recall that we gathered a group of about 24 people before the San Diego speech in June--one of the most interesting conversations. While we do not want this next meeting to be viewed as tied directly to the meeting with conservatives later this month, we should get closure on the invite list so we can tell some of our friends that we're listening to many different perspectives. Below is a first cut at a list, based in part on that meeting in June, and is submitted to spur your thoughts. Comments and suggestions by 3:00 pm Thurs.

Antonia Hernandez (MALDEF)	Rev. Lowery	Dr.
Mary Berry		
Wade Henderson	William Julius	
Wilson Cornell West		
Rabbi David Saperstein	Karen Narasaki	Ronald
Takaki		
Kweisi Mfume	Raul	
Yzaguirre	Judy Lichtman	
Chancellor Tien	Nancy	
Zirkin	Antonio Vargas	

Please react, prioritize and otherwise tell us what you think? Thanks.

Message Copied

To: \_\_\_\_\_  
Minyon Moore/WHO/EOP  
Sidney Blumenthal/WHO/EOP  
Robert B. Johnson/WHO/EOP  
Doris O. Matsui/WHO/EOP  
Mickey Ibarra/WHO/EOP  
Lynn G. Cutler/WHO/EOP  
Susan M. Liss/OVP @ OVP  
Cheryl D. Mills/WHO/EOP  
Charles F. Ruff/WHO/EOP

Maurice Daniel/OVP @ OVP  
Elena Kagan/OPD/EOP  
Gene B. Sperling/OPD/EOP  
Bob J. Nash/WHO/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 4-DEC-1997 11:13:49.00

SUBJECT: Re: Class size update

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

READ:UNKNOWN

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

READ:UNKNOWN

TEXT:

I was just wondering whether we could lower the cost by not using the 18 benchmark.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 4-DEC-1997 21:24:21.00

SUBJECT: Re: tobacco meeting at 3pm?

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

READ:UNKNOWN

TEXT:

Not canceled. (Did Chris and I misunderstand each other? I told him the budget meeting with the President was canceled.) You have to deal with OMB. We're counting on you to make sure their numbers are honest (i.e., that the tables show how great the price increase would have to be in order to fund both nih and a \$5 billion discretionary pot). Thanks much, and sorry if I've cost you any time.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-DEC-1997 12:48:02.00

SUBJECT: Re: Congressional Ball

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

TEXT:

I didn't. Am I invited??

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-DEC-1997 17:20:55.00

SUBJECT: Re: the medicare memo

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

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

TEXT:

wonderful. I will take it home with me, and give it back to you tomorrow morning if that's OK.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1997 13:30:02.00

SUBJECT: memo styles

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

READ:UNKNOWN

TEXT:

Unable to convert ARMS\_EXT:[MESSAGE.D61]MAIL427784045.316

The following is a HEX dump of the file:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1997 15:46:27.00

SUBJECT: Re: Race Initiative Scheduling Memo, January 1998

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

TEXT:

yes, as did bruce. let's get a request in to stephanie, along with a copy of the note the President wrote to us. Can we make a place for that Americorps program (CityYear??) that specifically focuses on race relations?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1997 08:26:21.00

SUBJECT: Re: coverage memo -- in case you don't already have enough to read

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

READ:UNKNOWN

TEXT:

where are we on this? who's looked at it, and who has yet to?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1997 22:22:04.00

SUBJECT: Re: final race and health memo

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

TEXT:  
thanks. where's AIDS??



MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED  
MIKE COHEN

SUBJECT: Proposed Budget Initiatives for Indian Education

Last July, a coalition of education-oriented groups from Indian Country proposed a Comprehensive Federal Indian Education policy statement, which emphasized the importance of Tribal governance of Indian Education, the preservation and revitalization of Native languages and cultures, and the need for equitable access to education resources. The coalition also proposed an Executive Order to implement this policy vision.

This proposal has been under review by DPC staff and the Domestic Policy Council Working Group on American Indians and Alaska Natives. Pending a determination as to whether the proposed Executive Order is desirable and likely to be effective in accomplishing its aims, we have begun to identify steps that can be taken right now to improve education for Native American students in schools controlled by the BIA and Tribes, as well as in the public schools attended by large numbers of Indian students.

The full set of initiatives we have developed summarized below. Most involve ensuring that new education proposals and existing funding streams effectively target resources to schools in Indian Country. In one area -- school construction and maintenance -- we are going further by proposing a significant increase in funds over previous appropriations levels.

**Tribal School Construction Proposal**

The BIA operates 185 residential and day schools serving 51,000 Native American students, approximately 10% of all Native American students in grades K-12. Enrollment in all BIA schools has increased by 25% since 1987. Enrollment in just the day schools has increased 47% since 1987 and 24% since 1992. Consequently, BIA schools have experienced significant problems with overcrowding. In addition, according to a forthcoming GAO report, BIA schools, compared to schools nationwide, (1) are generally in poorer physical condition; (2) have more "unsatisfactory environmental factors"; (3) more often lack key facilities required for education reform (e.g., science labs); and (4) are less able to support computer and communications technology. Overall, they are in worse condition than even inner-city schools.

We are recommending an increase of \$75 million over the FY 1998 appropriations (and an increase of \$69.4 million over the Department of Interior FY 1999 request) for three Bureau of Indian Affairs accounts for New School Construction, Facilities Improvement and Repairs, and Annual Operation and Maintenance.

The proposed increase would double funding for new school construction and for significant improvements and repairs of existing facilities. Compared to the BIA FY 1999 request, this step would double the number of new schools to be built from 2 to 4, and increase the number of schools undergoing significant improvements or repairs from 6 to 22. The higher budget request would also provide funds for needed portable classrooms, roof replacements, and other repairs. In addition, the annual maintenance budget would increase by 32%, which would help reduce the cost of future repairs.

	FY98 Appropriations	FY99 BIA Request	FY99 DPC Recommendation
New School Construction	\$19.2 million	\$20.8 million	\$38.4 million
Facilities Improvement and Repairs	\$32.2 million	\$34.4 million	\$64.4 million
Operation and Maintenance	74.6 million	\$76.6 million	\$98.2 million
Total	\$126 million	\$131.8 million	\$201 million

The Tribes would view this proposal as a significant step forward in improving the quality of education for Indian students. Congressional delegations from the affected states also would receive the proposal warmly.

This proposal is especially important if you choose to propose a new school construction initiative on the tax side, because Tribes do not issue bonds for this purpose. Even if you choose to propose a school construction initiative on the spending side, this initiative would be valuable. In the Administration's school construction proposal last year, 2% of the funds were set aside for a direct appropriation for Tribal schools, over and above the accounts discussed here. This funding, however, is contingent on the passage of a school construction proposal, and in any event, is insufficient to meet the Tribes' needs.

We have developed this proposal with the involvement and support of OMB, the Department of the Interior and the Department of Education.

### **Other Initiatives**

We are working to make sure that other education initiatives that are proposed for FY99 include an appropriate set-aside for BIA schools and, where feasible, for public schools that serve a large concentration of Native American students. These include:

- Education Opportunity Zones. A percentage of grant funds will be set aside for administration by the BIA, and the Education Department will be encouraged to provide at least one grant to a rural school district with a large percentage of Native American students.
- Early Intervention College/School Partnerships. We are working to determine the best ways to ensure that Tribal Colleges can effectively participate in this initiative, as well as to fund other college/school partnerships in communities with a large percentage of Native American students.
- Child Care. The Child Care Block Grant already contains a set aside for administration by BIA. Proposed funding increases in this program will automatically benefit programs serving Native Americans on reservations.
- Technology. This year the BIA launched Access Native America, an initiative to implement the four pillars of your technology challenge and to connect all schools, classrooms, and libraries to the Department of Interior's Internet backbone by the year 2000. Within the past month, DPC arranged a meeting between BIA staff and the Schools and Libraries Corporation to help Tribal schools take advantage of the e-rate. As a result, the Corporation has agreed that BIA can apply for the e-rate on behalf of all Tribal schools, and BIA has begun to develop materials and plan training so that schools can complete the necessary applications.
- Teacher Preparation and Recruitment. This initiative, which you announced at the NAACP Convention on July 17, helps to prepare and recruit teachers to serve in high-poverty urban and rural communities. At the time this proposal was developed, we did not target funds to Tribal schools. We are in the process of preparing new legislative language to take care of that omission, and will work with our Congressional allies to incorporate it into our proposal.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1997 14:06:47.00

SUBJECT: ADR and EEOC

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

TEXT:  
fyi

----- Forwarded by Elena Kagan/OPD/EOP on 12/08/97 02:06  
PM -----

Thomas L. Freedman  
12/08/97 11:36:04 AM  
Record Type: Record

To: Elena Kagan/OPD/EOP  
cc: Laura Emmett/WHO/EOP, Mary L. Smith/OPD/EOP  
Subject: ADR and EEOC

EEOC will come back to us by early afternoon with an estimate of how much it would cost to do ADR for everyone who wants it immediately, or if we ramped it up in three years. They say that it is really guesswork figuring how many people would want it-- they've hope to have done only 400 cases by the end of the first year of the program. I said figure it so that everyone could have the option. (Incidentally, they did have a succesful million settlement recently.)

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-DEC-1997 19:03:00.00

SUBJECT: Re: Children's SSI memo

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

READ:UNKNOWN

TEXT:

thanks for reminding me.



December 9, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED  
GENE SPERLING  
CHRIS JENNINGS

SUBJECT: Initiative to Reduce Racial Disparities in Health

To support your race initiative, we have developed proposals that would commit the nation to an ambitious goal of seeking to eliminate some of the most severe racial disparities in health care by the year 2010. African-Americans, Hispanics, Native Americans, and Asian Americans suffer from certain diseases up to five times as often as whites. To reduce these disparities, the government will have to make a sustained effort to find effective approaches and apply them across all health programs. We recommend that the FY 1999 budget take a two-pronged approach to this issue by (1) expanding our finest public health programs so that they can address the problem of reducing these disparities, and (2) funding competitive grants to thirty communities to test innovative and promising new approaches in this area.

**Racial Disparities in Health Care**

The initiative would focus on six of the most severe racial disparities in health care: infant mortality, cancer, heart disease and stroke, AIDS, immunization, and diabetes. Some of these disparities are quite startling. For example, infant mortality rates are 2 ½ times higher for African-Americans and 1½ times higher for American Indians and many Hispanic groups than they are for whites. African-Americans have a 35 percent higher cancer death rate than whites, and African-Americans under 65 suffer from prostate cancer at nearly twice the rate of whites. Similarly, Vietnamese women suffer from cervical cancer at nearly five times the rate of whites, while Latinos have two to three times the rate of stomach cancer. African-American men also suffer from heart disease at nearly twice the rate of whites. Native Americans suffer from diabetes at nearly three times the average rate, while African-Americans suffer 70 percent higher rates. Minorities account for 25 percent of the population yet make up 54 percent of all AIDS cases. The Demographic changes anticipated over the next decade magnify the importance of addressing these disparities. As minority populations grow, finding effective ways to close these gaps will become a critical aspect of improving the overall health of the nation.

**Validation**

An initiative that sets the ambitious goal of reducing these health disparities would receive overwhelming support from public health groups such as the American Public Health Association, the American Heart Association and the American Cancer Society, as well as from

minority groups such as the Intercultural Cancer Council, the American Indian Healthcare Association, the National Hispanic Council on Aging, and the National Council of Black Churches.

### **Proposal**

HHS is proposing to spend \$200 million in FY 1999 for this initiative. OMB is currently recommending an investment of \$30 million (along with some retargeting of existing funding streams), with all the new money to go to established HHS programs, and none to the community grant proposal discussed below. (OMB believes that most communities do not have the infrastructure necessary to implement new public health projects in the most efficient manner.) OMB's lack of enthusiasm for this initiative results partly from a fear that we will not be able to reach our goals. DPC/NEC strongly support both parts of this initiative. We believe that the initiative will require an additional \$80 million and that \$30 million of this money should go to the new competitive grant program.

- **Applying Current Effective Public Health Approaches to Eliminate Disparities.** We recommend that you propose \$50 million to apply some of our most effective public health approaches directly to reducing racial disparities. Our best public health programs already use effective prevention and education strategies to improve health care. These programs would use additional funds to implement and adapt such proven public health strategies to eliminate racial disparities. For example, CDC's breast and cervical cancer screening program could use additional dollars to target minority communities better, as well as to extend its efforts to other cancers (e.g., prostate and colorectal) disproportionately afflicting minorities.
- **Community Grants to Develop New Strategies to Eliminate Disparities.** Eliminating racial disparities in health care will require not only the focused application of existing knowledge and best practices, but also the development of new approaches. We recommend that you propose \$30 million in FY 99 to enable thirty communities to develop innovative and effective ways to address racial disparities. Each community, chosen through a competitive grant process, would commence an intensive program to address one of the six health areas. (For example, a grant might go to a Native American reservation to test innovative approaches relating to diabetes.) These grants would fund education, outreach, and preventive approaches that have not been attempted elsewhere. HHS would hold periodic conferences to educate the public health and minority communities about effective strategies developed by these communities, with the aim of extending these approaches across the nation.
- **Beginning Today to Reduce Disparities.** To ensure that we begin this initiative immediately, we are identifying ways in which the FY 1998 increases in health care can be used to address racial disparities. For example, AIDS education and training centers are beginning a new partnership with the Indian Health Service to develop new approaches to educate health providers about training and prevention. In addition, the

National Cancer Institute will expand efforts to recruit more Hispanics into clinical trials.

December 9, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED  
GENE SPERLING  
CHRIS JENNINGS

SUBJECT: Health Insurance Coverage Initiatives

Throughout your Administration, you have worked to enact legislation to expand access to affordable health insurance. The Balanced Budget Act included an unprecedented \$24 billion investment for state-based children's health insurance programs. This historic initiative will clearly reduce the number of uninsured. However, there are other deserving populations whom we could target in our step-by-step reforms. These include the pre-65 year olds (referenced in the Medicare memo), workers between jobs, and workers in small businesses. In addition, we are working on possible proposals to expand Medicaid coverage to people with AIDS and disabilities through pilot programs. The policy development of these proposals is still underway, so we have not included them here.

Taken together, these initiatives total around \$10 billion over 5 years. This amount is less than half of the health investments enacted as part of the Balanced Budget Act and less than 4 percent of the premium assistance proposed in the Health Security Act. Having said this, none of your advisors believe the Medicare and Medicaid savings left after last year's deficit reduction effort are sufficient to fund these initiatives. There may be \$0.5 to 1 billion over 5 years in Medicaid savings, but those savings will be difficult to achieve and there may be other claims on them (e.g., child care, benefits to immigrants). Another possible source of funds is the tobacco settlement, given the natural link between tobacco and health care.

Your advisors uniformly agree that we need to take all actions possible to achieve if not exceed your goal of increasing insurance coverage for 5 million children. A series of proposals are described in this memo to help accomplish that goal. There is less agreement on whether we should address a new group of uninsured people in this budget. The Department of Labor strongly supports the workers-between-jobs demonstration; of all health initiatives in the budget, it is their highest priority. OMB also supports that demonstration if sufficient funds are available. HHS believes that this proposal has merit, but is skeptical that it will attract any more support than it has in the past three years.

## A. CHILDREN'S HEALTH OUTREACH

The Children's Health Insurance Program (CHIP) provides funds for coverage of millions of working families' uninsured children, a population that previously had trouble affording coverage. It also builds upon the Medicaid program, which covers nearly 20 million children. But important work remains to be done. In particular, we need to work with states to enroll the millions of uninsured children in these programs.

Medicaid eligible children are especially at risk of remaining uninsured. Over three million uninsured children are eligible for Medicaid. Educating families about their options and enrolling them in Medicaid has always been a problem, but it has recently become even more challenging. The number of children covered by Medicaid leveled off in 1995 and, according to the Census, dropped by 6 percent in 1996. While some of this decline may be due to the lower number of children in poverty, another part may result from families' misunderstanding of their children's continued eligibility for Medicaid in the wake of welfare reform.

### **Options to Increase Outreach for Medicaid and the Children's Health Insurance Program**

To address the need for children's health outreach, we propose a series of policy options. Together, these initiatives could cost \$1 to 2 billion over five years (or more depending on policy choices about the enhanced match). Preliminary discussions with NGA and some children's advocates suggest they strongly support these efforts. In addition, the Administration is developing partnerships to encourage a complementary range of private outreach activities.

**Enhanced match for outreach.** One option for improving state outreach is to provide an enhanced match to enroll children who are eligible for but not previously enrolled in Medicaid. At the end of each year, if a state can document that it has increased its enrollment over its baseline, it would receive an increased matching amount per newly covered child (possibly through administrative payments). This policy rewards states only if they succeed in outreach, rather than matching activities that may or may not work. Depending on the amount of the incentive and the administrative design, this option could cost to \$0.5 to 1 billion over five years.

**Moving outreach to schools and child care sites.** We could build upon the "presumptive eligibility" provision in the Balanced Budget Act to make it easier to enroll children in Medicaid and CHIP. The BBA option allows limited sites (e.g., hospitals) to give low-income children temporary Medicaid coverage on the spot while they are formally enrolled in CHIP or Medicaid. This proposal would broaden these sites to include schools and appropriate child care sites, at the state's option. HCFA actuaries preliminarily estimate that this proposal would cost \$400 million over 5 years. Also, under the BBA, states that use presumptive eligibility must pay for its costs out of the CHIP allotment, reducing the amount available for other coverage. States have advised us that this requirement discourages them from taking advantage of the presumptive eligibility provision. HCFA actuaries preliminarily estimate that dropping this requirement would cost \$25 million over 5 years.

**Accessing 90 percent matching funds for outreach.** A third way to increase funding for children's health outreach is to increase states' flexibility in using a special Medicaid fund set aside in TANF for outreach for children losing welfare. This \$500 million fund is currently allocated to states with a 90 percent matching rate for outreach activities to certain children. We could expand its use to all children, not just welfare children. HCFA actuaries preliminarily estimate that this policy would cost \$100 million over 5 years. NGA supports this change.

**Simplifying enrollment.** A simple, accessible enrollment process could encourage more families to enroll their children in Medicaid or CHIP. To help create such a process, we propose several actions, all of which are inexpensive. First, we could streamline the application process by simplifying Medicaid eligibility and by encouraging the use of simple, mail-in applications. HCFA has already developed a model single application form for both Medicaid and CHIP. We could condition some of the financial incentives described above on using a single or simple application. Second, we are reviewing the feasibility and cost of a nationwide 1-800 number that will link families with their state or local offices. Such a number could be placed in public service announcements, on the bottom of school lunch program applications, and on children's goods like diaper packages.

## **Discussion**

There is unanimous support across agencies for focusing on children's health outreach. HHS and Treasury believe that such outreach should be the Administration's first priority. NEC/DPC and OMB believe that aggressive outreach will be needed to meet or exceed the Administration's goal of covering 5 million uninsured children. Although OMB is supportive, it points out that because some children may be impossible to reach and some states may not use these options, we are unlikely to enroll all 3 million children. NEC, also supportive, raises the concern that spending on an outreach initiative may be a communications challenge so soon after the enactment of the \$24 billion base children's health program. However, policy experts, Governors, and children's advocates alike will endorse this initiative.

One great challenge is the difficulty of finding savings from Medicaid to offset the costs of this initiative. With this in mind, your advisors are considering the tobacco settlement as a financing source. Specifically, we are exploring the advisability of allowing states to retain the Federal share of the tobacco funds if they dedicate those funds to high-priority Administration initiatives like child care, education, and health care. Governor Chiles would support such an approach if we dedicate the funds to children's health care, not just outreach.

## **B. WORKERS BETWEEN JOBS DEMONSTRATION**

Families who lose health insurance while they are between jobs are a small but important group of uninsured Americans. These people pay for health insurance for most of their lives, but go through brief periods without coverage when they are temporarily unemployed. If they experience a catastrophic illness during this transition, the benefit of their years' worth of premium payments is lost. In addition, they could lose protection under the provisions of the Kassebaum-Kennedy legislation once they regain coverage. Coverage at that point could be subject to a new pre-existing condition exclusion period.

### **Limited Demonstration**

This policy option is a modification of the program that we have carried in our last two budgets. It would award grants to several states to provide temporary premium assistance to eligible low-income families. States would use this money to partially subsidize families' premium payments for up to 6 months. To test how best to address this population's needs, we would select states using a range of approaches like a COBRA-based subsidy, Medicaid, or covering the parents of children covered by CHIP.

Since it is a grant program, we could make this program as large or small as we want. To give a sense of the options, last year's \$10 billion proposal over four years covered about 3.3 million people with incomes below 240 percent of poverty. If we assume the same set of policy parameters, a demonstration of \$1 billion over 5 years would cover about 230,000 people; a demonstration of \$2.5 billion would cover about 600,000; and a demonstration of about \$3.5 billion would cover about 800,000 people. OMB has suggested that we could limit the costs by reducing the eligibility for assistance to people below poverty. However, NEC/DPC advisors oppose such a limitation because it shifts the target away from the middle-class families we originally intended to help.

### **Discussion**

On policy grounds, all of the agencies support this policy. It has been in our last two budgets because of its merits. This policy remains Labor's first priority because it targets a particularly vulnerable group and addresses the worker insecurity issues that played such a large role in the debate over Fast Track. OMB would support this initiative if there are sufficient funds. HHS believes that this policy is no more viable this year than it has been in the past; HHS would also object to using Medicare and Medicaid savings to fund this proposal. DPC/NEC are concerned about dropping this policy altogether and support a demonstration that is large enough to be viewed as improving coverage. If resources are limited, however, we would prefer the children's outreach initiative to this proposal.

## **C. VOLUNTARY PURCHASING COOPERATIVES**

Workers in small firms are most likely to be uninsured. Over a quarter of workers in firms with fewer than 10 employees lack health insurance — almost twice the nationwide average. While 88 percent of workers in firms with 250 or more workers are offered health insurance, only 41 percent of workers in firms with less than 10 workers are offered coverage. This disparity reflects the poor functioning of the small group health insurance market. Studies have shown that administrative costs are higher and that small businesses pay more for the same benefits as larger firms.

### **Grants to States**

Given the disadvantages faced by small firms, the question is: are there policies that can make insurance more affordable for small businesses and their employees? In the last two budgets, we have included a policy to provide seed money for states to establish voluntary purchasing cooperatives. These cooperatives would allow small employers to pool their purchasing power to try to negotiate better rates for their employees. This year, we propose both the original policy and a variation: a competitive grant approach so that a more limited number of states could receive a smaller, but more targeted, pool of funds. The total costs would be \$50 to \$100 million over 5 years.

### **Discussion**

All agencies remain supportive of this policy and believe it should be included in this year's budget. In the past, we have failed to enact this proposal because Congressman Fawell has pushed an alternative approach more attractive to small businesses. Fawell's proposal would help small businesses to self-insure and in so doing escape all state regulation. Governors and consumer groups have consistently opposed the Fawell approach, fearing that it would leave the small group market with only the most risky and expensive groups, as low-risk groups move into the self-insured, non-regulated market. Our recent conversations with Fawell suggest that he may be open to compromise this year in a way that he has not been in the past.

December 9, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED  
GENE SPERLING  
CHRIS JENNINGS

SUBJECT: Reforms to Prepare Medicare for the  
Retirement of the Baby Boom Generation

The Balanced Budget Act (BBA) that you enacted took critically necessary steps to modernize the Medicare program and prepare it for the twenty-first century. It extended the life of the Trust Fund to 2010, invested in preventive benefits, provided more choice of plans for beneficiaries, strengthened our ongoing fraud activities, and lowered cost growth to slightly below the private sector rate through provider payment reforms and modest beneficiary payment increases. However, the BBA's policies were not intended to solve the long-term problems posed by the retirement of the baby boom generation.

The Medicare Commission was established to address the demographic challenges facing the program. However, a major policy and political question remains. Is there anything we can and should do prior to the March 1999 Commission deadline that could further strengthen the program and lay the groundwork for implementation of likely Commission recommendations?

The National Economic Council (NEC) and Domestic Policy Council (DPC) have led an interagency examination of several targeted policy options. This memo examines options for coverage for pre-65 year olds, Medicare coverage of patient care costs associated with clinical trials, and a project to increase awareness of private long-term care insurance. Financing options to pay for these proposals follow this description.

Your advisors have differing views on whether to pursue any new proposals while the Medicare Commission is active and which proposals to pursue if you choose to do so. OMB and to some extent Treasury have concerns about a pre-65 option, because it may open the door to subsidies for a costly population and have the unintended effect of reducing employer coverage. Both OMB and Treasury oppose the clinical cancer trials proposal because it could set a precedent for every other disease group asking for the same treatment. In addition, altogether, it may well be the case, that the traditional Medicare savings alone will not be sufficient to offset the costs of these proposals. As such, a decision to propose a pre-65 policy may be feasible only if the decision is made to propose an income-related premium or, much less likely, dollars from any residual tobacco tax. It is worth noting that an income-related premium would clearly be more politically acceptable to our Democratic base if it were linked to a benefit expansion.

## A. PRE-65 HEALTH INSURANCE OPTIONS

Although people between 55 and 65 years old are generally more likely to have health insurance, they often face greater problems gaining access to affordable health insurance, especially when they are sick. Individuals in this age group are at greater risk of having health problems, with twice the probability of experiencing heart disease, strokes, and cancer as people ages 45 to 54. Yet their access to affordable employer coverage is often lower because of work and family transitions. Work transition increase as people approach 65, with many retiring, shifting to part-time work or self-employment, as a bridge to retirement. Some of this transition is involuntary. Nearly half of people 55 to 65 years old who lose their jobs due to firms downsizing or closing do not get re-employed. At the same time, family transitions reduce access to employer-based health insurance, as individuals are widowed or divorced, or as their spouses become eligible for Medicare and retire.

As a result, the pre-65 year olds, more than any other age group, rely upon the individual health insurance market. Without the advantages of having their costs averaged with younger people (as in employer-based insurance), these people often face relatively high premiums and, because of the practice of medical underwriting, may be unable to get coverage at any price if they have pre-existing medical conditions. While the Kassebaum-Kennedy legislation improved access for people with pre-existing conditions, it did not restrict costs.

These access problems will increase because of to two trends: the decline in retiree health coverage and the aging of the baby boom generation. Recently, firms have cut back on offering pre-65 retirees health coverage; in 1984, 67 percent of large and mid-sized firms offered retiree insurance but in 1997, only 37 percent did (although this decline may be slowing). In addition, in several small but notable cases (e.g., General Motors and Pabst Brewery), retirees' health benefits were dropped unilaterally, despite the firm's prior commitment to their retirees. These "broken promise" retirees do not have access to COBRA continuation coverage and could have difficulty finding affordable individual insurance. An even more important trend is demographic. The number of people 55 to 65 years old will increase from 22 to 30 million by 2005 and to 35 million by 2010, over a 50 percent increase. Assuming current rates of uninsurance, this trend could raise the number of uninsured in this age group from 3 million today to 4 million by 2005, without even taking into account the decline in retiree health coverage.

The last reason for considering the coverage issues of this age group is the likelihood of proposals to raise Medicare eligibility age to 67, consistent with Social Security. The experience with covering a pre-65 age group now will teach us valuable lessons if we need to develop policy options for the 65 to 67 year olds.

**Policy Questions.** Two central questions guide policy decisions in this area: what is the target population, and what is the best way to cover these people.

**Whom to Target.** As with any incremental reform, targeting is essential to reduce the chance that the policy does not unintentionally offset or reduce employer health coverage. While this policy will not affect employers' decisions to offer coverage to their current workers, it may affect employers' decisions to cover retirees, as well as employees' decisions to retire early. At the same time, the current level of employer dropping suggests that a policy for the affected people is needed. Although your advisors remain divided on the advisability of implementing a new policy in this area, we all agree that any policy protect against substitution by limiting eligibility to a subset of the pre-65 year olds. There are two design approaches to achieve this.

The first approach is to limit eligibility by age. We recommend an age break of 62, which is already the most common retirement age. The 6 million people ages 62 to 65, compared to people ages 55 to 59, work less (48 percent versus 74 percent), are more likely to have fair to poor health (26 versus 20 percent), and are more likely to be uninsured or buy individual insurance (28 versus 21 percent). In addition, it is also the age at which Social Security benefits can be accessed. Within this 6 million, we could limit eligibility to the 2 million without access to employer or public insurance, and would require that they exhaust COBRA coverage before becoming eligible. These steps should reduce the likelihood that the policy will lead individuals to retire or drop retiree coverage.

A second approach is to limit eligibility within a broader age group — *e.g.*, 55 to 65 year olds — to individuals who lack access to employer-based insurance for particular reasons: (1) Displaced workers: About 60,000 people ages 55 to 65 lost their employer insurance when they became lost their job because a firm closed, downsized, or their position was eliminated. (2) Medicare spouses: As many as 420,000 people lost employer-based family coverage when their spouses (almost all husbands) turned 65 and retired. This number could grow if employers drop retirees' dependent coverage for these spouses as a result of this policy. (3) "Broken promise" people: A small but visible and vulnerable group is the pre-65 retirees who lost retiree health coverage due to a "broken promise" (*ie.*, when the employer unexpectedly terminates coverage).

**How to Provide Coverage.** The second question is: what is the best way to increase access to affordable insurance? One approach is to extend COBRA continuation coverage for longer than 18 months. Currently, COBRA allows workers with insurance in firms with 20 or more employees to continue that coverage for 18 months by paying 102 percent of the premium. The major problems with extending COBRA are that (1) people in small firms are not eligible, (2) businesses will consider the policy an unfunded mandate, and (3) the policy could lead to discrimination against hiring older workers. In addition, firms could use this longer COBRA mandate as an excuse to not cover any employees. Despite these difficulties, a COBRA extension appears to be the best option for the "broken promise" people, since the former employer would bear some of the costs of its decision to terminate coverage and COBRA could then serve as a "bridge to Medicare" for this population.

A second option, preferable for most of the target groups, is a Medicare “buy-in.” Eligible people could buy into Medicare at the age-adjusted Medicare payment rate, plus an add-on for the extra risk of participants. Because the actuaries think that most participants will be sicker than average, this add-on will be costly. To attract healthier people and make it possible for more people to take advantage of the benefit, we could defer payment of the additional cost until age 65 by “amortizing” this payment. Under this scheme, Medicare would pay part of the premium as a loan up front, with repayment by the beneficiaries with their Part B premiums after they turn 65. The HCFA actuaries have estimated that this Medicare “loan” in a worse-case scenario would cost \$1.1 billion per year assuming participation of no more than 300,000 people. Because the preliminary estimates assumed that only sick people would participate and that all would enroll in one year, and because they did not take into account the pay-back from beneficiaries, the official estimates, expected soon, will probably be lower. Subsidies would be considerably more costly and your advisors agree that we cannot afford it.

**Option 1. “Broken Promise” People Only.** All your advisors recommend a policy that employers who break their promise of providing retiree coverage extend COBRA so that retirees can buy into their active employer plan at a higher premium as has been done for other special COBRA populations until age 65. This option has no cost to the Federal government.

**Option 2. Medicare Buy-In for Select Groups.** The second option is to allow a limited group of 55 to 65 year olds to buy into Medicare. If you decide to consider any of the Medicare buy-in proposals, OMB favors undertaking only the “Medicare spouses” — primarily uninsured women ages 55 to 65 whose husbands are already on Medicare. OMB argues that, if the goal is a limited test of a buy-in for the pre-65 year olds, this is a discrete group whose eligibility would likely have a smaller effect on the general trend in retiree health coverage or retirement. The Department of Labor strongly supports a policy to help displaced workers, in line with the broader theme of improving workers’ security. In the absence of a buy-in, Labor would support a COBRA extension, though this approach would help fewer people. HHS supports covering these select groups, but is concerned that the enrollment be sufficient to justify the administrative effort. The small size of these groups means that costs will be low.

**Option 3. Medicare Buy-In for 62 to 65 Years Old Plus Selected Groups.** The third option is to permit eligibility for 62 to 65 year olds plus a group like displaced workers. The cost of this option is not yet known but will likely be less than \$5 billion over 5 years. HHS and NEC/DPC think that this is a sufficiently narrow group to limit significantly the effects on retiree health coverage or retirement. This group is also more representative of the 65 to 67 year old population, giving a better sense of what would happen if Medicare eligibility were postponed to 67 years old. Although Treasury is concerned that this policy could become an underfinanced policy expansion, some concerns would be allayed if the buy-in participants were enrolled only in managed care, so that the insurers and not Medicare bore the risk. This approach, however, could be politically difficult given the distrust of managed care. OMB thinks that the 62 to 65 group is not narrow enough and that the “unsubsidized entitlement” (the subsidy is in the financing) will not stay that way for long. It is important to note that we are still waiting for actuarial analyses, which could alter the recommendations of your advisors.

## **B. PRIVATE LONG-TERM CARE OPTIONS**

A second idea to improve access to insurance focuses on long-term care. Unlike acute care, long-term care is not primarily financed by private insurance, which pays only 6 percent of its costs. Medicaid pays for 38 percent, Medicare pays for 21 percent, and families pay for 28 of the costs out of pocket. This large government role may not be sustainable as the baby boom generation retires. Today, one in four people over age 85 lives in a nursing home. This could increase substantially as the proportion of elderly living to age 90 is projected to increase from 25 percent to 42 percent by 2050. Thus, it is important to encourage the development of private insurance options. The Kassebaum-Kennedy legislation took a step in this direction by clarifying that certain long-term care insurance is tax deductible. But because many people incorrectly assume Medicare covers all of their long-term care needs and do not know about private long-term care insurance, more action is needed. This action could include providing information to Medicare beneficiaries about private insurance, funding a demonstration program to improve the quality and price of private insurance, or both. None of these options includes a new Medicare entitlement or subsidy.

### **Information on Quality Private Long-Term Care Insurance**

We propose to leverage our role in Medicare to improve the quality of and access to private policies. HCFA would work with insurers, state regulators, and other interested parties to develop a set of minimum standards for private long-term care policies. If a plan met these standards, Medicare would approve its inclusion in the new managed care information system. (As a reminder, the BBA included provisions to provide annual information on managed care choices to beneficiaries.) This proposal would build upon that system and cost up to \$25 million in discretionary funds over 5 years (\$5 million in FY 1999), distinct from the user fees currently authorized for the managed care information system. We also could propose a demonstration that would test the feasibility of a partnership between Medicare and private long-term care insurance on a limited basis. The cost of a demonstration would depend on its size and policy parameters, but could be limited to \$100 to 300 million over 5 years.

### **Discussion**

We believe this proposal has significant potential and is worth further developing. There is some concern at HHS that coming to an agreement on a set of standards could be difficult and that insurers may argue that our standards drive up the cost of the policies, making them unaffordable. HHS also would prefer that any demonstration be funded through the mandatory budget. However, these concerns may not be insurmountable, especially since one objective of a demonstration could be to investigate high quality private options that are affordable. Finally, we are still looking into the feasibility and advisability of using tax incentives to encourage the purchase of private long-term care policies and/or the use of IRAs for long-term care financing.

## **C. MEDICARE COVERAGE OF CANCER CLINICAL TRIALS**

**Medicare has not traditionally covered patient care costs associated with clinical trials. Scientists and advocates believe that we are not making sufficient progress in treating cancer, in part because the lack of Medicare coverage limits participation in these trials. HHS and DPC have been working on an approach that covers patient care for a limited number of these trials. Because of concerns about its cost, OMB and Treasury strongly oppose this option.**

**Nearly half of all cancer patients are covered by Medicare, yet Medicare does not cover patient care costs associated with these trials. This care can often be prohibitively expensive for cancer patients and their families, perhaps explaining why only 3 percent of all cancer patients participate in trials. Expanding Medicare coverage could increase access to trials for the many beneficiaries with cancer. Historically most insurers have covered clinical trials for children. As a consequence, nearly 70 percent of children with cancer participate in clinical trials. Scientists agree that this participation rate has helped improve cancer treatments for children, and some argue that it is one reason for the dramatically higher survival rates for children cancer patients.**

**This problem has significant implications for research in all cancer areas, particularly for those cancers like prostate cancer where scientists still have no good answers and where clinical trials are particularly undersubscribed. According to a former National Cancer Institute director, if 10 percent of all cancer patients participated in such trials, trials that currently take three to five years would take only one year. Additionally, as the nation's largest insurer, Medicare plays a significant role in setting the standard for the insurance companies. A commitment from Medicare to cover clinical trials would go a long way to encourage private insurance companies to cover these trials.**

### **Proposal**

**We have developed a proposal to expand Medicare to cover cancer clinical trials conducted at the NCI and trials with comparable peer review. In addition, we would require a National Cancer Policy Board to make further coverage recommendations, and HHS to assess the incremental costs of such trials compared to conventional Medicare-covered therapies. Assuming the true incremental costs are substantially less than the actuaries project, as we believe, additional trial coverage as recommended by the Board could occur. The initial coverage would cost \$1.7 billion over five years. Senators Mack and Rockefeller have developed a more expansive and expensive proposal (co-sponsored by 26 Senators), which covers all FDA trials, many of which the experts believe do not meet a scientifically-meritorious standard. However, we do believe that there may be some middle ground between our proposal and the Senators' proposal that could be justifiable on policy grounds but more costly.**

**A possible alternative way to cover clinical cancer trials' patient care costs is to dedicate resources from any significant increases that NIH / NCI receive in the upcoming budget. NCI could use these increases to simplify and centralize their clinical trials system, which has the potential to increase patient access. Although this option may be viable, the cancer community has clearly stated its preference for extending Medicare coverage. Another possibility is to require drug companies desiring Medicare coverage of additional clinical trials to contribute to the part of the patient costs.**

## **Discussion**

**HHS is supportive of this policy and believes that it would not only give Medicare beneficiaries, who represent a significant portion of cancer patients, much-needed choices but would encourage the private industry to cover clinical trials as well. There is no question that this proposal is the highest priority for most of the cancer community as well as many in the women's community who believe it is an essential step to improve breast cancer treatment. However, the advocates have made it clear that they would strongly prefer the more expansive and expensive Rockefeller/Mack approach. Conversations with the Senators suggest that they would support this proposal as an important first step; this support will weigh heavily with patient groups and the cancer community.**

**OMB and Treasury oppose the Medicare coverage option strongly. They note that it would involve very substantial costs (\$1 to 3 billion per year) to provide medical services that are experimental, and therefore are unlikely to help the majority of beneficiaries. Once an exception has been made for experimental cancer drugs and therapies, they argue there is no reason that similar support won't be demanded for experimentation with Alzheimer's, Parkinson's, and other maladies. As a result, these costs will grow as other therapies are included. They also believe that Congress would likely expand the proposal beyond coverage of NCI trials and that this expanded coverage will be very costly (up to \$3 billion over five years). OMB also believes that rather than Medicare leading the way on clinical trials, drug companies should be the first to contribute to improving access for Medicare beneficiaries.**

**While recognizing the OMB and Treasury concerns, the DPC/NEC believes that this policy has potential to contribute to important expansions of clinical trials and possible break-throughs in cancer treatment. We believe that we should investigate the possibility of amending the current policy to tap into the drug industry as a financing partner. In addition, we believe that this policy will be even more attractive if we are unable to find the resources to double the NIH budget. Although we support the cancer clinical trial policy, if we have limited resources available in Medicare and it comes down to a choice between the pre-65 initiative and this one, we would recommend the former.**

#### **D. PAYING FOR INITIATIVES: MEDICARE ANTI-FRAUD AND AN INCOME-RELATED PREMIUM**

We assume that the funding for these Medicare initiatives will require Medicare offsets. One approach is to use Medicare anti-fraud initiatives. HHS and OMB believe that these offsets could total about \$2 billion over 5 years. This could fund some, but not all of the initiatives described above. To fund a more expansive series of initiatives, you will probably have to consider an income-related premium. As you know, Medicare subsidizes 75 percent of the Part B premium for all beneficiaries, including the wealthiest. This policy is not only regressive; it ignores the fact that higher income beneficiaries actually cost Medicare more than poor beneficiaries. But the addition of an income-related premium would constitute a move away from the concept of social insurance.

##### **Anti-Fraud Provisions**

In our ongoing efforts to reduce Medicare fraud, we have identified a number of small but important policies that could sum to about \$2 billion over five years. Several of them address problems identified by the HHS Inspector General, such as the overpayment by Medicare for certain cancer drugs, highlighted in recent press reports.

##### **Income-Related Premium**

As you know, the Administration has publicly supported an income related premium. However, it is not clear whether we should carry through on this support by including it in the budget. The Medicare Commission will definitely consider and probably recommend this policy. Yet, there remains some Democratic opposition to this policy and some of your advisors would counsel not to move unilaterally in this direction. Because this issue is extremely controversial, this description is not intended to present recommendations but to begin a discussion of the topic.

Building from our position last summer, the income-related premium would be administered by the Treasury Department, not HCFA or the Social Security Administration. Eligible people would fill out each year a Medicare Premium Adjustment form (a separate form or a line on the 1040 form) and send a check to "The Medicare Trust Fund." The two open questions are: who pay and how much do they pay. The answers to these questions determine costs, but the more modest proposals generate about \$8 billion over five years.

**Who pays.** The income thresholds determine how many people are paying the higher amount. We proposed thresholds of \$90,000 for singles and \$115,000 for couples in the Health Security Act. Last summer, the Senate, including most centrist Democrats, passed a policy where the extra premium payment began at \$50,000 for singles and \$65,000 for couples. During the budget debate, we did not state publicly our support for any particular thresholds.

**How much.** The amount of the payment for the wealthiest beneficiaries is a second question. In the budget debate, we argued that a 100 percent premium (no subsidy) would cause some healthy and wealthy people to opt out of Medicare. However, an analysis by the Treasury Department this fall found that the effects of a 100 percent premium would be small. (About 5% of beneficiaries who pay the full premium would drop.) HHS would strongly object to changing our position and supporting an income-related premium that completely phases out the Part B subsidy. If we decide to change our past policy, it might be advisable to have a strategic discussion about the timing of announcing such a change. It could be an important in negotiating the give and take on this issue.

## **Discussion**

The decision to include an income-related premium is a complicated one. On one hand, it is almost certain that this policy will be recommended by the Medicare Commission. At that point, however, we will have less opportunity to direct any of its revenue toward important Medicare reforms like a Medicare buy-in. On the other hand, many Democrats and possibly AARP will oppose the income-related premium as a beneficiary payment increase. A possible exception is if it is explicitly linked to a Medicare investment or possibly a pre-65 policy. In addition, Republicans might label it a new tax and use our support for it as an issue during the 1998 campaign.

Although our discussions are ongoing, the agencies believe that the decision to propose an income-related premium depends on the context. OMB's position ultimately depends upon the entire package of initiatives and savings being offered. OMB considers the income-related premium to be a sound policy option, but believes that it should be considered as a means to offset Medicare Trust Fund insolvency or provide benefit expansions for the currently eligible Medicare population. HHS believes that if an income-related premium is pursued, its savings should be used for Medicare. HHS further notes that Medicare has already contributed \$115 billion in savings and that we may wish to preserve this option for the Commission recommendations lest we have the Commission with no reasonable options. DPC/NEC will prepare for a separate meeting to discuss this issue.



December 9, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED  
CHRIS JENNINGS

SUBJECT: Initiative to Reduce Racial Disparities in Health

To support your race initiative, we have developed proposals that would commit the nation to an ambitious goal of seeking to eliminate some of the most severe racial disparities in health care by the year 2010. African-Americans, Hispanics, Native Americans, and Asian Americans suffer from certain diseases up to five times as often as whites. To reduce these disparities, the government will have to make a sustained effort to find effective approaches and apply them across all health programs. We recommend that the FY 1999 budget take a two-pronged approach to this issue by (1) expanding our finest public health programs so that they can address the problem of reducing these disparities, and (2) funding competitive grants to thirty communities to test innovative and promising new approaches in this area.

**Racial Disparities in Health Care**

The initiative would focus on six of the most severe racial disparities in health care: infant mortality, cancer, heart disease and stroke, AIDS, immunization, and diabetes. Some of these disparities are quite startling. For example, infant mortality rates are 2 ½ times higher for African-Americans and 1½ times higher for American Indians and many Hispanic groups than they are for whites. African-Americans have a 35 percent higher cancer death rate than whites, and African-Americans under 65 suffer from prostate cancer at nearly twice the rate of whites. Similarly, Vietnamese women suffer from cervical cancer at nearly five times the rate of whites, while Latinos have two to three times the rate of stomach cancer. African-American men also suffer from heart disease at nearly twice the rate of whites. Native Americans suffer from diabetes at nearly three times the average rate, while African-Americans suffer 70 percent higher rates. Minorities account for 25 percent of the population yet make up 54 percent of all AIDS cases. The Demographic changes anticipated over the next decade magnify the importance of addressing these disparities. As minority populations grow, finding effective ways to close these gaps will become a critical aspect of improving the overall health of the nation.

**Validation**

An initiative that sets the ambitious goal of reducing these health disparities would receive overwhelming support from public health groups such as the American Public Health Association, the American Heart Association and the American Cancer Society, as well as from minority groups such as the Intercultural Cancer Council, the American Indian Healthcare

Association, the National Hispanic Council on Aging, and the National Council of Black Churches.

## **Proposal**

HHS is proposing to spend \$200 million in FY 1999 for this initiative. OMB is currently recommending an investment of \$30 million (along with some retargeting of existing funding streams), with all the new money to go to established HHS programs, and none to the community grant proposal discussed below. (OMB believes that most communities do not have the infrastructure necessary to implement new public health projects in the most efficient manner.) The DPC believes that a strong initiative will require an additional \$100 million, divided between established HHS programs and the new competitive grant program.

- **Applying Current Effective Public Health Approaches to Eliminate Disparities.** We recommend that you propose \$70 million to apply some of our most effective public health approaches directly to reducing racial disparities. Our best public health programs already use effective prevention and education strategies to improve health care. These programs would use additional funds to implement and adapt such proven public health strategies to eliminate racial disparities. For example, CDC's breast and cervical cancer screening program could use additional dollars to target minority communities better, as well as to extend its efforts to other cancers (e.g., prostate and colorectal) disproportionately afflicting minorities.
- **Community Grants to Develop New Strategies to Eliminate Disparities.** Eliminating racial disparities in health care will require not only the focused application of existing knowledge and best practices, but also the development of new approaches. We recommend that you propose \$30 million in FY 99 to enable thirty communities to develop innovative and effective ways to address racial disparities. Each community, chosen through a competitive grant process, would commence an intensive program to address one of the six health areas. These grants would fund education, outreach, and preventive approaches that have not been attempted elsewhere. HHS would hold periodic conferences to educate the public health and minority communities about effective strategies developed by these communities, with the aim of extending these approaches across the nation.
- **Beginning Today to Reduce Disparities.** To ensure that we begin this initiative immediately, we are identifying ways in which the FY 1998 increases in health care can be used to address racial disparities. For example, AIDS education and training centers are beginning a new partnership with the Indian Health Service to develop new approaches to educate health providers about training and prevention. In addition, the National Cancer Institute will expand efforts to recruit more Hispanics into clinical trials.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 9-DEC-1997 18:20:56.00

SUBJECT: Budget Breakdown

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

TEXT:  
----- Forwarded by Elena Kagan/OPD/EOP on 12/09/97 06:20  
PM -----

Paul J. Weinstein Jr. 12/08/97 08:24:50 PM

Record Type: Record

To: Elena Kagan/OPD/EOP  
cc: See the distribution list at the bottom of this message  
Subject: Budget Breakdown

Message Copied

- To: \_\_\_\_\_
- Laura Emmett/WHO/EOP
  - Christopher C. Jennings/OPD/EOP
  - Jeanne Lambrew/OPD/EOP
  - Mary L. Smith/OPD/EOP
  - Thomas L. Freedman/OPD/EOP
  - Jose Cerda III/OPD/EOP
  - Leanne A. Shimabukuro/OPD/EOP
  - Cynthia A. Rice/OPD/EOP
  - Andrea Kane/OPD/EOP
  - Sarah A. Bianchi/OPD/EOP
  - Jennifer L. Klein/OPD/EOP
  - Nicole R. Rabner/WHO/EOP
  - Neera Tanden/WHO/EOP
  - Michael Cohen/OPD/EOP
  - Tanya E. Martin/OPD/EOP
  - William R. Kincaid/OPD/EOP
  - Julie A. Fernandes/OPD/EOP

===== ATTACHMENT 1 =====  
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## CHILD CARE

### Tax Revenue Loss

<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Modify the Child and Dependent Care Tax Credit (CDCTC) by raising the top rate from 30 percent (current law) to 50 percent and moving the phase-out range from \$10,000-\$28,000 (current law) to \$30,000-\$59,000.	\$270 million	\$5.2 billion

<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Provide a tax credit to businesses that incur costs related to providing child care services to their employees.	\$637 million (based on JCT costing of Senator Kohl's proposal)	\$2.6 billion (based on JCT costing of Senator Kohl's proposal)

### Discretionary Spending

<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Increase federal investment in the Child Care and Development Block Grant (CCDBG) and structure the increased investment to include a new set-aside for standards enforcement.	\$800 million (\$700 million in HHS budget request)	\$4 billion

<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Establish the Child Care Provider Scholarship Fund	\$50 million (\$150 million in HHS budget request)	\$250 million

<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Expand the Child Care Apprenticeship Training Program to fund the training of child care		

providers working toward a degree equivalent to the Child Development Associate degree, with on the job observation and practice.

**FY 1999**

\$10 million (DOL budget request)

**Five-Year**

\$27 million (DOL budget request)

**Proposal**

Establish a Child Care Research and Evaluation Fund to support data and research and technology development and utilization.

**FY 1999**

\$50 million (HHS budget request)

**Five Year**

\$250 million

**Proposal**

Establish an Early Learning and Quality Fund to provide challenge grants to communities for early learning and parent involvement activities.

**FY 1999**

\$200 to \$400 million (\$800 million in HHS budget request)

**Five-Year**

\$1 to \$2 billion

**Proposal**

Increase the Early Head Start (children 0-3) set-aside (5 percent under current law), while increasing overall funding in Head Start to ensure that boosting the set-aside does not reduce the resources available for children 3-5.

**FY 1999**

\$30 million

**Five-Year**

\$500 million (based on NEC option to double Early Head Start set-aside)

**Proposal**

Expand the 21st Century Community Learning Center Program to provide start-up funds to additional school-community

partnerships to establish before- and after-school programs for school-age children at public schools.

**FY 1999**

\$100 million (\$400 million in DOE request)

**Five Year**

\$500 million

**Proposal**

**FY 1999**

**Five Year**

Establish a demonstration project for states to test innovative approaches to assisting parents who to stay at home with their children.

N/A

N/A

## CIVIL RIGHTS ENFORCEMENT

### Discretionary Spending

<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Civil Rights Enforcement Initiative -- The initiative involves EEOC and six agencies who have jurisdiction of civil rights enforcement. Funds will be used for activities such as alternative dispute resolution, increased compliance targeting, improved technology and data collection, and reduction in case backlog.	\$58 million	N/A

**CRIME**

**Discretionary Spending**

**Proposal**

**FY 1999**

**Five-Year**

Community-Based  
Prosecutors & Justice

\$100 Million

\$500 Million -

## EDUCATION

### Mandatory Spending

<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Class Size	\$615 Million	\$9.2 Billion
<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
School Construction	\$5 Billion	\$5 Billion

### Discretionary Spending

<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year Cost</b>
Education Opportunity Zones <sup>1</sup>	\$320 Million	\$1.1 Billion
<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
School/College Partnership <sup>2</sup>	\$300 Million	\$2.9 Billion
<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Hispanic Education Initiative	\$153 Million	\$765 Million
<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Indian Education Initiative	\$75 Million	\$375 Million
<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Technology Teacher Training \$100 Million		\$500 Million
<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Learning on Demand	\$50 Million	\$250 Million

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<sup>1</sup>This could be shifted to the mandatory spending side if necessary

<sup>2</sup>This could be shifted to the mandatory spending side if necessary

## HEALTH CARE

### Mandatory Spending

<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Medicare -- Pre-65 Coverage Initiative	Up to \$1 billion	Up to \$5 billion
<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Medicare -- Clinical Cancer Trial Coverage	\$200 to \$400 million	\$1.7 to \$2 billion
<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Medicare -- Private Long-Term Options	\$5 to \$50 million	\$25 to \$300 million

### *Coverage Initiatives*

<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Children's Health Outreach	\$300 million	\$1 to \$2 billion
<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Workers Between Jobs Demonstration	\$250 to \$500 million	\$0.5 to \$3 billion
<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Voluntary Purchasing Cooperatives	\$10 to \$20 million	\$50 to \$100 million
<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
National Institutes on Health Budget	\$1 billion	\$10 to \$15 billion

**Discretionary Spending**

<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Race and Health Initiative	\$100 million	N/A
AIDS Spending	\$115 million	N/A

## HOUSING/WELFARE

### Mandatory Spending

<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
50,000 Welfare to Work Housing Vouchers	\$100-\$200 million	\$1.3 billion

### Tax Revenue Loss

<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Raise the cap on the Low Income Housing Tax Credit (LIHTC)	\$120 million	\$600 million

### Discretionary Spending

<b>Proposal</b>	<b>FY 1999</b>	<b>Five-Year</b>
Homeownership Initiative	\$30 million	\$150 million



December 8, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED  
GENE SPERLING  
CHRIS JENNINGS

SUBJECT: New AIDS Initiative

We have developed a \$115 million initiative for your FY 1999 budget to improve AIDS treatment and prevention programs. This increase would go to expand programs that are critical to preventing and treating this epidemic, including the AIDS Assistance Drugs Program (ADAP), which extends life-saving new treatment therapies to low-income and underserved populations.

**Background on AIDS Funding**

Since you came into office, AIDS programs that focus on treatment and prevention have improved dramatically. Medicaid, which provides coverage for half of all people with AIDS, now covers protease inhibitors. Funding for the Ryan White Program has increased by 200 percent since FY1993, funding for research at NIH has increased by 50 percent since that year, and funding for the ADAP program has increased 450 percent since 1996.

The AIDS community, however, has expressed disappointment with the Administration's recent efforts in this area. AIDS groups criticized the Administration for failing to propose major increases in discretionary spending in FY1998, which allowed Congress to outspend us in this area. And in just the last few weeks, the AIDS community reacted negatively to HCFA's conclusion that budget neutrality requirements prohibit establishing a Medicaid demonstration to provide early treatment to relatively healthy HIV-infected individuals. There is no doubt that the AIDS community will be examining the Administration's FY 1999 budget submission very closely.

**Proposal**

The AIDS office is recommending, and we agree, that you propose an \$115 million increase in your FY 1999 budget for AIDS treatment and prevention. (OMB is currently recommending \$100 million). All of this spending would go to existing discretionary programs that emphasize prevention and treatment. We would recommend that the majority of this increase go to the ADAP program, because new and effective treatments of this disease are currently not reaching many who need them. We also would recommend modest increases to CDC prevention education programs, as well as a range of programs providing funds to states,

cities, and community health centers.

Although the \$115 million that we are suggesting falls far short of the \$400 million the AIDS advocates are pushing, it is a significant investment that will improve AIDS treatment and prevention and soften criticism from the community.

Finally, in the wake of HCFA's decision on the Medicaid demonstration program discussed above, Nancy-Ann Min DeParle is looking into the possibility of a legislative proposal (which of course need not be budget neutral) for a model pilot project to expand eligibility to Medicaid for people with HIV earlier in the progression of their disease. As of this writing, we have significant questions about whether such a proposal is feasible and whether it could be done in time for the budget process. At the request of the Vice President, however, we are reviewing all options in this area closely.



December 8, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED  
MIKE COHEN

SUBJECT: Proposed Budget Initiatives for Indian Education

Last July, a coalition of education-oriented groups from Indian Country proposed a Comprehensive Federal Indian Education policy statement, which emphasized the importance of Tribal governance of Indian Education, the preservation and revitalization of Native languages and cultures, and the need for equitable access to education resources. The coalition also proposed an Executive Order to implement this policy vision.

This proposal has been under review by DPC staff and the Domestic Policy Council Working Group on American Indians and Alaska Natives. Pending a determination as to whether the proposed Executive Order is desirable and likely to be effective in accomplishing its aims, we have begun to identify steps that can be taken right now to improve education for Native American students in schools controlled by the BIA and Tribes, as well as in the public schools attended by large numbers of Indian students.

The full set of initiatives we have developed is summarized below. Most involve ensuring that new education proposals and existing funding streams effectively target resources to schools in Indian Country. In one area -- school construction and maintenance -- we are going further by proposing a significant increase in funds over previous appropriations levels.

**Tribal School Construction Proposal**

The BIA operates 185 residential and day schools serving 51,000 Native American students, approximately 10% of all Native American students in grades K-12. Enrollment in all BIA schools has increased by 25% since 1987. Enrollment in just the day schools has increased 47% since 1987 and 24% since 1992. Consequently, BIA schools have experienced significant problems with overcrowding. In addition, according to a forthcoming GAO report, BIA schools, compared to schools nationwide, (1) are generally in poorer physical condition; (2) have more "unsatisfactory environmental factors"; (3) more often lack key facilities required for education reform (e.g., science labs); and (4) are less able to support computer and communications technology. Overall, they are in worse condition than even inner-city schools.

We are recommending an increase of \$51.4 million over the FY 1998 appropriations (and an increase of \$47.6 million over the Department of Interior FY 1999 request) for two Bureau of

Indian Affairs accounts for New School Construction and Facilities Improvement and Repairs. The proposed increase would double funding for new school construction and for significant improvements and repairs of existing facilities. Compared to the BIA FY 1999 request, this step would double the number of new schools to be built from 2 to 3, and increase the number of schools undergoing significant improvements or repairs from 6 to 22. The higher budget request also would provide funds for needed portable classrooms, roof replacements, and other repairs.

	FY98 Appropriations	FY99 BIA Request	FY99 DPC Recommendation
New School Construction	\$19.2 million	\$20.8 million	\$38.4 million
Facilities Improvement and Repairs	\$32.2 million	\$34.4 million	\$64.4 million
Total	\$51.4 million	\$55.2 million	\$102.8 million

The Tribes would view this proposal as a significant step forward in improving the quality of education for Indian students. Congressional delegations from the affected states also would receive the proposal warmly.

This proposal is especially important if you choose to propose a new school construction initiative on the tax side, because Tribes do not issue bonds for this purpose. Even if you choose to propose a school construction initiative on the spending side, this initiative would be valuable. In the Administration's school construction proposal last year, 2 percent of the funds were set aside for a direct appropriation for Tribal schools, over and above the accounts discussed here. This funding, however, is contingent on the passage of a school construction proposal, and in any event, is insufficient to meet the Tribes' needs.

We have developed this proposal with the involvement and support of OMB, the Department of the Interior and the Department of Education.

### **Other Initiatives**

We are working to make sure that other education initiatives proposed for FY99 include an appropriate set-aside for BIA schools and, where feasible, for public schools that serve a large concentration of Native American students. These include:

- Education Opportunity Zones. A percentage of grant funds will be set aside for administration by the BIA, and the Education Department will be encouraged to provide at least one grant to a rural school district with a large percentage of Native American

students.

- Early Intervention College/School Partnerships. We are working to determine the best ways to ensure that Tribal Colleges can effectively participate in this initiative, as well as to fund other college/school partnerships in communities with a large percentage of Native American students.
- Child Care. The Child Care Block Grant already contains a set aside for administration by BIA. Proposed funding increases in this program will automatically benefit programs serving Native Americans on reservations.
- Technology. This year the BIA launched Access Native America, an initiative to implement the four pillars of your technology challenge and to connect all schools, classrooms, and libraries to the Department of Interior's Internet backbone by the year 2000. Within the past month, DPC arranged a meeting between BIA staff and the Schools and Libraries Corporation to help Tribal schools take advantage of the e-rate. As a result, the Corporation has agreed that BIA can apply for the e-rate on behalf of all Tribal schools, and BIA has begun to develop materials and plan training so that schools can complete the necessary applications.
- Teacher Preparation and Recruitment. This initiative, which you announced at the NAACP Convention on July 17, helps to prepare and recruit teachers to serve in high-poverty urban and rural communities. At the time this proposal was developed, we did not target funds to Tribal schools. We are in the process of preparing new legislative language to take care of that omission, and will work with our Congressional allies to incorporate it into our proposal.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 9-DEC-1997 15:36:01.00

SUBJECT: Re: civil rights memo

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

TEXT:  
just let me know what you want to change.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL).

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

CREATION DATE/TIME: 9-DEC-1997 09:36:23.00

SUBJECT: Re: coverage memo

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

READ:UNKNOWN

TEXT:

haven't read it, so get me the latest. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 9-DEC-1997 15:35:47.00

SUBJECT: Re: civil rights memo

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

TEXT:

I took out the ed dept survey memo because I didn't like it, but we should engage with omb on this issue.

the important increase in funding is the part that establishes the mediation program at eeoc. we can dial down the labor program by a lot.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 9-DEC-1997 15:52:30.00

SUBJECT: Re: civil rights memo

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

READ:UNKNOWN

TEXT:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 9-DEC-1997 14:36:50.00

SUBJECT: civil rights memo

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

TEXT:  
this is ready for you to review.  
----- Forwarded by Elena Kagan/OPD/EOP on 12/09/97 02:36  
PM -----

Thomas L. Freedman  
12/09/97 02:36:09 PM  
Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP  
cc: Laura Emmett/WHO/EOP, Mary L. Smith/OPD/EOP  
Subject: civil rights memo

===== ATTACHMENT 1 =====  
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December 9, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED  
TOM FREEDMAN

SUBJECT: Civil Rights Enforcement Initiative

We have developed a civil rights enforcement initiative that places a new emphasis on prevention and non-litigation remedies for discrimination while also strengthening civil rights agencies' ability to enforce traditional federal anti-discrimination policy. The plan promotes prevention by providing increased resources for compliance reviews and technical assistance, and offers an alternative to expensive litigation by funding a dramatic expansion of alternate dispute resolution (ADR) mechanisms. The plan also sets specific performance goals for the EEOC to speed its processing of complaints and reduce its backlog, and provides for greater coordination of strategy across federal civil rights agencies and offices. The package of improvements totals approximately \$107 million, including a 16.5% increase above the enacted FY 1998 budget for EEOC and a roughly 50% increase for the relevant HUD office.

**I. Strategies that Promote Prevention and Avoid Litigation**

**A. Resolving Problems Without Lengthy Court Fights**

The plan calls for the dramatic expansion of Alternative Dispute Resolution (ADR) across all relevant agencies. The largest initial investment is a \$40 million expansion over three years of the EEOC's mediation program. The EEOC currently has only a very limited mediation program. The increased funding will allow upwards of 70% of all complainants to choose mediation, rather than the lengthy process of investigation and litigation. (The remainder will not have this option, either because their cases are seen as the most serious enforcement priorities or because their cases are wholly devoid of merit.) We expect about half of all complainants to choose the mediation option. In addition to the EEOC program, pilot mediation programs will be introduced at HHS and Labor.

**B. Spotlighting the Problem and Encouraging Compliance**

The initiative includes a fund to improve the surveillance, technical outreach, and compliance efforts by civil rights offices. The focus on compliance is reflected in increased support for DOL's Office of Federal Contract Compliance program, which ensures that businesses under contract to the federal government implement E.O. 11246 and comply with

anti-discrimination law. This \$23 million reform will allow the office to increase ten-fold the number of compliance reviews it conducts through the introduction of a tiered review system. **In addition, the initiative provides \$10 million to HUD to conduct a program using paired testers, which is designed to raise awareness of the extent of housing discrimination through the public release of audit results as well as subsequent focused enforcement action. This initiative will also enable the EEOC to improve compliance through videos for employers and a public service campaign.**

## **II. Making Enforcement Work**

### **A. Resources to Eliminate Backlogs**

One of the most common criticisms of federal civil rights enforcement relates to the length of time the EEOC takes to hear and decide cases. This plan uses improvements in technology, mediation, and the addition of over 100 investigators to lower the average time spent resolving private-sector complaints to under 6 months (from the current 9.4 months) and reducing the inventory from 64,000 cases to 28,000 by the year 2000. The plan also includes two new initiatives at HHS to reduce backlogs by expanding the use of case management techniques and giving state and local civil rights agencies an additional role in enforcement.

### **B. Coordinating and Streamlining Federal Policies**

Federal civil rights offices only rarely consult or coordinate with each other. This initiative will institute a standing inter-agency working group to address issues of common interest, including development of strategy, implementation of performance outcome measures, and sharing of training initiatives and data collection.

We also recommend that you begin the process of implementing EEOC's proposal to strengthen its authority to eradicate discrimination from federal agencies, provided White House and Department of Justice attorneys approve the measures. Currently, parties who complain of discriminatory treatment by an agency can request a hearing from an Administrative Judge who is an impartial EEOC employee. Agencies, however, can then issue a final agency decision (FAD) rejecting the AJ's decision altogether. Statistics show that agencies modify decisions adverse to them nearly two-thirds of the time, while modifying decisions favorable to them only about 1% of the time. The EEOC proposal would eliminate the FAD process where there has been an AJ hearing, and permit both the complaining party and agencies to appeal the AJ's decision to the EEOC.

### **C. Modernizing Civil Rights Enforcement**

Many civil rights agencies have not received sufficient increases in resources to make use of technology and improve their efficiency. For instance, unlike most of the federal government, EEOC offices lack the ability to communicate with each other using e-mail. The plan includes a \$15 million technology initiative for EEOC, HHS, Labor, and Education to provide for communication via electronic mail; eliminate redundant data entry procedures; permit the sharing of information and enhanced research capabilities for investigators and attorneys; allow for the

filing of forms and complaints over the Internet; and provide for the sharing of civil rights data bases.

### **III. Status of Proposals**

DPC developed this plan after consultation with representatives of leading civil rights organizations, heads of federal civil rights offices, and other White House offices. OMB has recommended a package of \$57 million for this initiative, which will fund some of the measures described here. OMB is currently reviewing other agency proposals, including the \$40 million expansion of ADR at EEOC and the \$23 million proposal by DOL-OFCCP to expand its compliance program.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL) .

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

CREATION DATE/TIME:10-DEC-1997 10:55:17.00

SUBJECT: clipping

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

READ:UNKNOWN

TEXT:

take a look at the president's note on child support enforcement in the  
bennet/pear article. hasn't anyone told him not to believe our soundbites?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-DEC-1997 15:07:16.00

SUBJECT: Re: Crime-Related Budget Items

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

READ:UNKNOWN

TEXT:

what was ron klain's email?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-DEC-1997 07:48:19.00

SUBJECT: INS reform

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

READ:UNKNOWN

TEXT:

fyi for 9:00 meeting

----- Forwarded by Elena Kagan/OPD/EOP on 12/10/97 07:48 AM -----

Julie A. Fernandes

12/09/97 06:54:13 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc: Laura Emmett/WHO/EOP, Leanne A. Shimabukuro/OPD/EOP

Subject: INS reform

Elena,

In light of your meeting tomorrow morning with Commissioner Meissner and OMB, the following outlines a few questions that we think we should consider at this stage in our review:

1. As you know, there is an outstanding issue of whether we want the budget document to include any statement about INS reform. It is possible that the statement could be very general (talking about our commitment to create a strong delineation between services and enforcement, to better both, building on our successes, etc.) in a way that indicates our goals, without committing to any specifics (though OMB may want it to be more detailed.) Also, we should be mindful of our possible desire to get congressional support for whatever we propose, and therefore not make a budget statement that limits our options or that appears final. Either way, we should finalize as soon as we can what the WH approach will be going into the end of January and the return of Congress.

2. Related to the first, we should decide when (if ever?) we should begin our legislative effort.

3. INS has almost finalized a contract bid process for an outside management assessment of the current INS structure, the INS proposal for reorganization, and other proposals (unclear on whether this includes CIR recommendation). According to Bob Bach, the contract could be signed as early as next week (though we had referred to this as the Booze Allen review, the contract has not yet been awarded). The assessment will take approximately 2 months.

While the assessment could potentially help us to flesh out details with the proposal flowing out of our review process, we are concerned that the assessment could work at cross purposes with our efforts. We want to be sure that the assessment is not a tool for INS to predetermine the outcome of our process, or something they could use to beat back our recommendations. Bob has assured us that their goal is not to simply to have this assessment rubber stamp their proposal.

Ideally, the assessment could be a tool to help us to answer difficult or technical management questions (e.g., looking at other agency reorganizations and management structures such as Customs). We recommend seeking assurances from the Commissioner that they will work with us once the contract is awarded to make sure the assessment complements, not conflicts, with our process.

Thanks.

julie & leanne

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-DEC-1997 14:27:25.00

SUBJECT: Bob Barr

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

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

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

TEXT:

fyi

----- Forwarded by Elena Kagan/OPD/EOP on 12/10/97 02:27  
PM -----

Barry J. Toiv

12/10/97 01:40:25 PM

Record Type: Record

To: See the distribution list at the bottom of this message  
cc: Sara M. Latham/WHO/EOP, June G. Turner/WHO/EOP  
Subject: Bob Barr

Bob Barr, in today's Freeh hearing, suggested that it was a security threat to permit welfare hires to work at the White House. Apparently, Dems went after him pretty good. I've told Reuters that people hired here undergo the same rigorous clearance process and drug testing regardless of circumstances, and to suggest that single mothers trying to raise their children and make the transition from welfare to work are inherently a greater security threat is offensive. (We need Mr. Barr on stage in the next race town hall.)

Message Sent

To: \_\_\_\_\_  
Michael D. McCurry/WHO/EOP  
Bruce N. Reed/OPD/EOP  
Elena Kagan/OPD/EOP  
Virginia Apuzzo/WHO/EOP  
Ada L. Posey/OA/EOP  
Karen A. Popp/WHO/EOP  
Jacqueline A. Easley/OMB/EOP  
Cheryl D. Mills/WHO/EOP  
John Podesta/WHO/EOP  
Sylvia M. Mathews/WHO/EOP  
Maria Echaveste/WHO/EOP  
Julie L. Haas/OMB/EOP  
Daniel W. Burkhardt/WHO/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-DEC-1997 13:36:59.00

SUBJECT: Re: Child Care Options: Comments by 11:30

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

TEXT:

emil: we already told omb to put it in.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-DEC-1997 11:22:34.00 .

SUBJECT: \$200 million Head Start increase

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

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

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

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 12/12/97 11:22  
AM -----

Emil E. Parker  
12/12/97 10:47:51 AM  
Record Type: Record

To: Barbara Chow/OMB/EOP, Elena Kagan/OPD/EOP  
cc: Gene B. Sperling/OPD/EOP, Robert M. Shireman/OPD/EOP, Charles R.  
Marr/OPD/EOP, Barry White/OMB/EOP  
Subject: \$200 million Head Start increase

I spoke to Gene last night; he feels strongly that a \$150 million increase for Head Start (above the OMB-recommended level of \$4.489 billion) is inadequate. He is willing to accept \$400 million for the Early Learning fund only if there is also a \$200 million increase in Head Start (above the OMB recommendation, for a total increase of \$334 million over FY 98 enacted). As you know, DPC is recommending, as part of the child care initiative, about \$500 million over four years to expand Early Head Start. I have not seen this item in any OMB materials. A \$200 million overall increase for FY 99 would allow for an expansion of Early Head Start in that year, should we decide to go that way in the context of Head Start reauthorization.

Barbara, I know that you reached agreement with Bob Shireman and others on \$150 million for Head Start. I apologize for the late notice on this. Thank you.

Emil

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-DEC-1997 13:35:01.00

SUBJECT: Re: \$200 million Head Start increase

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

READ:UNKNOWN

TEXT:

I think he'll press for more than 30 for Early Head Start, but settle for 400 in early learning. (I just looked at the Janet Yellen memo you sent over; she's completely right, and I wonder whether we should have gone up to 400.)

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:14-DEC-1997 16:21:48.00

SUBJECT: memo

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

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

TEXT:

Unable to convert ARMS\_EXT:[MESSAGE.D67]MAIL453895747.316

The following is a HEX dump of the file:

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

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D67]MAIL453895748.316 to ASCII,

The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:15-DEC-1997 13:21:11.00

SUBJECT: Re: Additions to discretionary memo

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

TEXT:

No. The second one is from last year. The first one is still really hazy  
-- I think there's a meeting this afternoon to try to give it some  
content. I can't think of how to describe it to the President right now,  
and so vote for leaving it out.



December 15, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed  
Gene Sperling  
Elena Kagan

SUBJECT: New Initiatives on Discretionary Side of Budget

Assuming OMB can come up with another \$5 billion for discretionary spending, the DPC, NEC, and OMB all recommend that you propose to fund the new initiatives listed below in your FY 1999 budget. We already have given you detailed memos on most of these initiatives. If you approve the initiatives, you can announce them in the State of the Union.

Education

- 1. Education Opportunity Zones -- \$225 million:** This initiative will provide funding to about 25 high-poverty urban and rural school districts for agreeing to adopt a "Chicago-type" school reform agenda that includes ending social promotions, removing bad teachers, reconstituting failing schools, and adopting district-wide choice.
- 2. College-School Partnerships -- \$170 million:** This initiative, which builds on the Eugene Lang model and Congressman Fattah's proposal, will provide funding for college-school partnerships designed to provide mentoring, tutoring, and other support services to students in high-poverty schools, starting in the sixth grade and continuing until high school graduation. The first year's investment could reach as many as 200,000 seventh graders at 1,800 high-poverty schools. [check]
- 3. Teacher Recruitment and Preparation -- \$67 million:** This initiative, which you previewed last July, will provide scholarships to nearly 35,000 new teachers over the next five years for committing to work in high-poverty urban and rural schools. It also will upgrade the quality of teacher preparation programs serving these communities.
- 4. Technology Teacher Training -- \$80 million:** This initiative will provide intensive training in the use of technology to at least one teacher in every school and require that teacher to train his or her colleagues.
- 5. Hispanic Education Dropout Plan -- \$110 million:** This initiative will increase funding for a variety of existing programs -- Bilingual Education, TRIO College Preparation, Adult Education, Migrant Education, etc. -- and take certain administrative actions to help Hispanic

students complete high school and succeed in college.

**6. After-School Program Expansion -- additional \$60-160 million:** This part of a much larger child care initiative (most of which is funded on the mandatory side of the budget) will provide additional funding to the 21st Century Community Learning Center Program (now funded at \$40 million) for before- and after-school programs for school-age children at public schools. Depending on the exact funding level chosen, this investment will create programs in 1,500-4,000 new schools.

December 15, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed  
Gene Sperling  
Elena Kagan

SUBJECT: New Initiatives on Discretionary Side of Budget

Assuming OMB can come up with another \$5 billion for discretionary spending, the DPC, NEC, and OMB all recommend that you propose to fund the new initiatives listed below in your FY 1999 budget. We already have given you detailed memos on most of these initiatives. If you approve the initiatives, you can announce any or all of them in the State of the Union.

Because so many of the new initiatives involve education, we are attaching an appendix to this memo that shows recommended funding levels for the Department of Education's major base programs.

**Education**

- 1. Education Opportunity Zones (\$225 million):** This initiative will provide funding to about 25 high-poverty urban and rural school districts for agreeing to adopt a "Chicago-type" school reform agenda that includes ending social promotions, removing bad teachers, reconstituting failing schools, and adopting district-wide choice.
- 2. College-School Partnerships (\$150 million):** This initiative, which builds on Eugene Lang's model of helping disadvantaged youth, will provide funding for college-school partnerships designed to provide mentoring, tutoring, and other support services to students in high-poverty schools, starting in the sixth grade and continuing through high school. The six-year funding path would provide help to nearly 2 million students.
- 3. Campaign on Access to Higher Education (\$20 million):** This initiative will fund an intensive publicity campaign on the affordability of higher education. The goal of the campaign will be to make every family aware that higher education is now universally accessible -- and that it is the key to higher earnings. As part of this effort -- and to complement the college-school partnership program described above -- we will provide families at high-poverty middle schools with an official notification of the \$20,000 or more that is already available for their children to go to college.
- 4. Teacher Recruitment and Preparation (\$67 million):** This initiative, which you previewed

last July at the NAACP Conference, will provide scholarships to nearly 35,000 new teachers over five years for committing to work in high-poverty urban and rural schools. It also will upgrade the quality of teacher preparation programs serving these communities.

**5. Technology Teacher Training (\$222 million):** This initiative dedicates 30 percent of the Technology Literacy Challenge Fund to ensure that at least one teacher in every school receives intensive training in the use of technology for education, so that they can train their colleagues. An additional \$80 million will begin an effort to train every *new* teacher in the latest technology.

**6. Hispanic Education Action Plan -- (\$195 million or more):** This initiative will increase funding for a number of existing programs to improve education for Hispanic Americans and other limited English proficient (LEP) children and adults. It would double our investment in training teachers to address the needs of LEP children; boost the Migrant Education Program by 16 percent; increase the TRIO college preparation program by 10 percent; and create a 5-year, \$100 million effort to disseminate best practices in ESL training for adults. We would accompany these program increases with administrative actions to help Hispanic students complete high school and succeed in college.

### Child Care

We recommend placing most of the child care initiative -- in particular, the proposed increase in the Child Care and Development Block Grant and the establishment of a new Early Learning Fund -- on the mandatory side of the budget. The smaller pieces of the initiative that we propose placing on the discretionary side are the following:

- 1. After-School Program Expansion (\$150 million):** This program expansion will increase funding of the 21st Century Community Learning Center Program (now funded at \$40 million) for before- and after-school programs for school-age children at public schools. Depending on the exact funding level chosen, this investment will create new programs in 1,500-4,000 schools.
- 2. Standards Enforcement Fund (\$100 million):** This new fund will support state efforts to improve licensing systems and to enforce health and safety standards, particularly through unannounced inspections of child care settings. The fund also will enable states to issue report cards, for use by consumers, on the quality of the facilities inspected.
- 3. Provider Training (\$51-60 million):** A new Child Care Provider Scholarship Fund, which you proposed at the Child Care Conference to fund at \$50 million annually, will support 50,000 scholarships each year to students working toward a child care credential. The students will commit to remaining in the field for one year for each year of assistance received, and will earn increased compensation or bonuses when they receive their credential. An additional \$1-10 million will allow the Department of Labor to expand its Child Care Apprenticeship Training Program, which funds providers combining work toward a degree with on-the-job practice.

**4. Research and Evaluation Fund (\$10-30 million):** This new fund will provide grants for research projects, establish a National Center on Child Care Statistics, and set up a national child care hotline.

**5. Paid Leave Demonstration Fund (\$10 million):** This small evaluation and demonstration fund will support communities and organizations that are testing and/or studying innovative approaches to providing financial assistance to parents who wish to stay home with their newborns.

**6. Early Head Start Expansion (\$284-334 million):** This level of increased investment in the overall Head Start budget should permit doubling the set-aside for Early Head Start without reducing the resources available for children 3-5. The doubled set-aside would enable more than 35,000 additional children to receive Early Head Start services in 2002.

### **Welfare, Housing, Urban**

**1. Welfare-to-Work Housing Vouchers (\$283 million):** This initiative will provide 50,000 new housing vouchers to help welfare recipients in public housing who need to move in order to find employment. HUD will distribute these vouchers on a competitive basis to public housing authorities working with local TANF agencies and/or grantees of the new \$3 billion welfare-to-work program. (A separate proposal, for which no new funding is needed, would allow families in public or assisted housing to use vouchers to buy a home; HUD expects this proposal to help some 25,000 people become homeowners over two years.)

**2. Housing Portability/Choice (\$20 million):** In addition to the new welfare-to-work housing vouchers discussed above, our proposed package on housing portability and choice expands Regional Opportunity Counseling sites and takes administrative actions to eliminate obstacles to portability in the Section 8 housing program.

**3. "Play-by-the-Rules" Homeownership Proposal (\$30 million):** This initiative would enable the Neighborhood Reinvestment Corporation to assist approximately 10,000 families to buy their own homes through downpayment assistance, interest rate buydowns, or rehabilitation loans. The assistance will go to families that have a perfect track record of paying their rent on time and otherwise "playing by the rules."

**4. Homeownership Opportunity Fund (\$11 million):** This initiative will allow HUD to develop a loan guarantee program to allow state and local governments to leverage current HOME funds with private-sector investments to fund large scale, affordable housing developments in distressed communities.

**5. Community Empowerment Fund (\$400 million):** This initiative establishes a public/private fund ("Eddie Mac"), which will invest in inner-city businesses and create a secondary market for economic development loans (like Fannie Mae).

## Labor and Workforce

**1. Child Labor (\$89 million):** This initiative is anchored by a \$30 million commitment to the International Program on the Elimination of Child Labor (IPEC). The initiative also will include funding to improve Customs Service enforcement of U.S. law banning the import of goods made with forced or bonded child labor (\$3 million) and to double the Department of Labor's enforcement of child labor laws in the agricultural sector (\$4 million). Finally, the initiative will provide additional funding to the Migrant Education Program so it can reach 50,000 more migrant children (\$50 million). We will develop non-budget items to fill out the package.

**2. Community Adjustment (\$50 million):** This initiative will fund the creation of the Office of Community and Economic Adjustment (OCEA), which we proposed as part of the Fast Track debate. As you know, **this office will be modeled after the Defense Department's Office of Economic Adjustment -- the Administration's first point of contact with communities experiencing a military base closure or defense plant closing. We expect the Office to help 35-40 communities in its first year of operation. The initiative also will fund a variety of other efforts to assist communities that face sudden and severe economic dislocation.**

## Health

**1. 21st Century Trust Fund (\$1 billion):** This initiative will provide substantial additional funding to NIH (\$750 million) and NSC (\$250 million), ramping up substantially over time, for research activities, including into the treatment and cure of diseases. We will provide you with a separate memo on this initiative in the next day or two. Funding for this initiative will come from comprehensive tobacco legislation.

**2. AIDS Programs Expansion (\$165 million):** A funding increase for the Ryan White Program of about 15 percent will go principally toward ADAP, to ensure that new and effective treatments of AIDS reach those who need them. Some of the funds will support education and prevention programs operated by states, cities, and community health centers, as well as by the CDC.

**3. Racial Disparities in Health Care (\$80 million):** This initiative will address racial disparities in six areas of health care: infant mortality, breast and cervical cancer, heart disease and stroke, diabetes, AIDS, and immunization. The proposal includes additional funding (\$50 million) to established public health programs to adapt and apply their prevention and education strategies to eliminate racial disparities. It also includes funding (\$30 million) for thirty local pilot projects to test innovative approaches to reach this goal.

## Crime

**1. Community Prosecutors (\$50 million):** This initiative will provide grants to prosecutors for innovative, community-based prosecution efforts, such as Eric Holder adopted in the District of Columbia. A full 80 percent of the grants will go to pay the salaries and training costs associated

with hiring or reassigning prosecutors to work directly with community residents.

### **Race**

A number of the above proposals -- e.g., education opportunity zones, university-school partnerships, housing vouchers -- can be presented as part of the race initiative, because they target predominantly minority areas or provide disproportionate benefits to members of minority groups. Other proposals described above -- the Hispanic dropout plan and the race and health initiative -- have obvious and explicit race connections. In addition:

**1. Civil Rights Enforcement (\$68 million):** This initiative will fund reforms to the EEOC and the civil rights offices at DOJ, HUD, HHS, Education, and DOL. Most importantly, additional funding of \$37 million will allow the EEOC to expand its mediation program (allowing more than 70 percent of all complainants to choose mediation by the year 2000), increase the average speed of resolving complaints (from over 9 months to six) and reduce the EEOC's current backlog (from 64,000 cases to 28,000). The initiative also will fund a dramatic expansion of HUD's civil rights enforcement office (in the 30th anniversary year of the Fair Housing Act) and improve coordination among the government's civil rights offices. We are preparing a number of non-budgetary administrative actions, especially involving fair housing and lending, to accompany our budget proposals in this area.

**Appendix -- Education Base Programs**



December 15, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed  
Gene Sperling  
Elena Kagan

SUBJECT: New Initiatives on Discretionary Side of Budget

As you know, OMB is trying to find an additional \$6 billion for discretionary spending. Assuming this money becomes available, the DPC and NEC agree that we should fund the new initiatives listed below in your FY 1999 budget. OMB has signed off on these recommendations. Some of the departments, however, may call for decreasing the amount of money spent on new initiatives.

We already have given you detailed memos on most of these initiatives. If you approve the initiatives, you can announce any or all of them in the State of the Union.

Because so many of the new initiatives involve education, we are attaching an appendix to this memo that shows recommended funding levels for the Department of Education's major base programs. In reviewing the education spending, you should note that we have just discovered a calculation error whose correction will free up additional monies. We had thought we would need a \$434 million increase in the Pell Grant Program to raise the maximum award from \$3,000 to \$3,100. New cost estimates show we can finance these policies with \$224 million, leaving \$210 million for other spending. We are currently considering options to keep these funds in the Pell Grant Program to support a larger increase in the maximum award level or to invest them in the After-School and Head Start components of the child care initiative.

**Education**

**1. Education Opportunity Zones (\$225 million):** This initiative will provide funding to about 25 high-poverty urban and rural school districts for agreeing to adopt a "Chicago-type" school reform agenda that includes ending social promotions, removing bad teachers, reconstituting failing schools, and adopting district-wide choice.

**2. College-School Partnerships (\$150 million):** This initiative, which builds on Eugene Lang's model of helping disadvantaged youth, will provide funding for college-school partnerships designed to provide mentoring, tutoring, and other support services to students in high-poverty schools, starting in the sixth grade and continuing through high school. The six-year funding path will provide help to nearly 2 million students. The proposal also will include Chaka

Fattah's idea of early notification to disadvantaged 6th graders telling them of their Pell Grant and loan eligibility.

**3. Campaign on Access to Higher Education (\$20 million):** This initiative will fund an intensive publicity campaign on the affordability of higher education. The goal of the campaign will be to make every family aware that higher education is now universally accessible -- and that it is the key to higher earnings.

**4. Teacher Recruitment and Preparation (\$67 million):** This initiative, which you previewed last July at the NAACP Conference, will provide scholarships to nearly 35,000 new teachers over five years for committing to work in high-poverty urban and rural schools. It also will upgrade the quality of teacher preparation programs serving these communities.

**5. Technology Teacher Training (\$222 million):** This initiative will dedicate 30 percent (\$142 million) of the Technology Literacy Challenge Fund (which is being increased from \$425 to \$475 million) to ensure that at least one teacher in every school receives intensive training in the use of technology for education, so that those "master teachers" can train their colleagues. An additional \$80 million will begin an effort to train every *new* teacher in the latest technology.

**6. Hispanic Education Action Plan -- (\$195 million or more):** This initiative will increase funding for a number of existing programs to improve education for Hispanic Americans and other limited English proficient (LEP) children and adults. It would double our investment in training teachers to address the needs of LEP children; boost the Migrant Education Program by 16 percent; increase the TRIO college preparation program by 10 percent; and create a 5-year, \$100 million effort to disseminate best practices in ESL training for adults. We would accompany these program increases with administrative actions to help Hispanic students complete high school and succeed in college.

### Child Care

We recommend placing most of the child care initiative -- in particular, the proposed increase in the Child Care and Development Block Grant and the establishment of a new Early Learning Fund -- on the mandatory side of the budget. The smaller pieces of the initiative that we propose placing on the discretionary side are the following:

**1. After-School Program Expansion (\$100-200 million):** This program expansion will increase funding of the 21st Century Community Learning Center Program (now funded at \$40 million) for before- and after-school programs for school-age children at public schools. Depending on the exact funding level chosen, this investment will create new programs in 1,500-4,000 schools, serving between 75,000 and 200,000 children.

**2. Standards Enforcement Fund (\$100 million):** This new fund will support state efforts to improve licensing systems and to enforce health and safety standards, particularly through

unannounced inspections of child care settings. The fund also will enable states to issue report cards, for use by consumers, on the quality of the facilities inspected.

**3. Provider Training (\$51-60 million):** A new Child Care Provider Scholarship Fund, which you proposed at the Child Care Conference to fund at \$50 million annually, will support 50,000 scholarships each year to students working toward a child care credential. The students will commit to remaining in the field for one year for each year of assistance received, and will earn increased compensation or bonuses when they receive their credential. An additional \$1-10 million will allow the Department of Labor to expand its Child Care Apprenticeship Training Program, which funds providers combining work toward a degree with on-the-job practice.

**4. Research and Evaluation Fund (\$10-30 million):** This new fund will provide grants for research projects, establish a National Center on Child Care Statistics, and set up a national child care hotline.

**5. Head Start and Early Head Start Expansion (\$284-334 million):** This level of increased investment in the overall Head Start budget should permit doubling the set-aside for Early Head Start without reducing the resources available for children 3-5. The doubled set-aside would enable more than 35,000 additional children to receive Early Head Start services in 2002.

### **Welfare, Housing, Urban**

**1. Welfare-to-Work Housing Vouchers (\$283 million):** This initiative will provide 50,000 new housing vouchers to help welfare recipients in public housing who need to move in order to find employment. HUD will distribute these vouchers on a competitive basis to public housing authorities working with local TANF agencies and/or grantees of the new \$3 billion welfare-to-work program. (A separate proposal, for which no new funding is needed, would allow families in public or assisted housing to use vouchers to buy a home; HUD expects this proposal to assist some 25,000 people become homeowners over two years.)

**2. Housing Portability/Choice (\$20 million):** In addition to the new welfare-to-work housing vouchers discussed above, our proposed package on housing portability and choice expands Regional Opportunity Counseling sites and takes administrative actions to eliminate obstacles to portability in the Section 8 housing program.

**3. "Play-by-the-Rules" Homeownership Proposal (\$30 million):** This initiative will assist families that always pay their rent on time to become homeowners. The Neighborhood Reinvestment Corporation will provide downpayment assistance, interest rate buydowns, or rehabilitation loans to approximately 10,000 families.

**4. Homeownership Opportunity Fund (\$11 million):** This initiative will provide funds for HUD to develop a loan guarantee program to allow state and local governments to leverage current HOME funds with private-sector investments to fund large-scale, affordable housing

developments in distressed communities.

**5. Community Empowerment Fund (\$400 million):** This initiative establishes a public/private fund ("Eddie Mac"), which will invest in inner-city businesses and create a secondary market for economic development loans (like Fannie Mae).

**6. Homeless Assistance (\$341 million):** This level of increased investment includes \$177 million to help 32,000 homeless people receive Section 8 vouchers.

### Labor and Workforce

**1. Child Labor (\$89 million):** This initiative is anchored by a \$30 million commitment -- up from \$3 million -- to the International Program on the Elimination of Child Labor (IPEC). The initiative also will include funding to improve Customs Service enforcement of U.S. law banning the import of goods made with forced or bonded child labor (\$3 million) and to double the Department of Labor's enforcement of child labor laws in the agricultural sector (\$4 million). Finally, the initiative will provide additional funding to the Migrant Education Program so it can reach 50,000 more migrant children (\$50 million). We are developing non-budget items to fill out the package.

**2. Community Adjustment (\$50 million):** This initiative will fund the creation of the Office of Community and Economic Adjustment (OCEA), which we proposed as part of the Fast Track debate. As you know, **this office will be modeled after the Defense Department's Office of Economic Adjustment -- the Administration's first point of contact with communities experiencing a military base closure or defense plant closing. We expect the Office to help 35-40 communities in its first year of operation. The initiative also will fund a variety of other efforts to assist communities that face sudden and severe economic dislocation.**

### Health

**1. 21st Century Trust Fund (\$1 billion):** This initiative will provide substantial additional funding to NIH (\$750 million) and NSC (\$250 million), ramping up substantially over time, for research activities -- particularly on the treatment and cure of diseases. We will provide you with a separate memo on this initiative in the next day or two. Funding for this initiative will come from comprehensive tobacco legislation.

**2. AIDS Programs Expansion (\$165 million):** A funding increase for the Ryan White Program of about 15 percent will go principally toward ADAP, to ensure that new and effective treatments of AIDS reach those who need them. Some of the funds will support education and prevention programs operated by states, cities, and community health centers, as well as by the CDC.

**3. Racial Disparities in Health Care (\$80 million):** This initiative will address racial disparities in six areas of health care: infant mortality, breast and cervical cancer, heart disease

and stroke, diabetes, AIDS, and immunization. The proposal includes additional funding (\$50 million) to established public health programs to adapt and apply their prevention and education strategies to eliminate racial disparities. It also includes funding (\$30 million) for thirty local pilot projects to test innovative approaches to reach this goal.

### Crime

**1. Community Prosecutors (\$50 million):** This initiative will provide grants to prosecutors for innovative, community-based prosecution efforts, such as Eric Holder adopted in the District of Columbia. A full 80 percent of the grants will go to pay the salaries and training costs associated with hiring or reassigning prosecutors to work directly with community residents.

### Race

A number of the above proposals -- e.g., education opportunity zones, university-school partnerships, housing vouchers -- can be presented as part of the race initiative, because they target predominantly minority areas or provide disproportionate benefits to members of minority groups. Other proposals described above -- the Hispanic dropout plan and the race and health initiative -- have obvious and explicit race connections. In addition:

**1. Civil Rights Enforcement (\$68 million):** This initiative will fund reforms to the EEOC and the civil rights offices at DOJ, HUD, HHS, Education, and DOL. Most important, additional funding of \$37 million will allow the EEOC to expand its mediation program (allowing more than 70 percent of all complainants to choose mediation by the year 2000), increase the average speed of resolving complaints (from over nine months to six) and reduce the EEOC's current backlog (from 64,000 cases to 28,000). The initiative also will fund a dramatic expansion of HUD's civil rights enforcement office (in the 30th anniversary year of the Fair Housing Act) and improve coordination among the government's civil rights offices. We are preparing a number of non-budgetary administrative actions, especially involving fair housing and lending, to accompany our budget proposals in this area.

## **Appendix -- Education Base Programs**

Education testing: \$16 million. The full amount needed to maintain progress on test development.

Pell Grants: \$7,779 million. A \$224 million increase to maintain higher independent student eligibility and to raise the maximum award from \$3,000 to \$3,100.

America Reads, \$260 million. We did not get our America Reads bill in FY 1998. We did obtain increases for tutoring in the Corporation for National and Community Service. Congress did, however, "advance appropriate" \$210 million for FY 1999 for Education, contingent upon enactment of new law. The increase to \$260 million reflects our original first year plan.

Education Technology: \$659 million. A \$75 million increase over FY 1998 to continue support for school investments and development of new software and teaching techniques.

Title I, Education for the Disadvantaged, Grants to LEAs: \$ 7,725 million. A \$350 million increase over FY 1998 to serve an additional 400,000 children in poor communities.

Goals 2000: \$510 million. A \$10 million increase over FY 1998, to maintain momentum in the States for school reform.

Comprehensive School Reform: \$175 million. A \$30 million increase over FY 1998 for demonstrations of school reform models.

Adult Education: \$394 million. A \$33 million increase over FY 1998 for basic education and English language training for the disadvantaged, immigrants, and welfare recipients.

Special Education: \$4,811 million. Same as the FY 1998 level, which was increased by \$775 million over FY 1997. States can spend the increase over 2 years. Secretary Riley has expressed concern about the lack of an FY 1999 increase. We are convinced that no increase will satisfy the advocates, and would prefer to negotiate this level in Congress, rather than use up scarce funds in your budget now.

College Work-Study, \$915 million. An \$85 million increase over FY 1998, make progress toward your goal of 1 million Work-Study positions by FY 2000.

### **Reductions in the Base**

A number of programs have been reduced to make room for initiatives and major base programs, including: Impact Aid (-\$92 million), the Education Block Grant (-\$350 million), and Perkins Loans (-\$85 million). Each of these has a vocal constituency. We believe we can make the case that our funding of initiatives and base programs are all higher priority than these programs.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-DEC-1997 11:34:04.00

SUBJECT: Re: Policy memo

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

READ:UNKNOWN

TEXT:

this afternoon