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DPC Weekly Report - April 17, 1998.

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THE WHITE HOUSE  
WASHINGTON

April 17, 1998

THE PRESIDENT HAS SEEN

4-21-98

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed  
Elena Kagan

RE: DPC Weekly Report

**1. Crime -- School Safety:** The Department of Education is preparing to release a report on the impact of the Gun-Free Schools Act (GFSA) during the 1996-97 school year. As you know, the GFSA generally requires all states receiving funds under the Elementary and Secondary Education Act to expel students who bring a firearm to school for a period of at least one year. The report found that 7,326 students were expelled during the 1996-97 school year for bringing a firearm to school, an increase of about 10%. Colorado reported the highest number (1,873) and rate (2.573 per 1,000 students) of expulsions. Other high-expulsion states include: Ohio (937), California (723), Texas (532), Missouri (318) and Illinois (250). DC, Hawaii, Guam, Puerto Rico and Wyoming reported no expulsions.

Of the 3,246 expulsions where the type of firearms was identified, 58% involved handguns, 7% involved rifles, and the remaining 35% involved some other type of firearms (bombs, grenades, starter pistols, rockets). The report also found that high school students were the most likely to carry a firearm. Of the 5,352 expulsions where the student's school level was reported, 57% were in high school, 35% were in junior high and 8% were in elementary school.

**2. Crime -- Missing Children:** On Thursday, the Justice Department launched a missing and exploited children web site. The site tells kids where to go if they are lost or need help, and provides tips on how they can avoid being exploited on the Internet. The site provides information to parents on how to best protect their children, and steps they can take if their child is missing. In addition, the site includes information on available law enforcement training for investigating child kidnaping and abduction cases, and links to missing children web sites in other countries.

**3. Drunk Driving -- .08 BAC Report:** Next week, the Transportation Department will transmit a report prepared in response to your March 3 directive to promote the adoption of .08 BAC as the legal limit for impaired driving. The Transportation report recommends that the National Park Service, Defense Department, and U.S. Coast Guard begin rulemakings to lower the legal limit to .08 BAC on military installations, national parks, and waterways. It also reports that Defense will transmit legislation to Congress to amend the Uniform Code of Military Justice to provide for the punishments for violating a .08 limit on military bases.

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**4. Tobacco -- Senate Strategy:** As you know, the Commerce Committee vote two weeks ago brought new momentum to our effort to enact a strong, comprehensive tobacco bill, and the industry's response should only add to that momentum, by making it even harder for Members of Congress to block legislation, lest they look as if they are doing the industry's bidding.

Given these new developments, we thought it made sense for Erskine, Larry and the two of us to meet with key Senators when they return to town next week. We will meet first with Daschle and then, separately, with McCain, to discuss how to negotiate improvements to the McCain bill, hopefully before it goes to the floor, and to devise an amendment strategy. We will also meet individually with Senators Breaux, Conrad, Durbin, Lautenberg and Kennedy, to address their concerns and enlist their help in advancing the key improvements we seek in the bill. We will stress to all our commitment to enacting comprehensive tobacco legislation this year, and will try to impress upon them that we should be reasonable in our demands, lest the entire legislative effort should fall apart. We also plan to meet with key public health leaders -- we met with Dr. Koop on Thursday, and plan to meet soon with Dr. Kessler, and with members of the coalition of public health groups working hardest to enact legislation (American Cancer Society, American Heart Association, and Campaign for Tobacco-Free Kids).

*Very important to see*

**5. Education -- National Board for Professional Teaching Standards:** We have been working closely with the National Board for Professional Teaching Standards and our allies in Congress to ensure that Goodling's provision to end federal funding for the Board is stripped from the Higher Education Act before Congress completes action on that bill. The bill reported by the Senate Labor and Human Resources Committee contains no such provision, and we believe there is little chance that a similar provision will be added on the Senate floor. The House is likely to take up the Higher Education Act in late April or early May, when it comes for a vote it is expected to pass by a wide margin. The National Board is eager to avoid a floor fight in the House, and has urged that you hold off on a veto threat until the bill goes to conference. We lack the votes to defeat Goodling on the floor, and the Board does not want to precipitate a recorded vote against it in the House. We believe that you should use the April 24 National Teacher of the Year Event to express your deep concern over this provision and pledge to work with Congress to remove it before the bill crosses your desk.

**6. Community Empowerment -- Fair Lending:** The Federal Reserve Bank has issued an advanced notice of proposed rulemaking that asks for comment on whether Regulation B should be amended to permit lenders voluntarily to collect information about the race and gender of applicants for non-mortgage credit. The prohibition on collection of this data inhibits monitoring by regulators, self-testing by the financial services industry, and enforcement by the Department of Justice and the Federal Trade Commission, with respect to discrimination in the non-mortgage lending markets. Amending this prohibition is one of the top priorities for community groups. We are working closely with Treasury, Justice, and the NEC to draft a letter by May 29 in support of a rulemaking.

*Boyd*

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7 **Health Care -- Kennedy Employer Mandate Legislation:** Next Wednesday, Senator Kennedy is scheduled to introduce a health care employer mandate bill. This bill, which has the strong support of the labor community, would require that all firms with 50 or more employees provide coverage that is equivalent to the Federal Employees Health Benefit Blue Cross/Blue Shield standard plan. Employers would be required to contribute approximately 75 percent of the cost of coverage with the remainder coming from the employee. While this legislation will not go anywhere in this Congress, Senator Kennedy would like to force a Senate vote on this bill sometime this year. Although any employer mandate would significantly expand coverage, this legislation would not affect the over 20 million uninsured Americans who have workers in firms with less than 50 employees and could have the adverse effect of encouraging firms to split or subcontract out in order to avoid the mandate. Moreover, the absence of subsidies may make it difficult for some employees to afford the premiums, even though employers would have to contribute 75 percent. Senator Kennedy's office had initially requested that the First Lady or some representative from the Administration consider attending this event, but now is willing instead to accept a generally positive statement from the White House. We recommend such a statement commend Senator Kennedy for his longstanding commitment to coverage expansion without giving an all-out endorsement. Implicit in our comments will be the suggestion that we primarily focus on the issues this year that have a chance of being enacted by a Republican Congress.

8 **Welfare Reform --New York Results:** Last month you asked whether we had any explanation for the recent report that only 29 percent of the cases who left the rolls in New York State in March of 1997 were working in the next quarter, compared to rates of 50 to 60 percent in other states. (other leave due to marriage, their youngest child turning 18, an increase in child support, receipt of SSI, increase in earnings by another family member, or sanctions).

Our review uncovered several problems with these data, which were gathered from the state's wage reporting system. First, the data were incomplete -- not all employers had reported for this quarter at the time the data were compiled. Looking at data from March of 1996 -- which found 39 percent showed earnings in at least one of the three quarters after leaving welfare -- produces figures that are somewhat closer to the experience in other states. In general, there appear to be lags in reporting new employees and employer reporting may also be worse in New York because the state's wage reporting system is not directly linked to the unemployment insurance system the way it is in most places.

This system also undercounts employment, though we do not know by how much. It ignores some self-employment, "off the books" wages, and work in other states. The statewide figure also masks variation within the state: for cases closed in March 1996, 31 percent had wages reported in a subsequent quarter in New York City, compared to 47 percent in the rest of the state. Apparently NYC historically has a high level of "administrative churning", i.e. cases closed due to various errors then reopened, which we wouldn't expect to have earnings in a later quarter.

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**9. Immigration -- H1B Visas:** Representative Lamar Smith, Chair of the House Judiciary Subcommittee on Immigration, has made an offer to Representative Mel Watt (ranking member) to develop a bipartisan bill to temporarily raise the cap on H1B visas for highly skilled temporary foreign workers that, unlike the Abraham-Hatch bill in the Senate, includes reforms to the H1B program that target their use to employers that are experiencing genuine skill shortages. We are having discussions with members of Congress to develop reform language that is consistent with the Administration's objectives. Representative Smith is holding a hearing on this issue on Tuesday, April 21.

**10. Child Care -- Rose Garden Event:** We are planning a Rose Garden event on Thursday, April 23 with you and the First Lady to place pressure on Congress to take action on your child care. That day, Secretary Rubin's Working Group on Child Care will issue a final report on private sector investment in child care and best practices. In addition, the Department of Labor will issue its report on child care, focusing on corporate models gleaned from the Women's Bureau's Honor Roll.