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Feb. 6, 98 - DPC Weekly Report

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THE WHITE HOUSE

WASHINGTON

February 6, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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1. **Health Care -- Dr. Satcher's Confirmation Vote:** Next Tuesday, the Senate is scheduled to vote on Dr. Satcher's nomination to become Surgeon General. Our current vote count is 66 votes and we believe that we may get more than 70. Should Dr. Satcher be confirmed, this would fill an approximately three year void in the Surgeon General position. We are currently considering recommending a picture of you and/or the Vice President swearing Dr. Satcher in for this post.

2. **Health Care -- Congressman John Dingell Update:** Following up on your conversation with John Dingell, Larry Stein, Bruce Reed and Chris Jennings met with the Congressman on Thursday to discuss prospects of and strategy for the consumer protections legislative debate and Dingell's role on the Medicare Commission. We agreed to continue to give technical assistance to the House Democratic Caucus consumer protections bill as well as to make positive statements about it without giving an all out endorsement. The current bill goes farther than is likely to be passed in the Congress and may well be vulnerable to criticisms about excessive costs and regulations. As of yet, we have avoided having to take a position on most of the controversial positions in Dingell's bill. We will keep working with him to make his bill more acceptable to the business community and key validators.

3. **Education -- National Testing:** Goodling's bill to prohibit further development of national tests without specific authorization, beyond what was explicitly agreed to in the FY98 appropriations bill, passed by a vote of 242-174. We picked up 50 more Democrats than we had last fall. Both the Black and Hispanic Caucuses opposed Goodling's bill, partly in recognition of the substantial and targeted education investments in your budget, and partly because they viewed Goodling's bill as a partisan effort to embarrass the Administration. The bill will likely die in the Senate, but we still face a tough appropriations battle this fall.

4. **Child Care -- Current Legislation:** On Thursday, Senator Dodd and a group of 24 Democratic Senators introduced child care legislation similar both to your proposal and to the Chafee bill introduced last week. While the Dodd bill is substantially similar to your child care initiative, it makes the dependent care tax credit refundable and makes it available to stay-at-home

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parents. In addition, on Tuesday, Congresswoman Nancy Johnson introduced the Chafee bill in the House.

5. **Drugs -- Home Drug Tests:** Next week, HHS/FDA is planning to release a proposed regulation for "home drug test kits." HHS/FDA intends to codify its policy of the past year to allow manufacturers to market these kits without prior FDA approval. Under the proposed regulation, Sunny Cloud -- the individual who initially challenged HHS/FDA's -- could continue to market her home drug test kits. However, proponents of hair testing, which until now did not require FDA approval, are likely to be unhappy with the regulation. The proposed regulation has no impact on law enforcement-related drug tests.

6. **Welfare Reform -- Performance Bonuses:** We are now nearly ready for you to announce two new nationwide competitions to promote work and personal responsibility. The first competition will award \$1 billion in bonuses -- \$200 million a year over the next five years -- to states that do the best job of placing welfare recipients into jobs and helping them succeed in the work place. Sixty percent of the funds will be distributed based on states' success in placing people in jobs (40 percent to states with the highest job entry rate and 20 percent for those with the most improved rate). Forty percent of the funds will be distributed based on how well former recipients succeed in the work place, a measure based on job retention and earnings gains (with 25 percent for absolute achievement and 15 percent for improvement). The second bonus will distribute \$100 million a year to states that reduce their "illegitimacy ratio"-- i.e., the percentage of children born out of wedlock (by statute, states must also have an abortion rate lower than their 1995 rate to win the bonus).

7. **Cloning -- Legislation to Ban Human Cloning:** Next week, the Senate will take up legislation sponsored by Senators Frist and Bond to ban human cloning. The bill goes farther than the biotechnology community believes necessary, and may interfere with promising future research, by effectively banning all cloning experiments with human cells and blocking research that might someday be conducted to combat diseases such as diabetes and cancer. We are working with Senators Kennedy and Feinstein to negotiate legislation you could sign. One option may be the addition of a sunset provision that bans human embryo research for a short time, but allows Congress to revisit the issue when scientists may actually be ready to take advantage of this technology for human research. The House is expected to take a much harder line, so our best hope is in the Senate.