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mar. 1, 99 - DPC Weekly Report

THE PRESIDENT HAS SEEN
3-2-99

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THE WHITE HOUSE
WASHINGTON

March 1, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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Reed
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Podesta

Paul

1. Health Care -- Prescription Drug Benefit: Senator Breaux is talking with Laura Tyson and Stuart Altman about incorporating a prescription drug benefit into his Medicare proposal, but they remain far from reaching any agreement. Laura and Stuart are demanding that the benefit be available to all Medicare beneficiaries, whereas Senator Breaux is limiting the benefit to beneficiaries in private health plans plus (perhaps) low-income beneficiaries in the fee-for-service program. Laura and Stuart have pointed out that Breaux's approach would fail to provide millions of beneficiaries in rural and other areas that will not attract private health plans with any access to a drug benefit; the two also believe that effective price competition between the fee-for-service program and private plans can occur only if they offer the same benefits. In response to Breaux's request, Laura and Stuart are developing their own drug benefit proposal; we expect the plan to offer an optional benefit with a 50 percent subsidy of the premium (as compared to the normal 75 percent subsidy), a \$300-500 deductible, and a 25 percent copayment. You should be aware that your comments last week about prescription drug benefits made many Democrats fearful that you would endorse the Breaux approach to this issue. (You seemed to indicate that not all beneficiaries needed to have access to this benefit.) In response to questions, we construed your remarks as meaning only that the benefit should be optional, so that beneficiaries who already have good drug coverage could decline it.

2. Crime -- Assault Weapons Report: The Justice Department released on Monday a report from the National Institute of Justice on the impact of the 1994 assault weapons ban. The report's findings are limited because of a short study period, but are generally quite encouraging. The study estimates that murder rates declined by 6.7 to 10 percent in the year following the ban's enactment after controlling for other factors, such as pre-existing state assault weapons bans, juvenile handgun bans, California's three-strikes law, and New York's quality-of-life policing. The study also indicates that criminal use of assault weapons decreased by 20 percent in the first year after the ban (as compared with 11 percent for all guns), as reflected in declining law enforcement requests for ATF traces. Finally, the report notes that no police officers died as a result of assault weapons in the year after the ban, while such weapons were involved in 16 percent of all killings of police the year before. The report notes, however, that such police killings are extremely rare to begin with and that it is difficult to draw firm conclusions about this data.

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3. Crime -- Diallo Shooting: You asked last week about the recent shooting of Amadou Diallo. Four white officers of the New York City Police Department shot Diallo, an immigrant from Guinea, in front of his apartment building in Harlem. A total of 41 shots were fired, and Diallo died at the scene. The officers did not find a weapon on or near Diallo. The four officers were part of a specialized street crime unit reportedly searching for a serial rapist. The Department of Justice's Civil Rights and Criminal Divisions, the FBI, and the U.S. Attorney for the Southern District of New York are all working closely with the Bronx District Attorney's Office on the investigation; in addition, the Community Relations Service has conducted conciliation services in the neighborhood. The Department is also now considering whether to expand an ongoing investigation of whether the New York Police Department has engaged in a "pattern or practice" of police misconduct; the U.S. Attorney for the Eastern District of New York is leading this inquiry, and the City is cooperating with it. Finally, we are working with the Justice Department to develop a set of policy initiatives addressing this issue, mostly involving police recruiting and training, for inclusion in the crime bill we will unveil later this month. We are attaching an op-ed by Bill Bratton, which appeared in the New York Times this weekend, offering a similar set of proposals.

4. Education -- NAEP Reading Scores: The National Center for Education Statistics will release on Thursday a report showing state-by-state reading scores on NAEP between 1994 and 1998. As you recall, the Vice President and Secretary Riley recently announced the national scores from this report, which showed small but statistically significant gains in reading among 4th, 8th, and 12th graders. The state-by-state data is still being compiled, but the Education Department expects that most states will show improvements during this four-year period. Secretary Riley will hold a press conference in Washington, D.C. to highlight the results; and the Vice President will highlight New York and Connecticut scores in an event in New York City.

5. Education -- Report on Title I: The Department of Education released on Monday a Congressionally mandated report on the Title I program. The report found that academic achievement in high-poverty schools has improved, largely as a result of reforms made in the 1994 ESEA reauthorization: for example, math scores for fourth graders in the highest-poverty schools have improved by almost one grade level, and reading scores for those students have also improved significantly. The report found, however, that a substantial gap between high-poverty schools and other schools remains: the percentage of high-poverty 4th grade students who met the basic performance level was only about half the national rate on NAEP reading tests and two-thirds the national rate on NAEP math tests. We released a statement from you welcoming the positive results, but urging stepped-up efforts to improve these schools, in particular by passing your Education Accountability Act and class size initiative.

6. Welfare -- Working Families in Poverty: The research group Child Trends issued a report on Thursday on working poor families. The report, based on 1996 census data, found that children of working parents were seven times less likely to be poor than children of non-working parents. Only 9 percent of children whose parents work were poor, compared to 63 percent of children with non-working parents. The report also found, however, that work does

not guarantee an escape from poverty: the study found that fully 35 percent of poor children have working parents. In making this calculation, the report used the official measure of poverty, which does not include as income the Earned Income Tax Credit or non-cash supports such as Food Stamps. Many analysts have pointed out how EITC and Food Stamps provide families with resources to move above the poverty line. The CEA has reported that the EITC lifted 4.3 million people out of poverty in 1997 and that over half the decline in child poverty between 1993 and 1997 resulted from changes in the EITC and other taxes. The Center on Budget and Policy Priorities has calculated that a family of four can reach the \$17,100 poverty line through a full-time minimum wage job (\$9,800), the EITC (\$3,700), and Food Stamps (\$3,600).

7. Community Empowerment -- Yankee Stadium: As you requested, we contacted Congressman Rangel about his interest in preserving Yankee Stadium and keeping the Yankees in the Bronx. Rangel appears to want help in identifying funds to improve transportation access (both highway and rail links) to the stadium and promote commercial development in the surrounding area. He is not asking for funds to help rehabilitate the stadium. We will discuss with OMB, NEC, and HUD how we can best address this request.