

**NLWJC - KAGAN**

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**ARMS - BOX 013 - FOLDER 001**

**[8/7/1997 - 10/3/1997]**

# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Elena Kagan to Laura Emmett re: Birthday (1 page)	08/07/1997	Personal Misfile
002. email	Elena Kagan to Charles Ruff re: meeting (1 page)	08/12/1997	P6/b(6)
003. email	Elena Kagan to Maria Echaveste re: Invitation (1 page)	09/09/1997	Personal Misfile
004. email	Elena Kagan to Sylvia Mathews re: personal (1 page)	09/21/1997	Personal Misfile
005. email	Elena Kagan to Mickey Ibarra re: Secretary Riley [partial] (1 page)	10/03/1997	P2

**COLLECTION:**

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

**FOLDER TITLE:**

[8/7/1997 - 10/3/1997]

2009-1006-F

kh574

**RESTRICTION CODES**

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

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

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

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

RR. Document will be reviewed upon request.

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

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

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August 9, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed  
Elena Kagan

SUBJECT: DPC Weekly Report

**I. Welfare Reform: Council of Economic Advisers' Analysis of Child-Only Cases** -- In response to a recent item in CEA's weekly economic briefing on the growth of child-only welfare cases, you asked whether certain features of the welfare law need to be fixed.

The issue is that one part of the law appears to treat states with growing numbers of child-only cases unfavorably, while another part of the law is too generous to such states. Since child-only cases count when measuring a state's caseload reduction credit, a growing child-only caseload reduces the size of that credit -- and means a state must put more people to work. On the other hand, a state with more child-only cases can grant more "hardship exceptions" to the 5-year time limit. This is because these cases are included in the denominator of the 20 hardship exception calculation despite the fact that none of them need the exception because they are excepted elsewhere in the law.

We do not believe a fix is needed at this time. On the caseload reduction credit, the tremendous decline in welfare caseloads is already making the work participation rates far easier to meet than expected. In addition, letting states calculate the credit by excluding child-only cases might even give states an incentive to sanction parents and create more child-only cases. Regarding time limits, we are loath to re-open the issue of time limit exceptions so early in the implementation process and when there are many groups (battered women, disabled, etc.) that are pressing for more exceptions, not fewer in this area.

**2. Welfare Reform: Agreement in New York State and California on Welfare** -- In the past week or so, state officials in New York State and California finally reached agreement on welfare plans.

New York State passed a budget that includes its welfare changes. The new law requires that all individuals able to work must accept a workfare assignment offered to them. New parents are exempt from work requirements until the infant is 3 months old, with extensions allowed until the age of one. The plan also exempts from work those who are over 60, ill or incapacitated, or needed in the home because of the illness or incapacity of a family member. In response to a recent notorious case where a woman on general assistance with a history of illness died on a work assignment, counties must make work assignments consistent with an individual's limitations and

consider an individual's medical reports. Counties must allow workfare on college campuses for students on welfare, an idea Mayor Giuliani has resisted and continues to resist. The plan also increases the amount of earnings that can be disregarded for welfare purposes. Child care will be provided for children under 13 whose parents are assigned to work. The state will construct a system of incentives and penalties for counties to encourage them to move people from welfare to work. The final plan preserves current benefit levels, rejecting Governor Pataki's proposal to keep dropping benefits as a family approaches the five year time limit. The legislature also rejected Pataki's plan to block grant TANF funds to counties.

After five years, families with children can move to a "safety net" program that features non-cash benefits (presumably using state rather than federal funds). Also in this program are those without children and immigrants not eligible for federal funds.

New York chose to take advantage of a new state option to purchase food stamps from USDA for legal immigrants who will otherwise lose benefits under federal law on August 22. New York will buy food stamps for elderly or disabled legal immigrants and legal immigrant children, which will preserve benefits for about two-thirds of legal immigrants.

After a confrontation in California last month that culminated in Governor Wilson's veto of a Democratic bill, the Governor and the legislature reached an agreement earlier this week. They compromised on a plan to limit new welfare recipients to 18 months of benefits, with a six-month extension option. Current recipients can get 24 months of benefits and then must leave the rolls for at least a year before they can requalify for benefits. Able-bodied adults must work or be in training for at least 20 hours a week; in the year 2000, that requirement increases to 32 hours a week. Women with infants are exempt from the work requirements for three months to one year, at the county's option. Children can continue to get aid after their parents reach the five-year lifetime limit. The state also enacted a lifetime ban on welfare for convicted drug felons. Democrats were unable to win approval of assistance to legal immigrants losing federal food stamps, or of a partial state takeover of the state general assistance program.

**3. Welfare: Child Support Enforcement** -- In light of the recent GAO study criticizing states for not putting in place automated child support enforcement systems, you asked how we have increased collections by 50 percent since 1992 and what more we could do. While as many as eight states have told HHS that their computer systems won't be ready for certification by October 1st, some of those states are using computers in some parts of their states already. Even the GAO report acknowledges that the systems in place have helped those states improve collections. The real problem is that this October 1st deadline is only for the computer systems needed to implement the provisions of the 1988 Family Support Act -- all of these computer systems will need to be updated and revised to enforce the new hire reporting, license revocation, centralized state collections, and paternity establishment rules enacted as part of welfare reform. And, as you noted in your July 28th speech to the National Governors' Association, not all states have even put in place the required state child support laws necessary to begin implementation of the new provisions.

Of course, increased federal and state efforts made even before the new law have paid off. As you know, we increased child support collections from \$8 billion in 1992 to \$12 billion in 1996. But during the same time the percentage of cases in which we collected support remained nearly constant at 20 percent, because both the number of overall cases and the number of cases with collections both increased. And despite our increased collections, we still collect only a fraction of what's owed. For example, in fiscal year 1995, states collected \$8.2 billion of the \$15.5 billion of current support owed and \$2.4 billion of the \$34.5 billion of past support owed, a collection rate of 54 percent for current support and 7 percent for past support.

We believe that post-Balanced Budget Act, we should devote more attention to ensuring states are implementing the tough new rules enacted last year. This is one reason why we suggested that in your speech to the National Governors' Association you take states to task over child support enforcement and were pleased that you urged "all the states to put in place these tough, state-wide child support collections mechanisms as fully and quickly as possible."

Now that you've issued the challenge, we need to help make it happen. We propose to establish a child support enforcement oversight working group with DPC, NEC, Intergovernmental Affairs and key HHS, Treasury, and Dept. of Justice staff to track state efforts and devise ways to ensure they do all they can to build a stronger child support enforcement system.

#### **4. Welfare Reform: Tuesday's Event in St. Louis with the Welfare to Work Partnership**

-- On Tuesday you will travel to St. Louis to underscore the critical role of the private sector in welfare reform, praising approximately 200 St. Louis companies that will commit to hire and retain welfare recipients. We suggest you use the opportunity to hail the success of welfare reform nearly one year after making reform the law of the land. We will have new caseload numbers for you to announce (the rolls have declined by almost 3.4 million or 24% since you took office). We would also suggest you highlight your successes in the Balanced Budget Act, which fixes the problems you promised to fix when you signed the law and includes a welfare-to-work tax credit and a \$3 billion fund to help move a million more people from welfare to work. You could also announce that the Welfare to Work Partnership stands ready to help companies all across the nation hire people off welfare, with their "Blueprint for Business" guide and other information which will be available starting Tuesday through their toll free hotline and their web page.

**5. Education: Lawsuit on High Stakes Testing in North Carolina --** This week the New York Times and other newspapers reported that the NAACP Legal Defense Fund has filed a federal lawsuit against the Johnston County School District in eastern North Carolina, challenging a year-old policy which requires all students in grades 3 through 8 to achieve a specified score on the North Carolina state reading and math tests before they can be promoted to the next grade. The case is one of the nation's first federal court challenges involving state education standards and high stakes testing.

The suit was brought on behalf of the parents of 14 black, Hispanic, and white students who failed the tests. The parents claim that the tests violate the equal protection rights of minority

students, who disproportionately obtain low scores, and that the district's test procedure discriminates against special education students by failing to provide accommodations, such as extra time. The plaintiffs suggest that the North Carolina state tests were designed to measure how well schools and school systems are teaching the state mandated curriculum, but are not a valid measure of individual student performance. Domestic Policy Council staff has requested a meeting with the Department of Justice to discuss the case.

**6. Immigration: Revamping the Immigration System --** The U.S. Commission on Immigration Reform has prepared a draft report on structural reforms to the current immigration system. One of their options for reform is to abolish the Immigration and Naturalization Service (INS) and delegate its main functions to the Departments of State, Labor, and Justice. Under this scenario, the Department of Justice would be responsible for immigration enforcement, including the Border Patrol, investigations, detentions, and deportations; the State Department could perform functions relating to immigration benefits, services, and visa processing; and the Department of Labor would have responsibility for all workplace-related immigration activities. The report makes no assessment of operational difficulties posed by this option, nor an estimate of cost.

The report also provides other options for structural reforms including: establishing a new Cabinet-level department or independent agency; creating an Office for Immigration Policy at the Domestic Policy Council; and establishing a standing body responsible for immigration policy development, similar to the EEOC or the FCC. The Commission's final report will be released in late September.

**7. Crime: Community Policing Grants --** On Thursday, August 7, the COPS Office released \$92 million in universal hiring grants to fund approximately 1,300 officers in 48 states. To date, the COPS program has funded an estimated 63,000 police officers and deputies.

**Implementation of Children's Health Initiative.** We have started a process with HHS, OMB, the First Lady's office, and others designed to assure an effective implementation of the new children's health initiative. By next week, we will have completed a timetable that outlines important due dates for any necessary guidelines and regulations to help the states interpret and design children's health plans. It will also list meetings/forums with state representatives (Governors, Medicaid Directors, etc.), children's advocates, health care providers and others who are extremely interested in the new children's health options. We will be evaluating whether participation by you, the First Lady, Donna and other principals may be desirable to highlight the new Federal dollars and opportunities to cover uninsured children. We are also producing responses to frequently asked questions about the new law, so interested parties have a good sense of the statute and the process for implementing it. Lastly, we are now reaching out to foundations to determine their interest in using private dollars for outreach efforts designed to cover the 3 million children currently eligible but not enrolled in Medicaid. There seems to be a good deal of interest and we will keep you informed of developments.

**Pediatric Labeling.** Next Wednesday, the Vice President, the First Lady and you are scheduled to participate in an event that announces a new pediatric labeling regulation from the FDA that will ensure that drug companies test their products specifically on children and provide appropriate dosage levels to pediatricians and other health care professionals. Despite years of attempts at voluntary compliance, the drug industry still rarely does needed testing on and labeling for children. As a result, doctors either do not prescribe needed medications (for fear of hurting their patients) or attempt to approximate dosage levels, too frequently resulting in under or over-medicating fragile, young patients. Pediatricians, children's hospitals, consumer advocates, and AIDS groups (there has been little testing on the impact of protease inhibitors on children) are strongly endorsing this regulation.

**Arizona State Board Declines to Participate in National Tests.** This week you received a letter from the President of the Arizona State Board of Education declining to participate in the national tests. The letter implies that Arizona's state standards are higher than the national standards, claims that the national standards take the "whole language" side in the reading debate, voices concern over a lack of guaranteed financial support after the first year of the tests (saying this would then become an "unfunded mandate"), and complains about professional development and other burdens that local districts would incur. The board's position is not surprising in light of the generally critical view of the federal role in education expressed by the state's elected superintendent of public instruction. The Department of Education is hosting a briefing for representatives of governors and chief state school officers on August 19th, which will provide a useful forum to counter some of the inaccuracies contained in the Arizona letter.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 9-AUG-1997 15:48:25.00

SUBJECT: Re: WEEKLY

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

TEXT:

I do care. Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:10-AUG-1997 14:21:38.00

SUBJECT: REMINDER:

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

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 08/10/97 02:24  
PM -----

Kevin S. Moran  
08/10/97 02:08:09 PM  
Record Type: Record

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

You are cordially invited to attend  
a farewell reception for  
Donald A. Baer,  
Assistant to the President and Director of Strategic Planning

Indian Treaty Room  
Old Executive Office Building  
Monday, August 11, 1997  
4:30 p.m. - 6:30 p.m.

Note:Program to begin at approximately 4:45 pm.

Message Sent

To: \_\_\_\_\_  
All WHO Users  
All OPD Users  
All NSC Users  
All Staff  
All CEQ Users  
All CEA Users



**PRESIDENT CLINTON HAILS SUCCESS OF WELFARE REFORM  
ONE YEAR AFTER SIGNING REFORM BILL INTO LAW**

**August 12, 1997 DRAFT: 8/11/97 1:15 pm**

Today, the President highlighted the success of welfare reform nearly one year after signing the welfare law, announcing that caseloads have declined by almost 3.4 million or 24 percent since he took office and showing how the new balanced budget will continue this progress. The President also noted the continuing success of the Welfare to Work Partnership, which now includes over 800 businesses and which today launched a toll-free hotline, web page, and public service announcements to help companies all across the nation hire people off welfare. Finally, the President praised the public-private partnership growing in St. Louis region, where over 300 companies have accepted his challenge to hire welfare recipients.

One Year Later: Welfare Reform is Working

Today, one year after signing the welfare law, the President announced new statistics showing that the welfare caseload has fallen by 1.4 million recipients since then and by almost 3.4 million recipients since January 1993. The decline from 14.1 million recipients in January 1993 to 10.7 million in May 1997, a drop of 24%, is the largest decrease in the welfare rolls in history, resulting in the lowest percentage of the population on welfare since 1970. Forty-eight out of fifty states have seen their caseloads decline, with ten states reducing their rolls by 40% or more in the last four years. This progress started even before President Clinton signed the welfare bill, with the waivers he granted to 43 states to require work, time-limit assistance, make work pay, improve child support enforcement, and encourage parental responsibility.

The New Balanced Budget Will Help Us Do More

Because of President Clinton's leadership, the balanced budget includes a \$3 billion Welfare to Work Jobs Challenge and an expanded Work Opportunity Tax Credit to help move long-term welfare recipients into jobs and meet the President's goal of moving a million more people from welfare to work by the year 2000. The new balanced budget also makes good on the President's promise to restore disability and health benefits to legal immigrants, continue Medicaid coverage for disabled children, and provide funds for workslots for unemployed food stamp recipients -- thereby reversing the provisions of the welfare law that had nothing to do with real welfare reform.

New Tools to Help Companies Hiring Welfare Recipients

At today's event, the Partnership will unveil several new tools to help companies that want to hire workers from the welfare rolls: a toll free hotline (1-888-USA-JOB1) and a web site ([www.welfareto.org](http://www.welfareto.org)) to link companies to public and private sector welfare reform information; a guide for companies hiring welfare recipients, *Blueprint for Business: Reaching a New Work Force*, prepared with the National Alliance of Business; and a public service campaign that highlights the benefits to companies of hiring welfare recipients and encourages companies to join the Partnership. The Welfare to Work Partnership is a nonpartisan, nonprofit organization leading the national business effort to hire people from the welfare rolls. Now more than 800 companies strong, the Partnership was formed in May 1997 at the urging of the President.

St. Louis: An Example of the Critical Role of the Private Sector

Today in St. Louis, President Clinton will underscore the critical role of the private sector in welfare reform, praising over 300 bi-state St. Louis region companies that are committing to hire and retain welfare recipients without displacing current workers. Today's event in St. Louis launches the Partnership's city to city challenge, in which the Partnership will work closely with community and business leaders in 12 high poverty cities during the next year to help promote innovative and effective

welfare to work initiatives.

# CLINTON-GORE ACCOMPLISHMENTS

## REFORMING WELFARE

*On August 22, 1996, President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act, fulfilling his longtime commitment to 'end welfare as we know it.' As the President said upon signing, "... this legislation provides an historic opportunity to end welfare as we know it and transform our broken welfare system by promoting the fundamental values of work, responsibility, and family."*

### TRANSFORMING THE BROKEN WELFARE SYSTEM

- **Overhauling the Welfare System with the Personal Responsibility Act:** Last year the President signed a bipartisan welfare plan that is dramatically changing the nation's welfare system into one that requires work in exchange for time-limited assistance. The law contains strong work requirements, a performance bonus to reward states for moving welfare recipients into jobs, state maintenance of effort requirements, comprehensive child support enforcement, and supports for families moving from welfare to work -- including increased funding for child care and guaranteed medical coverage. State strategies are making a real difference in the success of welfare reform, specifically in job placement, child care and transportation (*see attached for state examples*).
- **Law Builds on the Administration's Welfare Reform Strategy:** Even before the Personal Responsibility and Work Opportunity Act became law, many states were well on their way to changing their welfare programs to jobs programs. By granting Federal waivers, the Clinton Administration allowed 43 states -- more than all previous Administrations combined -- to require work, time-limit assistance, make work pay, improve child support enforcement, and encourage parental responsibility. The vast majority of states have chosen to continue or build on their welfare demonstration projects approved by the Clinton Administration.
- **Largest Decline in the Welfare Rolls in History:** From January 1993 to May 1997, the number of people receiving welfare benefits fell by 24 percent, or 3.4 million recipients -- the largest decline in the welfare rolls in history and the lowest percentage of the population on welfare since 1970. This historic decline occurred in response to the Administration's grants of Federal waivers to 43 states, the provisions of the new welfare reform law, and the strong economy.
- **Mobilizing the Business Community:** To make welfare reform a success and help move a million people from welfare into the workforce by the year 2000, President Clinton has enlisted the business community's leadership. At the President's urging, the Welfare to Work Partnership was launched in May 1997 to lead the national business effort to hire people from the welfare rolls. Founded with 100 participating businesses, the Partnership pledged to reach 1000 business within six months. In August 1997, in St. Louis, Missouri, the Partnership launched a city by city effort to work with employers, service providers and state and local governments to expand welfare to work opportunities. The Partnership provides technical assistance and support to businesses around the country,

including: a toll-free number (1-888-USAJOB1), the Partnership's Web site ([www.welfaretowork.org](http://www.welfaretowork.org)) and a "Blueprint for Business" manual that contains information on finding, recruiting, training, hiring, and retaining former welfare recipients.

... **and Civic, Religious and Non-profit Groups:** The Vice President created the Welfare to Work Coalition to Sustain Success, a coalition of civic groups committed to helping former welfare recipients stay in the workforce and succeed. Tailoring their services to meet welfare recipients needs and the organizations' strengths, the Coalition will focus on providing mentoring and other support services. Charter members of the Coalition include: the Boys and Girls Clubs of America, the Baptist Joint Committee, the United Way, the YMCA, and fourteen other civic groups.

- **Doing Our Fair Share with the Federal Government's Hiring Initiative:** Under the Clinton Administration, the Federal workforce has been reduced by more than 300,000 positions, the smallest the Federal government has been in thirty years. Yet, this Administration also believes that the Federal government, as the nation's largest employer, must lead by example. The President asked the Vice President to oversee the Federal government's hiring initiative in which Federal agencies have committed to directly hire at least 10,000 welfare recipients in the next four years. As a part of this effort, the White House pledged, and has already hired, six welfare recipients.
- **Enforcing Child Support -- 50% Increase in Collections:** The Clinton Administration collected a record \$12 billion in child support in 1996 through tougher enforcement, an increase of \$4 billion, or nearly 50 percent, since 1992. Not only are collections up, but the number of families that are actually receiving child support has also increased. In 1996, the number of child support cases with collections rose to 4 million, an increase of 43 percent, from 2.8 million in 1992. And paternity establishment, often the first crucial step in child support cases, has dramatically increased. In 1996, the number of paternities established rose to nearly 1 million, almost double, from 516,000 in 1992.

**Making Deadbeat Parents Pay:** The President's unprecedented and sustained campaign to make deadbeat parents pay is working. In addition to tougher enforcement including a strong partnership with states, President Clinton has taken executive action including: directing the Treasury Department to collect past-due child support from Federal payments including Federal income tax refunds and employee salaries; taking steps to Federal deny loans to any delinquent parents; issuing an executive order making the Federal government a model employer in the area of child support enforcement. The President also directed the Attorney General to submit legislation that strengthens the Child Support Recovery Act by prosecuting more parents who take egregious actions to avoid paying child support. And most significantly, the welfare reform law contains tough child support measures that President Clinton has long supported including: a national new hire reporting system; streamlined paternity establishment; uniform interstate child support laws; computerized state-wide collections; and tough new penalties. These five measures are projected to increase child support collections by an additional \$24 billion over the next ten years, but first, all states must enact the state laws to implement these tough new rules.

- **Breaking the Cycle of Dependency -- Preventing Teen Pregnancy:** Significant components of the President's comprehensive effort to reduce teen pregnancy became law when the President signed the 1996 Personal Responsibility Act. The law requires unmarried minor parents to stay in school and live at home or in a supervised setting; encourages "second chance homes" to provide teen parents with the skills and support they need; and provides \$50 million a year in new funding for state abstinence education activities. Since 1993, the Clinton Administration has supported innovative and promising teen pregnancy prevention strategies; HHS-supported programs already reach about 30 percent or 1,410 communities in the United States. As part of this effort, the National Campaign to Prevent Teen Pregnancy, a private nonprofit organization, was formed in response to the President's 1995 State of the Union. Notably, data shows we are making progress in reducing teen pregnancy -- teen births have fallen four years in a row, by 8 percent from 1991 to 1995.

### **BALANCED BUDGET HELPS MOVE PEOPLE FROM WELFARE TO WORK**

- **\$3 Billion to Help Move 1 Million People from Welfare to Work:** Because of the President's leadership, the balanced budget includes the total funding requested by the President for the creation of his \$3 billion Welfare to Work Jobs Challenge fund. This program will help states and local communities move long-term welfare recipients into lasting, unsubsidized jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers and other critical post-employment support services. The Department of Labor will provide oversight but most of the dollars will be placed, through the Private Industry Councils, in the hands of the localities who are on the front lines of the welfare reform effort. In addition, 25 percent of the funds will be awarded by the Department of Labor on a competitive basis to support innovative welfare to work projects.
- **A Welfare-to-Work Tax Credit for Employers:** This tax credit will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35 percent of the first \$10,000 in wages in the first year of employment, and 50 percent of the first \$10,000 in wages in the second year, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring, but also retention.

## RESTORING FAIRNESS AND PROTECTING THE MOST VULNERABLE

The President made a commitment last year to fix several provisions in the welfare reform law that had nothing to do with moving people from welfare to work. After months of continuous refusals by the Congressional leadership to consider these changes, the President fought for and ultimately was successful in ensuring that the balanced budget protects the most vulnerable.

- **Protects Immigrants Who Become Disabled and Those Currently Receiving Benefits:** The balanced budget restores \$1.5 billion in SSI and Medicaid benefits for legal immigrants. The new law protects those immigrants now receiving assistance, ensuring that they will not be turned out of their apartments or nursing homes or otherwise left destitute. And for immigrants already here but not receiving benefits, the balanced budget does not change the rules retroactively. Immigrants in the country as of August 22, 1996 but not receiving benefits at that time who subsequently become disabled will also be fully eligible for SSI and Medicaid benefits.
- **Helps People Who Want to Work but Can't Find a Job:** The balanced budget restores \$1.5 billion in food stamp cuts. Last year's welfare reform bill restricted food stamps for able-bodied childless adults to only 3 out of every 36 months, unless they were working. This move ignored the fact that finding a job often takes time. The budget bill provides funds for an estimated 235,000 work slots over 5 years and food stamp benefits to those who are willing to work but, through no fault of their own, have not yet found employment. The balanced budget allows states to exempt up to 15 percent of the food stamp recipients (70,000 individuals monthly) who would otherwise be denied benefits as a result of the "3 in 36" limit.
- **Protects Children by Keeping the Medicaid Guarantee:** The balanced budget preserves the Federal guarantee of Medicaid coverage for the vulnerable populations who depend on it, and contains additional investments to extend coverage to uninsured children. It also ensures that 30,000 disabled children losing SSI because of the new tighter eligibility criteria keep their Medicaid coverage.

8/11/97

## STATES ARE SUCCEEDING IN REFORMING WELFARE

Many states have accepted the significant responsibilities in the welfare reform law and are using the greater flexibility to reform welfare. State strategies are making a real difference in the success of welfare reform, specifically in moving recipients from welfare to work, child care and transportation. Here are a few examples:

### WELFARE TO WORK

- **Massachusetts and Pennsylvania Have Welfare-to-Work Tax Credits for Employers:** According to a report from the National Governors' Association, Pennsylvania rewards employers for participating in their Employment Incentive Program (EIP) by providing up to \$5,100 in state tax credits for each welfare recipient an employer hires. The employer can earn \$1,500 of the possible tax credit by paying for or providing child care to the welfare recipients hired. The welfare recipient must be employed for at least one year for the employer to receive the financial incentives. Under Massachusetts' Full Employment Program, employers are entitled to an excise tax credit of \$100 per month for each FEP employee hired; they can also receive wage subsidies of \$2.50 per hour for up to nine months.
- **Thirty-six States Are Using Welfare Checks to Subsidize Paychecks:** 36 of the 50 states are using welfare checks to subsidize private employment. All states except Alabama, Connecticut, Idaho, Illinois, Iowa, Kansas, Louisiana, Maryland, Minnesota, Nebraska, Nevada, New Mexico, Tennessee, and Utah subsidize employment.

### CHILD CARE

- **24 States Are Increasing Their Spending Beyond What Is Needed to Match New Federal Child Care Funds:** According to a survey by the American Public Welfare Association (the state welfare directors), 24 states plan to spend more of their own dollars than they need to in order to match the new federal child care funds. These 24 states are: Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Georgia, Illinois, Indiana, Iowa, Maine, Massachusetts, Minnesota, Missouri, Montana, Nebraska, New Jersey, North Carolina, Ohio, Oregon, Tennessee, Vermont, Washington State and Wyoming.
- **Several States Have Seamless Child Care Systems:** Illinois, Michigan, and Washington are examples of states that provide child care subsidies based on income, not whether a parent used to be on welfare or not.

### TRANSPORTATION

- **Michigan, Kentucky and Wisconsin Are Addressing the Transportation Challenges of Welfare Reform:** Michigan and Wisconsin are tackling the transportation barriers many welfare recipients face. Because few families receiving public assistance own automobiles, it is often challenging getting workers to jobs in the outlying suburban areas. Michigan's Suburban Mobility Authority for Regional Transportation provides bus patrons with a ride from their stop to their work site. Wisconsin developed "Job Ride" in 1989 creating an innovative van pool system. Kentucky's "Empower Kentucky" initiative is integrating the transportation programs of four cabinet departments to improve transportation for underserved areas of the state.
- **Connecticut is Using Welfare Block Grant Dollars to Fund Transportation:** In Connecticut, the Governor has committed to using \$2.2 million of the state's Temporary Assistance for Needy Families (TANF) dollars for transportation services for public transit operators across the state to provide new transportation services to move welfare recipients to

work.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:11-AUG-1997 16:38:39.00

SUBJECT: Gambling meeting

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

TEXT:

Ask leanne to come.

----- Forwarded by Elena Kagan/OPD/EOP on 08/11/97 04:38  
PM -----

Robert N. Weiner  
08/11/97 03:17:42 PM  
Record Type: Record

To: Elena Kagan/OPD/EOP, William P. Marshall/WHO/EOP  
CC:  
Subject: Gambling meeting

Confirming our meeting on gambling in my office, OEOB 128, at 10 am,  
Tuesday, August 12. Paul Fishman, and perhaps David Ogeden will attend  
from DOJ.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-AUG-1997 13:09:47.00

SUBJECT: Tomorrow's Best Practices Meeting Rescheduled

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

READ:UNKNOWN

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 08/12/97 01:12 PM -----

Elisabeth Steele  
08/12/97 12:55:10 PM  
Record Type: Record

To: Andrew J. Mayock/WHO/EOP, Elena Kagan/OPD/EOP, Judith A. Winston/PIR/EOP, Dawn M. Chirwa/WHO/EOP  
cc: Katherine Hubbard/WHO/EOP, Thurgood Marshall Jr/WHO/EOP, Stephen B. Silverman/WHO/EOP  
Subject: Tomorrow's Best Practices Meeting Rescheduled

Tomorrow's Best Practices meeting (originally scheduled for 2:30 PM in OEOB 160) has been rescheduled for 3:30 PM in OEOB 160.

Please let me know if this poses a problem for you. Thank you!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:12-AUG-1997 20:21:51.00

SUBJECT: CHANGED: Tomorrow's Best Practices Meeting Rescheduled

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

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 08/12/97 08:25 PM -----

Elisabeth Steele  
08/12/97 06:23:22 PM  
Record Type: Record

To: Andrew J. Mayock/WHO/EOP, Elena Kagan/OPD/EOP, Judith A. Winston/PIR/EOP, Dawn M. Chirwa/WHO/EOP  
cc: Katherine Hubbard/WHO/EOP, Thurgood Marshall Jr/WHO/EOP, Stephen B. Silverman/WHO/EOP  
Subject: CHANGED: Tomorrow's Best Practices Meeting Rescheduled

Several of you have let me know that 3:30 PM will not work for you tomorrow.

We've pushed back tomorrow's meeting to 4:00 PM in OEOB 160. We look forward to seeing you then.

----- Forwarded by Elisabeth Steele/WHO/EOP on 08/12/97 06:19 PM -----

Elisabeth Steele  
08/12/97 12:55:10 PM  
Record Type: Record

To: Andrew J. Mayock/WHO/EOP, Elena Kagan/OPD/EOP, Judith A. Winston/PIR/EOP, Dawn M. Chirwa/WHO/EOP  
cc: Katherine Hubbard/WHO/EOP, Thurgood Marshall Jr/WHO/EOP, Stephen B. Silverman/WHO/EOP  
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# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. email	Elena Kagan to Charles Ruff re: meeting (1 page)	08/12/1997	P6/b(6)

### COLLECTION:

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

### FOLDER TITLE:

[8/7/1997 - 10/3/1997]

2009-1006-F  
kh574

### RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:14-AUG-1997 17:12:35.00

SUBJECT: Re: Message from Kimberly Barnes O'Connor

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

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

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

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

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

TEXT:  
has anyone from here met with them??

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:19-AUG-1997 18:39:22.00

SUBJECT: Re: Literacy and Back to School

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

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

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

TEXT:

We are in a fight for our lives on the testing initiative, with Congress likely to vote in early September to prohibit the use of federal funds for the test. We cannot waste Sept 8 on a sweetness-and-light literacy event. We're all going to have to work together to make this problem disappear. Let's talk about how best to do so. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:19-AUG-1997 13:25:35.00

SUBJECT: Re: Literacy and Back to School

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

READ:UNKNOWN

TEXT:

great. thanks, ann.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-AUG-1997 18:22:55.00

SUBJECT: Re: Spirits Council Letter -- follow-up

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

TEXT:

I think that's right. Sorry for not responding earlier.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-AUG-1997 15:48:58.00

SUBJECT: Re: children's health

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

TEXT:  
chris will be back monday; please show this to him.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:24-AUG-1997 12:16:34.00

SUBJECT: secret service unionization

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

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

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

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

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

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

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

TEXT:

The last time we spoke about this issue, we planned for Erskine to host a meeting with Gil Gallegos. The problem now is that Gallegos is furious with us and won't do this meeting. He just won reelection by a very small margin after a campaign in which he took a lot of grief for his relationship with us. I recommend getting a decision on this issue now, without a meeting. We can have a decision memo for Erskine or anyone else this week. Agreed?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-AUG-1997 15:03:00.00

SUBJECT: Re: Weekly Education Strategy Meeting

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

TEXT:  
no; it's on; sorry you didn't get the other message.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-AUG-1997 15:08:20.00

SUBJECT: food safety

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

READ:UNKNOWN

TEXT:

Food Safety -- As noted in the DPC weekly, USDA is currently working on food safety legislation that would give the Secretary of Agriculture the authority to recall contaminated food and to assess civil penalties for noncompliance with safety standards. USDA should have the legislation ready by next Tuesday. Secretary Glickman (and perhaps the Vice President) will announce the new legislation next week. They will also call for full funding of our food safety initiative in the Agriculture appropriations bill; the current version of that bill is now about \$4 million short of our request.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-AUG-1997 13:15:37.00

SUBJECT: Re: Standards

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

TEXT:  
you bet.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-AUG-1997 17:03:11.00

SUBJECT: Re: NOTES ON DAILY REPORTS -This week

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

READ:UNKNOWN

TEXT:

not dpc. sorry.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-AUG-1997 12:53:36.00

SUBJECT: Re:

TO: Fred Duval ( CN=Fred Duval/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

Yes, I think that's fine.



August 26, 1997

MEMORANDUM FOR ERSKINE BOWLES  
SYLVIA MATHEWS  
JOHN PODESTA

FROM: Bruce Reed  
Elena Kagan

SUBJECT: Long-Term Strategic Planning

In thinking about priorities for the remainder of the President's term, we think it is useful to ask five kinds of questions:

1. What are the most serious problems facing the nation today -- the issues of most genuine importance to the country's future?
2. What does the President most deeply care about? What issues speak to him and arouse his passion? What are his most intense and personal commitments?
3. In what areas can the President actually accomplish something? Where can he show real and measurable achievements? Where can he most make a difference?
4. What will he get credit for, now and in the future? What successes will people notice and care about? What successes will they attribute to the President?
5. What commitments has the President already made and what priorities has he already set?

These questions often point in different directions. An extremely serious issue may not be one the President can do anything about; an issue on which he can make real progress may not be one that moves him; an issue he cares about deeply may not be one on which others give him deserved credit; etc. In setting priorities for the remainder of his term, the President should try to determine the few issues where everything comes together: urgency, passion, the potential for accomplishment, the likelihood of recognition, and consistency with prior commitments.

Among domestic priorities (any President must and should make "American Leadership Abroad" a top priority), we think these questions point to a focus on (1) education, particularly standards and school reform initiatives; (2) health care, including entitlement reform, coverage expansion, consumer protection, and biomedical research; (3) children and family, particularly child care programs; and (4) welfare reform. We should continue to push our agenda on crimes and drugs -- especially with respect to community policing -- but should recognize that we

probably will be playing defense in this area for the next two years. We should take the President's commitment to racial reconciliation seriously -- but largely by focusing not on race itself, but on the problems of education, health care, crime, etc. felt by people in poor rural areas and inner cities.

*1. Education:* The President already has said that education -- particularly national standards -- is his first priority, and he has credibility in this area. The state of the nation's public schools demands action, and the President speaks with knowledge and feeling about these issues. The only question is whether he can make significant progress on this front, given the traditional preeminence of state and local governments over K-12 schooling. We think he can, so long as he chooses his targets with some care. He must continue to fight for voluntary national testing, recognizing that progress in this area will be measured in the long term. And he should combine this campaign with its natural complement -- a program of school reform, designed to foster a new "ethic" of education involving high expectations, accountability, and public school choice. We recommend, in particular, a program to select a number of inner cities (the places of greatest educational need) as "Educational Opportunity Zones," in which schools would receive special assistance in exchange for adopting policies of no social promotion, public school choice, reconstitution of failing schools, removal of bad teachers, etc. In addition to standards and school reform efforts, the President should continue to emphasize education technology and should propose increased mentoring and support services for poor middle- and high-school students to encourage minority enrollment in higher education.

*2. Health Care:* We are very well-positioned to make continued progress in health care, building on the gains we made in the budget. A sustained focus in this area -- where federal action is the norm and where bipartisan action is often feasible -- will leave a record of strong accomplishment. Entitlement reform is the surest route to credibility and perhaps the greatest need, but it is also the area where tangible accomplishment will be most difficult. We should work hard there, but should not ignore the rest of our health care agenda: further coverage expansions (for the 55-65 age cohort or workers in-between jobs), consumer protection reforms (to ensure quality, prevent discrimination, and protect privacy), and increased biomedical research (taking advantage of Republican support and perhaps using money from a tobacco settlement). By the close of the President's term, he can have amassed a substantial record in this area, which will make people view in an entirely different light our lack of success in passing the Health Security Act.

*3. Children and Families:* For a number of reasons -- including the passage of welfare reform, recent discoveries about early childhood development, and increased understanding of the difficulties of balancing work and family -- the issue of child care is ready to burst onto the national scene, and the President and First Lady should be in the vanguard. There is a great need for leadership (although, as in education, some resistance to *federal* leadership) to ensure that child care of decent quality is available and affordable for working Americans. Given their commitment and credibility in this area, the President and First Lady have an opportunity to push through significant reforms, perhaps including changes in the dependent care tax credit, increased

child care subsidies, and quality enhancements. An especially important feature of this package of reforms (even a promise of universal access, if we can manage it) should be after-school (but generally in-school) programs that give school-age children enriching and activity-filled afternoons.

4. *Welfare Reform:* Whatever else the President does during his term in office, he will be judged in significant measure by the success or failure of welfare reform. Welfare reform has the potential to be the greatest social policy achievement of our generation -- or to be a terribly harmful social experiment. For this reason, welfare reform must remain near the top of the President's agenda, even though actual control of the welfare system is now largely in the hands of state and local governments. The President should be actively engaged in promoting private sector hiring of welfare recipients and implementing our new \$3 billion welfare-to-work program. He should push Congress to invest more in welfare reform efforts (for example, by passing our initiative in NEXTEA for welfare-related transportation services); he should push states to make good use of TANF monies. In short, for the remainder of his term, he should maintain continuous and relentless involvement in this area.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:27-AUG-1997 16:31:11.00

SUBJECT: Immigration Questions

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

READ:UNKNOWN

CC: Estela Mendoza ( CN=Estela Mendoza/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

could you take care of this? thanks.

----- Forwarded by Elena Kagan/OPD/EOP on 08/27/97 04:33  
PM -----

Estela Mendoza

08/27/97 03:48:12 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc:

Subject: Immigration Questions

I received a call from a newspaper in Los Angeles who is looking for our position on Food Stamps and Welfare. As you know, a large number of immigrants will lose food stamp eligibility come Sept. 1. Are we supporting any congressional bills that would restore funds? Do you have any guidance I can use to answer questions? (Someone mentioned possible guidance to be faxed to Barry Toiv earlier this week)

In the next week, I expect many more calls will come in asking about the topic. What is our line? Are we still evaluating spending bills? ..who can I talk to?

....I'm the new Specialty Press contact.



August 26, 1997

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SYLVIA MATHEWS  
JOHN PODESTA

FROM: Bruce Reed  
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**Food Safety Announcement:** Secretary Glickman will hold a press conference tomorrow to announce new proposed legislation on food safety. The draft bill would provide USDA with enhanced enforcement powers to protect public health. Specifically, the bill would authorize the Secretary of Agriculture to (1) order the recall of adulterated or misbranded meat or poultry that poses a reasonable probability of harming the public health; (2) impose civil penalties (as an alternative to currently available criminal penalties) when a company has violated food safety laws or regulations; and (3) refuse to do inspections when a company has willfully or repeatedly violated food safety laws or regulations, thereby forcing the company to close down. The Secretary also will call on Congress to provide full funding for the food safety initiative in the Administration's budget, which would establish enhanced food inspection systems. Current appropriations bills underfund this initiative by about \$4 million.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:28-AUG-1997 20:32:39.00

SUBJECT: Re: Elaine Jones

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

TEXT:

Unable to convert ARMS\_EXT:[MESSAGE.D89]MAIL43194793S.216

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:28-AUG-1997 15:22:29.00

SUBJECT: Re: NOTES ON DAILY REPORTS -This week

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

TEXT:

That was from DPC, not Agriculture. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:29-AUG-1997 13:10:13.00

SUBJECT: Re: Elaine Jone/Educ. test

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

READ:UNKNOWN

TEXT:

other than that, they're a great idea.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:31-AUG-1997 10:31:24.00

SUBJECT: reminder

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

READ:UNKNOWN

TEXT:

I'm going to be away next week, so you're on your honor to:

1. call seth waxman; and
2. check in with erskine on how he wants to handle the secret service unionization issue.

Have a good week.

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. email	Elena Kagan to Maria Echaveste re: Invitation (1 page)	09/09/1997	Personal Misfile

### COLLECTION:

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

### FOLDER TITLE:

[8/7/1997 - 10/3/1997]

2009-1006-F  
kh574

### RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 9-SEP-1997 17:45:23.00

SUBJECT: Re: New lookback scenerios

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

TEXT:

could you print all this out? thanks.

----- Forwarded by Elena Kagan/OPD/EOP on 09/09/97 05:44  
PM -----

Jerold R. Mande

09/09/97 12:55:15 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP  
cc:  
Subject: Re: New lookback scenerios

Here are the latest penalties scenerios that you requested.

----- Forwarded by Jerold R. Mande/OSTP/EOP on 09/09/97  
12:53 PM -----

Patrick G. Locke

09/09/97 12:48:11 PM

Record Type: Record

To: Jerold R. Mande/OSTP/EOP  
cc: joseph j. minarik/omb/eop, Hugh T. Connelly/OMB/EOP, Susanne D.  
Lind/OMB/EOP  
Subject: Re: New lookback scenerios

Here are the new scenarios you asked for. All the scenarios assume that the BBA excise tax credit is repealed. For each of the three teen surcharge variants, I have run one version where teen consumption responds only to the deal's price increases, and a second version where the deal's nonprice provisions cause a 30% reduction in teen smoking on top of the price effect.

Note that with tier 1 of the surcharge specified as nondeductible, there is now an increase in corporate income taxes in all the scenarios. The assumption is that in addition to passing through the surcharge, the companies tack on a further price increase that allows them to pay taxes on the surcharge payments and preserve the same profits as they would otherwise have booked.

I have not done any modeling of the "brand by brand" concept for the surcharge. Without more data on differential marketing to teens across firms, I have no way to model this right now.

Because the excise tax increases in tier 2 of the youth surcharge are

buried in the spreadsheet files, I'm showing them in the table below. With a 30% nonprice effect, tier 2 of the surcharge doesn't kick in until year 10. Otherwise, you get fairly hefty excise taxes starting in year 5.

Year 5 Year 7 Year 10

Noncumulative excise tax above 5/10/15

Price effects only 21 31 35
30% nonprice effect 0 0 5

Cumulative excise tax above 5/10/15

Price effects only 21 52 83
30% nonprice effect 0 0 5

Noncumulative excise tax above 10/10/10

Price effects only 16 32 40
30% nonprice effect 0 0 10

Here are the files for the noncumulative excise tax above 5/10/15 percentage points. The first file (tobac13.wk4) is price effects only; the second file (tobac13n.wk4) has the 30% nonprice effect.

Here are the files for the cumulative excise tax above 5/10/15 percentage points.

Here are the files for the noncumulative excise tax above 10/10/10 percentage points.

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

TEXT:
Unable to convert ARMS\_EXT:[ATTACH.D1]MAIL43910715P.216 to ASCII,
The following is a HEX DUMP:

00001A00021004000000000000C80005FEC5002000010A00000000000000001F0008000000013000
0033001F0008000001013004001D001F00080000020130040022001F0008000003013004002200
1F00080000040130040022001F00080000050130040022001F00080000060130040030001F0008
0000070130040023001F00080000080130040023001F00080000090130040023001F000800000A
0130040023001F000800000B0130040023001F000800000C013004001D001F000800000D013004
001D001F000800000E013000001D001F0008000100013000004C001F0008000101013004003A00
1F0008000102013004003A001F0008000103013004003A001F0008000104013004003A001F0008
000105013004003A001F0008000106013004003A001F0008000107013004003A001F0008000108
013004003A001F0008000109013004003A001F000800010A013004003A001F000800010B013004
003A001F000800010C013004003A001F000800010D013000003A001F000800010E013000003A00
1F000800020001300000B8001F000800020101300300B8001F000800020201300300B8001F0008
00020301300300B8001F000800020401300300BD001F000800020501300300BD001F0008000206
01300300BD001F000800020701300300BD001F000800020801300300BD001F0008000209013003
00BD001F000800020A01300300BD001F000800020B01300300BD001F000800020C01300300BD00
1F000800020D01300300BD001F000800020E01300300BD001F000800020F01300300B8001F0008
00021001300300B8001F000800021101300300B8001F000800021201300300B8001F0008000213
01300300B8001F000800021401300300B8001F000800021501300300B8001F0008000216013003

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Scenario label	Two Tier Surcharge With Noncumulative Excise Tax Above 5/10/15 Point Shortfall										
<b>Alternative scenarios:</b>											
Repeal the BBA97 credit	yes										
Eliminate the base volume adjustment	no										
Eliminate the PHTF volume adjustment	no										
Convert volume adjustment to excise tax	no										
Inflation factor to use	CPI										
CPI (min 3%)	3.0% CPI										
Health care costs	4.1% HEALTH										
GDP growth	4.9% GDP										
Teen surcharge scenarios:											
Teen targets met	no										
Two-tier surcharge	yes										
Eliminate cap on teen surcharge	yes										
Surcharge cap amount	2										
Penalty per percentage point	0										
Penalty tax deductible	no										
Two tier penalty	0										
Tier 2 tax deductible	no										
Excise tax trigger	yes										
Excise tax cumulative	no										
Computations for recover excise tax losses:											
Base case net pmts x/excise tax losses (arcl	8	5	4	5	6	8	7	8	8	8	9
Net pmts with excise tax losses	8	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Add'l amount to recover	0	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Total recovery amount	0	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Total recovery amount (archived)	0	1	1	1	1	1	1	1	1	1	1
Base case payments:											
PHTF		3	3	4	4	5	3	3	3	0	0
Base annual payments		<u>6</u>	<u>7</u>	<u>8</u>	<u>10</u>	<u>10</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>15</u>	<u>15</u>
Total payments		9	10	12	14	15	15	15	15	15	15
Additions to base payments		0	0	0	0	0	0	0	0	0	0
Payment increase to meet teen smoking targ	1.000	1.000	1.000	1.000	3.550	2.650	4.700	4.350	4.600	6.000	5.400
Nonprice decline to meet targets in base sce	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(1)

Detail for Calculations of Teen Surcharge  
(Dollar amounts in billions)

04/20/09  
03:43 PM

	<u>1995</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Teen population:													
13.....	4	4	4	4	4	4	4	4	4	4	4	4	4
14.....	4	4	4	4	4	4	4	4	4	4	4	4	4
15.....	4	4	4	4	4	4	4	4	4	4	4	4	4
16.....	4	4	4	4	4	4	4	4	4	4	4	4	4
17.....	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Total.....	19	19	20	20	20	20	21	21	21	21	21	21	21
Teen smoking rate.....	#N/A	17.38%	14.50%	12.95%	11.67%	10.13%	9.08%	9.12%	9.13%	8.87%	9.15%	8.69%	9.06%
Demographic weight.....	1.0000	1.0064	1.0071	1.0056	1.0048	1.0045	1.0014	1.0016	1.0039	1.0085	1.0118	1.0124	1.0118
Teen use base percentage:													
13.....		8.5%											
14.....		14.7%											
15.....		14.7%											
16.....		19.2%											
17.....		<u>19.2%</u>											
Total.....		15.2%											
Target pct point reduction (+) from base.....	#N/A	#N/A	#N/A	#N/A	#N/A	30.0%	30.0%	50.0%	50.0%	50.0%	60.0%	60.0%	60.0%
Actual pct point reduction (+) from base.....	#N/A	-14.4%	4.6%	14.8%	23.2%	33.3%	40.2%	40.0%	39.9%	41.6%	39.8%	42.8%	40.4%
Pct point shortfall (+).....	#N/A	#N/A	#N/A	#N/A	#N/A	-3.3%	-10.2%	10.0%	10.1%	8.4%	20.2%	17.2%	19.6%
Tier 1 \$ per percentage point.....	#N/A	0	0	0	0	0	0	0	0	0	0	0	0
Tier 1 \$ per teen (thousands).....	#N/A	3	3	3	3	3	3	4	4	4	4	4	4
Tier 1 cap.....				1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Tier 1 limit.....						5.0%	5.0%	10.0%	10.0%	10.0%	15.0%	15.0%	15.0%
Limit scenario A.....						5.0%	5.0%	10.0%	10.0%	10.0%	15.0%	15.0%	15.0%
Limit scenario B.....						10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Tier 1 surcharge liability (paid in following year):													
Liability before double count & cap.....						(0)	(1)	1	1	1	3	2	3
Liability after double count, pre-cap.....						(0)	(1)	0	1	0	2	0	1
Liability after cap.....						0	0	0	1	0	2	0	1
Tier 1 surcharge payment.....							0	0	0	1	0	1	0
Tier 2 \$ per percentage point.....		0	0	0	0	0	0	0	0	0	0	0	0
Tier 2 \$ per teen (thousands).....		0	0	0	0	0	0	0	0	0	0	0	0
Tier 2 cap.....				0	0	0	0	0	0	0	0	0	0
Tier 2 surcharge liability (paid in following year):													
Liability before double count & cap.....						0	0	0	0	0	0	0	0
Liability after double count, pre-cap.....						0	0	0	0	0	0	0	0
Liability after cap.....						0	0	0	0	0	0	0	0
Tier 2 surcharge payment.....							0	0	0	0	0	0	0
Add'l excise tax this year.....							0.00		0.00			0.05	
Teen excise tax trigger.....							0.00	0.00	0.00	0.00	0.00	0.05	0.05

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Estimated teen smokers using base level pattern:												
13.....	0	0	0	0	0	0	0	0	0	0	0	0
14.....	1	1	0	0	0	0	0	0	0	0	0	0
15.....	1	1	0	0	0	0	0	0	0	0	0	0
16.....	1	1	1	1	1	0	0	0	0	1	0	0
17.....	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
Total..... #N/A	3	3	3	2	2	2	2	2	2	2	2	2
Add check for age breakout.....	0	0	0	0	0	0	0	0	0	0	0	0
Current excess teen smokers:												
13.....					(0)	(0)	0	0	0	0	0	0
14.....					(0)	(0)	0	0	0	0	0	0
15.....					(0)	(0)	0	0	0	0	0	0
16.....					(0)	(0)	0	0	0	0	0	0
17.....					<u>(0)</u>	<u>(0)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total.....					(0)	(0)	0	0	0	1	1	1
Teens already paid for:												
13.....					0	0	0	0	0	0	0	0
14.....					0	0	0	0	0	0	0	0
15.....					0	0	0	0	0	0	0	0
16.....					0	0	0	(0)	0	0	0	0
17.....					<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total.....					0	0	0	0	0	0	0	0
Unpaid teens from previous years:												
13.....					0	0	0	0	0	0	0	0
14.....					0	(0)	(0)	0	0	0	0	0
15.....					0	(0)	(0)	0	0	0	0	0
16.....					0	(0)	(0)	0	0	0	0	0
17.....					<u>0</u>	<u>(0)</u>	<u>(0)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total.....					0	(0)	(0)	0	0	0	0	0
Teen liability this year before cap:												
13.....					(0)	(0)	0	0	0	0	0	0
14.....					(0)	(0)	0	0	0	0	0	0
15.....					(0)	(0)	(0)	0	(0)	0	(0)	0
16.....					(0)	(0)	(0)	0	0	0	0	0
17.....					<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>	<u>0</u>
Total.....					(0)	(0)	0	0	0	0	0	0
Teens actually paid for this year:												
13.....					0	0	0	0	0	0	0	0
14.....					0	0	0	0	0	0	0	0
15.....					0	0	(0)	0	(0)	0	(0)	0
16.....					0	0	(0)	0	0	0	0	0
17.....					<u>0</u>	<u>0</u>	<u>(0)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>	<u>0</u>
Total.....					0	0	0	0	0	0	0	0
Cumulative unpaid teens due to cap:												
13.....					(0)	(0)	0	0	0	0	0	0
14.....					(0)	(0)	0	0	0	0	0	0
15.....					(0)	(0)	0	0	0	0	0	0
16.....					(0)	(0)	0	0	0	0	0	0
17.....					<u>(0)</u>	<u>(0)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total.....					(0)	(0)	0	0	0	0	0	0

**Teen surcharge (old method w/modified cap):**

Teen use % under deal.....	18.295%	16.332%	15.613%	15.239%	14.537%	14.387%	14.439%	14.466%	14.231%	14.526%	14.084%
Teen use base percentage	15.200%										
Percentage decline (plus = decline)	-20.4%	-7.4%	-2.7%	-0.3%	4.4%	5.3%	5.0%	4.8%	6.4%	4.4%	7.3%
Target decline.....					30.0%	30.0%	50.0%	50.0%	50.0%	60.0%	60.0%
Target Gap (percentage points).....					26	25	45	45	44	56	53
\$80M per pct point adj. for infl, teen pop & .93 smokeless	0.095	0.099	0.102	0.106	0.111	0.117	0.123	0.128	0.133	0.137	0.141
Penalty (assessed in following year/based on FDA determination).....						3	1	3	2	2	4
Inflation adjusted cap on annual penalty.....			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Portion not charged due to cap.....						0	0	0	0	0	0





**SUMMARY OF BUDGETARY EFFECTS OF PROPOSED SETTLEMENT**  
**TWO TIER SURCHARGE WITH CUMULATIVE EXCISE TAX ABOVE 5/10/15 POINT SHORTFALL**

04/20/09

03:44 PM

(In billions of dollars)

	<u>1,998</u>	<u>1,999</u>	<u>2,000</u>	<u>2,001</u>	<u>2,002</u>	<u>2,003</u>	<u>2,004</u>	<u>2,005</u>	<u>2,006</u>	<u>2,007</u>	<u>2,008</u>	<u>98-03</u>	<u>98-08</u>	<u>98-23</u>
<b>RECEIPTS</b>														
<b>Base Payment (inc. trust and up-front payment)...</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>12</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>69</b>	<b>144</b>	<b>369</b>
Payments to Recoup Excise Tax Credit and/or Losse	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adult Sales Volume Adjustment.....	0	(1)	(1)	(2)	(2)	(3)	(3)	(4)	(4)	(4)	(4)	(9)	(28)	(93)
Credit for Personal Compensation Claims.....	0	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(4)	(4)	(11)	(28)	(81)
Inflation Adjustment.....	0	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Credit for BBA Excise Taxes.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Look-Back Surcharge for Youth Consumption.....	0	0	0	0	0	1	0	1	0	0	1	1	3	13
<b>Net Industry Settlement Payments.....</b>	<b>10</b>	<b>#REF!</b>	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
<b>Tax Offsets</b>														
Indirect Business Tax Offset.....	(3)	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Corporate Income Tax on Look-Back Surcharge....	0	0	0	0	0	0	0	0	0	0	0	0	1	7
Youth Excise Tax Trigger.....	0	0	0	0	0	3	3	7	7	7	11	3	38	201
Reduction in Existing Federal Excise Taxes.....	0	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(4)	(10)	(31)
Total Federal Tax Offsets.....	(3)	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
<b>Net Additional Receipts to US Government....</b>	<b>8</b>	<b>#REF!</b>	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
<b>POTENTIAL USES/CHANGES</b>														
State Attorneys General Proposals, Total.....	0	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Offset Reduction in State Excise Taxes.....	0	1	1	1	1	1	1	2	2	2	2	5	14	52
Use of Youth Look-Back Surcharge (90% grants)....	0	0	0	0	0	1	0	1	0	0	1	1	3	13
Potential Increase in Federal Medicaid Match.....	1	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
<b>Total Potential Uses.....</b>	<b>1</b>	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	<b>#REF!</b>
<b>Memoranda:</b>														
<b>Ad Valorem Equivalent of Net Payments.....</b>	<b>17%</b>	<b>18%</b>	<b>22%</b>	<b>26%</b>	<b>36%</b>	<b>34%</b>	<b>45%</b>	<b>43%</b>	<b>43%</b>	<b>43%</b>	<b>53%</b>			
<b>Change in Total Cigarette Consumption.....</b>	<b>-7%</b>	<b>-8%</b>	<b>-10%</b>	<b>-12%</b>	<b>-16%</b>	<b>-15%</b>	<b>-20%</b>	<b>-19%</b>	<b>-19%</b>	<b>-19%</b>	<b>-22%</b>			
<b>Percentage Point Shortfall from Youth Target.....</b>					<b>26%</b>	<b>20%</b>	<b>41%</b>	<b>34%</b>	<b>36%</b>	<b>36%</b>	<b>46%</b>			

Detail for Calculations of Tobacco Consumptic  
(in billions of dollars)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Constant dollar gross payments:</b>													
Up front payment.....	10												
Public Health Trust Fund.....	0	3	3	4	4	5	3	3	3	0	0	0	0
PHTF volume adjustment.....	0	(0)	(0)	(0)	(1)	(1)	(0)	(0)	(1)	0	0	0	0
Base payment.....	0	6	7	8	10	10	13	13	13	15	15	15	15
Base payment volume adjustment.....	0	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)
Additional payment to recover BBA cred	0	0	0	0	0	0	0	0	0	0	0	0	0
Add'l payment volume adjustment.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Additional payment to recover tax losse	0	0	0	0	0	0	0	0	0	0	0	0	0
Add'l payment volume adjustment.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Civil suit credit.....	0	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(4)	(4)	(4)	(4)
Total initial gross payments.....	10	6	6	8	9	10	9	9	9	8	8	8	8
<b>Inflation protected amounts:</b>													
Up front payment.....	10												
Public Health Trust Fund.....	0	#REF!											
PHTF volume adjustment.....	0	#REF!											
Base payment.....	0	#REF!											
Base payment volume adjustment.....	0	#REF!											
Additional payment to recover BBA cred	0	#REF!											
Add'l payment volume adjustment.....	0	#REF!											
Additional payment to recover tax losse	0	#REF!											
Add'l payment volume adjustment.....	0	#REF!											
Civil suit credit.....	0	#REF!											
Total inflated payments.....	10	#REF!											
<b>Inflation adjustment to gross amounts:</b>													
Up front payment.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Health Trust Fund.....	0	#REF!											
PHTF volume adjustment.....	0	#REF!											
Base payment.....	0	#REF!											
Base payment volume adjustment.....	0	#REF!											
Additional payment to recover BBA cred	0	#REF!											
Add'l payment volume adjustment.....	0	#REF!											
Additional payment to recover tax losse	0	#REF!											
Add'l payment volume adjustment.....	0	#REF!											
Civil suit credit.....	0	#REF!											
Total inflation adjustments.....	0	#REF!											
<b>Other payments and penalties:</b>													
Credit for BBA97 excise tax increase.....	0	0	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Additional payments to offset BBA97 credi	0	0	2	2	3	3	3	3	3	3	3	3	3
Payments to offset excise tax losses.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Teen smoking surcharge -- tier 1.....	0	0	0	0	0	0	0	0	1	0	1	0	1
Teen smoking surcharge -- tier 2.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Total net payments and penalties.....	10	#REF!											
<b>Federal revenues:</b>													
Industry payments.....	10	#REF!											
IBT Offset (25%).....	(3)	#REF!											
Surcharge impact on corp. income taxes..	0	0	0	0	0	0	0	0	1	0	1	0	0
Teen excise tax (-25% paygo offset).....	0	0	0	0	0	0	0	0	0	0	1	1	1
Effect on curr. law tobacco excise taxes (-	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Impact of higher CPI.....	*	*	*	*	*	*	*	*	*	*	*	*	*

Total, revenues (budget effect).....	7	#REF!											
Total, revenues (PAYGO effect).....	8	#REF!											
MEMO: impact on curr. law State excise tax	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)

**Federal outlays:**

Spending at 100% of Adjusted Income from Industry:

Public Health Trust Fund--Tobacco-related medical	#REF!												
Title VII--Paragraph B--HHS Programs/grants to Sta	0	#REF!											
Title VII--Paragraph A(2)--FDA enforcement/grants	0	#REF!											
Title VII--Paragraph A(3)--ASSIST grants to States..	0	#REF!											
Title VII--Paragraph A(4)--Federal R&D discourage	0	#REF!											
Title VII--Paragraph A(5)--Payments to sponsored e	0	#REF!	0										
Title VII--Paragraph C--Public Educ. Campaign (to r	1	#REF!											
Title VII--Paragraph D--Tobacco Use Cessation(HH:	1	#REF!											
Spending of look-back surcharge.....	0	0	0	0	0	0	0	0	1	0	1	0	1
Subtotal of above.....	#REF!												
All other (assumed grants to States).....	10	#REF!											
Total, spending equals payments.....	10	#REF!											
Impact of higher CPI (COLAs/EITC).....	*	*	*	*	*	*	*	*	*	*	*	*	*
Total outlays.....	10	#REF!											
Error check.....	0	#REF!											

**Federal deficit effects with receipts as IBT:**

Total budget effects:

Revenues (deficit impact).....	(7)	#REF!											
Direct outlays.....	10	#REF!											
Total programmatic effect.....	3	#REF!											
<b>Debt service.....</b>	0	0	0	0	1	1	1	1	1	2	2	2	2
Total budget deficit (+) effect.....	3	#REF!											
Payments limited to budget neutrality.....	7	#REF!											

PAYGO impact:

Revenues.....	(8)	#REF!											
Direct outlays.....	10	#REF!											
Total PAYGO deficit (+) effect.....	3	#REF!											
Payments limited to paygo neutrality.....	8	#REF!											

Other potential Federal spending effects:

Composite Federal match rate used.....	1												
Pot. increase in Fed matching grants(love	1	#REF!											
Pot. increase in Fed matching grants(upp	1	#REF!											
Longer-term impacts on medical care expenditures (-)													
Longer-term impacts on retirement program expenditures (+)													
Subtotal other potential spending.....	2	#REF!											

Impact of higher CPI (no longer counted)

Revenue impact of higher CPI.....	0	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Outlay Impact (COLAs/EITC).....	0	0	1	2	3	3	3	3	3	3	3	4	4
Total deficit impact.....	0	1	2	3	3	4	4	4	5	5	5	5	5

Inflation factors:

Annual payments and spending.....	1	#REF!											
98 constant \$ (state excise & pack price)..	1	1	1	1	1	1	1	1	1	1	1	1	1
Teen surcharge.....	1	1	1	1	1	1	1	1	1	1	1	1	2

**Potential deficit(-) effects on States:**

Reduction in State excise taxes--inflated cur	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)
Potential Increased income from Fed. match	1	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Longer-term impacts on medical care expenditures (-)													
Longer-term impacts on retirement program expenditures (+)													
Total, potential deficit(-) effects on States	1	#REF!											

**BBA97 credit:**

Credit based on deal consumption (scaled)	0	0	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
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**Volume adjustment:**

Ratio of adult consumption to base year (199	99.1%	91.3%	88.1%	86.1%	82.9%	81.8%	81.4%	81.0%	79.6%	80.2%	78.1%	79.0%	78.3%
Excise tax equiv. of pmts at baseline volume (frozen at 2003):													
Public health trust fund	0	0	0	0	0	0	0	0	0	0	0	0	0
Base payments	0	0	0	0	0	0	1	1	1	1	1	1	1

**Reduction in curr law tobacco excise tax:**

Federal .24/pack; .34 '00/'01; .39 '02 & after/s	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(1)	(1)
State .34/pack Con\$ 98=100(measured from	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)
Federal excise tax drop after 25% offset	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

**New Treasury Elasticity Approach:**

Con\$(98=100) Price Per Pack -- Current law	1.950	1.943	2.030	2.021	2.057	2.046	2.037	2.027	2.018	2.009	2.000	1.992	1.984
Calculated excise tax equiv. of payments--in	0.000	0.325	0.363	0.439	0.535	0.573	0.573	0.573	0.573	0.573	0.573	0.573	0.573
BBA excise tax increase for credit --Con\$19	0.000	0.000	0.094	0.092	0.133	0.129	0.126	0.122	0.118	0.115	0.112	0.108	0.105
Excise tax equivalent w/credit	0.000	0.325	0.269	0.348	0.401	0.444	0.447	0.451	0.455	0.458	0.461	0.461	0.461
Excise tax equivalent of payments--range	0.000	0.326	0.364	0.442	0.539	0.578	0.578	0.582	0.637	0.589	0.684	0.617	0.642
Calculated excise tax equiv. of payments (igi	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Payments x/teen surcharge	0.000	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Teen surcharge -- tier 1	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.003	0.039	0.007	0.052	0.009	0.025
Teen surcharge -- tier 2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total payments	0.000	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Difference, out vs. in	0.000	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Con\$(98=100) Price Per Pack -- Deal	1.95	2.27	2.39	2.46	2.60	2.62	2.61	2.61	2.66	2.60	2.68	2.61	2.63
Percent increase vs. current law (ad valorem):									0.637	0.589	0.684	0.617	0.642
Payments x/teen surcharge	0.0%	16.8%	17.9%	21.9%	26.2%	28.2%	28.4%	28.6%	29.7%	28.9%	31.6%	30.5%	31.1%
Teen surcharge	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	1.9%	0.4%	2.6%	0.4%	1.3%
Total ad valorem tax	0.0%	16.8%	17.9%	21.9%	26.2%	28.2%	28.4%	28.7%	31.6%	29.3%	34.2%	31.0%	32.4%
TIME (T) and (n)	2	3	4	5	6	7	8	9	10	11	12	13	14

**CONSUMPTION (billions of packs):**

<b>Current law (post-BBA97):</b>													
Total consumption	24.143	24.039	23.400	23.312	22.977	22.895	22.812	22.727	22.641	22.554	22.465	22.376	22.286
Teen consumption	0.647	0.655	0.638	0.646	0.648	0.663	0.677	0.689	0.698	0.701	0.699	0.695	0.692
Adult consumption	23	23	23	23	22	22	22	22	22	22	22	22	22
<b>Deal:</b>													
Total consumption	24.110	22.172	21.351	20.845	20.037	19.740	19.664	19.566	19.230	19.381	18.864	19.098	18.905
Teen consumption	1	1	0	0	0	0	0	0	0	0	0	0	0
Adult consumption	23	22	21	20	20	19	19	19	19	19	19	19	19
<b>Decline from current law:</b>													
Total consumption	(0)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(4)	(3)	(3)
Teen consumption	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Adult consumption	0	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
<b>Decline from current law, percent:</b>													
Total consumption	0%	-8%	-9%	-11%	-13%	-14%	-14%	-14%	-15%	-14%	-16%	-15%	-15%
Teen consumption	-5%	-21%	-27%	-35%	-42%	-49%	-49%	-49%	-50%	-49%	-52%	-50%	-50%
Adult consumption	0%	-7%	-8%	-10%	-12%	-13%	-13%	-13%	-14%	-13%	-15%	-14%	-14%

**ADULTS:**

# of Adult smokers (millions) Current law	49.994	49.743	48.853	48.618	48.083	47.856	47.630	47.404	47.179	46.954	46.730	46.506	46.283
# of Adult smokers (millions)--deal	49.994	47.586	46.471	45.739	44.611	44.139	43.912	43.657	43.084	43.156	42.334	42.522	42.136
<b>TEENS:</b>													
Teen use percentage points -- Current law	18.295	18.341	17.778	17.837	17.614	17.677	17.739	17.799	17.858	17.915	17.971	18.025	18.078
Teen use percentage points -- deal	18.295	16.332	15.613	15.239	14.537	14.387	14.439	14.466	14.231	14.526	14.084	14.468	14.380
# of teen smokers (mill.) -- Current law	4	4	3	4	4	4	4	4	4	4	4	4	4
# of teen smokers (mill.) -- Deal price only	4	3	3	3	3	3	3	3	3	3	3	3	3
Teen decline due to nonprice effects	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
# of teen smokers (mill.) -- Deal w/nonprice	3	3	3	2	2	2	2	2	2	2	2	2	2
Percent decline in # of teen smokers -- Deal	5.0%	21.0%	27.2%	34.6%	42.5%	48.6%	48.6%	48.7%	50.3%	48.9%	51.6%	49.7%	50.5%
Cum. # of teen smokers(mill), Curr. law, year	7	11	14	18	21	25	29	32	36	40	44	48	51
Cum. # of teen smokers(mill), Deal, year 199	7	10	12	15	17	18	20	22	24	26	28	30	32
Teen population.....	19	20	20	20	20	21	21	21	21	21	21	21	21
	0.000	0.325	0.268	0.347	0.401	0.545	0.509	0.553	0.526	0.509	0.564		

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2004-2008	1998-2003	1998-2008	1998-2023
0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	10	10
0	0	0	0	0	0	0	0	0	0	0	0	0	(1)	(3)	(4)	(4)
15	15	15	15	15	15	15	15	15	15	15	15	15	68	41	109	334
(3)	(3)	(3)	(3)	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(13)	(6)	(19)	(73)
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(18)	(12)	(29)	(86)
8	8	8	8	8	8	8	8	8	8	8	7	7	42	48	91	206

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2004-2008	1998-2003	1998-2008	1998-2023
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2004-2008	1998-2003	1998-2008	1998-2023
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2004-2008	1998-2003	1998-2008	1998-2023
(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(16)	(11)	(27)	(71)
3	3	3	3	3	3	3	3	3	3	3	3	3	16	11	27	71
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	1	1	1	1	1	1	1	1	1	1	1	1	3	0	3	13
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2004-2008	1998-2003	1998-2008	1998-2023
#REF!	#REF!	#REF!	#REF!													
#REF!	#REF!	#REF!	#REF!													
0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	7
1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	12
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(5)	(4)	(9)	(24)
.	.	.	.	.	.	.	.	.	.	.	.	.	0	0	0	0



#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!				
(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)				
#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!				
(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(16)	(11)	(27)	(71)
78.2%	77.8%	77.5%	77.1%	76.8%	76.5%	76.1%	75.8%	75.4%	75.0%	74.7%	74.3%	73.9%				
0	0	0	0	0	0	0	0	0	0	0	0	0				
1	1	1	1	1	1	1	1	1	1	1	1	1				
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)				
(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)				
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)				
1.976	1.968	1.960	1.953	1.946	1.939	1.932	1.926	1.920	1.914	1.908	1.902	1.896				
<u>0.102</u>	<u>0.099</u>	<u>0.096</u>	<u>0.093</u>	<u>0.091</u>	<u>0.088</u>	<u>0.086</u>	<u>0.083</u>	<u>0.081</u>	<u>0.078</u>	<u>0.076</u>	<u>0.074</u>	<u>0.072</u>				
<b>0.628</b>	<b>0.633</b>	<b>0.630</b>	<b>0.630</b>	<b>0.629</b>	<b>0.628</b>	<b>0.628</b>	<b>0.628</b>	<b>0.627</b>	<b>0.627</b>	<b>0.626</b>	<b>0.626</b>	<b>0.626</b>				
#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
0.017	0.021	0.019	0.020	0.019	0.019	0.020	0.020	0.020	0.020	0.020	0.021	0.021				
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				
#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
2.60	2.60	2.59	2.58	2.57	2.57	2.56	2.55	2.55	2.54	2.53	2.53	2.52				
0.628	0.633	0.630	0.630	0.629	0.628	0.628	0.628	0.627	0.627	0.626	0.626	0.626				
30.9%	31.1%	31.2%	31.3%	31.3%	31.4%	31.5%	31.6%	31.6%	31.7%	31.8%	31.8%	31.9%				
<u>0.8%</u>	<u>1.1%</u>	<u>1.0%</u>	<u>1.1%</u>	<u>1.1%</u>	<u>1.1%</u>	<u>1.1%</u>										
31.8%	32.2%	32.1%	32.3%	32.3%	32.4%	32.5%	32.6%	32.7%	32.8%	32.8%	32.9%	33.0%				
15	16	17	18	19	20	21	22	23	24	25	26	27				
22.195	22.103	22.010	21.917	21.823	21.728	21.632	21.536	21.440	21.343	21.245	21.147	21.049				
<u>0.692</u>	<u>0.692</u>	<u>0.693</u>	<u>0.693</u>	<u>0.693</u>	<u>0.698</u>	<u>0.703</u>	<u>0.707</u>	<u>0.712</u>	<u>0.717</u>	<u>0.726</u>	<u>0.736</u>	<u>0.745</u>				
22	21	21	21	21	21	21	21	21	21	21	20	20				
18.892	18.789	18.725	18.642	18.567	18.486	18.403	18.322	18.239	18.156	18.072	17.983	17.898				
<u>0</u>	0	0	0	0	0	0	0	0	0	0	0	0				
19	18	18	18	18	18	18	18	18	18	18	18	18				
(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)				
(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)				
(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)				
-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%				
-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%				
-14%	-14%	-14%	-14%	-14%	-14%	-14%	-14%	-14%	-14%	-14%	-14%	-14%				

46.060	45.838	45.617	45.396	45.176	44.956	44.738	44.520	44.302	44.086	43.870	43.655	43.441
41.996	41.734	41.528	41.297	41.076	40.852	40.624	40.401	40.176	39.952	39.728	39.500	39.276
18.129	18.179	18.228	18.275	18.321	18.366	18.410	18.453	18.494	18.534	18.573	18.612	18.649
14.495	14.508	14.565	14.600	14.644	14.682	14.718	14.755	14.790	14.825	14.859	14.889	14.920
4	4	4	4	4	4	4	4	4	4	4	4	4
3	3	3	3	3	3	3	3	3	3	3	3	3
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
2	2	2	2	2	2	2	2	2	2	2	2	2
50.0%	50.2%	50.1%	50.1%	50.1%	50.1%	50.1%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
55	59	63	67	70	74	78	82	86	90	94	98	102
34	36	38	39	41	43	45	47	49	51	53	55	57
21	21	21	21	21	21	21	21	21	21	21	22	22

**SUMMARY OF BUDGETARY EFFECTS OF PROPOSED SETTLEMENT  
TWO TIER SURCHARGE W/NONCUMULATIVE EXCISE TAX ABOVE 10 POINT SHORTFALL**

04/20/09

03:44 PM

(In billions of dollars)

	<u>1,998</u>	<u>1,999</u>	<u>2,000</u>	<u>2,001</u>	<u>2,002</u>	<u>2,003</u>	<u>2,004</u>	<u>2,005</u>	<u>2,006</u>	<u>2,007</u>	<u>2,008</u>	<u>98-03</u>	<u>98-08</u>	<u>98-23</u>	
<b>RECEIPTS</b>															
<b>Base Payment (inc. trust and up-front payment)...</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>12</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>69</b>	<b>144</b>	<b>369</b>	
Payments to Recoup Excise Tax Credit and/or Losse	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Adult Sales Volume Adjustment.....	0	(1)	(1)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(4)	(9)	(26)	(84)	
Credit for Personal Compensation Claims.....	0	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(4)	(4)	(11)	(29)	(84)	
Inflation Adjustment.....	0	#REF!													
Credit for BBA Excise Taxes.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Look-Back Surcharge for Youth Consumption.....	0	0	0	0	0	1	0	1	0	0	1	1	3	10	
<b>Net Industry Settlement Payments.....</b>	<b>10</b>	<b>#REF!</b>													
<b>Tax Offsets</b>															
Indirect Business Tax Offset.....	(3)	#REF!													
Corporate Income Tax on Look-Back Surcharge....	0	0	0	0	0	1	0	0	0	0	0	1	2	5	
Youth Excise Tax Trigger.....	0	0	0	0	0	2	2	5	5	5	6	2	24	105	
Reduction in Existing Federal Excise Taxes.....	0	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(4)	(9)	(26)	
Total Federal Tax Offsets.....	(3)	#REF!													
<b>Net Additional Receipts to US Government....</b>	<b>8</b>	<b>#REF!</b>													
<b>POTENTIAL USES/CHANGES</b>															
State Attorneys General Proposals, Total.....	0	#REF!													
Offset Reduction in State Excise Taxes.....	0	1	1	1	1	1	1	2	2	2	2	5	13	44	
Use of Youth Look-Back Surcharge (90% grants).....	0	0	0	0	0	1	0	1	0	0	1	1	3	10	
Potential Increase in Federal Medicaid Match.....	1	#REF!													
<b>Total Potential Uses.....</b>	<b>1</b>	<b>#REF!</b>													
<b>Memoranda:</b>															
<b>Ad Valorem Equivalent of Net Payments.....</b>	<b>17%</b>	<b>18%</b>	<b>22%</b>	<b>26%</b>	<b>36%</b>	<b>33%</b>	<b>40%</b>	<b>38%</b>	<b>38%</b>	<b>40%</b>					
<b>Change in Total Cigarette Consumption.....</b>	<b>-7%</b>	<b>-8%</b>	<b>-10%</b>	<b>-12%</b>	<b>-16%</b>	<b>-15%</b>	<b>-17%</b>	<b>-17%</b>	<b>-17%</b>	<b>-18%</b>					
<b>Percentage Point Shortfall from Youth Target.....</b>					<b>26%</b>	<b>19%</b>	<b>42%</b>	<b>38%</b>	<b>40%</b>	<b>50%</b>					

**SUMMARY OF BUDGETARY EFFECTS OF PROPOSED SETTLEMENT**  
**TWO TIER SURCHARGE W/NONCUM. EXCISE TAX ABOVE 10 POINTS AND 30% TEEN NONPRICE EFFECT**

04/20/09

03:45 PM

(In billions of dollars)

	<u>1,998</u>	<u>1,999</u>	<u>2,000</u>	<u>2,001</u>	<u>2,002</u>	<u>2,003</u>	<u>2,004</u>	<u>2,005</u>	<u>2,006</u>	<u>2,007</u>	<u>2,008</u>	<u>98-03</u>	<u>98-08</u>	<u>98-23</u>
<b>RECEIPTS</b>														
<b>Base Payment (inc. trust and up-front payment)...</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>12</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>69</b>	<b>144</b>	<b>369</b>
Payments to Recoup Excise Tax Credit and/or Losse	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adult Sales Volume Adjustment.....	0	(1)	(1)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(9)	(24)	(77)
Credit for Personal Compensation Claims.....	0	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(4)	(4)	(12)	(29)	(86)
Inflation Adjustment.....	0	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Credit for BBA Excise Taxes.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Look-Back Surcharge for Youth Consumption.....	0	0	0	0	0	0	0	0	1	0	1	0	2	9
<b>Net Industry Settlement Payments.....</b>	<b>10</b>	<b>#REF!</b>	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
<b>Tax Offsets</b>														
Indirect Business Tax Offset.....	(3)	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Corporate Income Tax on Look-Back Surcharge....	0	0	0	0	0	0	0	0	1	0	1	0	1	5
Youth Excise Tax Trigger.....	0	0	0	0	0	0	0	0	0	0	1	0	1	23
Reduction in Existing Federal Excise Taxes.....	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(4)	(9)	(24)
Total Federal Tax Offsets.....	(3)	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
<b>Net Additional Receipts to US Government....</b>	<b>7</b>	<b>#REF!</b>	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
<b>POTENTIAL USES/CHANGES</b>														
State Attorneys General Proposals, Total.....	0	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Offset Reduction in State Excise Taxes.....	0	1	1	1	1	1	1	1	1	1	2	5	12	41
Use of Youth Look-Back Surcharge (90% grants).....	0	0	0	0	0	0	0	0	1	0	1	0	2	9
Potential Increase in Federal Medicaid Match.....	1	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
<b>Total Potential Uses.....</b>	<b>1</b>	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	<b>#REF!</b>
<b>Memoranda:</b>														
<b>Ad Valorem Equivalent of Net Payments.....</b>		<b>17%</b>	<b>18%</b>	<b>22%</b>	<b>26%</b>	<b>28%</b>	<b>28%</b>	<b>29%</b>	<b>32%</b>	<b>29%</b>	<b>34%</b>			
<b>Change in Total Cigarette Consumption.....</b>		<b>-8%</b>	<b>-9%</b>	<b>-11%</b>	<b>-13%</b>	<b>-14%</b>	<b>-14%</b>	<b>-14%</b>	<b>-15%</b>	<b>-14%</b>	<b>-16%</b>			
<b>Percentage Point Shortfall from Youth Target.....</b>						<b>-3%</b>	<b>-10%</b>	<b>10%</b>	<b>10%</b>	<b>8%</b>	<b>20%</b>			



## **President Clinton's Plan for Comprehensive Tobacco Legislation to Protect America's Children**

Today, President Clinton challenged Congress to pass sweeping tobacco legislation to reduce teen tobacco use significantly. The President announced that he will invite Congressional leaders in both parties to the White House in the coming weeks to launch a bipartisan effort to enact federal tobacco legislation. That legislation will build on the extraordinary efforts of the nation's attorneys general, who helped create an historic opportunity for progress in reducing smoking, especially by youth.

In August 1996, the Clinton Administration announced a landmark rule by the Food and Drug Administration to protect children from the harm caused by tobacco products, which was upheld by a federal judge in North Carolina earlier this year. Those victories for the public health, along with the aggressive efforts of the attorneys general and leaders of the public health community, drove the tobacco companies to the bargaining table and extracted concessions that would have been unimaginable just a short time ago.

Since a proposed national settlement was announced June 20, the Administration -- led by Vice President Gore, Secretary of Health and Human Services Donna Shalala, and Domestic Policy Advisor Bruce Reed -- has been working with the public health community, the attorneys general, members of Congress, tobacco farmers, and others to develop a comprehensive tobacco policy.

Today, the President announced five key elements that must be at the heart of any national tobacco legislation:

**1. A Comprehensive Plan to Reduce Teen Smoking, Including Tough Penalties If Targets Are Not Met.** Every day, 3,000 young people start smoking regularly, and 1,000 of them will die early as a result. The central goal of tobacco legislation must be a comprehensive, nationwide effort to reduce teen smoking. The Administration is calling for:

- **Tough Penalties and Price Increases to Reduce Teen Smoking:** The Administration believes tobacco legislation must include stiff penalties that give the tobacco industry the strongest possible incentive to stop targeting kids. Legislation should set ambitious targets to cut teen smoking by 30% in 5 years, 50% in 7 years, and 60% in 10 years, and impose severe financial penalties that hold tobacco companies accountable to meet those targets. The Administration supports penalties that are non-deductible, uncapped, and escalating -- so that the penalties get stiffer and the price goes up the more that companies miss the targets. Reducing youth smoking is the Administration's bottom line, and now it must be the industry's bottom line.

One of the surest ways to reduce youth smoking is to increase the price of cigarettes. By some estimates, a 10% increase in cigarette prices will lead to a 7% drop in youth smoking. **Today, the President called for a combination of industry payments and penalties to increase the price of cigarettes by up to \$1.50 a pack over the next decade as necessary to meet the youth smoking reduction targets.**

- **A Public Education and Counter Advertising Campaign:** To succeed in reducing youth smoking, legislation must provide for a nationwide effort to deglamorize tobacco, warn young people of its addictive nature and deadly consequences, and help parents discourage their children from taking up the habit. Legislation should provide for a public education and counter advertising campaign, as well as state and local prevention efforts. The Administration also supports stronger, more visible warning labels on tobacco products.
- **Expanded Efforts to Restrict Access and Limit Appeal:** The current FDA rule includes significant measures to reduce youth access to tobacco products (such as requiring retailers to check photo identification of anyone under 27) and to limit the advertising of tobacco to young people (such as restricting advertising near school buildings). The Administration supports legislation codifying these measures, imposing even stronger restrictions on youth access and advertising consistent with the Constitution, and establishing an effective retail licensing scheme with tough penalties.

**2. Full Authority for FDA to Regulate Tobacco Products.** In 1996, the Administration took the historic step of asserting FDA jurisdiction over tobacco products. Since that time, the Administration has said it would support federal legislation explicitly affirming the FDA's authority to regulate the manufacture, marketing, and sale of tobacco products. Under such legislation, the FDA's authority over tobacco products must be as effective as its authority over other drugs and devices, and must be sufficiently flexible to meet changing circumstances. The legislation should not impose any obligation on the FDA to make specific findings about such speculative matters as the creation of contraband markets; nor should it impose any special procedural hurdles or requirements, such as enhanced standards of proof or unusual evidentiary formalities.

**3. Changes in the Way the Tobacco Industry Does Business.** Federal tobacco legislation must include measures to expose the industry's past misconduct, especially its efforts to market products to children, and to change the way the industry does business.

- **No Marketing to Children:** Commitments by the industry -- such as agreements to limit advertising to children -- can serve to recognize the need for increased

corporate responsibility. Today, the President reiterated his call to the tobacco industry to stop marketing and promoting tobacco to children.

- **Document Disclosure:** To ensure that patterns of corporate malfeasance are disclosed and effectively checked in the future, tobacco legislation must provide for broad disclosure of industry documents, especially those containing scientific or other health information or relating to the industry's attempts to market tobacco to children. This legislation should respect essential principles of attorney-client privilege. But the legislation should establish effective mechanisms to turn over to the public all non-privileged documents, including documents the industry has inappropriately claimed to be privileged, as well as to disclose scientific and health-related information in even privileged documents.
- **Corporate Compliance:** Tobacco companies should set up comprehensive corporate compliance programs that will reinforce the real economic incentives provided by the youth smoking penalties to discourage companies from marketing to children. The legislation should establish oversight mechanisms to investigate and monitor corporate compliance and to make recommendations to Congress on appropriate future legislation.

**4. Progress Toward Other Public Health Goals.** Federal tobacco legislation provides an opportunity not only to reduce youth smoking, but to meet other public health goals: the reduction of environmental (second-hand) tobacco smoke, the expansion of smoking cessation programs, the strengthening of international efforts to control tobacco, and the provision of funds for health research and other health objectives.

- **Second-Hand Smoke:** The best scientific studies show that restrictions on second-hand smoke reduce the risk of death and injury to non-smokers, including the hundreds of thousands of children with asthma and other respiratory illness, and lead many smokers to quit the habit. Federal tobacco legislation should include provisions to restrict smoking in workplaces and other public facilities of the kind found in H.R. 3434, as well as in the President's recent Executive Order on tobacco smoke in federal facilities.
- **Smoking Cessation Programs:** Data suggests that some 70% of smokers want to quit, but fewer than 3% each year successfully do so. Legislation should help enable smoking cessation services to reach and assist the millions of smokers who want to break their addiction to tobacco products.
- **International Leadership:** According to the World Health Organization (WHO), tobacco use now causes 3 million deaths a year worldwide; unless checked, that number will rise to 10 million by 2025, with 70% of annual deaths

occurring in developing countries. Legislation should strengthen global and bilateral efforts to reduce smoking by providing assistance to international institutions.

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**5. Protection for Tobacco Farmers and Their Communities.** The President made clear today that any tobacco legislation must protect tobacco farmers and their communities. Most tobacco farmers live and work on small family farms; in many cases, their families have been growing tobacco for generations. In some states, entire communities rely on income from the tobacco crop. The Administration is committed to working with members of Congress in both parties to ensure that we protect the financial well-being of tobacco farmers, their families, and their communities.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-SEP-1997 21:08:09.00

SUBJECT: Re: Party

TO: Jonathan Prince ( CN=Jonathan Prince/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

yes

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:16-SEP-1997 21:48:52.00

SUBJECT: sorry

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

TEXT:

i missed your higher ed meeting. i was working on tobacco all day. i'll try to catch up with you tomorrow afternoon.



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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:17-SEP-1997 12:53:47.00

SUBJECT: VP Briefing

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

READ:UNKNOWN

TEXT:

is this ok? if not, let's try to make it ok.

----- Forwarded by Elena Kagan/OPD/EOP on 09/17/97 12:56  
PM -----

Michael J. Burton @ OVP

09/17/97 12:00:21 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

CC:

Subject: VP Briefing

Will you be available for a Thursday, 3:50 pm - 4:10 pm AFL-CIO pre-brief  
in the VP's West Wing Office?

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. email	Elena Kagan to Sylvia Mathews re: personal (1 page)	09/21/1997	Personal Misfile

### COLLECTION:

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

### FOLDER TITLE:

[8/7/1997 - 10/3/1997]

2009-1006-F  
kh574

### RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:21-SEP-1997 14:46:34.00

SUBJECT: Re: NC4733: Deb Price

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

TEXT:

such as? what do you think we should be thinking about?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-SEP-1997 14:20:05.00

SUBJECT: Re: NC4733: Deb Price

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

TEXT:  
you're right of course.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:29-SEP-1997 20:35:33.00

SUBJECT: Re: Congressional Food Safety Letter

TO: Victoria Radd ( CN=Victoria Radd/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TEXT:

yes. probably thursday, though it's in rahm's court.



MEMORANDUM FOR THE SECRETARY OF HEALTH AND HUMAN SERVICES  
SECRETARY OF AGRICULTURE

SUBJECT: Initiative to Ensure the Safety of Imported Fruits and Vegetables

During my Administration, we have taken significant steps to strengthen our entire food safety system, including expanded research, education, and surveillance activities. We also have put into place enhanced safety standards relating particularly to meat, poultry, and seafood products. These measures are greatly improving the safety of the nation's food supply.

We need to build on these efforts, and today I ask you to do so by focusing on the safety of fruits and vegetables. Although the produce Americans eat is very safe, we can and must do even better, particularly with respect to produce imported from foreign countries. Last year, 38 percent of the fruit and 12 percent of the vegetables consumed by Americans came from overseas. We must ensure that these fruits and vegetables are produced under safety systems equivalent to those existing in the United States, at the same time that we upgrade our own domestic standards.

As you know, I am introducing legislation in Congress that will help accomplish this task. This legislation will authorize the Food and Drug Administration (FDA) to halt imports of fruits, vegetables, or other food from any foreign country whose food safety systems and standards are not on par with those of the United States. This authority, which is equivalent to authority the USDA now has to halt the importation of meat and poultry, will enable the FDA to prevent the importation of potentially unsafe foreign produce. In addition, I will provide the necessary funds in my Fiscal Year 1999 budget to enable the FDA to expand dramatically its international inspection force. With this greatly increased ability to inspect food safety conditions abroad, the FDA will be able to determine when to halt the importation of fruits and vegetables from foreign countries.

At the same time, I direct you to take administrative actions that will better ensure the safety of fruits and vegetables coming from abroad, while continuing to improve the safety of domestic produce. You should accelerate whatever food safety research is necessary to support these actions.

First, I direct the Secretary of Health and Human Services, in partnership with the Secretary of Agriculture, to report back to me within 90 days with a plan on how to improve the use of existing and projected resources to monitor agricultural and manufacturing practices abroad, assist foreign countries to improve those practices, and prevent the importation of unsafe produce, including by detecting unsafe food at the dock or border. I especially urge you to consider the best ways to target inspection and testing resources toward those areas where problems are most likely to occur.

Second, I direct the Secretary of Health and Human Services, in partnership with the Secretary of Agriculture and in close cooperation with the agricultural community, to issue

within one year guidance on good agricultural practices and good manufacturing practices for fruits and vegetables. This guidance should address such matters as sanitation, worker health, and water use, should take into account differences in both crops and regions, and should address potential food safety problems throughout the food distribution and marketing system. By providing the first-ever specific safety standards for fruits and vegetables, the guidance will improve the agricultural and manufacturing practices of all those, foreign and domestic, seeking to sell produce in the U.S. market. To ensure that this guidance has the widest possible effect, I also direct the development of coordinated outreach and educational activities.

These steps, taken together and in coordination with the legislation I will send to Congress, will ensure to the fullest extent possible the safety of fruits and vegetables for all Americans. I will also direct the Administrator of the Environmental Protection Agency and the Secretary of Labor to provide you with assistance in achieving this goal.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:29-SEP-1997 15:34:35.00

SUBJECT: Income and Poverty Fact Sheets

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

TEXT:

please print for me. thanks.

----- Forwarded by Elena Kagan/OPD/EOP on 09/29/97 03:38  
PM -----

Russell W. Horwitz  
09/29/97 12:10:23 PM  
Record Type: Record

To: See the distribution list at the bottom of this message  
cc:  
Subject: Income and Poverty Fact Sheets

Today, the Census Bureau released their annual survey of Income and Poverty in America for 1996. Attached are our fact sheets.

Message Sent

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

Rahm I. Emanuel/WHO/EOP  
Karen E. Finney/WHO/EOP  
Diana Fortuna/OPD/EOP  
Ben A. Freeland/WHO/EOP  
Jason S. Goldberg/WHO/EOP  
D. Stephen Goodin/WHO/EOP  
Julia R. Green/WHO/EOP  
Melissa Green/OPD/EOP  
Lawrence J. Haas/OMB/EOP  
Daniel D. Heath/OMB/EOP  
Nancy V. Hernreich/WHO/EOP  
John L. Hilley/WHO/EOP  
Katherine Hubbard/WHO/EOP  
Peter G. Jacoby/WHO/EOP  
Christopher C. Jennings/OPD/EOP  
Elena Kagan/OPD/EOP  
Thomas A. Kalil/OPD/EOP  
Jonathan A. Kaplan/OPD/EOP  
Charles Konigsberg/OMB/EOP  
Karin Kullman/WHO/EOP  
Robert D. Kyle/OPD/EOP  
Jeanne Lambrew/OPD/EOP  
G N. Lattimore/WHO/EOP  
Ann F. Lewis/WHO/EOP  
Jacob J. Lew/OMB/EOP  
Bruce R. Lindsey/WHO/EOP  
Julie E. Mason/WHO/EOP  
Sylvia M. Mathews/WHO/EOP  
Doris O. Matsui/WHO/EOP  
Cathy R. Mays/OPD/EOP  
Michael D. McCurry/WHO/EOP  
Anne E. McGuire/WHO/EOP  
Joseph J. Minarik/OMB/EOP  
Linda L. Moore/WHO/EOP  
Kevin S. Moran/WHO/EOP  
Janet Murguia/WHO/EOP  
Alison Muscatine/WHO/EOP  
Bob J. Nash/WHO/EOP  
Peter O'Keefe/WHO/EOP  
Peter R. Orszag/OPD/EOP  
Kristen E. Panerali/OPD/EOP  
John Podesta/WHO/EOP  
Jonathan Prince/WHO/EOP  
Victoria Radd/WHO/EOP  
Franklin D. Raines/OMB/EOP  
Bruce N. Reed/OPD/EOP  
Christa Robinson/OPD/EOP  
Dorothy Robyn/OPD/EOP  
Steven J. Ronnel/WHO/EOP  
Stacey L. Rubin/WHO/EOP  
Ellen S. Seidman/OPD/EOP  
Laura D. Schwartz/WHO/EOP  
David Shipley/WHO/EOP  
Alice E. Shuffield/OMB/EOP  
Jake Siewert/OPD/EOP  
Joshua Silverman/WHO/EOP  
Stephen B. Silverman/WHO/EOP  
Douglas B. Sosnik/WHO/EOP  
Jordan Tamagni/WHO/EOP  
Daniel K. Tarullo/OPD/EOP  
Barry J. Toiv/WHO/EOP  
Michael Waldman/WHO/EOP  
Paul J. Weinstein Jr./OPD/EOP

Lisa M. Kountoupes/OMB/EOP  
 Ronda H. Jackson/WHO/EOP  
 Kathleen M. Wallman/WHO/EOP  
 Craig T. Smith/WHO/EOP  
 Sara M. Latham/WHO/EOP  
 Thomas D. Janenda/WHO/EOP  
 Charles R. Marr/OPD/EOP  
 Beverly J. Barnes/WHO/EOP  
 Barbara D. Woolley/WHO/EOP  
 Robert B. Johnson/WHO/EOP  
 Cynthia A. Rice/OPD/EOP  
 Aviva Steinberg/WHO/EOP  
 William H. White Jr./WHO/EOP  
 Jill M. Pizzuto/OMB/EOP  
 Joseph M. Wire/OMB/EOP  
 Lisa J. Levin/WHO/EOP  
 Lynn G. Cutler/WHO/EOP  
 Christopher J. Lavery/WHO/EOP  
 Minyon Moore/WHO/EOP  
 Craig T. Smith/WHO/EOP  
 Karen E. Skelton/WHO/EOP  
 Jeffrey A. Forbes/WHO/EOP  
 Virginia M. Terzano/OVP @ OVP  
 Lorraine A. Voles/OVP @ OVP  
 Roger V. Salazar/OVP @ OVP  
 Anne H. Lewis/OPD/EOP  
 Daniel C. Tate/WHO/EOP  
 Mickey Ibarra/WHO/EOP  
 Virginia N. Rustique/WHO/EOP  
 Elizabeth R. Newman/WHO/EOP  
 Emil E. Parker/OPD/EOP  
 Leanne A. Shimabukuro/OPD/EOP  
 Robert M. Shireman/OPD/EOP  
 Robin J. Bachman/WHO/EOP  
 Barbara Chow/WHO/EOP  
 Ananias Blocker III/WHO/EOP  
 Jonathan H. Schnur/OVP @ OVP  
 Christopher R. Ulrich/OVP @ OVP  
 Christopher F. Walker/WHO/EOP  
 Darby E. Stott/WHO/EOP  
 Michael V. Terrell/CEQ/EOP  
 Ruby Shamir/WHO/EOP  
 Neera Tanden/WHO/EOP  
 Glen M. Weiner/WHO/EOP  
 Andrei H. Cherny/OVP @ OVP  
 Paul E. Begala/WHO/EOP  
 Marsha E. Berry/WHO/EOP  
 Sky Gallegos/WHO/EOP  
 Roberta W. Greene/WHO/EOP  
 Noa A. Meyer/WHO/EOP

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

## TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D21]MAIL42417517I.216 to ASCII,  
 The following is a HEX DUMP:

```

FF5750438A520100010A02010000000205000000083710100000200008E606324412655BBFD9A97
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A7C1CE5E1E5555ED532A1D97C77479BCBEEA986FBA8EBE0E1007D7BA4870D35C957F99A5806C02
CBEE1917F057BC5417B2FC4CDD2FD4A81F4580AE0F56379B11ABC2A6569C3706EEEF9BC99317B4
  
```

# KEY FACTS on CENSUS INCOME AND POVERTY REPORT

September 29, 1996

**TODAY, THE CENSUS BUREAU RELEASED A REPORT ON INCOME AND POVERTY IN AMERICA IN 1996. HERE ARE SOME OF THE RESULTS:**

- **Typical Family Income Up \$2,169 Since 1993.** Last year, the median family's income, adjusted for inflation, increased 1.2 percent -- the third consecutive yearly rise. Since President Clinton's Economic Plan passed in 1993, median family income has increased from \$40,131 in 1993 to \$42,300 in 1996 -- that's a \$2,169 increase in income, adjusted for inflation. From 1988 to 1992, median family income fell \$1,795, adjusted for inflation.
- **Under President Clinton, The Typical African-American Household's Income Is Up \$2,300.** Since 1993, the median income of African-American households has increased from \$21,209 to \$23,482 -- that's \$2,273 or an 11 percent increase, adjusted for inflation, between 1993 and 1996.
- **Income of Typical Hispanic Household Increased \$1,400 Last Year.** After dropping the previous year, the income of the median Hispanic household, adjusted for inflation, increased from \$23,535 in 1995 to \$24,906 in 1996 -- that's an increase of \$1,371 or 5.8 percent in one year, the biggest one-year increase on record.
- **All Income Groups Have Seen Incomes Rise Since 1993.** Since 1993, every income group -- from the most well-off to the poorest -- experienced a real increase in their income, with the poorest 20 percent of American households experiencing the biggest percentage increase (6.8 percent).
- **After Rising Sharply for 20 Years, Inequality Has Now Stabilized.** After rising for nearly 20 years, income inequality has stayed constant over the last three years. In 1996, incomes rose at all points in the income distribution on an after-tax basis. And while the real income of the American household at the lowest percentile -- the 20th percentile -- stagnated last year on a before-tax basis, it increased 3.3 percent on an after-tax basis, from \$7,927 in 1995 to \$8,189 in 1996.
- **Poverty Rate Fell To 13.7 Percent in 1996 -- Down from 15.1 Percent in 1993.** In 1996, the poverty rate declined to 13.7 percent from 13.8 percent the year before. Since President Clinton signed his Economic Plan into law, the poverty rate has declined from 15.1 percent in 1993 to 13.7 percent last year -- that's the biggest three-year drop in the poverty rate in a decade.
- **The African-American Poverty Rate Dropped To Its Lowest Level In History.** In 1996, the African-American poverty rate declined from 29.3 percent to 28.4 percent -- that's its lowest level recorded since data were first collected in 1959. Since 1993, the African-American poverty rate has dropped from 33.1 percent to 28.4 percent -- that's the largest three-year drop in African-American poverty in nearly 30 years (1967-1970).
- **Under President Clinton, Largest Three-Year Drop in Child Poverty Since 1960s.** In 1996, the child poverty rate declined from 20.8 percent to 20.5 percent. Since President Clinton signed his Economic Plan into law, the child poverty rate has declined from 22.7 percent to 20.5 percent -- that's the biggest three-year drop in nearly 30 years (1966-1969).
- **Child Poverty Among African-Americans Down To Lowest Level in More Than 20 Years.** In 1996, the African-American child poverty rate fell from 41.9 percent to 39.9 percent -- its lowest level since 1974. Since 1993, the child poverty rate among African-Americans has dropped from 46.1 percent to 39.9 percent -- that's the biggest three-year drop on record.
- **4.3 Million People Lifted Out of Poverty By EITC -- Double The Number in 1993.** In 1993, President Clinton expanded the Earned Income Tax Credit, providing a tax cut for low-income working families. In 1996, the EITC lifted 4.3 million people out of poverty -- that's 2.2 million more people than were lifted out of poverty by the EITC in 1993.
- **More Children In Working Families Without Health Insurance.** The number of Americans without health insurance increased by 1.1 million to 41.7 million in 1996. Nearly three-quarters of this increase was due to a rise in the number of uninsured children (up 800,000), most of whom (500,000) were above the poverty line. These are

precisely the kids who will benefit from the \$24 billion investment in children's health care the President signed into law in August -- the biggest children's health care investment since the enactment of Medicaid in 1965.

# ADDRESSING OUR REMAINING CHALLENGES

September 29, 1996

**TODAY'S CENSUS REPORT ON INCOME AND POVERTY IS GOOD NEWS, OVERALL, FOR AMERICA. WHILE WE HAVE MADE MUCH PROGRESS IN THE LAST 4½ YEARS, TODAY'S REPORT HIGHLIGHTS SOME OF THE CHALLENGES THAT REMAIN.**

- **Typical Family Income Stagnated For 20 Years.** During the 20 years before President Clinton took office, median family income stagnated. Since 1993, the typical family's income has increased \$2,169, adjusted for inflation. *But this is not enough. That is why President Clinton fought-- and will continue to fight -- for policies that help raise incomes and families' take-home pay.*
  - **\$500 Child Tax Credit For 27 Million Families with 45 Million Children Under Age 17.** The balanced budget legislation that the President negotiated with the Congress includes a \$500 per-child tax credit for children under age 17. For the typical American family with two kids, this child tax credit will mean \$1,000 more per year in take-home pay.
  - **Education Tax Breaks.** The balanced budget deal also includes a \$1,500 Hope Scholarship to make the first two years of college universally available, and a 20-percent tuition tax credit for college juniors, seniors, graduate students, and working Americans pursuing lifelong learning. For a student attending the average four-year college, these education tax incentives will provide tax savings of up to \$5,000. [Source: Department of the Treasury]
  - **Lower Mortgage Rates Saved Families Thousands.** President Clinton's 1993 Economic Plan cut the deficit more than 80 percent. Experts -- including Alan Greenspan -- agree that this deficit reduction led to a drop in interest rates. And according to the *New York Times* and *Money*, these lower interest rates saved the 10 million families who refinanced their home mortgages \$1,000 to \$2,000 per year, on average. [Source: *New York Times*, 8/3/96; *Money*, 8/96]
- **The Number of Children In Working Families Without Health Care Continues To Rise.** In 1996, children accounted for nearly 75 percent of the 1.1 million more Americans without health insurance. Of the 800,000 additional children without health insurance, about two-thirds came from families living above the poverty line. *This is why the President fought to ensure that the Balanced Budget included \$24 billion to provide meaningful health care coverage to as many as five million of our Nation's uninsured children.*
  - **Balanced Budget Invests Unprecedented \$24 Billion for Uninsured Children.** The President insisted on increasing the investment for children's health from \$16 billion to \$24 billion by including revenue from a new tobacco tax. Because of the President's leadership, this budget will contain the largest children's health care budget increase since the enactment of Medicaid in 1965. Including these additional revenues in the children's health initiative will not only further reduce the number of uninsured children, but it will also serve as a financial barrier to help prevent our children from starting to smoke in the first place.
- **While Every Income Group Has Experienced A Real Income Increase Under President**

**Clinton, Income Inequality Increased Slightly in 1996.** Since 1993, every income group -- from the most well-off to the poorest -- experienced a real increase in their income, with the poorest 20 percent of American households experiencing the biggest percentage increase (6.8 percent). But, in 1996, the Gini coefficient -- a measure of inequality -- increased slightly. *That is why President Clinton fought -- and will continue to fight -- for policies that help low-income families make ends meet, while they rise up the economic ladder.*

- **Expanded EITC Puts Money Back in Working Families' Pockets.** The President fought for a substantial expansion in the Earned Income Tax Credit in 1993 -- the average family with two kids that received the EITC got a tax cut of \$1,026. In 1996, the EITC lifted 4.3 million out of poverty -- that's 2.2 million more people than were lifted out of poverty by the EITC in 1993.
- **Minimum Wage Hike Increases Pay By \$1,800 for Full-Time Worker.** On September 1, 1997, the minimum wage increased to \$5.15 per hour for nearly 10 million workers. For someone working at \$4.25 per hour, that was a raise of 90-cents per hour - - or \$1,800 per year for a full-time worker.
- **Fought To Ensure Low-Income Families Benefitted from Child Tax Credit.** Because of the President's efforts, 13 million children from families with incomes below \$30,000 will receive the tax credit -- up to 7.5 million more than under the House plans. Families making under \$30,000 -- such as young teachers, police officers, farmers, nurses and others who work hard and play by the rules -- will now receive the child credit. [Source: Department of the Treasury]
- **AmeriCorps College Support.** The AmeriCorps program has enabled 70,000 volunteers to earn money for college by serving their communities and their country.
- **Increased WIC Nearly \$1 Billion.** President Clinton increased funding for WIC -- which provides nutrition packages, nutrition education, and health referrals to low-income pregnant women, infants, and children -- by nearly \$1 billion, or 34 percent, to \$3.8 billion in FY97. The program's participation has expanded by 1.7 million since 1993, from 5.7 to 7.4 million women, infants, and children.
- **Expanded Head Start -- \$1 Billion Higher Each Year.** President Clinton has increased funding for Head Start by 43 percent, from \$2.8 billion in FY93 to \$4.0 billion in FY97. He also created the Early Head Start program in 1994 to support zero-to-3 year olds and their families. And the Balanced Budget agreement increases funding so that 1 million kids can participate in 2002.
- **Doubled Dislocated Worker Funding.** The funding for dislocated workers has been doubled, from \$651 million in FY93 to \$1,286 million in FY97. This year, the dislocated worker program will assist 580,000 workers, up about 300,000 since President Clinton took office.
- **Largest Pell Grant Increase in Two Decades.** The Balanced Budget agreement boosts the maximum 1998 Pell grant from \$2,700 to \$3,000, and expands the program to more poor independent students -- that's the largest increase in two decades.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:29-SEP-1997 15:38:05.00

SUBJECT: Re: govs

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

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

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

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

TEXT:

i'm really trying veery hard to understand how mickey could think what he seems to think given our meeting last week.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:30-SEP-1997 20:27:04.00

SUBJECT: Re: Tobacco Meeting Briefing

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

READ:UNKNOWN

TEXT:

sorry; I just got this. Bruce is pretty much doing it himself, and should get it down to you shortly.



MEMORANDUM FOR THE SECRETARY OF HEALTH AND HUMAN SERVICES  
SECRETARY OF AGRICULTURE

SUBJECT: Initiative to Ensure the Safety of Imported and Domestic Fruits  
and Vegetables

As you know, American consumers today enjoy the safest food supply in the world, and I am proud of the Administration's record in this area. During my Administration, we have taken significant steps to ensure that we maintain the safest food possible. We have put in place improved safety standards for meat, poultry, and seafood products, and we have begun the process of developing enhanced safety standards for fruit and vegetable juices. We have also expanded research, education, and surveillance activities through coordinated efforts of all agencies involved in food safety issues. Together, these measures will greatly improve the safety of the nation's food supply.

We need to build on these efforts, and today I ask you to do so by focusing on the safety of fruits and vegetables. Although the produce Americans eat is very safe, we can and must do even better, especially at a time when Americans are eating more fruits and vegetables from all over the world. Last year, 38 percent of the fruit and 12 percent of the vegetables consumed by Americans came from overseas. We must ensure that fruits and vegetables coming from abroad are as safe as those produced in the United States, especially as we upgrade our own domestic standards.

To help accomplish this task, I plan to ask Congress to enact legislation that will require the Food and Drug Administration (FDA) to halt imports of fruits, vegetables, or other food from any foreign country whose food safety systems and standards are not on par with those of the United States. This legislation, which will be similar to existing law requiring the USDA to halt the importation of meat and poultry from such countries, will enable the FDA to prevent the importation of potentially unsafe foreign produce. In addition, I will provide the necessary funds in my Fiscal Year 1999 budget to enable the FDA to expand dramatically its international food inspection force. With this greatly increased ability to inspect food safety conditions abroad and at points of entry, the FDA will be able to determine when to halt the importation of fruits and vegetables from foreign countries.

I also hereby direct two administrative actions that will better ensure the safety of fruits and vegetables coming from abroad, while continuing to improve the safety of domestic produce.

First, I direct the Secretary of Health and Human Services, in partnership with the Secretary of Agriculture and in close cooperation with the agricultural community, to issue within one year guidance on good agricultural practices and good manufacturing practices for fruits and vegetables. This guidance should address ways to prevent potential sources of contamination, should take into account differences in both crops and regions, and should address food safety issues throughout the food production and distribution system. By providing the first-ever specific safety standards for fruits and vegetables, the guidance will improve the

agricultural and manufacturing practices of all those seeking to sell produce in the U.S. market. To ensure that this guidance has the widest possible effect, I also direct the development of coordinated outreach and educational activities.

Second, I direct the Secretary of Health and Human Services and the Secretary of Agriculture, to report back to me within 90 days with a status report and complete schedule for the good agricultural and manufacturing practices, and a plan on how to improve the monitoring of agricultural and manufacturing practices abroad, to assist foreign countries to improve those practices where necessary, and to prevent the importation of unsafe produce, including by detecting unsafe food at the dock or border. I especially urge you to consider the best ways to target inspection and testing toward those areas where problems are most likely to occur.

In addition to taking these actions, you should accelerate whatever food safety research is necessary to support them. These steps, taken together and in coordination with the legislation I will send to Congress, will improve the safety of fruits and vegetables for all Americans. I also will direct the Administrator of the Environmental Protection Agency and the Secretary of Labor and other necessary agencies to provide you with assistance in achieving this goal.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-OCT-1997 11:06:40.00

SUBJECT: Hate Crimes Conference working group

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

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 10/03/97 11:05  
AM -----

Richard Socarides 10/01/97 06:06:31 PM

Record Type: Record

To: See the distribution list at the bottom of this message  
cc:  
Subject: Hate Crimes Conference working group

We will not have our regular weekly Hate Crimes Conference Working Group meeting this Thursday. The next Working Group meeting will be Thursday, October 9th at 2pm. 472OEOB.  
However, there will be a candidate selection meeting in place of the regular meeting, so if your working with the candidate selection team, that meeting is on for Thursay, 9/2, at 2pm, 476 OEOB.

Message Sent

To: \_\_\_\_\_  
June G. Turner/WHO/EOP  
Beverly J. Barnes/WHO/EOP  
Andrew J. Mayock/WHO/EOP  
Stephen B. Silverman/WHO/EOP  
Thurgood Marshall Jr/WHO/EOP  
Ann F. Lewis/WHO/EOP  
Ann F. Walker/WHO/EOP  
Michael Waldman/WHO/EOP  
Katharine Button/WHO/EOP  
Mickey Ibarra/WHO/EOP  
Fred DuVal/WHO/EOP  
Lynn G. Cutler/WHO/EOP  
Jeffrey A. Forbes/WHO/EOP  
Tracey E. Thornton/WHO/EOP  
Peter G. Jacoby/WHO/EOP  
Raymond E. Donnelly III/WHO/EOP  
Setti D. Warren/WHO/EOP  
Craig T. Smith/WHO/EOP  
Minyon Moore/WHO/EOP  
Karen E. Skelton/WHO/EOP  
Bob J. Nash/WHO/EOP  
Laura K. Demeo/WHO/EOP  
Michael D. McCurry/WHO/EOP  
Joseph P. Lockhart/WHO/EOP  
Barry J. Toiv/WHO/EOP  
Jennifer M. Palmieri/WHO/EOP  
Phillip Caplan/WHO/EOP

Sean P. Maloney/WHO/EOP  
Kyle M. Baker/WHO/EOP  
Donald H. Gips/OVP @ OVP  
Toby Donenfeld/OVP @ OVP  
Ansley Jones/OVP @ OVP  
Judith A. Winston/PIR/EOP  
Michael Wenger/PIR/EOP  
Lin Liu/PIR/EOP  
WARNATH\_S @ A1 @ CD @ LNGTWY  
Elena Kagan/OPD/EOP  
Thomas L. Freedman/OPD/EOP  
Mary L. Smith/OPD/EOP  
Marsha Scott/WHO/EOP  
Christine A. Stanek/WHO/EOP  
Maria Echaveste/WHO/EOP  
Mark Hunker/WHO/EOP  
Marjorie Tarmey/WHO/EOP  
Susan M. Liss/OVP @ OVP  
Steven W. Adamske/OVP @ OVP  
Elisa Millsap/WHO/EOP  
Jon P. Jennings/WHO/EOP  
Audrey T. Haynes/WHO/EOP  
Estela Mendoza/WHO/EOP  
Peter Rundlet/WHO/EOP  
Cheryl D. Mills/WHO/EOP  
Dawn M. Chirwa/WHO/EOP  
Doris O. Matsui/WHO/EOP  
Richard L. Hayes/WHO/EOP  
Robert N. Weiner/WHO/EOP  
Jose Cerda III/OPD/EOP  
Robert B. Johnson/WHO/EOP  
Cheryl M. Carter/WHO/EOP  
Ann T. Eder/WHO/EOP  
Robin Leeds/WHO/EOP  
Deborah B. Mohile/WHO/EOP  
Jena V. Roscoe/WHO/EOP  
Sondra L. Seba/WHO/EOP  
Ilia V. Velez/WHO/EOP  
William H. White Jr./WHO/EOP  
Laura D. Schwartz/WHO/EOP  
Nelson Reyneri/WHO/EOP  
Trooper Sanders/OVP @ OVP  
Christian M. Grantham/WHO/EOP

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005. email	Elena Kagan to Mickey Ibarra re: Secretary Riley [partial] (1 page)	10/03/1997	P2

### COLLECTION:

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

### FOLDER TITLE:

[8/7/1997 - 10/3/1997]

2009-1006-F  
kh574

### RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-OCT-1997 17:01:02.00

SUBJECT: Re: Sec. Riley

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

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

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

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

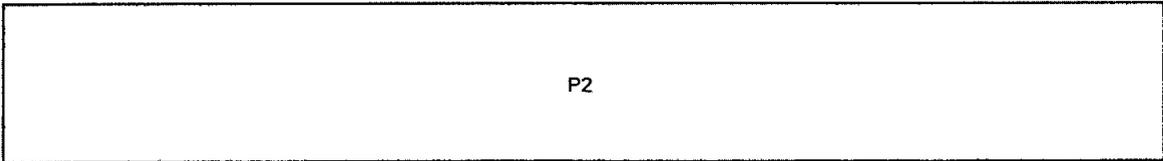
TEXT:

I believe Mike has added the word "Republican." (Phil circulated a copy that was given to him before our meeting.) Am I right, Mike??

A meeting on the conference question sounds like a good idea.

Mickey Ibarra  
10/03/97 04:50:11 PM  
Record Type: Record

To: Elena Kagan/OPD/EOP  
cc: Michael Cohen/OPD/EOP, Maria Echaveste/WHO/EOP, Janet Murguia/WHO/EOP  
Subject: Re: Sec. Riley



[005]

I understand the final Update on National Tests is now complete and out. I have a new copy. The change we discussed on page three (adding "Republican" was not added. I assume others did not agree with us. This continues to bother me because it is not accurate as stated in my view but in the end, I understand this is your call.)

After our meeting today, Michael and I continued our discussion regarding a WH Conference of Mayors on Public Schools. We agreed that I should try to pull a meeting together next week as early as possible with OPL, NEC and DPC to discuss the possiblity with an eye towards announcing this conference at the OCT. 15 meeting in Detroit of the Great City Schools and USCM. What say you on this?