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Jan. 31, 1998 - DPC Weekly Report

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THE WHITE HOUSE
WASHINGTON

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THE PRESIDENT HAS SEEN
2-2-98

January 31, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

Joan

1. Child Care -- Senate Republican Legislation: The day after the State of the Union, Republican Senators Chafee, Hatch, Snowe, Roberts, Specter, and Collins introduced a child care package that, like yours, significantly increases child care subsidies for poor children, provides additional tax relief to low- and middle-income families paying for child care, creates a tax credit for businesses that provide child care services to their employees, and improves state enforcement of health and safety standards. In addition, the package includes a proposal to adjust the Child Care Tax Credit to provide assistance to stay-at-home parents. Preliminary estimates indicate that the package totals about \$12 billion over five years. Because the bill so substantially overlaps with your proposal, we issued a very positive statement welcoming the bill and urging bipartisan cooperation. The next day, Senator Coats, who chairs the Senate Children and Families Labor Subcommittee, held a news conference with conservative groups to call for targeting all new money to stay-at-home parents. In light of Republican sentiment on this issue, we have asked the Treasury Department, which throughout our policy development process was very hostile to the idea, to develop the best way to modify the Child Care Tax Credit or expand the Child Tax Credit to provide some financial assistance to stay-at-home parents.

2. Tobacco -- Legislative Strategy: We and Larry Stein will give you a memo this week on strategy to enact tobacco legislation. As you may have seen, several Republican Members of Congress (particularly Senator Nickles) made statements this week denouncing liability limits for tobacco companies and proposing to pass targeted legislation addressed to youth smoking, rather than comprehensive legislation based on the June 20th settlement. Of course, the targeted legislation these Members have in mind will not reduce youth smoking, let alone accomplish your other goals; most important, it will not impose the financial burdens on the industry necessary to force a substantial increase in the price of tobacco products. These Members hope that by entering into a marriage of convenience with liberal Democrats regarding liability limits, they can effectively limit the scope of tobacco legislation. Our goal must be to make piecemeal legislation unacceptable, while preventing this strange coalition from taking liability limits off the table (since it will be difficult to pass a substantial price increase without them). Our memo next week will present options for how to accomplish this goal.

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3. Tobacco -- Budget Strategy: You recently asked us about a Washington Post editorial that criticized the Administration for linking tobacco legislation to other budget priorities such as child care. For the most part, we have succeeded in persuading the press that allocating projected revenue from proposed legislation is a normal part of the budget process; we could not reasonably have called for large industry payments -- necessary for *public health*, not budget purposes -- without saying something about where those payments ought to go. But we must continue to stress that our focus, in urging Congress to pass tobacco legislation, is to reduce youth smoking (primarily by increasing the price of cigarettes), not to create a new source of revenue for federal spending.

4. Tobacco -- Youth Marketing: You recently asked us how many states prohibited the sale of cigarettes to persons under 18 at the time the newly released R.J. Reynolds documents were written. These 81 documents date from 1973 to 1990, but the most damaging were written in 1974. As of that year, 27 states had passed legislation prohibiting the sale of cigarettes or other tobacco products to those under 18. Starting around 1980, RJR officials stopped referring specifically to youth marketing efforts. In 1987, however, RJR started its Joe Camel advertising campaign. At that time, 35 states had legislation prohibiting the sale of cigarettes or other tobacco products to those under 18. Today, all 50 states and the District of Columbia have laws of this kind.

5. Health -- Children's Health Insurance: HHS must approve Alabama's children's health insurance plan by Monday, which will make Alabama the first state to enter the \$24 billion CHIP program. If we were able to choose which state to approve first, we would not have picked Alabama, because its expansion is very modest. The next two states coming on line -- Colorado and South Carolina -- have excellent programs; when we approve them, in the next week or so, we will be able to put together a great event for you and the First Lady. This event will illustrate the broad bipartisan support in the states for children's health coverage expansions, as well as highlighting the children's health outreach policies in your new budget.

6. Health -- Quality Legislation: We have been working with Larry Stein to develop a strategy for passing health care quality legislation. We will send you a memo this week requesting that you call Rep. Dingell on this issue. (We also think you should talk to Dingell about the Medicare Commission because of how close he is to many of its members.) Dingell is leading the House Democratic Caucus effort to develop health care quality legislation. Many Democrats, including Rep. Gephardt, want to use the quality issue as a political wedge, rather than to pass legislation. It is important that you communicate to Rep. Dingell your desire to pass a bill, and to seek his advice on legislative strategy.

7. Health -- Medicare Commission: Senator Breaux and Rep. Thomas last week selected Bobby Jindal from Louisiana to be the staff director for the Medicare Commission. The 26-year-old Rhodes Scholar currently serves as Louisiana's Department of Health Director and is credited with improving a particularly troubled Medicaid program. Although everyone is impressed with Mr. Jindal's intellect, creativity, and charisma, some Members of Congress (on

both sides of the aisle) have expressed concerns about his age, lack of experience with Medicare issues, and/or support for Medical Savings Accounts. Sen. Breaux unfortunately announced his choice before anyone here had the chance to consult with you or the Democratic Leadership. Chris Jennings is setting up a briefing with Mr. Jindal next week, to learn more about him and to try to bring him up to speed on the issues facing the Medicare program. Chris also plans to brief the four members of the Commission whom we appointed.

*Planned
Sustained
Wills*

8. Education -- National Test: The House Education and Workforce Committee last week approved, by a 23-16 vote, Rep. Goodling's bill to prohibit developing or implementing national reading or math tests after FY98 without specific statutory authorization. Only one Democrat, Tim Roemer, voted with Goodling; not a single member of the Black or Hispanic Caucuses joined him. We held the caucus members in part because of the many education initiatives in our budget that target resources to their constituents, and in part because of our appeal for party unity in the face of Goodling's clear violation of our appropriations agreement. We expect Goodling's bill to come to the floor as early as next week. We are working closely with Reps. Gephardt, Clay, and Miller to hold the Democrats together once again. Secretary Riley will phone Reps. Martinez, Becerra, and Waters in the next few days, and will speak to the full Democratic Caucus on Wednesday. The Vice President also will try to say a word to Hispanic Caucus members on Monday when he announces our Hispanic Education initiative. Finally, we will issue a very strongly worded veto threat, so that no one is in any doubt about your continuing commitment to move forward with the tests.

Good

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9. Education -- America Reads: In response to the America Reads annual report, you asked us for information on the number of work-study students, non-work-study students, and non-college students participating in the program. The America Reads office unfortunately does not have that information. The Department of Education feared that requiring colleges, universities, and other institutions to report this information would have discouraged their enrollment in the program. Now that so many organizations have signed up, we have asked the Department to revisit this decision.

*Don't require it - just ask them - say we'd
inform how to be in report - but we could call all
the colleges & get the info*

10. Welfare -- Welfare-to-Work Transportation: After the State of the Union, you asked us to write up the story of Elaine Kinslow and remind states that they can use TANF funds to support projects, of the kind Kinslow is part of, to help transport welfare recipients to their jobs. We have drafted a letter to governors, state legislative leaders, and mayors that (1) describes Elaine Kinslow's story; (2) states that you will fight for \$100 million a year in new welfare-to-work transportation funds as part of ISTEA reauthorization; and (3) notes that states and cities can in some circumstances use TANF and the \$3 billion welfare-to-work funds for transportation, and promises detailed guidance on this subject. We emphasize in the letter that the ISTEA funds are needed despite the partial availability of TANF and welfare-to-work funds. The TANF funds, for example, cannot be used to provide transportation to families once they have left the welfare rolls; similarly, the \$3 billion welfare-to-work funds cannot be used for other than long-term welfare recipients with certain kinds of employment barriers.

2-2-98

please coordinate the reply.

11. Welfare -- Welfare-to-Work Partnership: As a follow-up to the State of the Union, we would like to draft a letter from you thanking the members of the Welfare-to-Work Partnership. We propose that you send personal letters (which we will draft) to the five founding members and to one or two other companies that have made outstanding efforts. In addition, if you agree, we will explore the possibility of sending a more generic letter to all of the Partnership's 3,000 members.

UPS
shared
central

The five founding members -- Sprint, Monsanto, UPS, Burger King, and United Airlines -- have played key roles in helping the Partnership grow, with most also hiring significant numbers of people from the welfare rolls. UPS has hired 8,268 welfare recipients since last January. Burger King hired 5,042 people off welfare between October 1996 and December 1997, far exceeding its 1997 goal of 1,500. United hired 535 former welfare recipients in 1997, exceeding its goal of 400 and putting the company ahead of schedule on its pledge to hire 2,000 recipients by the year 2000. The company says the retention rate for its welfare-to-work hires is twice that of other employees. Sprint has hired 88 welfare recipients to date, and sponsors the toll-free line the Partnership uses to give information to other interested companies. Monsanto has played a key role in recruiting other companies, but has few hires to date because of a dearth of entry-level positions. The company has launched training programs in four cities from which it expects in the future to hire welfare recipients. A sixth company which has now joined the Partnership Board -- TJX -- has hired over 1,500 former welfare recipients in its TJ Maxx and Marshalls stores, and has pledged to hire 5,000 by the year 2000.

Suggest
we visit
Gemma?

12. Welfare -- Residency Requirements: The United States Court of Appeals for the Ninth Circuit last week invalidated a provision in California's TANF plan to give new residents (those in the state for less than a year) only the amount of welfare benefits they would have received in the states from which they moved. The welfare law specifically authorizes states to adopt this kind of scheme, in order to lessen the fear of high-benefit states that they will become welfare magnets. At least 14 states in addition to California have taken advantage of this authorization. The Ninth Circuit -- the first appellate court to rule on the subject -- held that the two-tiered residency scheme violates both equal protection and the right to travel. Many observers believe that the Supreme Court will grant cert in the case, so that it can overrule the Warren Court's right-to-travel jurisprudence.

13. Drugs -- Crack Cocaine: Senator Lott has listed cocaine penalties as among the items that the Senate will take up prior to the Easter recess. As you recall, the Attorney General and ONDCP Director jointly recommended revising the triggers for a 5-year mandatory sentence from 5 grams for crack and 500 grams for powder to 25 grams for crack and 250 grams for powder -- a "pinch" of the crack and powder triggers producing a ratio of 10:1 rather than the current 100:1. The proposal Senator Lott is threatening to bring to a vote this spring is very different. It would maintain the current five-gram threshold for crack, while lowering the powder threshold to 100, for a ratio of 20:1. This proposal, which reduces the crack-to-powder ratio but only by creating yet another unreasonably low trigger, probably would pass both

Houses of Congress, over the objection of members of the Black Caucus and other liberal Democrats.

John

14. **Family Planning – Emergency Contraception:** You recently asked, in response to a column by Judy Mann, whether HHS should do more to promote the availability of emergency contraception. In fact, HHS already has taken aggressive steps to do so. Last year, the FDA published a notice in the Federal Register declaring that emergency contraception is safe and effective and requesting that manufacturers of oral contraceptives apply to the FDA for permission to market their products for emergency use. FDA hopes that this unusual pre-application finding of safety and efficacy will persuade manufacturers to market oral contraceptives for emergency use, which will increase awareness of this option among both doctors and their women patients.

Send to Scheduling?

Yes

No

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