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June 7, 1997 - DPC Weekly Report

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THE WHITE HOUSE
WASHINGTON

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6-9-97

June 7, 1997

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Education -- Release of 4th Grade TIMSS Results: You are currently scheduled to participate on Tuesday in the Department of Education's release of the 4th grade math and science TIMSS results, which are very positive. The results show that, for the first time, U.S. students in the 4th grade score above the international average in both math and science. Compared with 25 other participating nations, U.S. 4th grade students rank behind only South Korea in science and behind seven countries (Singapore, Korea, Japan, Hong Kong, the Netherlands, the Czech Republic, and Austria) in math. These findings show significant progress in 4th grade math and science. Because previously announced results show U.S. students well below the international average in 8th grade math, the results demonstrate the need to keep American students on track in math and the value of a national 8th grade math test as a tool in that effort. We think you will be able to announce at this event that Kentucky has signed on to your national testing initiative.

2. Education -- PSAs on Standards by Major League Baseball: The DPC has been working with the Education Excellence Partnership (the Business Roundtable, the National Alliance of Business, the National Governors' Association, the American Federation of Teachers, and the U.S. Department of Education) and Major League Baseball on the release of a new series of PSAs featuring baseball players (including Cal Ripken) talking about the importance of raising academic standards. We are currently working with the schedulers to find an Orioles game at which you can participate in the release of these ads. The ads are likely to be played on stadium screens throughout the major leagues on that day. The materials parents can obtain by calling the 1-800 number given in the ads encourages them to ask if their school districts will be giving the national 4th and 8th grade tests in 1999.

3. Welfare -- Reconciliation Legislation: The Ways and Means Subcommittee on Human Resources reported out welfare legislation on Thursday, with full committee markup scheduled for next week. The legislation includes a \$3 billion welfare-to-work proposal that reflects most of our priorities. The bill's immigrant provisions, however, violate the budget agreement by failing to cover disabled legal immigrants not receiving benefits on the day the welfare law was signed. And the bill contains a provision on the minimum wage to which we have objected strongly.

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Following extensive discussions with the DPC, HHS, and DOL, the Subcommittee agreed to a welfare-to-work program that meets the Administration's priorities of giving as much money as possible to cities, awarding a substantial portion of the funds on a competitive basis, and giving communities appropriate flexibility to use the money. Half of the money would be distributed based on a formula, and half would be awarded on a competitive basis; all could be spent on a wide range of uses, including public sector job creation. A full 65% of the competitive grants could go only to the 100 cities in the nation with the greatest number of poor people. A full 85% of the formula grants would automatically pass through the states to areas of high poverty, high unemployment, and long-term welfare dependency (primarily cities), with spending to be controlled by local private industry councils appointed by mayors. The mayors are extremely pleased with this allocation of funds, while the governors strongly oppose it. We will have to work hard to hold on to this plan in the House and gain a similar one in the Senate. (We are currently leaning on Senator Daschle to change his draft legislation to target more money to mayors.) The Ways and Means Committee is still open to our proposal of a performance bonus, but adamantly opposes the addition of nondisplacement language.

We spoke with Rep. Shaw about the bill's immigrant benefit provisions, but failed to make any headway. The Subcommittee's proposal would restore SSI and Medicaid benefits to elderly and disabled immigrants receiving benefits on the day the welfare law was signed; by contrast, the budget agreement would restore SSI and Medicaid benefits to any immigrant in the country as of that date who is or becomes disabled. The Subcommittee argues that its proposal would protect the nondisabled elderly currently on the rolls. But its proposal would fail to provide for some of the most vulnerable immigrants (people who become disabled after August 1996) -- and by 2002, would cover 75,000 fewer immigrants than the budget agreement. In addition, the Subcommittee added a provision at markup to deny SSI benefits to any legal immigrant whose sponsor has income above \$40,000. Because prior to last year's immigration law, sponsors did not legally obligate themselves to provide support, this proposal would leave at least some legal immigrants without any means of subsistence.

Both the disability and the aging groups supported our position at markup. The Leadership Council of Aging Organizations (including the AARP) and the Consortium of Citizens with Disabilities sent a letter saying that while they would like to cover even more legal immigrants than the budget agreement, they will not support "any reductions in benefits to immigrants with disabilities in order to provide them to other groups of immigrants."

Finally, the Subcommittee proposal would amend the welfare law so that workfare participants would not count as employees for the purposes of the Fair Labor Standards Act or any other federal law. Although requiring the minimum wage for hours worked, the proposal would permit states to count child care, Medicaid, and housing benefits, as well as cash assistance and food stamps, in their calculation of the minimum wage. It also would allow states to count additional hours of job search, education, and training toward the welfare law's work requirements. We argued strongly that this provision is outside the scope of the budget agreement, and that it creates a subminimum wage for workfare participants and weakens the

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welfare law's work requirements. The NGA has not yet officially weighed in on the proposal, but may do so next week. We are working hard to prevent Democratic Governors -- particularly Governor Chiles -- from coming out against us.

4. Welfare -- AFSCME proposal: The DPC and NEC met this week with Gerald McEntee to discuss an AFSCME plan to help cities move people from welfare to work. The plan grows out of your suggestion to McEntee and other labor leaders in an Oval Office meeting earlier this year that the labor movement should do its part to place welfare recipients in jobs. McEntee hopes to persuade Mayors Archer, Rendell, and Giuliani to create new positions for welfare recipients who would earn the minimum wage or better, become new union members, and count toward the work requirements. The recipients would be paid with funds that otherwise would go toward their welfare checks, and they would have first priority for regular jobs coming open on the city payroll. The program would focus on creating new positions in child care and home health care. We encouraged AFSCME to pursue the proposal, and asked McEntee to encourage CWA and SEIU to do the same. We also offered to provide technical assistance. If AFSCME can sign up a bipartisan group of mayors to hire people off welfare, we should consider a White House announcement as a way to show support for our \$3 billion welfare-to-work proposal.

✓ **5. Juvenile Crime -- Gun Safety Directive:** You are scheduled to speak on Wednesday at a Justice Department Conference on combating juvenile crime. The purpose of the one-day symposium is to highlight the enforcement and prevention practices that work in reducing juvenile violence. The conference falls one day before the Senate Judiciary Committee markup of juvenile crime legislation. At the conference, you will announce a directive to the Treasury Department that seeks to keep handguns out of the reach of minors. The directive will order Treasury to require every federally-licensed gun dealer to post a sign on the wall warning gun owners to keep their handguns out of the reach of minors and/or mandate gun dealers to provide a warning card containing similar information with every handgun they sell.

✓ **6. Health -- Pediatric Drug Labeling:** The DPC is working with the Food and Drug Administration on a regulation that would require pharmaceutical companies to do pediatric studies on certain new drugs and, in compelling circumstances, drugs that are already on the market. Most drugs are not now tested for use by children. As a result, children are given the wrong doses of drugs or are not given drugs at all because physicians are reluctant to risk giving them inappropriate and possibly dangerous amounts. For example, fewer than 10% of children with AIDS are receiving protease inhibitors, the newest and most promising AIDS drugs, because these drugs have not been tested for use by children. The regulation will be sent to OMB early next week. OMB will begin its review process, but no action will be taken until after the markup of the FDA reform bill in the Senate Labor and Human Resources Committee (which is expected to take place next week). This regulation has strong support from children's health advocates, particularly the pediatric AIDS community.

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7. **Tobacco:** As you know, the tobacco companies and state attorneys general may reach a settlement within the next few weeks. The DPC arranged a meeting last week at which Bruce Lindsey briefed representatives of HHS, Justice, and Treasury on the contours of the settlement. We asked HHS to provide an evaluation of the deal, from a public health perspective, within the next week or so. At the same time, Chris Jennings and Nancy-Ann Min are looking into how best to spend the federal government's share of the Medicaid reimbursement funds. As you know, Mike Moore proposed this week that both the state and federal shares go towards children's health coverage. Chris and Nancy-Ann are reviewing alternative ways to target this money.

8. **Drugs -- Crack Cocaine:** Generals Reno and McCaffrey are scheduled to report back to you in approximately three weeks concerning the National Sentencing Commission's recommendations on cocaine sentencing. As you know, current sentencing law imposes five-year mandatory minimum sentences for possession of five grams of crack and 500 grams of powder cocaine -- a 100:1 ratio. The Commission recommended that the mandatory minimum trigger for crack be raised to between 25 and 75 grams and the trigger for powder be lowered to between 125 and 375 grams. The Department of Justice would like to recommend that you support mandatory minimums at 25 grams of crack and 250 grams of powder -- a 10:1 ratio. General McCaffrey apparently is not convinced that any empirical data supports this ratio and therefore may press for a 1:1 ratio (or something very close to it). We think that the Justice Department has the recommendation about right and would like General McCaffrey to agree. But we think there is a strong possibility of your receiving a divided recommendation.

Strongly advise
as much as possible