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Jul 12, 97 - DPC Weekly Report

THE PRESIDENT HAS SEEN
7-14-97

THE WHITE HOUSE
WASHINGTON

July 12, 1997

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MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
ELENA KAGAN

SUBJECT: DPC WEEKLY REPORT

*Copied
Bruce Reed
Elena Kagan
COS*

1. Tobacco -- Review of Settlement: We are making good progress on our review of the tobacco settlement. We met this week with Drs. Koop and Kessler, Attorneys General Moore and Gregoire, and representatives from leading public health and tobacco control groups. In interagency meetings, we have identified the major legal and policy issues, have begun to analyze the economic effects of the settlement, and are developing options in key areas. Next week, we will meet with the tobacco industry, tobacco farmers, and additional public health experts. We will also consult with Members of Congress, beginning with a Senate Democratic Task Force chaired by Senator Conrad.

2. Education -- NAACP Speech: Your speech to the NAACP on Thursday will provide an opportunity to discuss education issues in the context of your race initiative. In addition to talking about the value of integration in educational institutions, you can discuss how to improve schools in those urban and rural areas with large concentrations of poor and minority students. Here, you can discuss the importance of national standards and tests, but also focus on providing students with the tools and opportunities that will help them meet those standards. Emphasizing that the quality of teaching in inner city and rural schools is much lower than in the rest of the nation, you also can announce a new initiative to recruit, prepare, and retain teachers in urban and poor rural communities. This program, which is part of the Department of Education's proposal for the reauthorization of the Higher Education Act, would provide about \$250 million over five years to strengthen teacher training programs that place large numbers of graduates in urban or poor rural communities, as well as to provide scholarships to talented and diverse students who will commit to teach in urban and poor rural areas for at least three years after graduation

3. Crime -- Youth Handgun Tracing/Interdiction: In next week's radio address, you will release a 1-year report by the Treasury Department on the 17-city Youth Handgun Tracing initiative. The report provides an unprecedented amount of information about the guns used to commit crimes and how juveniles obtain them. The report finds, for example, that (1) four out of 10 crime guns recovered by police are from youth (17 and under) or juveniles (18 to 24); (2) about 60 percent of crime guns recovered from juveniles and youth are semiautomatic pistols, and more than 80 percent are handguns; and (3) at least a quarter of the crime guns that police recover from juveniles and youth are firearms that were rapidly diverted from first retail sales to

a black market. In addition to releasing the report, you will announce a \$12-15 million expansion of the initiative that will enable 5 to 10 new cities to join the tracing program and strengthen the investigation of gun crimes in these cities.

4. Crime -- Brady Follow-up: On Wednesday, the Attorney General and Secretary of the Treasury will host a meeting for law enforcement representatives from the 23 Brady states and a number of national organizations. The Attorney General and Secretary will: (1) brief the law enforcement officers on the Supreme Court's decision and issue guidance on how they can continue to conduct background checks; (2) get county and/or state law enforcement agencies to agree to do background checks for the handful of local jurisdictions that have stopped doing them; and (3) discuss and seek support for legislation that makes clear that states, unless expressly prohibited by state law, have the authority to conduct background checks. This legislation is necessary because the NRA is challenging the authority of 19 of the 23 Brady states to continue to conduct Brady checks, and the Attorneys General of Arkansas and Ohio are claiming that they lack this authority.

5. Crime -- Crack Cocaine Sentencing: We are working with the Justice Department and ONDCP to move forward on their recommendations to reform crack cocaine sentencing. At the urging of Senators Biden and Kennedy, we decided to postpone making these recommendations public until after the Senate Judiciary Committee's mark-up of the juvenile justice bill. We instead engaged in private discussions with Senator Abraham to prevent him from offering an amendment to drop the mandatory minimum threshold for powder while leaving the threshold for crack intact. (Senator Abraham would have offered, and the Committee would have passed, this amendment if we had made the DOJ/ONDCP recommendation public.) After the mark-up is over, Justice and ONDCP will take the lead in reaching out to members of the Judiciary Committees and the Congressional Black Caucus, as well as to law enforcement representatives. If we can build enough support for our approach, we will try to attach an amendment to the juvenile justice bill when it is considered on the floor of the Senate this fall.

✓ **6. Health -- Genetic Screening Event:** On Monday, you will release a new HHS report on the use of genetic screening and challenge Congress to pass legislation addressing this issue. The report shows that over one-fifth of individuals who have a family member with a genetic disorder have suffered discrimination by insurers. The report includes specific legislative recommendations to prevent health insurers from making improper use of genetic screening information. Although they cannot be at the event, two key Republican Senators (Jeffords and Frist) who sit on the primary Senate committee of jurisdiction will announce their support for legislation consistent with the recommendations outlined in the HHS report.

7. Health -- Budget Reconciliation Developments: Although no Medicare issues have been finally resolved, Thursday's overwhelming support (over 400 votes) for a Sense of the House Resolution rejecting the increase in eligibility age from 65 to 67 effectively has killed this proposal. The income-related premium and the home care copayment still remain potentially viable, although the latter is losing steam. We are advising Members that you support relating

the Medicare premium to income, but only if your administrative concerns (Treasury, not HHS administration) and policy design concerns (e.g., reducing maximum premium payment from 100 percent to 75 percent of Part B program costs to reduce the incidence of well-to-do elderly leaving the program) are adequately addressed. Although Senator Domenici and others have acknowledged the advantages of your approach, many Republicans are not interested in considering any premium administered through the Tax Code.

As for Medicaid, Members are now focusing most of their attention on the allocation of the disproportionate share hospital (DSH) payments. On Thursday, Senator Domenici and Congressman Spratt asked the Administration to help co-chair a DSH study group, to begin meeting early next week, to help determine alternative formulas. The Senators are concerned about placing excessive burdens on high DSH states. But because the low-DSH states do not want any of the burden shifted back to them, there may be a great deal of pressure to find some additional money to reduce the overall DSH cut.

Good (**8. Welfare -- White House Hiring:** Thanks to Iody Torkelsen and her staff, the EOP has achieved its goal, set in April, of hiring six welfare recipients. One of them is working for the Domestic Policy Council. We are saving this announcement for an appropriate time and trying to ensure that the announcement will not jeopardize the privacy of these workers.

9. Welfare -- Speech to the NGA: After reading Secretary Shalala's memo on how states are using "excess" funds from the welfare block grant, you asked whether you should write a letter to governors on this subject. We suggest you send such a letter on July 28th -- the same day you speak to the National Governors' Association on welfare issues. In that speech, you can discuss the state policies and programs (both good and bad) that have emerged as a result of welfare reform. You also can expand on the challenge you issued in last week's radio address for "every state to take the money they save from lowering their caseloads and use it -- for child care, for transportation, to subsidize the training and wage help that people need to move from welfare to work."

10. Welfare -- Children's SSI Cut-offs: This month, SSA will begin to cut off SSI benefits for children found not to meet the new definition of childhood disability included in the welfare law. Time Magazine ran a story on the issue this week, and ABC World News Tonight is expected to cover the story soon. The law calls for SSA to complete all eligibility reviews by August 22, but Congress is likely to give the SSA another six months to finish the review process. SSA expects about 135,000 children to lose benefits as a result of the new standard. Under the budget agreement, these children would continue to receive Medicaid benefits. The Senate, however, failed to include this provision in its budget legislation, and the House made it a state option. We are working hard to get all that the budget agreement promised in this area.

11. Welfare -- California and New York Plans: California and New York have about one-third of the nation's welfare recipients between them, but battles between Republican governors and Democratic legislators long have stymied welfare reform plans in both states.

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Somewhat surprisingly, this battle appears to be coming to an end in New York. Governor Pataki recently signaled that he will drop the most onerous features of his welfare plan, such as decreasing welfare benefits over time and converting the state's general assistance program to a voucher system. Though an agreement could still fall through, passage of a welfare plan -- with a quite significant increase in child care spending -- now appears likely. Meanwhile, in California, Governor Wilson vetoed a plan sent to him by the Democratic legislature. Wilson wants to cut benefits by 15 percent after a family has been on the rolls for six months; limit any new recipient to 12 months of continuous benefits; require women to start job search when their children are 12 weeks old; and eliminate the state requirement that counties provide general assistance. The Democratic plan rejected each of these demands (though it would have limited each period of welfare receipt to 24 months). Democrats are now negotiating with the Governor, but it is not clear when or whether an agreement will emerge.

12. **Welfare -- Teen Parents:** Last week, several newspapers reported on a study showing that the New Chance project for teen mothers does not help participants become self-sufficient. New Chance is a voluntary program, which offers extensive employment and support services, but does not sanction individuals for failing to meet program expectations. The study found that teen mothers in New Chance were no more likely than teens in a control group to gain jobs or leave welfare. The Washington Post editorialized that a "values-free program that relies exclusively on 'services' and material successes but de-emphasizes the importance of self-discipline, character, commitment, and responsible personal conduct may do little to address some of the problems that led to dependency in the first place." A related conclusion emerges from comparing the New Chance study with well-known and respected studies of Ohio's LEAP program and the Teenage Parent Demonstration project. Both of these programs require teen parents to stay in school and follow other rules, and both sanction participants for failing to do so. These programs show significantly better outcomes than New Chance, with participants leaving welfare and getting jobs at a higher rate than other teen mothers.

13. **Service -- Girls Nation Event:** Next Friday, as part of an event with Girls Nation, you will announce that in the first year of a program you announced last year at Penn State, a total of 1,600 high school juniors and seniors across the country have received \$1,000 "National Service Scholarships." High school principals selected these students based on their outstanding service records. The federal government, through the Corporation for National Service, put up \$500 per scholarship, and civic organizations and other groups matched that amount. The matching organizations include the Kiwanis, Rotary, VFW, Junior Leagues, Chambers of Commerce, PTAs, the Miss America organization, and the American Legion. Sallie Mae provided the match for all high schools in D.C., while the Minnesota state legislature voted to provide matching funds for every high school in the state next year. Our goal is to institute this scholarship in as many of the 20,000 high schools in the country as possible. We are drafting a letter for you to send to all high school principals advising them of this opportunity. On the same day that you will make this announcement, the Rev. Tony Campolo and an organization called "Youth for Christ" are holding a rally on the Mall with 25-30,000 young people, all of

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Handwritten notes:
C. Hannibal
Muller Fogarty

whom have pledged to serve 3 hours a week for the next 6 months in their communities. A similar event in Los Angeles in June drew 11,000 young people.