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THE WHITE HOUSE
WASHINGTON

TELEPHONE

April 10, 1998

OFF PRESIDENT
4-13-98

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Crime -- School Violence Report: This weekend, DOJ's Bureau of Justice Statistics and Education's National Center for Education Statistics will release a joint report comparing school crime in 1989 and 1995. The report is based on interviews with a nationally representative sample of approximately 10,000 students ages 12 to 19. It found that the overall level of victimization in schools in 1995 was similar to that in 1989 (14.6% versus 14.5%), violent crimes increased slightly (from 3.4% to 4.2%), and property crimes decreased slightly (from 12.2% to 11.6%). The overall availability of drugs increased slightly (from 63.2% to 65.3%), with marijuana remaining the most readily available drug -- and 6% more students reporting that it was easy to obtain (from 30.5% to 36.4%). The number of students reporting gangs in their schools increased dramatically (from 15.3% to 28.4%).

The report found that, as compared to their private school counterparts, public school students were twice as likely to report being a victim of violent crime in 1995 (4.4% versus 2.3%), more likely to report the availability of drugs in their schools (67.2% versus 48%), four times more likely to report the presence of gangs in their schools (30.6% versus 6.8%), and three times as likely to have known or seen another student who brought a gun to school than were private school students (13.6% versus 4.4%). In all these areas, the gap between public and private schools has widened dramatically since 1989.

2. Crime -- COPS: On April 16, the COPS office will announce grants for \$52.8 million to fund 840 new and redeployed officers. The grants will be awarded to 145 law enforcement agencies across the country. Thursday's announcement will bring the total number of officers funded through the COPS program to over 73,000.

3. Welfare Reform -- Survey of Businesses: The Welfare to Work Partnership just released the results of the first in a series of surveys conducted by the Wirthlin group of 400 of the Partnership's 3,200 business partners. Governor Carper, who co-chairs the Partnership's National Advisory Council with Governor Thompson, announced the results of the survey in an interview with NPR on Thursday. The survey found that 79% of the businesses interviewed expect to hire someone off welfare this year, 76% of those who have hired welfare recipients found their new

hires are good, productive employees, and 72% of welfare recipients are getting full-time jobs with medical benefits. Welfare recipients have retention rates at least as high as other new hires: Companies such as United and Burger King say that the turnover rate for welfare recipients is half that of other employees. The survey found that 12% of small companies and 31% of large companies are using the Work Opportunity Tax Credit or the Welfare-to-Work Tax Credit. More than half of the companies consider employee transportation a problem, with more than a third saying it's a serious problem. Frequently cited problems were that welfare hires could not afford a reliable car and that public transportation does not run near the company or during the hours needed.

4. **Community Empowerment -- Community Reinvestment Act (CRA):** We are working with the NEC and Treasury on a stealth initiative that would build on your reform of CRA. H.R. 1151, the Credit Union Membership Access Act, includes a provision that would apply CRA-like requirements to credit unions. The bill requires that all insured credit unions have "a continuing and affirmative obligation to meet the financial services needs of persons of modest means," and requires the National Credit Union Administration to prescribe criteria to insure that all credit unions are meeting this obligation. We are maintaining a low profile on this issue for fear that Republicans will strip the provision from the bill should it be tied publicly to CRA. However, if this provision passes Congress intact, it would be the first expansion of CRA-like requirements since the law was enacted in 1979.

5. **Health Care -- Patients' Bill of Rights Update:** Following the introduction of the Democratic patients' bill of rights legislation, the American Medical Association board unanimously endorsed the Democratic bill and committed to working for its enactment this year. Unlike the tobacco legislation, the patients' bill of rights has much greater support in the House than in the Senate. Despite this fact, the House Republican leadership is sending signals that they want to delay this legislation as long as possible. We are developing a legislative and communications strategy to try and expedite their action to introduce a bill sometime in May. We will work with the AMA and Congressman Ganske (who has indicated he will cosponsor the Democratic bill) to attract as many Republicans co-sponsors as possible to the Democratic legislation. While we are hopeful that we can attract Republican co-sponsors, we believe that it may be necessary to do more public events to apply additional pressure to the House. We are trying to meet with Representative Hastert, the Gingrich-appointed chair of the House Republican Task Force on Quality, to encourage him to expedite the Republican House bill and let him know that you will not let this issue go away and want to work together to get it done.

6. **Health Care -- Medicare Fraud Update:** In response to unprecedented efforts at the Justice Department and HHS to crack down on fraud and abuse, health care providers, and in particular hospitals, are raising major objections to what they believe to be overly aggressive enforcement activities. To address these concerns, the Justice Department has agreed to stop letters that hospitals find threatening. However, they are rejecting the American Hospital Association's request to slow down their enforcement activities in this area. Ironically, some of the same Hill members who complained a few years ago that the Administration was not doing

enough to fight fraud and abuse, are now complaining that we are acting too tough in this area. Nonetheless, an Inspector General's report to be released later this month will cite that, while the Administration is doing a better job of fighting fraud and abuse, there are still significant overpayments in the Medicare program. We are working to see if we can release a regulation around the time of the report that rewards Medicare beneficiaries who report fraud and abuse. While we do not intend to back down with regard to enforcement activities, we will indicate that we will be sensitive to concerns about process.

7. Health Care -- Missouri Medicaid/Children's Update: As you know, Governor Carnahan has expressed his frustration that HHS is not moving fast enough on both Missouri's children's health insurance program and 1115 Medicaid waiver. In fact, he has been asking for meetings with the Vice President on this issue. These negotiations have been complicated by the fact the Missouri has continued to rely on what appear to be illegal provider taxes. We believe that we are close to resolving the provider tax issue as well as a host of other outstanding issues. Governor Carnahan is scheduled to meet with Secretary Shalala next week and at that meeting, or before, we hope to have all of these issues surrounding their application resolved.

8. Children and Families -- Vice President's After-School Teleconference: On Thursday, April 16th, the Vice President and Secretary Riley will hold a national teleconference on the importance of providing after-school opportunities for school-age children. Reaching over 300 downlink sites in communities across the country, the teleconference will focus on model programs and new resources from local, state and federal agencies, including the 21st Century Community Learning Centers program. Senator Jeffords will also participate in the event.

9. Tobacco -- Cigar Study: NCI released a study today which shows that daily cigar smoking can be just as lethal as cigarette smoking, causing cancer of the mouth, throat, larynx, esophagus and lung. Regular cigar smokers who inhale have 27 times the risk of oral cancer (compared to non-smokers), 53 times the risk of cancer of the larynx, and double the risk of chronic pulmonary disease. The report concluded that cigars are not safe alternatives to cigarettes and may be addictive.

According to the report, three-quarters of cigar smokers smoke only occasionally, and the majority do not inhale. (The risks of occasional cigar smoking -- less than daily -- are not known). Since 1993, cigar sales in this country have increased by 50 percent, reversing a 20-year decline in cigar smoking. Most of the increase is among teenagers and young men. One Massachusetts survey found that 3.2 percent of sixth graders had smoked a cigar in the last month, rising to 30 percent in high school.

The McCain bill provides the FDA with the authority to regulate all tobacco products -- including cigars. However, the FDA would first need to provide scientific evidence that cigars are addictive, and that evidence does not yet exist.