

**NLWJC - KAGAN**

**EMAILS CREATED**

**ARMS - BOX 015 - FOLDER 001**

**[2/18/1999 - 3/9/1999]**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:18-FEB-1999 15:06:04.00

SUBJECT: Re: One America Initiative

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

READ:UNKNOWN

TEXT:

please arrange something.

----- Forwarded by Elena Kagan/OPD/EOP on 02/18/99 03:04 PM -----

Robert B. Johnson

02/18/99 02:07:22 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc:

Subject: Re: One America Initiative

Thats really bad.... nobody noticed my frustration(smile). When can we get together in the next couple of days? I'll fit my schedule to yours.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:19-FEB-1999 14:46:33.00

SUBJECT: orszag party

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

READ:UNKNOWN

TEXT:

please schedule

----- Forwarded by Elena Kagan/OPD/EOP on 02/19/99 02:48  
PM -----

Laura Emmett

02/19/99 11:49:08 AM

Record Type: Record

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

cc:

Subject: orszag party

----- Forwarded by Laura Emmett/WHO/EOP on 02/19/99 11:49  
AM -----

Chris C. Hsi

02/19/99 11:48:08 AM

Record Type: Record

To: Laura Emmett/WHO/EOP

cc:

Subject: orszag party

Please Join the NEC in Wishing Jon Orszag Farewell and Good Luck

Date: February 26, 1999

Place: Indian Treaty Room (OEOB 474)

Time: 6:00 pm

Please RSVP by Replying to Chris\_C\_Hsi@opd.eop.gov

Please Distribute throughout DPC

Message Sent

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

Elena Kagan/OPD/EOP

Bruce N. Reed/OPD/EOP

Thomas L. Freedman/OPD/EOP

Christopher C. Jennings/OPD/EOP  
Jeanne Lambrew/OPD/EOP  
Cathy R. Mays/OPD/EOP  
Nicole R. Rabner/WHO/EOP  
Cynthia A. Rice/OPD/EOP  
Leanne A. Shimabukuro/OPD/EOP  
Paul J. Weinstein Jr./OPD/EOP  
Jose Cerda III/OPD/EOP  
Mary L. Smith/OPD/EOP  
Tanya E. Martin/OPD/EOP  
Essence P. Washington/OPD/EOP  
Andrea Kane/OPD/EOP  
Neera Tanden/WHO/EOP  
Jonathan H. Schnur/OPD/EOP  
Teresa M. Jones/OPD/EOP  
Devorah R. Adler/OPD/EOP  
J. Eric Gould/OPD/EOP  
Sarah A. Bianchi/OVP @ OVP  
Karin Kullman/OPD/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:19-FEB-1999 14:49:06.00

SUBJECT: National Treasury Employees Union

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

TEXT:

thanks

----- Forwarded by Elena Kagan/OPD/EOP on 02/19/99 02:50  
PM -----

Nicole R. Rabner

02/19/99 01:43:22 PM

Record Type: Record

To: Karen Tramontano/WHO/EOP  
cc: Elena Kagan/OPD/EOP  
Subject: National Treasury Employees Union

Karen,

Elena forwarded to me the Union's request for a greeting from the President on child care to be read at its Legislative Conference, which begins on Sunday. We took care of the request, and the National President will read the letter at the Conference opening.

Nicole

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:19-FEB-1999 14:50:44.00

SUBJECT: gun tracing

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

TEXT:

only johnson -- doj doesn't have much to do with this. I think mark can go ahead.

----- Forwarded by Elena Kagan/OPD/EOP on 02/19/99 02:52 PM -----

Jennifer M. Palmieri  
02/19/99 02:28:47 PM  
Record Type: Record

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

So -- Joe is okay with leaking the report Saturday for Sunday and is okay with giving it to the NYT. I presume Treasury would then release the report Sunday afternoon so we can put people on the news Sunday night.

Can Neschis go ahead and pitch Holder or Johnson for Sunday night networks? Or do we need to wait until Sunday? thanks, everyone.

Message Sent

To: \_\_\_\_\_  
Amy Weiss/WHO/EOP  
Bruce N. Reed/OPD/EOP  
Elena Kagan/OPD/EOP  
Jose Cerda III/OPD/EOP  
Mark D. Neschis/WHO/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:20-FEB-1999 14:45:50.00

SUBJECT: Draft council reponse to NAS report

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

TEXT:

please print

----- Forwarded by Elena Kagan/OPD/EOP on 02/20/99 02:47 PM -----

Thomas L. Freedman  
02/20/99 02:27:15 PM  
Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Mary L. Smith/OPD/EOP  
cc: Laura Emmett/WHO/EOP  
Subject: Draft council reponse to NAS report

Attached are the draft executive summary and full response to the NAS report. On the crucial question of single food agency the executive summary reads: "The Council supports the goal of NAS recommendation IIIa . Here, the NAS calls for a new statute that establishes a unified framework for food safety programs with a single official with control over all federal food safety resources. The report acknowledges that there may be many organizational approaches to achieving the goal of a □&single voice□8 for federal food safety activities. As recommended by the NAS, the Council will conduct an assessment of structural models that would strengthen the federal food safety system through better coordination, planning, and resource allocation."

You should meet with Neal Lane this week to agree on strategy for next steps. Also, I am sending you a draft plan for moving responsibilities around and where the relevant players would stand on it.

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

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D47]MAIL40873255Q.036 to ASCII,  
The following is a HEX DUMP:

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**Council on Food Safety**  
**Assessment of the NAS Report**  
**Ensuring Safe Food from Production to Consumption**

Americans have one of the world's safest food supplies. This is largely a result of sustained education and research efforts along the farm to table continuum as well as surveillance and regulatory programs. The federal food safety system is comprised of 12 agencies, is authorized by a diverse set of statutes, and is supported by numerous key partnerships with state, local, and tribal governments. Together these agencies have created a system that has given U.S. consumers confidence in the safety of their food purchases.

As good as the nation's food safety system is, it must be improved. Illnesses and deaths due to contaminated food continue to cause considerable human suffering and economic loss. That is why, at the very beginning of his first term, President Clinton set a course to strengthen the nation's food safety system. Under the President's leadership, surveillance and research have dramatically increased, programs are better coordinated, and regulations are more science-based. But this is only the beginning. The Council on Food Safety, with the help of the public, will continue to identify problems and promote solutions.

The Council welcomes the input provided by the National Academy of Sciences in its August 1998 report *Ensuring Safe Food From Production to Consumption*. This report lays out a clear rationale for a national food safety plan, one that is based on science and risk.

The Council supports **NAS recommendation I**, which states that the food safety system should be based on science. In this assessment of the NAS report, the Council provides numerous examples of where this is already the case and examples of areas that need to be strengthened.

The Council supports **NAS recommendation IIa**, which calls for federal statutes to be based on scientifically supportable assessments of risk to public health. In this regard, the Council will conduct a thorough review of existing statutes and determine what can be accomplished with existing regulatory flexibility and what improvements will require statutory changes.

The Council supports **NAS recommendation IIb**, which calls for the production of a comprehensive national food safety plan. In fact, the development of such a plan is already well underway and one of the primary functions of the Council as specified in Executive Order 13100. A key component of the plan will be a comparative risk assessment of the nation's food supply.

The Council supports the goal of **NAS recommendation IIIa**. Here, the NAS calls for a new statute that establishes a unified framework for food safety programs with a single official with control over all federal food safety resources. The report acknowledges that there may be many organizational approaches to achieving the goal of a "single voice" for federal food safety

activities. As recommended by the NAS, the Council will conduct an assessment of structural models that would strengthen the federal food safety system through better coordination, planning, and resource allocation.

The Council supports **NAS recommendation IIIb**. This recommendation argues that agencies should have the legal partnering tools needed to unify their efforts with state and local governments. Fortunately, federal food safety agencies already have many of the tools identified by the NAS and have used them to establish extensive partnerships with state, tribal, and local governments. However, some tools are missing and much more needs to be done to better coordinate the federal government's interactions with other levels of government. As part of the Council's strategic plan, the National Integrated Food Safety System project will identify barriers to effective partnering and recommend ways to overcome them.

## **President's Council on Food Safety Assessment of the NAS Report: Ensuring Safe Food from Production to Consumption**

At the request of Congress, the National Academy of Sciences (NAS) conducted a study of the current food safety system to: (1) determine the scientific basis of an effective food safety system; (2) assess the effectiveness of the current system; (3) identify scientific and organizational needs and gaps at the federal level; and (4) provide recommendations on scientific and organizational changes needed to ensure an effective food safety system. To conduct this study, the NAS established a committee and obtained input from federal agencies and other stakeholders of the federal food safety system. The NAS issued its report on August 20, 1998.

On August 25, 1998, through Executive Order 13100, the President established the Council and charged it to develop a comprehensive strategic plan for federal food safety activities and to make recommendations to the President on how to implement the plan. Also on August 25, 1998, the President issued a directive tasking the Council to provide him with an assessment of the NAS report in 180 days.

Specifically, the President directed:

“...the Council to review and respond to this report as one of its first orders of business. After providing opportunity for public comment, including public meetings, the Council shall report back to me within 180 days with its views on the NAS=s recommendations. In developing its report, the Council should take into account the comprehensive strategic federal food safety plan that it will be developing.”

In response to the President's directive, the Council established a task force consisting of representatives from the following departments and agencies: OSTP, HHS, USDA, EPA, OMB, and DOC. The task force benefited from valuable input obtained at four public meetings (Arlington, VA; Sacramento, CA; Chicago, IL; and Dallas, TX) and from public comment dockets maintained by EPA, FSIS, and FDA.

In general, the Council finds the NAS report a constructive contribution to its efforts to improve the effectiveness of the federal food safety system through strengthening science and risk assessment, strategic planning, and better federal integration with state and local governments. In particular, the NAS places appropriate weight throughout its report on applying science to the management of government food safety efforts. The Council believes that science based food safety surveillance and inspection are very important elements of the nation's food safety system.

The NAS report also recommends that the nation's food safety system should be based on risk. The Council agrees with the report's thesis that a food safety system that includes regulation, research and development, education, inspection and enforcement, and surveillance should be based on science and should use various risk analyses including quantitative and qualitative risk assessments and risk management principles to achieve such a system.

The Council recognizes that a food safety system comprised of 12 agencies with differing missions and statutory authority may increase the potential for uneven adoption and inconsistent application of regulatory philosophies based on science. However, the Council believes that through implementation of its strategic plan (including its assessment of existing statutes and structure) the potential for uneven adoption and inconsistent application among federal agencies will be reduced. The Council is committed to identifying further improvements that would result in a seamless science-based food safety system.

## **Recommendation I**

### **Base the food safety system on science.**

The NAS report notes that the United States has enjoyed notable successes in improving food safety and that with increasing knowledge, many rational, science-based regulatory philosophies have been adopted. The report suggests, however, that

adoption of these regulatory philosophies has been uneven and difficult to ensure given the fragmentation of food safety activities, and the differing missions of the various agencies responsible for specific components of food safety. The greatest strides in ensuring food safety from production to consumption, the NAS argued, can be made through a scientific, risk-based system that ensures surveillance, regulatory, research, educational resources are allocated to maximize effectiveness.

### **Council Assessment**

The Council strongly endorses this recommendation. Many federal food safety programs are already, or are being modified to be science-based. The Council recognizes that scientifically robust programs will result in better identification of public health needs, determination of the most effective means of reducing public health risk including the most cost-effective opportunities for improvement, and priority setting.

The scientific information generated through surveillance, research, and risk assessment efforts will result in improved food safety only if there is a commensurate strong effort to translate that scientific information into practical, usable information at the working level, e.g., through guidance or education. This means there must be education for all those involved in producing, manufacturing, transporting, and preparing food as well as for those persons involved in government food safety regulatory activities.

The Council's goal is to ensure that science and risk based decision-making are central to the Administration's on-going efforts and its strategic plan. Fortunately, considerable improvements have been made over the past several years. The strong scientific underpinnings of the President's Food Safety Initiative, enactment of the Food Quality Protection Act (FQPA), restructuring of food safety agencies within USDA, and many individual agency activities, such as implementation of HACCP

programs for meat, poultry, and seafood, have strengthened the overall science base of the food safety system.

The Council believes that the necessary elements of a science-based program—surveillance, outbreak response, risk assessment, research, inspection, and education of stakeholders—are largely in place, and that improvements planned for the next 5-10 years will enhance food safety. Specifically, the Council will consider in its strategic plan the following elements of a science-based food safety system:

- *Surveillance.* Food safety agencies will continue to develop more effective ways to achieve surveillance goals and to monitor the safety of the food supply. Although FoodNet (foodborne outbreak monitoring system), PulseNet (foodborne pathogen DNA fingerprinting system), and the National Antibiotic Resistance Monitoring System (NARMS) provide information never before available in the United States on foodborne illnesses and the occurrence of antibiotic resistant pathogens, enhanced quantitative data on the entire range of infectious and non-infectious foodborne hazards will require additional efforts.
- *Risk assessment.* Risk assessment is a valuable tool for setting priorities, allocation of resources, and regulatory decision-making. The development of a comparative risk assessment for hazards in the food supply will be an important aspect of both strategic planning and budgeting. As currently done for chemical hazards such as pesticide residues, the federal government needs to create and use a national microbial risk assessment capability as a means of identifying hazards and quantifying risk and assist in creating similar capacities internationally. EPA will use risk assessment to determine acceptable levels of pesticides residues. Under FQPA, this approach has been strengthened to further protect all consumers, and especially children, from the risks of pesticides in their diet.
- *Research.* Through the Joint Institute for Food Safety Research, a research infrastructure has been established to improve and coordinate food safety research activities across the federal government. The Institute will continue a critical review of the federally supported food safety research that was begun through the

National Science and Technology Council. Future goals in the area of research include: coordination of research planning, budget development, and prioritization; scientific support of food safety guidance, policy, and regulation; enhanced communication and links among federal agencies; and enhanced communication and links with industry and academic partners through use of public-private partnerships and technology transfer mechanisms.

- *Education.* Food safety agencies will expand science-based education and training programs for producers, processors, distributors, food service workers, and consumers as well as those involved in regulatory activities. It is essential to include in these programs new scientific information on foodborne hazards and their control and effective food safety management strategies.
- *Inspection/Preventive Controls.* USDA and FDA will further improve and evaluate the effectiveness of inspections of domestically and internationally produced food and will continue to develop and implement science-based preventive controls such as HACCP systems and the Good Agricultural Practices. Where necessary, regulatory requirements will be established, such as additional performance standards for pathogen reduction that can be developed as more monitoring and surveillance data become available.
- *Consistency of Science-Based Standards.* USDA, FDA, and EPA will work toward clear food safety standards nationally and internationally. The Conference for Food Production brings together all 50 states for purposes of regulating retail establishments, and the Food Code is gaining wider adoption among the states. Internationally, the Codex Alimentarius Commission (CAC) is the primary mechanism through which these activities will take place. U.S. food safety agencies should also become more active in providing technical assistance to developing countries.
- *Private Sector Incentives.* The federal and state regulatory agencies will work with the private sector to develop new technologies to further food safety and to encourage commercial scale-up applicable in large and small companies, and industry adoption. A research effort with industry, consumer, academic, and government participation could develop new technologies and evaluate them.

- *Evaluation.* Evaluating the effectiveness of science based regulatory programs continues to be critical. For example, *Salmonella* data from the first year of HACCP implementation in poultry facilities show a trend toward fewer contaminated products. Also, by providing important information on trends in the incidence of infections with foodborne pathogens, FoodNet assists in the evaluation of the effect of preventive controls. The effect of preventive controls implemented by the dairy industry on the reduction in the number of cases of listeriosis was readily apparent in a CDC-conducted case-control study that was a forerunner of FoodNet.

### **Scientific Challenges**

The Council faces a number of challenges in improving the scientific basis of the food safety system. A general challenge is that while food safety agencies must be guided primarily by science, the agencies must also consider other factors such as technical limitations, statutory mandates, policy considerations, budget constraints, practicality, and consumer assurances and societal preferences. Science must be advanced within the context of these competing interests. The following are a few examples of actions that would strengthen the scientific underpinnings of federal food safety efforts:

- Emerging new pathogens, changing food habits, a global food supply, and a changing population require new data that are difficult to predict and obtain in a timely way. An example is the impact of *E. coli* O157:H7, which was unknown as a foodborne pathogen 20 years ago, but has been responsible for major outbreaks of foodborne illness in recent years.
- Gaps exist in our knowledge of microbial pathogens and in our ability to measure their impact on human health. For example, there are gaps in knowledge about the pathogens associated with fresh fruits and vegetables and the routes of contamination.

- Assessment of cumulative risk from multiple sources presents a major scientific challenge. Implementation of the new FQPA standards for pesticide residues requires EPA to assess aggregate risk from food, water, and residential exposure as well as cumulative risk from multiple pesticides.
- Gaps exist in our knowledge of monitoring and detection of food contaminants. For example, our current knowledge is insufficient to detect and monitor the presence of non-indigenous pathogens or unapproved pesticides on food.
- Gaps exist in our knowledge of effective interventions, prevention, and alternatives that minimize contamination of food. For example, the existing level of knowledge is insufficient to develop on-farm preventive controls and systems of testing. With the advent of FQPA, more research is also needed to develop safer pesticide alternatives or crop production techniques in order to ease the transition from older pest control techniques to newer, safer ones.
- Insufficient data exist on the entire range of infectious and non-infectious foodborne hazards. Even with the improvements made through FoodNet and PulseNet, enhancement of quantitative data on the entire range of infectious and non-infectious foodborne hazards will strengthen monitoring and surveillance programs for prevention, early identification, and prediction of emerging food safety problems.

**Examples of Recent Changes that Strengthen the  
Federal Food Safety System Scientific Base**

- USDA 1994 reorganization (separated public health from marketing functions)
- HACCP implementation (12/97 seafood and 1/98 meat and poultry)
- FQPA enactment and implementation
- FoodNet/PulseNet established
- FDA Fresh Produce Guidelines released
- Joint Institute for Food Safety Research created
- Research funding increased
- Food Safety Research Database initiated
- Annual Food Safety Research Conference held
- Interagency Risk Assessment Consortium established
- Risk Assessment Clearinghouse established

## **Recommendation IIa**

**Congress should change federal statutes so that inspection, enforcement, and research efforts can be based on scientifically supportable assessments of risks to public health.**

The report identifies a need for a “national food law that is clear, rational, and comprehensive, as well as scientifically based on risk” as a major component of a model food safety system. The report concludes it is necessary to revise the current statutes on food safety to create a comprehensive national food law under which:

- Inspection, enforcement, and research efforts can be based on a scientifically supportable assessment of risks to public health. This means eliminating the continuous inspection system for meat and poultry and replacing it with a science-based approach that is capable of detecting hazards of concern.
- There is a single set of flexible science-based regulations for all foods that allows resources to be assigned based on risk, that permits coordination of federal and state resources, and that makes it possible to address all risks from farm to table.
- All imported foods come only from countries with food safety standards equivalent to U.S. standards.

The NAS report states that the laws, particularly what the report characterizes as the requirement that there be continuous inspection of meat and poultry production through sight, smell, and touch (organoleptic inspection), create inefficiencies, do not allow resource use to reflect the risks involved, and inhibit the use of scientific decision-making in activities related to food safety, including the monitoring of imported food.

## **Council Assessment**

The report's recommendation that federal statutes provide agencies with authority to make decisions based on scientific assessments of risks to the public health is sound. Decisions based on public health risk assessments allow agencies to make effective use of science to set food safety priorities, allocate resources to higher risk areas, and instill consumer confidence that high-risk hazards are being addressed.

Since the federal food safety regulatory agencies operate under very different legislative authorities, the Council will conduct a full assessment of these statutes and evaluate the degree of regulatory flexibility that already exists. Therefore, the Council recommends that a legislative review be undertaken as part of the strategic planning process. The purpose of the review would be to: 1) examine the similarities and differences in federal food safety statutes; 2) identify the "best" statutory approaches for reducing foodborne illness; and 3) assess both gaps and statutory barriers to implementation of the plan. The need for statutory changes could then be determined, and, if necessary, legislative principles developed which would form the basis for discussions with stakeholders and Congress. For example, given the recent overhaul of pesticide legislation, the Council believes that further statutory changes may not be needed for pesticides at this time.

In some cases, the NAS report overstates the problem with existing statutory requirements. For example, the report concludes that the statutes require the current method of organoleptic inspection of all carcasses. Even though the current law requires continuous inspection, it does not specify how this inspection mandate is to be carried out. The statutes do require appropriate examination of animals prior to slaughter and examination post-slaughter at all official slaughter and processing facilities. This continuous inspection requirement for animals is important to ensure use of the best sanitary dressing processes, prevention of fecal contamination (which harbors the pathogens that cause disease), reduction in the incidence of disease-causing pathogens, and prevention of meat from diseased animals from entering the

food supply. Inspection of all animals and carcasses also serves to protect the public from diseases and other hazards to human health. Europe's experience with Bovine Spongiform Encephalopathy (BSE) should serve as a reminder that wholesale elimination of inspection of all animals and carcasses is not the most prudent course of action.

USDA has the flexibility to create, and in fact has begun to develop and test, a more risk based inspection system by adopting regulations requiring that HACCP be implemented in all slaughter and processing plants. USDA is also studying how best to effect further inspection improvements in the future.

The food safety agencies have achieved and can continue to accomplish significant science-based improvements in their food safety programs under current authorities. However, new authorities that would improve the federal food safety system have been proposed by the President and are waiting action by Congress or have been identified and are in need of Executive branch clearance before a formal legislative proposal can be advanced for congressional consideration. Further analysis of the statutes may result in additional proposed statutory modifications.

### **Current Legislative Challenges**

Congress should pass:

- the Food Safety Enforcement Enhancement Act, forwarded by the Clinton Administration and introduced during the last Congress that increases the enforcement capabilities of USDA; and
- legislation that gives FDA increased authority to effectively assure the safety of food imports.

The Administration should also explore areas where regulatory jurisdiction is split between agencies or where resources could be more effectively shared between agencies. Examples include:

- developing a legislative proposal to improve the current system for the regulation of eggs and egg products;
- modifying statutes to permit FSIS inspectors not only to report their findings to FDA but actually to perform inspections and enforcement for that agency to increase interagency efficiencies; and
- developing a legislative proposal giving FSIS explicit authority to enter into cooperative agreements for food safety risk assessment.

**Recent Advances in Applying Scientific Assessments  
Of Public Health Risks to Food Safety**

- HACCP implemented
- FQPA tolerance reassessment based on aggregate exposure, cumulative risk, and vulnerable subpopulations.
- Single, risk-based pesticide standard for food established
- Tolerance setting focusing on the riskiest pesticides
- Priority registration given to “safer” pesticides
- Risk Assessment Consortium established
- FoodNet/PulseNet established
- Good Agricultural Practices guidance for fresh produce established
- Unpasteurized juice warning labels required

**Recommendation IIb**

**Congress and the Administration should require development of a comprehensive national food safety plan. Funds appropriated for food safety programs (including research and education programs) should be allocated in accordance with science-based assessments of risk and potential benefit.**

This recommendation contains two parts. The first part recommends that Congress and the Administration require preparation of a comprehensive, national food safety plan. The NAS report lists several essential features of such a plan, including a unified food safety mission; integrated federal, state and local activities; adequate support for research and surveillance; and increased efforts to ensure the safety of imported foods. The second part of the recommendation stresses that resources should be allocated on the basis of science-based assessments of risk and potential benefits.

### **Council Assessment**

The Council agrees that a comprehensive national food safety strategic plan should be developed and the development of such a plan is underway. In fact, the President's Food Safety Initiative was an initial step toward a national food safety plan. The 1997 *Farm to Table* report was a means of leveraging federal food safety resources through coordinated planning and cooperative work to meet common needs such as development of surveillance data, response to outbreaks, research into preventive interventions, development of risk assessment techniques particularly for microbial risk assessments, and consumer education. This initial plan also took some steps toward extending food safety planning to the state and local level.

### **Strategic Planning**

Picking up where *Farm to Table* report left off, the Council will continue and expand the strategic planning process. One of the Council's primary purposes is to develop a comprehensive strategic plan for federal food safety activities that contains specific recommendations on needed changes, including goals with measurable outcomes. The plan's principal goal is to enhance the safety of the nation's food supply and protect public health through a seamless science- and risk-based food safety system. The plan will set priorities, improve coordination and efficiency, identify gaps in the

current system and mechanisms to fill those gaps, continue to enhance and strengthen prevention strategies, and develop performance measures to show progress.

Preparation of the food safety strategic plan will be a public process, and will consider both short- and long-term issues including new and emerging threats and the special needs of vulnerable populations such as children and the elderly. Once the plan is sufficiently complete, the Council will advise agencies of priorities for investing in food safety and ensure that federal agencies annually submit coordinated food safety budgets to OMB to sustain and strengthen existing capacities. In short, the President's Council on Food Safety will develop a national food safety plan and make budget recommendations to accomplish what the NAS report recommends.

The Council has defined the scope of future federal level food safety strategic planning and a process for interagency planning and public participation. An interagency task force anticipates having a draft plan ready for public review and discussion in January 2000. Even while developing this plan, the task force intends to continue its consultations with stakeholders. The following is the draft vision statement for the Council's strategic plan:

“Consumers can be confident that food is safe, healthy, and affordable. We work within a seamless food safety system that uses farm-to-table preventive strategies and integrated research, surveillance, inspection, and enforcement. We are vigilant to new and emergent threats and consider the needs of vulnerable subpopulations. We use science- and risk-based approaches along with public/private partnerships. Food is safe because everyone understands and accepts their responsibilities.”

The President's Council on Food Safety held four public meetings in the Fall of 1998 in Arlington, VA; Sacramento, CA; Chicago, IL; and Dallas, TX to solicit comments on this draft vision for food safety and to identify a strategic planning process, goals and critical steps as well as potential barriers to achieving that vision.

The Council's strategic planning task force is analyzing the transcripts of the 1998 public meetings and the input received through the notice and comment process to determine the major themes, issues, and subject areas. The task force will also consider the conclusions and recommendations of the NAS report, input from the federal, state, and local government National Integrated Food Safety System project, and input from the agencies involved. The task force will then develop a proposed set of strategic goals and objectives and present a draft plan to the President's Council on Food Safety. Following Council review, the draft plan will be provided to the public for formal review and comment. After public comment, the task force will prepare a final plan with specific recommendations on needed changes and steps to achieve a seamless food safety system including resource needs, roles, and barriers to implementation, and submit this final plan to the Council for approval.

The planning process will build upon common ground and provide the forum to tackle some of the difficult public health, resource, and management questions facing the federal food safety agencies and our state, tribal and local government partners. The plan will identify areas for enhanced coordination and efficiencies, determine whether legislative changes would be beneficial, and clarify federal, state, and local government roles and responsibilities in the national food safety system (see discussion under recommendation IIIb).

#### Allocation of Resources

The NAS report recommendation goes a step further than a national plan by urging that resources be allocated according to science-based assessments of risk and potential benefits. As stipulated in Executive Order 13100, the Council will develop annual budget recommendations consistent with the strategic plan. The Council will develop guidance for food safety agencies to consider during the preparation of their individual budgets. The Council has created a budget task force that will:

- work with the strategic planning task force and review the draft and final strategic plans and Council budget guidance on priority areas for investment to identify budget data and other information that will be necessary to plan and coordinate agency budget submissions to OMB;
- design a uniform format for presenting food safety initiative budget components in the OMB budget process for use in both individual agencies and the unified budget submissions;
- develop necessary guidance to facilitate submission of a unified food safety initiative budget and any other food safety issues deemed appropriate by the Council;
- establish a timetable for developing coordinated food safety budget requests and for submitting information to the Council that accommodates the various agencies' budget planning processes; and
- consider the issue of whether to amend OMB Circular No. A-11 (OMB guidance to agencies on budget structure and reporting elements) to include food safety as a budget cross-cut.

### Comparative Risk Assessment

An important part to both risk-based planning and resource allocation will be the development of a comprehensive comparative risk assessment of the food supply. The Council has requested the Interagency Food Safety Risk Assessment Consortium, which consists of EPA, FDA, CDC, and USDA, to consider how to develop a comparative risk analysis for food safety strategic planning.

The Council believes that various steps may need to be taken to evaluate risks including: a ranking of foodborne pathogen risks based on CDC surveillance and economic data; consideration of a broader range of food safety hazards including not only microbial risks, but also pesticides and chemicals; and finally selection of highly ranked hazards, an evaluation of control measures, and an evaluation of net benefits. The Council must avoid applying risk assessment that is too strict, rigorous, or

inflexible. Instead, the assessment must be used to prioritize the known greatest risks at the current time, with the understanding that scientific risk estimates can, and will likely, change frequently over time.

### **Challenges in Planning**

The Council faces the following challenges in developing a comprehensive food safety strategic plan and allocating resources based on risk:

- Developing and successfully implementing a national plan will require strong cooperation, coordination, and communication, since each federal, state, and local agency has unique mandates, authorities, history, culture, and operating procedures.
- The diversity of stakeholders in food safety is enormous. It will be difficult, but imperative, that all stakeholders are represented in the Council's planning process.

#### **Progress in Strategic Planning**

- President's 1997 Farm to Table Food Safety Initiative
- President's Fresh Produce and Imported Food Safety Initiative
- Establishment of the Joint Institute for Food Safety Research
- Establishment of the President's Council
- Input from the National Academy of Sciences, Council of Agricultural Science and Technology, and other organizations
- National Integrated Food Safety System project meetings
- Input from multiple public meetings

### **Recommendation IIIa**

**To implement a science-based system, Congress should establish by statute a unified and central framework for managing federal food safety programs, one that is headed by a single official and which has the responsibility and control of resources for all federal food safety activities, including outbreak management, standard-setting, inspection, monitoring, surveillance, risk assessment, enforcement, research, and education.**

The NAS report finds that the current regulatory structure for food safety in the United States is not well equipped to meet current challenges. Specifically, it points out that the system is facing tremendous pressures with regard to:

- emerging pathogens and ability to detect them;
- maintaining adequate inspection and monitoring of the increasing volume of imported foods, especially fruits and vegetables;
- maintaining adequate inspection of commercial food services and the increasing number of larger food processing plants; and
- the growing number of people at high risk for foodborne illnesses.

The report cites the strengths of the current food safety system, including the advent of FoodNet and PulseNet, HACCP implementation, and the Partnership for Food Safety Education. It also identifies deficiencies, which it attributes partly to “the fragmented nature of the system.” The report attributes the fragmentation largely to a lack of adequate integration among the various federal agencies involved in the implementation of the primary statutes that regulate food safety, and observes that this lack of adequate integration occurs also with state and local activities. The report notes that 12 primary federal agencies are involved in key food safety functions and references more than 50 memoranda of agreement between various agencies related to food safety.

The NAS report attributes the lack of adequate integration among federal, state and local food safety authorities in part to the absence of “focused leadership” that has the responsibility, the authority and the resources to address key food safety

problems. The report presents several examples of possible organizational structures to create a single federal voice for food safety. These include:

- a Food Safety Council with representatives from the agencies with a central chair appointed by the President, reporting to Congress and having control of resources;
- designating one current agency as the lead agency and having the head of that agency be the responsible individual;
- a single agency reporting to one current cabinet-level secretary; and
- an independent single agency at cabinet level.

Although the report indicates many of the NAS committee's members believe that a single, unified agency headed by a single administrator is the most viable structure for implementing the "single voice" concept, the report recognizes that there may be many other models that would be workable.

### **Council Assessment**

The Council agrees with the goal of the NAS recommendation--that there should be a fully integrated food safety system in the U.S. The food safety agencies are committed to this goal, and the Council is confident that its comprehensive strategic plan will be a major step toward creating a seamless system. The Council will conduct, through a public process, a thorough assessment of structural and organizational options before recommending major legislative or administrative actions on reorganization. The Council will identify and analyze existing models in government for achieving mutual and truly national food safety goals. Some of these models might address structure, and some might address facilitating mechanisms.

The Council's strategic plan will bring agreement on the vision, goals, and actions needed to enhance the safety of the nation's food supply and protect public health by reducing the annual incidence of acute and chronic foodborne illness. It will also

clarify the roles and responsibilities of each food safety agency as well as those of our state, tribal, and local government partners.

While the Council recognizes that certain models of reorganization may improve coordination and allow for a better allocation of resources, any reorganization of food safety activities must recognize the non-food-safety-related responsibilities of each agency and how these relate to the food safety responsibilities. Reorganization must not be done at the expense of these responsibilities and activities. The Council is concerned that, if not done carefully, separating food safety from non-food safety activities in each agency could act to weaken consumer protection overall.

The Council recognizes that expertise and knowledge, particularly expertise in state-of-the-art science and technology, provides a resource to food safety activities. For example, analytical methods for detection and quantification on economic adulterants in foods may be adapted to detection of chemical contaminants that threaten public health. Expertise in non-food safety regulatory science and legal procedures are critical when warnings are required on food labels to assure safety. In addition, reorganizations must avoid interfering with the public health framework established to identify and respond to infectious and non-infectious public health threats whether they are foodborne or not. Thus, in its strategic planning the Council will be cognizant of the interplay between the food safety and non-food safety activities of each agency and how they strengthen each other.

The Council believes that there are programs that can benefit from immediate reorganization. For example, during the last two years, FDA and NOAA have been developing a proposal to transfer the NOAA Seafood Inspection Program to FDA as a Performance Based Organization (PBO) in order to operate the voluntary Seafood Inspection Program on a more business-like basis. The PBO would be formed under the umbrella of FDA and would include all seafood inspection activities now carried out by NOAA. The fiscal year 2000 budget proposes to transfer the existing Seafood Inspection Program from NOAA to FDA. This action will fully consolidate federal

seafood inspection activities within one agency thereby increasing the efficiency and effectiveness of seafood oversight. It will also enhance the overall safety and wholesomeness of seafood products. Funds are provided to cover the costs of transition, including training and education activities.

### **Factors to Consider in Organizational Restructuring**

The Council assessment of structural and organizational options must take into consideration the following factors:

- Many food safety issues can only be dealt with through collaboration and partnerships between agencies. For example, BSE is an animal health issue and a human health issue. Foodborne disease problems are also waterborne disease problems. *Salmonella enteritidis* in shell eggs is not only a food safety issue but also an animal health and a marketing issue.
- Research and education programs for food safety do not operate as separate activities within the agencies, but rather draw significant strength from one another. For example, any attempt at placing “pure” food safety research and education in one agency could actually jeopardize the ability to deliver improved food safety to consumers. While some projects are entirely focused on food safety, the food safety research portfolio includes many other projects in such areas as animal health and animal genetics. Similarly, scientific expertise and endeavors should always inform regulatory activities. Each regulatory agency must have a cadre of trained and involved scientists to facilitate communications and cooperation with the research/education agencies. Thus, any restructuring must ensure continued coordination and communication between food safety programs and non-food safety functions that strengthen these programs.
- The Council should build upon existing successful partnerships. For example, CSREES FSIS, FDA, CDC and other private and governmental organizations now participate in the Partnership for Food Safety Education. This group serves

to coordinate food safety educational programs among private and governmental agencies, and is a key element of the Food Safety Initiative. Yet this and other partnerships would not be possible without relying on the many effective working relationships developed among the participants over the years, including joint projects on residue control and nutrition labeling. Any reorganization needs to recognize the importance of existing partnerships.

- Food safety standards at the federal, state, local, and international levels need to be consistent. Mechanisms such as the Codex Alimentarius for international standards and the Conference for Food Protection for federal and state standards are in place to reduce inconsistency, but better integration at all levels is needed and viewed as a long-range project.

**Recent Steps Taken to Create a Unified  
Federal Food Safety System**

- 1997 President's Food Safety Initiative implemented
- JIFSAN/Interagency Risk Assessment Consortium created
- President's Fresh Produce plan implemented
- FORC-G established
- President's Council on Food Safety established
- Restructuring of seafood inspection proposed
- Partnership for Food Safety Education created

**Recommendation IIIb**

**Congress should provide the agency responsible for food safety at the federal level with the tools necessary to integrate and unify the efforts of authorities at the state and local levels to enhance food safety.**

The NAS report recommends that federal, state, and local governments function as an integrated enterprise, along with their partners in the private sector. The report identified five statutory tools required to integrate federal, state, and local food safety activities into an effective national system:

- authority to mandate adherence to minimal federal standards for products or processes;
- continued authority to deputize state and local officials to serve as enforcers of federal law;
- funding to support, in whole or in part, activities of state and local officials that are judged necessary or appropriate to enhance the safety of food;
- authority given to the Federal official responsible for food safety to direct action by other agencies with assessment and monitoring capabilities; and
- authority to convene working groups, create partnerships, and direct other forms and means of collaboration to achieve integrated protection of the food supply.

This recommendation acknowledges the “equally critical roles” of state and local government entities with those of the federal government in ensuring food safety, and suggests changes in federal authorizing and appropriating legislation may be necessary to achieve better integration of federal, state, and local activities.

### **Council Assessment**

The Council agrees that the roles of state, tribal, and local governments in the food safety system are critical and supports steps taken toward the development of a more fully integrated national food safety system. While more needs to be done to optimize and develop new partnerships, the federal food safety agencies have already established extensive interactions with state and local regulatory agencies. In fact, a critical factor for the Council to consider is the manner in which existing federal/state or local activities are integrated and coordinated. The Council believes that its strategic planning process provides a fresh opportunity for their non-federal partners to participate as primary and equal partners in the development of the future food safety system.

Some overlap occurs between federal and state and local food safety efforts. Neither federal food safety agencies nor state and local agencies have sufficient resources to

carry out a comprehensive food safety program, but all these agencies have expertise and resources that, when combined in an integrated program, would significantly enhance the impact of food safety programs.

The Council also agrees that the five statutory tools identified by the NAS are critical to ensuring good coordination between the federal government and state and local agencies. Fortunately, the federal food safety regulatory agencies (FDA, FSIS, and EPA) already have many of the statutory tools recommended by NAS.

The Council recognizes and agrees with the report's conclusion that the lack of integration among federal, state, and local authorities often complicate the administration of regulatory programs. We need to utilize available mechanisms to leverage resources and expertise from government, industry, academia, and consumers to expand the nation's food safety capabilities beyond what any one group can accomplish. Increased awareness and knowledge of food safety in each segment of the food safety community reduces the need for extensive regulation of industry and decreases the incidence of contamination at every point in the food safety system in order to protect public health.

#### National Integrated Food Safety System (NIFSS) Project

HHS, USDA, and EPA are working with state and local officials in a National Integrated Food Safety System (NIFSS) project to identify the appropriate roles and to develop mutually supporting common goals for all levels of government in the U.S. food safety system. This work is considered integral to the Council's strategic plan and coordinated budget recommendations and will be the basis for improved integration with state, tribal and local governments.

Under the leadership of the FDA, the current project is proceeding under existing federal, state, and local laws although all levels of government recognize that changes in some of the federal and state laws will be necessary to achieve an integrated

system. The project began with a meeting of state and local officials from public health and agriculture agencies and state laboratories representing all 50 states, Puerto Rico, and the District of Columbia, CDC and USDA in Kansas City in September 1998. In December 1998, six work groups and an 18 member Coordinating Committee composed of federal, state and local officials met in Baltimore, Maryland to begin to develop plans for implementing recommendations and overcoming the obstacles identified at the Kansas City meeting. The next meeting is planned for late winter or early spring, 1999. The group estimates that a fully integrated federal/state/local food safety system will take approximately 10 years to build. The Association of Food and Drug Officials, which is an organization of state and local public health officials and regulators, endorses the concept of a NIFSS.

### **Challenges to Developing a National Integrated Food Safety System**

Even though there is some uniformity between federal and state standards (e.g., standards associated with the intrastate shipment of meat or poultry), the Council recognizes the following challenges to building an integrated food safety system:

- Integrated federal, state, and local food safety systems will help build a more consistent, uniform level of safety assurance across the nation. To accomplish this, however, clear, national standards are needed, together with uniform food safety messages and enhanced training, capability, and technical assistance to meet all levels of regulatory, industry, academic, and consumer need.
- Consumers are concerned that the economic interests of industry within states may be a source of conflict if those states have an expanded food safety role that includes activities thought to be primarily a federal responsibility (e.g., firm inspections).
- Industry is concerned that food safety regulation will be inconsistent among the states if systems are integrated without adequate preparation of the state agencies to step into the expanded food safety role.

- In order for integration to work, it is crucial that state and local governments have access to high quality scientists and health care professionals. The strategic plan will explore incentives for education and training of epidemiologists, laboratory workers, public health nurses, and environmental sanitarians.

#### **Examples of Federal/State/Local Cooperation**

- Milk Sanitation Program - Pasteurized Milk Ordinance
- Retail Food Safety Program - Food Code
- National, Integrated Food Safety System Project
- Interstate Shellfish Sanitation Program
- States conduct 5,000 inspections of FDA-regulated plants
- FDA maintains more than 100 state partnerships
- Conference for Food Protection
- FoodNet/Emerging Infections Program
- PulseNet
- Epidemiology and Laboratory Cooperative Agreements
- Appropriate delegation of pesticide responsibility to states
- Partial funding of states for implementation of some pesticide programs and for most compliance programs
- State FIFRA Issues Research and Evaluation Group
- State and local government involvement in FORC-G
- State conducts inspections in 250 FSIS regulated plants
- FSIS oversees and supports 26 state “equal to” meat and poultry inspection programs
- FSIS supports animal production food safety outreach projects involving 11 states
- FSIS supports animal production food safety workshops
- HACCP based enhancement of state labs, computer capabilities, and state training
- Partnership for Food Safety Education “Fight BAC!” campaign

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-FEB-1999 13:07:08.00

SUBJECT: Re: Draft council reponse to NAS report

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

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

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

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

TEXT:

The summary language looks pretty good to me. The language within the report is worse: it seems as if all we talk about is the reasons for NOT coordinating -- e.g., the links between food safety issues and non-food safety issues. Can't we take some of this tuff out?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-FEB-1999 13:27:51.00

SUBJECT: Re: Draft council reponse to NAS report

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

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

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

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

TEXT:

well let's try to do that.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:22-FEB-1999 13:28:39.00

SUBJECT: Re: Guidance

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

TEXT:

sorry -- bruce and I were both at the NGa meeting and our staff is pretty  
wll trained not to send stuff in until one of us has looked at it. It  
won't happen again.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-FEB-1999 12:22:20.00

SUBJECT: Re: Hugh Price letter

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

CC: edley ( edley @ law.harvard.edu @ inet [ UNKNOWN ] )  
READ:UNKNOWN

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

CC: Clara J. Shin ( CN=Clara J. Shin/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

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

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

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

TEXT:

I believe Jose and Laura are in the midst of putting together a meeting for sometime this week.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-FEB-1999 19:11:44.00

SUBJECT: Re: Hugh Price letter

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

TEXT:

We will try to do it tomorrow.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:23-FEB-1999 12:42:43.00

SUBJECT: Re: Thanks

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

TEXT:  
one day down...

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:25-FEB-1999 12:36:35.00

SUBJECT: Re: Hugh Price Letter.

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

READ:UNKNOWN

TEXT:

does it matter? I give up.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:26-FEB-1999 14:27:16.00

SUBJECT: Class Size Letter

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

READ:UNKNOWN

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 02/26/99 02:29 PM -----

Jennifer M. Palmieri  
02/26/99 01:13:19 PM  
Record Type: Record

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

I talked to Joe and he supports the Klain/Kagan plan --- leaking class size letter (assuming leg affairs is okay with that) to the Washington Post for Monday and having the VP talk to the Post as a follow-up to his Sunday event.

We would recommend giving the story to Chuck Babington -- the Post's new WH correspondent and former Gore Post-person. Are you Gore people okay with that plan?

Babington is in SFO, so Toiv can talk to him. Please let me know if everyone is okay with this and I will ask BT to connect with Babington.

Thanks, all.

Message Sent

To: \_\_\_\_\_  
Amy Weiss/WHO/EOP  
Elena Kagan/OPD/EOP  
Patricia M. Ewing/OVP @ OVP  
Christopher S. Lehane/OVP @ OVP  
Sara M. Latham/WHO/EOP  
Janet Murguia/WHO/EOP  
Jessica L. Gibson/WHO/EOP  
Richard L. Siewert/WHO/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME:28-FEB-1999 13:28:02.00 .

SUBJECT: Re: equal pay

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

TEXT:  
you bet. thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 1-MAR-1999 14:34:43.00

SUBJECT:

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

READ:UNKNOWN

TEXT:

I didn't put the child care item in today's weekly. Please resubmit it (with updates, if necessary) next week. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-MAR-1999 11:04:41.00

SUBJECT: LRM CJB 15 --EDUCATION Draft Bill on Amendments to State Agency Programs for Chi

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

READ:UNKNOWN

TEXT:

please print

----- Forwarded by Elena Kagan/OPD/EOP on 03/02/99 11:06 .  
AM -----

Constance J. Bowers

03/01/99 04:38:44 PM

Record Type: Record

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

cc:

Subject: LRM CJB 15 --EDUCATION Draft Bill on Amendments to State Agency Programs for Children and Youth Who Are Neglected or Delinquent - Part of the Elementary and Secondary Education Act Reauthorization (Title I, Part D of the ESEA of 1965)

The files below contain ED's proposed amendments on "neglected or delinquent children" (Title I, Part D of the ESEA). Please provide comments

by: 10:00 a.m., Friday, March 5, 1999

You will also receive this material by fax, along with a markup of current law

to show ED's proposed amendments (that material is not available to send to you electronically.)

click here for bill text:

- N&D.doc

click here for sectional analysis text:

- N&D-sec.doc

----- Forwarded by Constance J. Bowers/OMB/EOP on

03/01/99 04:30 PM -----

Total Pages: \_\_\_\_\_

LRM ID: CJB15

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

Washington, D.C. 20503-0001

Monday, March 1, 1999

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Janet R. Forsgren (for) Assistant Director for Legislative Reference  
OMB CONTACT: Constance J. Bowers  
PHONE: (202)395-3803 FAX: (202)395-6148  
SUBJECT: EDUCATION Draft Bill on Amendments to State Agency Programs for Children and Youth Who Are Neglected or Delinquent - Part of the Elementary and Secondary Education Act Reauthorization (Title I, Part D of the ESEA of 1965)

DEADLINE: 10:00 a.m. Friday, March 5, 1999  
In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: Because of the magnitude of ED's draft bill to reauthorize the Elementary and Secondary Education Act, circulation and interagency review will be handled in separate pieces.

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LRM ID: CJB15 SUBJECT: EDUCATION Draft Bill on Amendments to State Agency Programs for Children and Youth Who Are Neglected or Delinquent - Part of the Elementary and Secondary Education Act Reauthorization (Title I, Part D of the ESEA of 1965)

RESPONSE TO  
LEGISLATIVE REFERRAL  
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.





1 PART D - NEGLECTED AND DELINQUENT

2 PROGRAM NAME

3 SEC. 141. The heading of part D of title I of the ESEA is  
4 amended to read as follows:

5 "PART D -- STATE AGENCY PROGRAMS FOR CHILDREN AND YOUTH  
6 WHO ARE NEGLECTED OR DELINQUENT".

7 FINDINGS; PURPOSE; PROGRAM AUTHORIZED

8 SEC. 142. (a) FINDING. Section 1401(a) of the ESEA is  
9 amended to read as follows:

10 "(a) FINDINGS. Congress finds the following:

11 "(1) A large percentage of youth in the juvenile-  
12 justice system have poor academic achievement, are a year or more  
13 behind grade level, and have dropped out of school.

14 "(2) Many schools and correctional facilities fail to  
15 communicate regarding a youth's academic needs, and students  
16 often return to their home school ill-prepared to meet current  
17 curriculum requirements.

18 "(3) Schools are often reluctant to deal with youth  
19 returning from facilities and often receive no funds to deal with  
20 the unique educational and other needs of those youth.

21 "(4) There is a need for federal assistance to support  
22 State efforts to educate students in State institutions for  
23 neglected and delinquent children and youth to challenging  
24 academic standards."

25 (b) PURPOSE. Section 1401(b) of the ESEA is amended--

1 (1) in paragraph (1), by striking out "local and"; and

2 (2) by amending paragraph (3) to read as follows:

3 "(3) to provide youth returning from institutions with  
4a support system to ensure their continued education."

5 (c) PROGRAM AUTHORIZED. Section 1401(c) of the ESEA is  
6 amended--

7 (1) by striking out "and local educational agencies";  
8 and

9 (2) by striking out "at risk" and all that follows  
10 through "graduation".

11 PAYMENTS FOR PROGRAMS UNDER PART D

12 SEC. 143. Section 1402 of the ESEA is amended--

13 (1) by striking out "(a) AGENCY SUBGRANTS--"; and

14 (2) by striking out subsections (b) and (c).

15 ALLOCATION OF FUNDS

16 SEC. 144. Section 1412 of the ESEA is amended--

17 (1) in subsection (a)(1), by inserting "in" before "an  
18 amount equal"; and

19 (2) in subsection (b)(1), by striking out "the  
20 Commonwealth of Puerto Rico" and inserting in lieu thereof "that  
21 agency".

22 STATE PLAN AND STATE AGENCY APPLICATIONS

23 SEC. 145. (a) STATE PLAN. Section 1414(a) of the ESEA is  
24 amended--

25 (1) in paragraph (1), by striking out "14306" and  
26 inserting in lieu thereof "14307"; and

1 (2) in paragraph (2)–

2 (A) in subparagraph (B), by striking out "as such  
3 children would have if such children" and inserting in lieu  
4 thereof a comma and "and will be held to the same challenging  
5 standards, as they would if they"; and

6 (B) in subparagraph (C)(ii), by striking out  
7 "1416" and inserting in lieu thereof "1431".

8 (b) STATE AGENCY APPLICATIONS. Section 1414(c)(6) of the  
9 ESEA of the ESEA is amended by striking out "14701" and inserting  
10 in lieu thereof "1431".

11 USE OF FUNDS

12 SEC. 146. Section 1415(a)(2)(D) of the ESEA is amended by  
13 striking out "14701" and inserting in lieu thereof "1431".

14 LOCAL AGENCY PROGRAMS

15 SEC. 147. Part D of title I of the ESEA is further amended  
16 by–

17 (1) repealing subpart 2; and

18 (2) redesignating subpart 3 as subpart 2.

19 PROGRAM EVALUATIONS

20 SEC. 148. Section 1431 of the ESEA is amended–

21 (1) in subsection (a)–

22 (A) by striking out "or local educational agency";

23 and

24 (B) by striking out "subpart 1 or 2" and inserting  
25 in lieu thereof "subpart 1";

26 (2) by amending subsection (b) to read as follows:



PART D – NEGLECTED AND DELINQUENT

Part D of Title I of the bill would amend Part D of Title I of the ESEA, which authorizes assistance to States and, through the States, to local agencies, to provide educational services to children and youth who are neglected or delinquent.

Section 141, program name. Section 141 of the bill would amend the heading of Part D of Title I of the ESEA to read, "State Agency Programs for Children and Youth Who Are Neglected or Delinquent". This name would more accurately reflect the bill's proposed deletion of the authority for local programs in Subpart 2 of Part D.

Section 142 findings; purpose; program authorized [ESEA, §1401]. Section 142(a) of the bill would update the findings in section 1401(a) of the ESEA, and shorten them to reflect the proposed deletion of Subpart 2.

Section 142(b) would amend the statement of purpose in section 1401(b) to reflect the proposed deletion of Subpart 2.

Section 142(c) would amend the statement the program's authorization in section 1401(b) to reflect the proposed deletion of Subpart 2.

Section 143, payments for programs under Part D [ESEA, §1402]. Section 143 of the bill would delete section 1402(b) of the ESEA, which requires that States retain funds generated throughout the State under Part A of Title I (Basic Grants) on the basis of youth residing in local correctional facilities or attending community day programs for delinquent children and youth, and use those Part A funds for local programs under Subpart 2 of Part D. This conforms to the bill's proposal to delete Subpart 2. Section 142 would also make other conforming amendments to section 1402.

Section 144, allocation of funds [ESEA, §1412]. Section 144 of the bill would make editorial amendments to section 1412 of the ESEA, relating to the allocation of Part D subgrants to eligible State agencies.

Section 145, State plan and State agency applications [ESEA, §1414]. Section 145(2)(A) of the bill would amend section 1414(a)(2) of the Act, relating to the contents of a State's plan, to require the plan to provide that participating children will be held to the same challenging academic standards, as well as given the same opportunity to learn, as they would if they were attending local public schools. Section 145 would also correct erroneous citations in section 1414.

Section 146, use of funds [ESEA, §1415]. Section 146 of the bill would correct an erroneous citation in section 1415 of the ESEA, relating to the permissible use of Part D funds.

Section 147, local agency programs [ESEA, §§1421-1426]. Section 147 of the bill would repeal Subpart 2 (Local Agency Programs) of Part D and redesignate Subpart 3 (General

Provisions) as Subpart 2. The local agency program is unduly complicated for States to administer and does not promote effective services for children who are, or have been, neglected or delinquent. Those services are better provided through other local, State, and Federal programs, including other ESEA programs, such as Basic Grants under Part A.

Section 148, program evaluations [ESEA, §1431]. Section 148(1) of the bill would amend section 1431(a) of the ESEA, relating to the scope of evaluations under Part D, to conform to the proposed repeal of Subpart 2.

Section 148(2) would amend section 1431(b) to require that the multiple measures of student progress that a State agency must use in conducting program evaluations, while consistent with section 1414's requirement to provide participating children the same opportunities to learn and to hold them to the same standards that would apply if they were attending local public schools, must be appropriate for the students and feasible for the agency. This modification would recognize that, for a variety of reasons, it may not be appropriate to administer the same tests to students who are, or have been, neglected or delinquent, as are given to children of the same age who are in traditional public schools.

Section 148(3) of the bill would amend section 1431(c), relating to the results of evaluations, to reflect the proposed repeal of Subpart 2.

Section 149, definitions [ESEA, §1432]. Section 149 of the bill would delete the definition of "at-risk youth" in paragraph (2) of section 1432, and renumber the remaining paragraphs. The deleted term is used only in Subpart 2, which would be repealed.

Section 150, conforming amendments [ESEA, §§14302, 14307]. Section 150 of the bill would make conforming amendments to section 14302 and 14307 of the ESEA, to reflect the proposed repeal of Subpart 2 of Part D of Title I of the ESEA.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-MAR-1999 15:19:13.00

SUBJECT: LRM CJB 16 = EDUCATION Draft Bill on Even Start Amendments - Part of the Element

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

READ:UNKNOWN

TEXT:

please print

----- Forwarded by Elena Kagan/OPD/EOP on 03/03/99 03:21 PM -----

Constance J. Bowers

03/03/99 03:16:02 PM

Record Type: Record

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

cc:

Subject: LRM CJB 16 = EDUCATION Draft Bill on Even Start Amendments - Part of the Elementary and Secondary Education Act Reauthorization (Title I, Part B of the ESEA of 1965)

Please provide comments on ED's draft "Even Start" Amendments by:  
2:00 p.m., Monday, March 8, 1999

Note: This email contains only the text of the bill and sectional analysis. This material was also faxed or mailed to you, along with the text of current law marked up to show ED's proposed changes == that part is not available to send to you via email.

Note also: if the files below are in a format that you cannot access, please call to discuss.

click here for draft bill text:

click here for section-by-section analysis text:

-----  
Forwarded by Constance J. Bowers/OMB/EOP on 03/03/99 03:07 PM  
-----

Total Pages: \_\_\_\_\_

LRM ID: CJB16  
EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
Washington, D.C. 20503-0001

Wednesday, March 3, 1999

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Janet R. Forsgren (for) Assistant Director for Legislative

## Reference

OMB CONTACT: Constance J. Bowers  
PHONE: (202)395-3803 FAX: (202)395-6148  
SUBJECT: EDUCATION Draft Bill on Even Start Amendments - Part of  
the Elementary and Secondary Education Act Reauthorization (Title I, Part  
B of the ESEA of 1965)

DEADLINE: 2:00 p.m. Monday, March 8, 1999

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: Because of the magnitude of ED's draft bill to reauthorize the Elementary and Secondary Education Act, circulation and interagency review will be handled in separate pieces. Attached is bill language and a markup of current law to show ED's proposed changes.

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LRM ID: CJB16 SUBJECT: EDUCATION Draft Bill on Even Start Amendments -  
Part of the Elementary and Secondary Education Act Reauthorization (Title  
I, Part B of the ESEA of 1965)

RESPONSE TO  
LEGISLATIVE REFERRAL  
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
- (2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Constance J. Bowers Phone: 395-3803 Fax: 395-6148  
 Office of Management and Budget  
 Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: \_\_\_\_\_ (Date)  
 \_\_\_\_\_ (Name)  
 \_\_\_\_\_ (Agency)  
 \_\_\_\_\_ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

- \_\_\_\_\_ Concur
- \_\_\_\_\_ No Objection
- \_\_\_\_\_ No Comment
- \_\_\_\_\_ See proposed edits on pages \_\_\_\_\_
- \_\_\_\_\_ Other: \_\_\_\_\_
- \_\_\_\_\_ FAX RETURN of \_\_\_\_\_ pages, attached to this response sheet

Message Sent

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 Peter Rundlet/WHO/EOP  
 Pamula L. Simms/OMB/EOP



1 PART B - EVEN START

2 STATEMENT OF PURPOSE

3 SEC. 121. Section 1201 of the ESEA is amended--

4 (1) in paragraph (1), by inserting "high-quality" after  
5 "existing";

6 (2) in paragraph (2), by striking out "and" at the end  
7 thereof;

8 (3) in paragraph (3), by striking out the period and  
9 inserting in lieu thereof a semicolon and "and"; and

10 (4) by adding at the end thereof a new paragraph (4) to  
11 read as follows:

12 "(4) be based on the best available research on  
13 language development, reading instruction, and prevention of  
14 reading difficulties."

15 PROGRAM AUTHORIZED

16 SEC. 122. Section 1202 of the ESEA is amended--

17 (1) by amending subsection (a) to read as follows:

18 "(a) RESERVATION OF FUNDS:-(1) IN GENERAL. For each fiscal  
19 year, the Secretary shall reserve 5 percent of the amount  
20 appropriated under section 1002(b) for programs, under such terms  
21 and conditions as the Secretary shall establish, that are  
22 consistent with the purpose of this part, and that support  
23 national demonstration and model projects for isolated and  
24 especially hard-to-reach populations, which shall include  
25 projects for--

1                   "(A) children of migratory workers;

2                   "(B) the outlying areas, for which the Secretary  
3 shall reserve one-half of one percent of the funds appropriated  
4 under section 1002(b);

5                   "(C) Indian tribes and tribal organizations; and

6                   "(D) such other populations as the Secretary may  
7 from time to time determine, such as families that are homeless,  
8 that have children with severe disabilities, or that include  
9 incarcerated mothers of young children.

10                  "(2) CRITERIA. To be selected for funding under  
11 paragraph (1)(A), (C), or (D) of this subsection, an applicant  
12 must effectively demonstrate that—

13                   "(A) one or more partners in the proposed project  
14 have provided high-quality, effective educational services to  
15 adults or young children; and

16                   "(B) the proposed project has substantial  
17 potential to serve as a national model for other projects to help  
18 meet the educational needs of low-income families.";

19                  (2) by amending subsection (b) to read as follows:

20                  "(b) RESERVATION FOR FEDERAL ACTIVITIES. From amounts  
21 appropriated under section 1002(b) for any fiscal year, the  
22 Secretary may reserve not more than one percent to provide,  
23 directly or through grants or contracts with eligible  
24 organizations, technical assistance, program improvement, and  
25 replication activities.";

26                  (3) in subsection (c)—

27                   (A) by amending the subsection heading to read

1 "RESERVATION FOR STATEWIDE FAMILY LITERACY INITIATIVES."; and

2 (B) by striking out "From funds reserved under  
3 section 2260(b)(3), the Secretary shall" and inserting in lieu  
4 thereof "From funds appropriated under section 1002(b) for any  
5 fiscal year, the Secretary may";

6 (4) in subsection (d)–

7 (A) in paragraph (2), by striking out "that  
8 section" and inserting in lieu thereof "that part"; and

9 (B) in paragraph (3)–

10 (i) by striking out "\$250,000, or"; and

11 (ii) by striking out "such year, whichever is  
12 greater" and inserting in lieu thereof "such year"; and

13 (5) in subsection (e)–

14 (A) in paragraph (2), by striking out "nonprofit";  
15 and

16 (B) in paragraph (3), by striking out the period  
17 at the end thereof and inserting in lieu thereof a semicolon.

18 STATE PROGRAMS

19 SEC. 123. Section 1203 of the ESEA is amended–

20 (1) by redesignating subsections (a) and (b) as  
21 subsections (b) and (c), respectively;

22 (2) by inserting a new subsection (a) to read as  
23 follows:

24 "(a) STATE PLAN.–(1) CONTENTS. Each State that desires to  
25 receive a grant under this part shall submit a plan to the  
26 Secretary containing such budgetary and other information as the  
27 Secretary may require, and which shall–

1                   "(A) include the State's indicators of program  
2quality, developed under section 1210 or, if the State has not  
3completed work on those indicators, describe its progress in  
4developing them;

5                   "(B) describe how the State is using, or will use,  
6those indicators to monitor, evaluate, and improve projects it  
7assists under this part, and to decide whether to continue  
8assisting those projects;

9                   "(C) describe how the State will help each project  
10under this part ensure the full implementation of the program  
11elements described in section 1205; and

12                   "(D) describe how the State will conduct the  
13competition for subgrants, including the application of the  
14criteria described in section 1208.

15                   "(2) DURATION. [Language about the duration of the  
16State's plan/application will be added to conform to what we  
17propose for the duration of State plans under Part A.]";

18                   (3) in subsection (b), as redesignated by  
19paragraph (1)–

20                   (A) by striking out "section 1202(d)(1)" and  
21inserting in lieu thereof "section 1202(d)"; and

22                   (B) in paragraph (2), by striking out  
23"subsection (b)" and inserting in lieu thereof "subsection (c)";  
24and

25                   (4) in paragraph (1) of subsection (c), as redesignated  
26by paragraph (1)–

27                   (A) by striking out "section 1202(d)(1)" and

1 inserting in lieu thereof "section 1202(d)"; and

2 (B) by striking out "subsection (a)" and inserting  
3 in lieu thereof "subsection (b)".

4 USES OF FUNDS

5 SEC. 124. Section 1204(a) of the ESEA is amended by  
6 striking out "family-centered education programs" and inserting  
7 in lieu thereof "family literacy services".

8 PROGRAM ELEMENTS

9 SEC. 125. Section 1205 of the ESEA is amended to read as  
10 follows:

11 "PROGRAM ELEMENTS

12 "SEC. 1205. Each program assisted under this part shall-

13 "(1) identify and recruit families most in need of  
14 services provided under this part, as indicated by the eligible  
15 parent or parents' low income and low level of adult literacy or  
16 English language proficiency, and other need-related factors;

17 "(2) screen and prepare parents (including teenage  
18 parents) and children to enable them to participate fully in the  
19 activities and services provided under this part, including  
20 testing, referral to necessary counseling, and other  
21 developmental, support, and related services;

22 "(3) be designed to accommodate participating families'  
23 work schedules and other responsibilities, including scheduling  
24 and locating services to allow joint participation by parents and  
25 children, and providing support services necessary for  
26 participation in the activities assisted under this part if those

1 services are unavailable from other sources, such as-

2           "(A) child care for the period that the parents  
3 are involved in the programs assisted under this part;

4           "(B) transportation to enable parents and their  
5 children to participate in those programs; and

6           "(C) career counseling and job-placement services;

7           "(4) provide high-quality, intensive family literacy  
8 services (as defined in section 1202(e)(3)), using instructional  
9 approaches that the best available research on reading indicates  
10 will be most effective in building adult literacy and children's  
11 language development and reading ability;

12           "(5) employ an instructional staff, the majority of  
13 whom have obtained, or are actively working toward, certification  
14 or other credentials in a field directly related to early  
15 childhood education, adult education, or parenting education;

16           "(6) provide special training for staff, including  
17 child-care staff, to develop the skills, and obtain certification  
18 in, instructional areas needed to carry out the purpose of this  
19 part;

20           "(7) provide and monitor integrated instructional  
21 services to participating parents and children through center-  
22 based and home-based programs;

23           "(8) serve those families most in need of the  
24 activities and services provided under this part, including  
25 individuals with special needs, such as individuals with  
26 disabilities, individuals with limited English proficiency, and  
27 homeless individuals;

1                   "(9) use methods that ensure that participating  
2 families successfully complete the program, including-

3                   "(A) operating a year-round program, including  
4 continuing to provide some instructional services for  
5 participants during the summer months;

6                   "(B) providing developmentally appropriate  
7 educational services for at least a three-year age range of  
8 children; and

9                   "(C) encouraging participating families to  
10 regularly attend and remain in the program for a sufficient time  
11 to meet their program goals;

12                   "(10) be coordinated with-

13                   "(A) programs assisted under other parts of this  
14 title and this Act;

15                   "(B) any relevant programs under the Adult  
16 Education and Family Literacy Act, the Individuals with  
17 Disabilities Education Act, and the Workforce Investment Act of  
18 1998; and

19                   "(C) Head Start programs, Child Care Development  
20 Block Grant programs, volunteer literacy programs, and other  
21 relevant programs; and

22                   "(11) provide for an independent evaluation of the  
23 program, consistent with section 1207(c)(1)(E), to be used for  
24 program improvement."

1

ELIGIBLE PARTICIPANTS

2 SEC. 126. Section 1206(a)(1)(B) of the ESEA is amended by  
3 inserting a comma and "or who are attending secondary school"  
4 after "this part".

5

APPLICATIONS

6 SEC. 127. (a) PLANS. Section 1207(c) of the ESEA is  
7 amended—

8 (1) by inserting "and continuous improvement" after  
9 "plan of operation";

10 (2) in paragraph (1)—

11 (A) by amending subparagraph (A) to read as  
12 follows:

13 "(A) a description of the program goals, including  
14 outcomes for children and families that are consistent with the  
15 program indicators established or adopted by the State under  
16 section 1210, and of the strategies the applicant will use to  
17 reach those goals;"

18 (B) in subparagraph (B), by inserting "each of"  
19 after "incorporate";

20 (C) in subparagraph (D) by inserting "and" at the  
21 end thereof;

22 (D) by striking out subparagraphs (E) and (F) and  
23 inserting in lieu thereof the following:

24 "(E) provisions for rigorous and objective  
25 evaluation of progress toward the goals described in  
26 subparagraph (A), and the continuing use of evaluation data for  
27 program improvement."; and

1 (3) in paragraph (2), by striking out "paragraph  
2 (1) (A)" and inserting in lieu thereof "paragraph (1)".

3 (b) TECHNICAL AMENDMENT. Section 1207 of the ESEA is  
4 further amended by striking out subsection (d).

5 AWARD OF SUBGRANTS

6 SEC. 128. (a) SELECTION PROCESS. Section 1208(a) of the  
7 ESEA is amended—

8 (1) in paragraph (1)—

9 (A) in subparagraph (B), by striking out "limited-  
10 English" and inserting in lieu thereof "limited English";

11 (B) by striking out subparagraph (C);

12 (C) by redesignating subparagraphs (D) through (H)  
13 as subparagraphs (C) through (G) respectively;

14 (D) in subparagraph (E), as redesignated by  
15 subparagraph (C), by striking out "Federal" and inserting in lieu  
16 thereof "non-Federal"; and

17 (E) in subparagraph (G), as redesignated by  
18 subparagraph (C), by striking out "local educational agencies"  
19 and inserting in lieu thereof "family literacy projects"; and

20 (2) in paragraph (3), by striking out "one or more of  
21 the following individuals:" and inserting in lieu thereof "an  
22 individual with expertise in family literacy programs, and may  
23 include other individuals, such as one or more of the  
24 following:".

25 (b) EXEMPLARY PROJECTS. Section 1208 of the ESEA is amended  
26 by adding at the end thereof a new subsection (c) to read as  
27 follows:





RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-MAR-1999 18:29:25.00

SUBJECT: 1999-3-5 Sperling briefing

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

TEXT:

I don't get it. What's "this"?

----- Forwarded by Elena Kagan/OPD/EOP on 03/05/99 06:31 PM -----

Michael Waldman  
03/05/99 06:13:25 PM  
Record Type: Record

To: Elena Kagan/OPD/EOP  
cc: Richard L. Siewert/WHO/EOP  
Subject: 1999-3-5 Sperling briefing

is this different from the thing you were suggesting we take our time to think about?

----- Forwarded by Michael Waldman/WHO/EOP on 03/05/99 06:14 PM -----

SUNTUM\_M @ A1  
03/05/99 01:16:00 PM  
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To: See the distribution list at the bottom of this message  
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Subject: 1999-3-5 Sperling briefing

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 5, 1999

PRESS BRIEFING BY  
DIRECTOR OF NATIONAL ECONOMIC COUNCIL GENE SPERLING  
AND CHAIR, COUNCIL OF ECONOMIC ADVISORS, JANET YELLEN

The Briefing Room

11:50 A.M. EST

MR. SIEWERT: As you know, the Labor Department had some

new figures on the unemployment rate and job numbers today. Briefing for you on that today will be Janet Yellen, Chair of the President's Council on Economic Advisors; and Mr. Gene Sperling, my former boss, Director of the National Economic Council.

MS. YELLEN: Thank you. Today's employment report indicates that the economy remains on a path of strong, non-inflationary growth. Non-farm payroll employment rose a robust 275,000 in February; and, now, since January 1993, the economy has created 18.1 million jobs and 16.8 million of those jobs are in the private sector.

The unemployment rate in February remained essentially unchanged, edging up slightly to 4.4 percent, from 4.3 percent in January. The unemployment rate has now been below 5 percent for 20 months without any sign of inflationary pressure. And our nation's continued and long-lasting strong labor market is benefitting all Americans, and that includes historically disadvantaged groups.

Even with this strong labor market, inflation remains in check. Average hourly earnings rose a tenth of a percent in February, and over the past 12 months average hourly earnings have increased 3.6 percent over a period when consumer prices rose about 1.75 percent. What that means is that American workers are experiencing strong, real wage gains while inflation remains tame.

In February, employment was up sharply in construction and retail trade, while manufacturing employment fell. Most other major sectors posted moderate gains. Reflecting the weakness in the world economy, manufacturing employment fell 1.8 percent during the past year, but job losses in this sector have been offset by strong gains elsewhere. Over the past 12 months, for example, employment in computer services rose 13 percent, and employment in engineering and managements services are up 7 percent.

Recent indicators suggest that the United States economy remains on a healthy course. Despite the challenges that face the U.S. economy, with the recent international financial turmoil, the United States economy is likely to continue, during the first part of 1999, on a path of solid growth with low unemployment, low inflation, solid job gains and improved living standards for American workers. Thanks.

MR. SPERLING: I'd just like to make a couple of comments concerning some of the initial information that was given out yesterday by Chairman Domenici and Chairman Kasich on □,

the Republican budget framework. I'd like to note what appears to be favorable about their budget outline, and what appears to provoke very serious questions.

What appears to be favorable is that over the last two years, this President, in both State of the Unions, has made a major call to the United States people that in this era of surpluses we focus on saving surpluses to meet our Social Security and Medicare challenges, and in particular, in this last State of the Union, focusing on paying down our national debt in a way that would help us strengthen the solvency of Medicare and Social Security.

To the extent that the Republicans are joining the President's call for setting aside a significant amount of the

surplus for debt reduction, we welcome their joining the President on this focus on debt reduction. We find that to be welcome news. However, there are serious questions that remain.

First, as of this moment, there has been no commitment that we have seen that any of the benefits of this debt reduction would actually flow to strengthening the solvency of Social Security. The President's plan has been scored by the independent actuary of Social Security as extending solvency to 2055, even if it relied solely on debt reduction until 2049. As of this moment, we have not heard really any word from the Republicans that any of the benefits of debt reduction would go to strengthening the solvency of Social Security. And that is a serious question that needs to be examined and discussed.

Certainly, debt reduction is very good for our economy, increasing savings, increasing growth, giving us greater cushion to handle what may come down the road. But to the degree that it makes room -- greater room for us to handle challenges in the future, we want to lock in that some of those benefits from debt reduction would go to Social Security and Medicare. So far, the Republicans remain silent on giving any assurances in this area.

Secondly is the issue of Medicare. The framework that is being outlined says that all of the so-called off-budget surpluses, the surplus is coming from Social Security, should be set aside. They suggest that for over 10 years. We for over 15 years lock in an amount that is actually equal to more than that off-budget surplus for Social Security. So ours is a guarantee over 15 years for an amount that is more than is -- about \$60 billion more than the off-budget surplus.

In addition to that, however, the President allocates \$686 billion for strengthening the solvency of Medicare until the year 2020. As we said, our preference is to use those surplus funds in combination with real Medicare reforms that would make the program more modern and competitive and allow for prescription drug benefit. But we are adamant that we need to have 15 percent of the surplus set aside for Medicare.

Right now, with the Republican framework of having the so-called on-budget surpluses, the surpluses that do not involve any of the Social Security payroll taxes -- with all of that going to tax cuts, that leaves nothing so far for Medicare, even though we know that the Medicare trust fund will go -- become insolvent in 2008, just nine years from now.

Now, clearly, we need to have reforms in Medicare, but no one should be allowed to believe that we could extend the solvency of Medicare until 2020 without any of the surplus being set aside. It would require virtually 20 years in a row of Medicare growth per person at 2.8 percent, less than half of the growth in the private sector, almost below the inflation growth. It would require almost 40 percent less than projections. Clearly, this is not plausible, and it's hard to think of something that would be more irresponsible, fiscal policy, than for us to look at an over \$4.5 trillion surplus over the next 15 years and allow all of that to be committed to other things when we know Medicare is running out of money by the year 2008.

So, again, the cupboard remains bare for Medicare in the Republican budget and the silence on setting aside the surplus for Medicare needs to end.

Related to that is the question about their tax cuts. If you look at the Congressional Budget Office numbers, there is not any significant on-budget funds until 2002. That provides concerns that if the Republicans are calling for significant tax cuts in the year 2000, we would be very concerned if they would be resorting to gimmicky tax cuts that would be designed simply to bring in funds simply to meet a gap. We don't need that kind of gimmick. And so this is one of the things that I think everyone should be looking out for. It is clear under their framework that they cannot afford any significant real tax cut until 2002. And so anything that comes before that should get the closest scrutiny from all policymakers.

But perhaps more concern is that if the commitment to having all of the on-budget surpluses, if that is their commitment, as has been expressed at times, goes to tax cuts of some form, that would lead to draining away funds of as much as \$250 billion to \$300 billion a year in the 10th through 15th year of the budget. That is money of which significant amounts need to be allocated toward Medicare. We, right now, allocate \$686 billion towards Medicare. That comes out to about \$350 billion in the first 10 years and \$335 billion in the last five years. Again, if all of the additional funds are going to the tax cuts, where is there any resources to insure that the solvency of Medicare can remain strong, and that there's a possibility of having real reforms that include prescription drugs?

Finally, the fourth serious concern goes to the discretionary budget. If again, the commitment is that all the on-budget surpluses go simply to tax cuts, one has to struggle to imagine how they can put together a discretionary budget over the next five years. It seems that already there's commitments to having an additional \$15 to \$20 to \$25 billion for defense. That would have to be made up, then, in the out-years with that equivalent amount of cuts, and -- on the discretionary side.

And Senator Domenici has talked about even having special education increases. If this is the case, it's going to be very hard to imagine how they are going to put together a budget over the next five years that deals with health care, research, crime, environment, other areas of education, without significant reductions.

So, summing up, we applaud the degree that they have joined the President's call for saving a significant amount of the surplus. I think this shows how much the President has defined the fiscal agenda over the next two years, for the need for saving, for debt reduction, for putting our country in a position to meet the retirement challenge of Social Security and Medicare in the future. But we have serious questions as to whether any of the debt reduction benefits will be allocated to Social Security, whether there's any funds for Medicare or not, whether the tax cuts in the out-year will compete and drain away the funds needed for Medicare, and how they can put together discretionary budget under their outline that does not lead to serious reductions in key areas -- in health care, education, environment and fighting crime.

Q So where do you go from here? Is there room for compromise or is this a no-win situation?

MR. SPERLING: Oh, there's no question that we should

be able to work in a bipartisan way to meet these challenges. Again, many of the Republican leaders have joined the President calling for 62 percent of the surplus to be reserved in some form for Social Security -- we just haven't actually seen a commitment on how that would be done.

We've seen now some suggesting that it would go to debt reduction, as the President suggests, but, again, their silence as to how any of the benefits of debt reduction would actually go to strengthening Social Security.

Q More specifically, if the Republicans meet the administration's proposal on Social Security, and are dedicating enough to paying down the debt, are you saying that there's no room -- are you ruling out negotiation over Medicare so that they can try to make good on their pledged proposals of tax cuts?

MR. SPERLING: No, what we've been calling for is to reserve 77 percent of the surplus for Social Security and Medicare. That clearly allows for substantial funds to be available and to be discussed as to how they should be allocated among tax cuts -- whether it's our USA account or other tax cuts they're proposing -- military readiness, and key issues like education, discretionary spending.

It just seems to us, as a basic test of fiscal responsibility, that you first need to set aside enough to meet your existing gap in Medicare and Social Security, which we believe is 77 percent of the surplus, before one goes on to doing whatever spending or tax initiatives anyone might prefer. First you do what you have to do before what you want to do. First things first. And when you have a foreseeable, clear Social Security and Medicare challenge coming down the road, we're saying you should be allocating 77 percent of the surplus over the next 15 years for Medicare and Social Security.

It's amazing that we have not heard a single word of agreement from the Republicans that they want to set aside any of the surplus for Medicare. I would remind you that Chairman Domenici last year spoke of Medicare first, and suggested that tobacco revenues should go first to Medicare. Chairman Domenici is one of the great fiscal leaders over the last 15 years, and I think that, to be consistent with that commitment, he and others should join us in calling for both setting aside 15 percent of the surplus for Medicare, and doing that in the context of important reforms that would modernize Medicare and allow room for prescription drugs.

Q Gene, Republicans and even some Democrats have said that they don't trust the President on the issue of Social Security, and they've demanded that he come forth with a plan for the reforms that will include the tough choices that will need to be made. I'm wondering what is the rationale for the President not coming forward with a plan?

□,

MR. SPERLING: Well, as you recall, many people suggested that the President come forward, we just would like you to come forward. So the President came forward at the State of the Union -- to the surprise of some, not to us -- with a bold framework for allocating the surplus for Medicare and Social Security. And so far we have not seen anyone come forward with

the type of commitment he has.

The President has a plan that has been scored at getting to 2055, to extending Social Security solvency to 2055. The President was very clear in the State of the Union that to get to the 75-year solvency there would need to be a bipartisan process that would require both sides get together and make some tough-minded choices.

Now, let me be clear. I am not necessarily recommending that either side should go out alone on some of the more tougher controversial choices that could end up politicizing the debate. I think in the past things have worked better when there's been a process where people could agree together in a bipartisan way on some of the tougher choices.

However, a threshold matter should be that we should be at least setting aside enough of our surpluses to make reform viable in both Social Security and Medicare. And I do think that we are still waiting to hear from the Republicans that some of the \$4.5 trillion in surpluses over the next 15 years should be set aside for one of the nation's most important programs that we know is running out of funds by the year 2008.

Q Aren't you at some point, if you've set aside 77 percent, shifting some money from general revenues to trust funds that are supposed to be paid for by the payroll tax? And are you allowed to do that?

MR. SPERLING: First of all, by paying down our national debt to the degree the President is, the President will be dramatically reducing the net interest cost that our government pays out. That will be freeing up additional general revenues for decades that can be used.

What we're arguing is that we are one nation, we have a large expected surplus over the next 15 years, and yet, we have a large Medicare and Social Security gap over the next 50 or 75 years. It just is basic common fiscal sense that we should seek to set aside, at least for a one-time measure, some of those surpluses so that we can meet a future challenge.

And I think that that basic notion of saving these surpluses, as opposed to consuming them, so that there is less burden the next generation to meet the retirement challenge is very consistent with the goal of not simply draining existing funds for Social Security. We are paying down the debt in a way that will free up interest costs and increase revenues through higher growth by increasing savings and debt reduction.

Q Following up on that, the Republicans seem to be saying that Medicare right now -- I mean, to put more money into Medicare without reforms is to throw good money after bad, and that if you use your plan, that you're going to be decreasing the pressure on the government to come up with these reform plans. What's wrong with that argument?

MR. SPERLING: Well, I would turn it around. I do not think that there will be an opportunity for viable Medicare reform if we have not allocated any of the surpluses to going forward.

Let's remember that we had, in the 1997 balanced budget

agreement, nearly \$400 billion in Medicare savings over 10 years -- fairly significant savings. One of the reasons those were difficult was because, truthfully, we all waited until it got rather close. Having the additional surpluses allows one to strengthen the solvency and be able to do reforms in a reasonable and prudent way.

I think it's just -- you know, when somebody says money doesn't matter for dealing with the solvency of Medicare, that's just not plausible. This doesn't need to be an either/or choice. The President's very clear we should have Medicare reform, we should have bipartisan Medicare reform, but first let's set aside -- let's make a commitment to set aside. We haven't even heard a commitment that they would set aside funds for Medicare in any form. In fact, we've heard repeatedly that all of the on-budget surpluses would go to tax cuts. That comes directly at the expense of putting aside any money for Medicare.

Again, how can you imagine a Congress in the year 2003, 2004, dealing with very difficult measures, and wondering why a previous Congress allocated \$4.5 trillion of the surplus and didn't leave anything for a foreseeable Medicare shortfall coming in 2008?

Q On your comments from before about neither side should stand alone in making these tough choices -- does that open up, once again, the possibility of a Medicare commission?

MR. SPERLING: Well, the Medicare Commission is finishing their work right now, and I do not know what the exact outcome will be. What I will say is the following: Whether or not the Medicare Commission comes to a -- whatever report they come to, this President will read the report, he will work with his advisors and he will come up with his own view of how to go forward on Medicare reform. And he is committed to wanting to have bipartisan Medicare reform, with the assistance of 15 percent of the surplus that will modernize Medicare, but will assure that there is a defined benefit that people can count on in Medicare, even as we are doing things to make it more -- to have more competition and to reduce cost pressures.

Q Gene, the plan last year on Social Security was that you'd have a year of discussion and then you'd follow that up with a summit early in this year between the White House and congressional leaders on Social Security. You had the meeting in December to discuss Social Security. What happened to the summit and where are you going now --

MR. SPERLING: No, I think what we said was that we were going to reserve 100 percent, that we were going to have bipartisan forums and that we would end those with a White House conference. We also said that during that time period the President would encourage people to come out with ideas, and to the degree that people had different reform options of any form during that time, we would try to encourage an atmosphere that derailed the third rail mentality and let people put forward their ideas.

I think we carried through with that clearly, both reserving 100 percent to the surplus. We stuck with that, even the highway bill, even pressure on the tax cut. We did bipartisan forums, regional, as we said, where we had full participation. And then we had a fairly -- a significant White

House conference with 48 members of Congress evenly divided from both Democrats and Republicans. And then the President came forward in the State of the Union and started the debate by putting down a fairly significant framework on Social Security.

We now are -- I think all sides are now engaged in studying what the President has done, studying different options and looking for where a consensus could possibly be reached to move forward.

Q It was repeatedly said last year that at the end of that discussion period you would all get together and meet and try to come up with some kind of a plan.

MR. SPERLING: I don't think that that's correct, that there was like -- that there was a kind of summit where everybody got together and cut a deal type of agreement. I think what we referred to is there would be a White House conference; then we wanted to get going earlier in the year. And the President did that by announcing a serious framework on his own in January -- 19th -- and as we expected, by stepping up forward, we have taken enormous scrutiny on everything we've put forward.

Many of the people who encouraged us to put programs forward and said that they would just want to analyze it and discuss it have been very critical. That's fine. We wanted to start this debate. Clearly, the President has defined the agenda; clearly, we've seen from the Republican proposal that they are joining the core notion of the President's call for saving the surplus for debt reduction -- we hope. But we want to see more on how we actually would extend the solvency of Social Security and Medicare, and so far the details are few on that side.

Clearly, in order to have this kind of bipartisan process, there needs to be give-and-take. The President has put out a framework; we need to see how Republicans and Democrats are shaping up on their ideas, and then what the possibilities for moving forward are -- either through the normal committee structure or through a process that could emerge over time.

Q Gene, you talk about fiscal responsibility in saving the surplus, and yet the President's plan for relief to Central America would actually tap the surplus. And on the other hand, the Republicans are busy finding offsets for the package. Aren't they being more consistent with the President's ideas on Social Security than the President?

MR. SPERLING: The Central American emergency is about as classic and undisputed an emergency as there is. It is one of the worst natural disasters in this part of the world. It has cost nearly 10,000 people their lives. The infrastructure in some countries, 40-50 percent has been destroyed. This is a classic emergency in which we felt we were working in good faith to put together funds. I think it's very unfortunate that now there has been some effort to relitigate some old battles from last year, instead of being able to move forward on what is uncontroversial and clearly the classic type of emergency spending.

Clearly, there are times when you hit a gray line on what's an emergency and not. I don't think -- I think this is clearly an emergency and it should be the type of thing that we

can come together for in a bipartisan way, and we hope that's what will still happen.

Q Will the President veto the Republican version of Central American relief?

MR. SPERLING: You know I'm not going to get into hypothetical veto threats. We think this is a classic emergency with strong -- very strong humanitarian concerns. It's important to all Americans. It's important to many of the Hispanic-Americans with relatives in these countries. But I think to all Americans with humanitarian concerns, they recognize this is a classic emergency in which we should put politics aside. We're hoping that's what will take place.

Q Thank you.

Q Gene, a couple questions on the USA savings account? When do you expect to have more details on the universal savings accounts?

MR. SPERLING: Sometime this month.

Q Is the Wall Street Journal piece accurate today, on how they characterize that?

MR. SPERLING: I'll wait until we put it out. I think that it was generally, generally accurate. I don't want to vouch for all the specifics that they had in there.

Q Going back to the unemployment numbers real quick, why are the numbers for --

MR. SPERLING: Let me have Janet take that.

Q Okay. Going back to the unemployment numbers quickly, why are the African American and Hispanic numbers historically low right now? Is there -- are you citing any reasons?

MS. YELLEN: We've had an enormously strong labor market, with unemployment falling now for a long period of time, to levels that we haven't seen in 30 years. And that has benefitted disproportionately groups that have found it harder to gain employment in the past. And, to some extent, African Americans have had high unemployment rates, and they've seen unusual benefit from our strong labor market.

The same holds true for Hispanics. And wage gains, as well, which I didn't mention this morning, but over the last few years we have seen really spectacular gains in wages for blacks, for less-educated workers, for Hispanics, for recent immigrants. This is -- you're seeing the great benefit of a strong economy and continued strength in the labor market.

Q Quickly, following up on that, where does the homeless population fit into these unemployment numbers? Do you cut them off at a certain point where they're not calculated in, the homeless?

MS. YELLEN: This is the civilian, non-institutional population. In principle, they should -- I think in principle they should be --

MR. BRAUN: The survey addresses -- people without addresses won't be in the survey.

Q So that means that the numbers are kind of off, then. I mean, the homeless --

MS. YELLEN: They may not be counted fully in these numbers. They'd have to be surveyed.  
□,

Q I guess you noted that the unemployment rate has now been below 5 percent for 20 months. What does that do to your current thinking of NAIRU and how long will this go on --

MS. YELLEN: Keep revising down our estimate of NAIRU, we like to stick with the notion that at some point a labor market can become so tight and the demand can so outstrip supply that wages and compensation can be driven up to the point of putting cost pressures on firms which are inflationary.

So that's a general principle that I think applies and we've seen it in the past. But we sure keep revising downward our estimate of where that point is where we hit it, because we certainly haven't seen any evidence of inflationary pressures and it's right -- in view of that, we don't see cost pressures increasing on firms, we've seen real wage gains along with productivity. And that suggests that each year we revisit this we're likely to be thinking about revising it down further.

Q How can the economy accommodate this type -- can you just go over those reasons again, why inflation isn't cropping up from this tight labor market?

MS. YELLEN: Well, I think the issue of why NAIRU has declined is one that is stumping economists. And I can't pretend to give you a full answer here, but there are workers, clearly, who want to work, who have found it difficult in the past to gain jobs. And they, clearly, are being drawn into the labor market, gaining employment in record numbers. And firms are managing, we've seen very impressive gains recently in productivity.

And when you think about inflation, what matters is whether or not wage increases or compensation increases are in line with productivity. And productivity has been doing extraordinarily well; it's been rising at 2 percent a year for the last three years, leading at least some people to ask the question, is trend productivity now higher.

We've had extremely strong investment as a consequence of the President's deficit reduction plan. Capacity is ample and I think when you see we don't have pressures on capacity utilization, that's also working to hold inflation down.

Q Thanks.

END

12:21 P.M. EST

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-MAR-1999 17:39:43.00

SUBJECT: Meeting on Food Safety

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

TEXT:

I am out. It's up to Bruce.

----- Forwarded by Elena Kagan/OPD/EOP on 03/05/99 05:41  
PM -----

Laura Emmett  
03/05/99 03:49:33 PM  
Record Type: Record

To: Elena Kagan/OPD/EOP  
cc:  
Subject: Meeting on Food Safety

Bruce told mary that you are out on Tuesday? If so should they hold this meeting without you or wait until you return?  
----- Forwarded by Laura Emmett/WHO/EOP on 03/05/99 03:49  
PM -----

Mary L. Smith  
03/05/99 03:03:49 PM  
Record Type: Record

To: Neal Lane/OSTP/EOP, Morley A. Winograd/OVP @ OVP, Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP  
cc: See the distribution list at the bottom of this message  
Subject: Meeting on Food Safety

We will have a meeting on the NAS report and a possible reorganization of food safety inspections on Tuesday, March 9 at 2:15p.m. in Bruce's office. Thanks, Mary

Message Copied

To: \_\_\_\_\_  
Cathy R. Mays/OPD/EOP  
Laura Emmett/WHO/EOP  
Jennifer R. Muller/OVP @ OVP  
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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-MAR-1999 09:45:24.00

SUBJECT: dinner

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

READ:UNKNOWN

TEXT:

great

----- Forwarded by Elena Kagan/OPD/EOP on 03/05/99 09:47  
AM -----

Todd Stern

03/05/99 09:17:55 AM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc:

Subject: dinner

Tonight is good. 7:30 or so would be fine. See you later. tds

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 5-MAR-1999 10:22:21.00

SUBJECT: dinner

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

READ:UNKNOWN

TEXT:

what can I bring?

----- Forwarded by Elena Kagan/OPD/EOP on 03/05/99 10:24 AM -----

Todd Stern

03/05/99 09:17:55 AM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc:

Subject: dinner

Tonight is good. 7:30 or so would be fine. See you later. tds

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-MAR-1999 13:17:43.00

SUBJECT: weekly

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

READ:UNKNOWN

TEXT:

OK, let's do that child care entry NEXT week. Sorry. (Please resubmit it.)

RECORD TYPE: PRESIDENTIAL (NOTES READ RECEIPT)

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

CREATION DATE/TIME: 8-MAR-1999 19:16:40.00

SUBJECT: RECEIVED: Congressional Request

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

TEXT:  
RETURN RECEIPT

Your Document:  
Congressional Request  
was successfully received by:  
CN=Elena Kagan/OU=OPD/O=EOP  
at:  
03/08/99 07:10:24 PM

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-MAR-1999 19:07:56.00

SUBJECT: MAJOR CORRECTION IN TIME OF PARTY-Invitation to Farewell Party for Jeff Frankel

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

READ:UNKNOWN

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 03/08/99 07:10 PM -----

LISA D.  
BRANCH  
03/08/99 05:11:14 PM

Record Type: Record

To: See the distribution list at the bottom of this message  
cc: See the distribution list at the bottom of this message  
Subject: MAJOR CORRECTION IN TIME OF PARTY-Invitation to Farewell Party for Jeff Frankel

The farewell reception for Jeff Frankel is acutally from 4 to 6pm; not 3 to 4pm as stated in earlier message.

If you have already RSVP'd and is able to attend from 4 to 6pm, there is no need to RSVP again.

Thank you, and I do apologize for the goof.

Message Sent

- To: \_\_\_\_\_
- Todd Stern/WHO/EOP
  - John Podesta/WHO/EOP
  - Ann F. Lewis/WHO/EOP
  - Maria Echaveste/WHO/EOP
  - Roger S. Ballentine/WHO/EOP
  - Charles M. Brain/WHO/EOP
  - Phillip Caplan/WHO/EOP
  - Mickey Ibarra/WHO/EOP
  - Martha Foley/WHO/EOP
  - Joseph P. Lockhart/WHO/EOP
  - Thurgood Marshall Jr/WHO/EOP
  - Bob J. Nash/WHO/EOP
  - Robert B. Johnson/WHO/EOP
  - Marsha Scott/WHO/EOP
  - Richard L. Siewert/WHO/EOP
  - Stephanie S. Streett/WHO/EOP
  - Barry J. Toiv/WHO/EOP
  - Karen Tramontano/WHO/EOP
  - Michael Waldman/WHO/EOP
  - David W. Beier/OVP @ OVP
  - Leon S. Fuerth/OVP @ OVP
  - Audrey T. Haynes/OVP @ OVP
  - Lawrence J. Haas/OVP @ OVP
  - Ron Klain/OVP @ OVP

Jim Kohlenberger/OVP @ OVP  
Richard M. Saunders/OVP @ OVP  
Morley A. Winograd/OVP @ OVP  
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Robert J. Tuccillo/OMB/EOP  
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D Holly Hammonds/OPD/EOP  
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Sarah Rosen/OPD/EOP  
Gene B. Sperling/OPD/EOP  
Rosina M. Bierbaum/OSTP/EOP  
Gerald L. Epstein/OSTP/EOP  
Neal Lane/OSTP/EOP  
Henry C. Kelly/OSTP/EOP  
barshefsky\_charlene @ ustr.gov @ INET @ VAXGTWY  
scher\_peter @ ustr.gov @ INET @ VAXGTWY  
cassidy\_robert @ ustr.gov @ INET @ VAXGTWY  
walters\_david @ ustr.gov @ INET @ VAXGTWY  
eiss\_don @ ustr.gov @ INET @ VAXGTWY  
esserman\_sue @ ustr.gov @ INET @ VAXGTWY  
allgeier\_peter @ ustr.gov @ INET @ VAXGTWY  
dwoskin\_dorothy @ ustr.gov @ INET @ VAXGTWY  
fisher\_richard @ ustr.gov @ INET @ VAXGTWY  
murphy\_sean @ ustr.gov @ INET @ VAXGTWY  
shpiece\_william @ ustr.gov @ INET @ VAXGTWY  
haverkamp\_jennifer @ ustr.gov @ INET @ VAXGTWY  
porges\_amelia @ ustr.gov @ INET @ VAXGTWY

cutler\_wendy @ ustr.gov @ INET @ VAXGTWY  
johnson\_don @ ustr.gov @ INET @ VAXGTWY  
phillips\_don @ ustr.gov @ INET @ VAXGTWY  
Bruce W. McConnell/OMB/EOP  
Janet B. Abrams/WHO/EOP  
John A. Koskinen/WHO/EOP  
John A. Gribben/WHO/EOP

## Message Copied

To:

---

Shannon Mason/OPD/EOP  
Sonyia Matthews/OPD/EOP  
Peter A. Weissman/OPD/EOP  
Sharon H. Yuan/OPD/EOP  
Meagan M. Earley/WHO/EOP  
chernish\_carol @ ustr.gov @ INET @ VAXGTWY  
davis\_marinda @ ustr.gov @ INET @ VAXGTWY  
johnson\_alfreda @ ustr.gov @ INET @ VAXGTWY  
goode\_joyce @ ustr.gov @ INET @ VAXGTWY  
jenkins\_diane @ ustr.gov @ INET @ VAXGTWY  
jones-hill\_hattie @ ustr.gov @ INET @ VAXGTWY  
mayo\_leah @ ustr.gov @ INET @ VAXGTWY  
brown\_charlotte @ ustr.gov @ INET @ VAXGTWY  
jackson\_carrie @ ustr.gov @ INET @ VAXGTWY  
Sarah M. Urquidez/ONDCP/EOP  
Ophelia D. West/OMB/EOP  
Janet L. Graves/OMB/EOP  
Dawn V. Woollen/OMB/EOP  
Sandra Yamin/OMB/EOP  
Kate P. Donovan/OMB/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-MAR-1999 14:31:59.00

SUBJECT: Invite to Farewell Reception for Jeff Frankel, CEA Member

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

TEXT:

please schedule

----- Forwarded by Elena Kagan/OPD/EOP on 03/08/99 02:34  
PM -----

LISA D.  
BRANCH  
03/08/99 01:31:01 PM

Record Type: Record

To: See the distribution list at the bottom of this message  
cc: See the distribution list at the bottom of this message  
Subject: Invite to Farewell Reception for Jeff Frankel, CEA Member

Message Sent

- To: \_\_\_\_\_
- Todd Stern/WHO/EOP
  - John Podesta/WHO/EOP
  - Ann F. Lewis/WHO/EOP
  - Maria Echaveste/WHO/EOP
  - Roger S. Ballentine/WHO/EOP
  - Charles M. Brain/WHO/EOP
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haverkamp\_jennifer @ ustr.gov @ INET @ VAXGTWY  
porges\_amelia @ ustr.gov @ INET @ VAXGTWY  
cutler\_wendy @ ustr.gov @ INET @ VAXGTWY  
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phillips\_don @ ustr.gov @ INET @ VAXGTWY  
Bruce W. McConnell/OMB/EOP  
Janet B. Abrams/WHO/EOP  
John A. Koskinen/WHO/EOP



# INVITATION

*You are cordially invited to attend  
a farewell reception for  
Jeffrey Frankel, Member*

*Dr. Frankel has left the Council of Economic Advisers  
for the following positions:*

*March -June 1999, New Century Chair, Brookings Institution  
From July 1999, Professor, John F. Kennedy School of Government*

*The reception will be held on Tuesday, March 23, 1999  
from 3 to 4 p.m.*

*In Rm. 474, Old Executive Office Building  
(Indian Treaty Room)  
17th and Pennsylvania Avenue, NW  
Washington, DC*

*Please RSVP by March 17 to Lisa Branch  
202-395-5046*

*e-mail: Lisa\_D.\_Branch@cea.eop.gov  
(For attendees outside of the White House complex,  
please provide your date of birth and Social Security number.)*

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 8-MAR-1999 16:37:13.00

SUBJECT: Re: Draft SAP: House Ed Flex bill

TO: Kate P. Donovan ( CN=Kate P. Donovan/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

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

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

CC: Jonathan H. Schnur ( CN=Jonathan H. Schnur/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

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

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

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

TEXT:

DPC would like to cut the last paragraph. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 9-MAR-1999 11:56:05.00

SUBJECT: Format

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

TEXT:

----- Forwarded by Elena Kagan/OPD/EOP on 03/09/99 11:58.  
AM -----

Karen Tramontano  
03/05/99 07:46:01 PM  
Record Type: Record

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

I hope this document proves to be helpful and useful. Thank you, again for the work-products you provided -- they were helpful to us. Please call me with any questions, thoughts or advice.

Message Sent

- To: \_\_\_\_\_
- Neal Lane/OSTP/EOP
  - George T. Frampton/CEQ/EOP
  - Wesley P. Warren/CEQ/EOP
  - Douglas B. Sosnik/WHO/EOP
  - Maria Echaveste/WHO/EOP
  - Steve Ricchetti/WHO/EOP
  - Gene B. Sperling/OPD/EOP
  - Lael Brainard/OPD/EOP
  - Jonathan A. Kaplan/OPD/EOP
  - Bruce N. Reed/OPD/EOP
  - Elena Kagan/OPD/EOP
  - Christopher C. Jennings/OPD/EOP
  - Jacob J. Lew/OMB/EOP
  - Sylvia M. Mathews/OMB/EOP
  - Thomas L. Freedman/OPD/EOP

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

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D11]MAIL45094237Q.036 to ASCII,  
The following is a HEX DUMP:

FF57504370040000010A020100000002050000008726000000020000182ED64DF8F2CF6027BDF6  
7D4797B222E6DFB5ADC43F14AE963D6675E003EA10519264B2A335AB0C73EBCAEDCFF4D5DA4C9A  
E1C816C5AD6FCDD5F2F905F719CDB4CCA62F1C2A3BAB09831BEEF5F4D91B50A12D511213F715D1

TO: POLICY COUNCILS

FROM: DOUG SOSNIK  
KAREN TRAMONTANO  
TOM FREEDMAN

DATE: March 5, 1999

SUBJECT: Long-Term Strategy Memorandums

Thank you for the initial survey of important issues in your area and their current status.

We would like you to build upon what you have given us and construct a strategic plan for the next six months for each of the major policy areas within your Council. The purpose of the strategic plan is, for each major issue area, to describe our goals, our best vehicles and initiatives, the optimal timing and legislative/political context for advancing our initiatives, what opposition we will face, and how we will overcome that opposition. What follows is:

- A. A list of the major policy areas and designated Council(s) to take the lead in drafting the strategic plan;
- B. A schedule for your reference of the four major time periods over the next six months;
- C. Formats for two submissions: (1) issue-oriented strategic plans in the major policy areas of your councils and (2) a list of significant upcoming challenges that will require Administration responses;
- D. Executive actions or other non-legislative actions the President can take regarding policy initiatives within or outside of the major policy areas.

Thank you for your hard work on this project, we are confident that it will result in an excellent tool for constructing a successful strategy for the next six months.

**A. Thematic Topics and Lead Policy Councils**

- A. Social Security/Medicare -- NEC/DPC
- B. Economy/Budget/Taxes -- NEC
- C. Crime -- DPC
- D. Education -- DPC/NEC
- E. Environment -- CEQ
- F. Health -- DPC
- G. Strong America -- NSC
- H. Other Priorities (initiatives that do not logically fit in the above areas but you feel are important).

**B. Time Periods and Issue Context.**

For your reference, we have broken down the next six months into four major time periods, each of which has had its own distinct thematic rhythm in the past.

- I. March thru April 4 (Easter)
- II. April 4 to May 31 (Memorial Day)
- III. June 1 to July 4th (recess)
- IV. July 4th thru August (recess)

**C. Suggested Formats for Submission**

**(1). Format for Strategic Plans**

[The goal of the plans is to concisely lay out what we want to accomplish, what opposition we will face, the context of our challenge, how we will achieve our goals, and an explanation of the best timetable for our actions.]

The plans should be formatted in the following manner:

I. General Policy Area (Crime)

(General goals for the issue area including brief description of what we have accomplished and what we seek to accomplish over the next 6 months).

A. Specific Agenda Item, such as the Crime Bill. Please limit plans to only major agenda items. Describe proposal very briefly (e.g. legislation to add an additional 100,000 police officers and ...).

B. Possible Presidential Actions (announcements, Executive Orders, studies, events.)

C. Republican agenda and likely response.

D. Timing and Strategy. Describe when we should act and why. Include important deadlines or events for the initiative. In considering the timing please describe legislative status (hearing or markups in the next six months), consider the general political context, indicate significant related events (e.g., the ending of the school year for an education roll-out, a significant anniversary), and concisely explain how the strategy will enable us to achieve our goal. In laying out your plan, please consider how your plan will build over time or indicate the series of steps that you want to take to reach a successful conclusion.

**(2) Format for Submissions for Challenges that Require Administration Response**

[As we discussed in our meeting this week, we expect a number of significant issues will present challenges to the administration between now and August. Some of the ones we discussed are: Military Readiness; NATO; The G8 ,including financial architecture; Tongas Management Plan; The Census; Israel; China/MFN; Renewal of the Haze Rule and Ireland. We ask that you review your list of challenges (which may include some of the ones listed above) and within the suggested format set out below, develop a strategy for an appropriate response.]  
In your submission, please:

I. Indicate the topic of the challenge and briefly describe it.

A. Timing. Explain when the issue is likely to come to the forefront and why.

B. Responses. Describe what the Administration response should be and what preparation is required to be ready for an appropriate response.

C. Presidential Action. Indicate whether a Presidential action will be required, what it is likely to be (statement, etc), and its probable timing.

**D. List of Executive of Actions**

Anticipating that the Congress may not be in a position to enact legislation, we also ask that you outline possible unilateral Presidential announcements or executive orders, including those that may fall outside the scope of major policy areas. Also, include the dates when you believe the administrative action can be taken. Our objective is to have a set of administrative announcements that are prepared or will be prepared for a date certain. Please list the action, the background, the date when it will be ready and when (optimally) used, an assessment of its priority, and any reasons it should not be used.

If you have any questions, contact Karen Tramontano at x61987. Please submit paper to her by COB Tuesday.