

NLWJC – Kagan

Hard Drive – Folder 1

July 13, 1998

SOCIAL SECURITY MEETING WITH SENIOR ADVISORS

DATE: July 14, 1998  
TIME: 12:30pm-1:30pm  
LOCATION: Cabinet Room  
FROM: Gene Sperling

I. PURPOSE

Your economic advisors want to use this meeting to update you on the full range of Social Security reform proposals that are currently being discussed inside and outside the administration. The discussion will focus on issues that are likely to arise at the next AARP/Concord Coalition Social Security Forum in Albuquerque on July 27 including ways of using equity investments (either in personal retirement accounts or in the Social Security trust fund) as part of reform packages.

II. BACKGROUND

Social Security Reform Plans. Since your State of the Union Address, a large number of proposals have been put forth by members of Congress and scholars at think tanks for addressing Social Security's long run actuarial deficit. Many of these plans have two characteristics that differ from Social Security reforms of the past. First, they take advantage of the Unified Budget surplus. Second, they attempt to obtain a higher rate of return on Social Security contributions either by setting up individual accounts or by investing the Social Security Trust Fund in equities. The discussion will aim to illustrate the fundamental elements of each approach and the key issues that would arise in implementing each type of plan.

III. PARTICIPANTS

The President  
The Vice President  
Erskine Bowles  
John Podesta  
Maria Echaveste  
Gene Sperling  
Jack Lew  
Janet Yellen  
Ron Klain  
Sylvia Mathews  
Larry Stein  
Larry Summers  
Ken Apfel

Rahm Emanuel  
Paul Begala  
Sally Katzen  
Elena Kagan  
Barbara Chow  
Jeff Liebman  
David Wilcox  
Steve Goss (?)

IV. SEQUENCE OF EVENTS

You will meet with your advisors in the Cabinet Room.

V. PRESS COVERAGE

None

VI. REMARKS

None

September 15, 1997

MEMORANDUM FOR HILLARY RODHAM CLINTON

CC: BRUCE REED  
MELANNE VERVEER  
ELENA KAGAN

FROM: JENNIFER KLEIN  
NICOLE RABNER

RE: CHILD CARE

As you know, over the past few months, we have been preparing for the upcoming White House Conference on Child Care on two tracks: policy development and conference planning. The purpose of this memorandum and binder is to give you an overview of our progress with the policy planning process and to solicit your advice and ideas. Also included in the binder is information for discussion on the conference format.

We have divided the policy development discussions into three broad categories -- 1) quality, 2) affordability, and 3) school-age care -- and have led an interagency process of examining current child care policy in each of these areas and exploring ways to improve it. Our goal to date has been to identify the major policy challenges for possible focus, which this memo outlines. It is now time to begin to prioritize among the many options and make strategic decisions about where to recommend investing limited resources. Please note also that we do not anticipate announcing many of these options at the conference itself, as the event will take place ahead of the budget process. However, we do expect to have some important policy announcements ready for the conference, as well as a process in place to further develop others for later announcement (perhaps at the State of the Union).

#### 1. Quality

Issues relating to quality of care are perhaps the most challenging and important that we face. As you know, studies reveal a quality crisis in child care. For instance, one study of child care centers shows that 10% of children in center-based care are in care that is dangerous to their health and safety, 70% are in care that is barely adequate, and only 20% are in high quality care. Infants are at greatest risk, with 40% in care that is dangerous to their health and safety.

While there is clear agreement that high quality care for all children is our goal, there exist underlying concerns about pursuing policy that increases the quality of care, but prices care out of the reach of working parents, as well. For that reason, the discussion of quality and affordability go hand-in-hand.

Our discussion of policy related to quality has several components:

- A. Health and safety standards
- B. Professional development and screening
- C. Quality enhancement

## A. HEALTH AND SAFETY STANDARDS

National child care standards are extremely controversial. At the same time, experts, advocates and parents seem to agree that with the clear absence of state leadership in this area, there is a role for the federal government to play. The question with which we are grappling is the nature and extent of that role. Included in this binder is a memo prepared by the Department of Maternal and Child Health at HHS that outlines various policy options and examines the advantages and disadvantages of each.

Perhaps the most promising policy option involves a set of national child care standards recently-released by HHS for states voluntary use. The standards, called Stepping Stones (and included in the binder), is a reader-friendly document extrapolated from the 1992 National Health and Safety Performance Standards: Guidelines for Out-of-Home Care, which was developed by the American Public Health Association in cooperation with the American Academy of Pediatrics through a grant support by HHS. We could urge, for example, that states use Stepping Stones by offering them incentive grants if they agree to use these guidelines.

In addition to the options outlined in the memo included in the binder, we are examining immediate steps we might be able to take, along the lines of the regulation recently promulgated that requires immunizations in federally-supported child care settings.

## B. PROFESSIONAL DEVELOPMENT AND SCREENING

### Professional Development

Experts routinely link the quality of any child care setting to the quality of the child care providers themselves. Yet child care providers are among the lowest paid, least trained professionals, and the profession not surprisingly experiences a very high turn-over rate. We are exploring several policy options related to enhancing professional development, some of which are explored in the binder:

\*Creating a national child care provider scholarship fund which could be available to states conditioned on their setting standards for child care provider preparation and/or facilitating loan forgiveness or Pell Grant expansion to assist and encourage child care professionals to seek training;

\*Linking compensation to training for child care providers by requiring that states set higher reimbursement rates for providers that meet higher training standards, to address high turn-over rates and encourage providers to seek higher education; and

\*Establishing a National Child Care Provider Day to stimulate national recognition of the important work of child care providers and to urge talented people to join the profession.

### Screening of Child Care Providers

Making sure that child care providers are properly screened for criminal/abuse histories is a compelling issue; it is also one that is wrought with complications of cost, jurisdiction and effectiveness. Today, there exists no national standard for criminal (state/FBI records) and/or civil (child abuse registry) background checks for child care providers. Background checks requirements are made at the state level, and today, while state laws

routinely require these checks for people who work in banks, for example, no consistent requirement exists for child care providers. While a few federal laws have been passed to either facilitate or encourage such checks, they have had little impact and substantial obstacles remain:

\*No national standards exist for background checks. "Background checks" can mean either a criminal history name check, a fingerprint check, or a civil records check. Moreover, states vary widely on who they check (part-time/full-time employees) and the scope of crimes they are checking;

\*There is no single database for background checks. The feds and the states have their own information systems and many criminal justice records remain decentralized at the local level. In addition, these information systems may not collect all of the relevant information relevant for day care workers (e.g., sex offender registry may identify a convicted child molester but not a child abuser); and

\*The cost of background checks can be substantial. Fingerprint checks are at least three times as expensive as name checks, but are more reliable. Concerns were raised about passing these costs along to the customers, many of whom may already find child care costs prohibitive. Moreover, child care facilities have a high rate of employee turn over.

Since the Supreme Court's decision the Brady Law, there is a heightened sensitivity to imposing mandates on states in this area, particularly without providing additional funding. Our discussion on moving forward was focused on an Interstate Compact bill which the Justice Department is preparing to send to the Hill this month. Under the Compact -- which must first be passed by Congress and then by individual states -- the FBI would maintain an index of all of the state-maintained criminal history records and the ground rules for states to share their information. The Compact would be a solid first step to expand the availability of criminal history records for "non-criminal justice purposes." The downside is that each state needs to ratify the compact if they want to participate-- which could take a long time.

### C. QUALITY ENHANCEMENT

Included in the binder is a memo prepared by HHS that outlines policy options specific to the question of child care quality enhancement. A range of ideas are discussed, including:

\*Creating a quality incentive fund that would be available to states for quality improvements in a number of areas, such as promoting accreditation, providing consumer education, providing professional training, meeting standards, etc.;

\*Establishing a family child care network support fund that would be available to states to establish and support family child care networks. Family child care settings are particularly vulnerable to poor quality, because of their isolation from any support networks; and

\*Creating a national public awareness campaign, stimulating technology and establishing a research fund designed to improve consumer awareness and care.

## 2. Affordability

The federal government has two mechanisms for helping working parents afford child care -- the tax system, through the Dependent Care Tax Credit (DCTC) and the block-grant subsidy system, through the Child Care and Development Block Grant (CCDBG). We are exploring ways to expand and improve each to reach more working parents. Included in the binder are memos that examine the two systems and outline possible approaches to reform. We are waiting for HHS and the Department of Treasury to complete its analysis of how these two systems interact -- what income levels are being adequately covered and who is being left out -- before we devise specific recommendations in this area. To date, the most promising policy proposals are:

\*Reforming DCTC to adjust the income slide parameters for eligibility and increasing the amount of qualifying expenses (neither has not been adjusted for inflation since 1982); and

\*Increasing subsidy dollars to states to reach more people, possibly conditioned on certain quality-related initiatives undertaken by the states.

### 3. School Age Care

In our many focus groups with experts and advocates on child care, one message was very clear -- the need for after-school programs is extreme and the evidence has never been more clear that these programs are good investments, in terms of education enhancement, crime reduction and teen pregnancy prevention. The Department of Education is in the process of completing its proposal for an ambitious expansion of federal support for after-school programs. Included in this binder is a overview of current federal programs in this area and some of the compelling supporting evidence.

October 20, 1997

MEMORANDUM FOR ELENA KAGAN

FROM:Mike McCurry

SUBJECT:Press Office Radio Program

The Office of the Press Secretary would like to continue and increase our regular outreach from White House officials to radio talk show hosts and radio news anchors. Many of you have already been giving your time to radio for special events and projects like fast track and climate change. We would like to continue this effort on a weekly basis.

To make this program a success, each of you should commit to 30 minutes a week of your time for radio interviews. The Radio Office will work with your office to determine when you will be available and will book the interviews and help administer the calls.

You will also be asked periodically to host informal, off-air discussions with prominent big-city talk show hosts.

Please review the attached description of the outreach program. Brenda Anders and Megan Moloney from the Radio Office will be calling your office within the next week to establish contact with your staff.

DRAFT -- FEBRUARY 2, 1996

MEMORANDUM FOR: ALL PERSONS ON ATTACHED DISTRIBUTION LIST

FROM: JOHN M. QUINN  
COUNSEL TO THE PRESIDENT

JANE C. SHERBURNE  
SPECIAL COUNSEL TO THE PRESIDENT

SUBJECT: Additional Records Subpoenaed by the House Government Reform & Oversight Committee

As explained in our February 1, 1996 memorandum to all staff of the Executive Office of the President, the House Committee on Government Reform and Oversight has subpoenaed certain White House records in connection with its Travel Office investigation. In addition to the records identified in our February 1 memorandum, the Government Reform Committee also seeks certain other records from your files. Please review your White House "records." For purposes of responding to the subpoena, please refer to the definition of "White House Travel Office matter" found in the attached "Definitions and Instructions" of the Committee subpoena (see Attachment 1). and retrieve the following records:

All calendars and phone records, message slips or phone logs . . . made to or from any of the following individuals, from May 1, 1995 through November 30, 1995 regarding the White House Travel Office matter. For purposes of responding to the subpoena requests, please use the definition of the term "White House Travel Office matter" appearing in the attached "Definitions and Instructions" of the Committee subpoena (see Attachment 1). or the case of U.S. v. Billy Ray Dale: Jane Sherburne, Jon Yarowsky, Natalie Williams, Miriam Nemetz, Abner Mikva, Margaret Williams, Capricia Marshall, Patsy Thomasson, John Podesta, Catherine Cornelius, Mark Gearan, Bruce Lindsey, David Watkins, Janet Greene, Betsey Wright, Webb Hubbell, Bill Kennedy, Jeff Eller, Neil Eggleston, Cliff Sloan, Mike Berman, Harry Thomason, Darnell Martens, Catherine Cornelius, John Podesta, Beth Nolan, James Hamilton, Susan Thomases, James Lyons, Roy Neel, John Gaughan, Larry Herman, John Shutkin, any employee of KPMG Peat Marwick, 33 Employees of KPMG Peat Marwick include Larry Herman, Leslie Casson, Carolyn Rawdon, Don Russell, Nicholas

Di Carla, Charles Siu and John Shutkin. Billy Ray Dale, Barney Brasseaux, John Dreylinger, Ralph Maughan, John McSweeney, Robert Van Eimeren, Gary Wright, David Bowie, Pam Bombardi, Tom Carl, Stuart Goldberg, Lee Radek, Jamie Gorelick, Adam Rossman and David Sanford.

It is extremely important that staff members conduct a thorough search for responsive documents. Each Assistant to the President or Department head should ensure that his or her staff members conduct such a search. Please provide any responsive materials to Associate Counsel Elena Kagan in Room 125 OEOB no later than February 7, 1996.

If you have any questions regarding the House subpoena, please call Special Counsel Jane Sherburne (6-5116).

**FD** DISTRIBUTION LIST

## Military Office Employees

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Alphonso Maldon  
Alan Sullivan  
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Staff Sergeant John Otto, USAF  
Technical Sergeant Jerome McNair, USAF  
Sergeant First Class Edmund Carazo, USA  
Sergeant Darryl Turner, USA

## MEMORANDUM

TO: BRUCE REED  
ELENA KAGAN

FROM: TOM FREEDMAN  
MARY L. SMITH  
DREW HANSEN

RE: MILLENNIUM PROJECTS

DATE: AUGUST 7, 1997

## SUMMARY

This is a sample of some national and international initiatives, campaigns, and events for the year 2000.

## INTERNATIONAL INITIATIVES/CAMPAIGNS

\*Jubilee 2000. Building on the Popes November, 1994 call for the reduction or forgiveness of debt in keeping with the tradition of the year of Jubilee, this group unites organizations from around the world in a campaign to cancel the unpayable debt owed by third-world countries.

\*World Peace 2000. Representatives from 30 different countries have called for a 24hr, worldwide ceasefire on January 1, 2000. World Without Wars calls for a seven-day ceasefire during the first seven days of the new millennium.

\*Nuclear Abolition 2000. Over 250 peace, disarmament, and internationalist groups are campaigning to conclude negotiations by the year 2000 on a convention to abolish nuclear weapons.

\*Year 2000 Campaign to Redirect Military Spending to Human Development. Organizations such as the Arias Foundation for Peace and Human Progress and Demilitarization for Democracy support regional talks to encourage disarmament by the year 2000.

\*Great Millennium Peace Ride organizes teams of bicyclists from around the world to participate in a round-the-world bike ride, ending in Sydney on January 1, 2000.

\*Mayflower 2000. A historically accurate replica of the Mayflower will be built on the Thames beginning in 1998 for a goodwill voyage to the "New World."

## INITIATIVES/CAMPAIGNS BY AMERICAN ORGANIZATIONS

\*Smoke Free Classroom 2000. The American Lung Association, the American Cancer Society, and the American Heart Association are following C. Everett Koops call for a smoke-free society by 2000 by focusing their efforts on the United States high school class of 2000. They have produced a curriculum for high school teachers to discourage this class from smoking, and have seen the curriculum used by about 120,000 teachers and over 2 million

students in 1994-1995.

\*Goals 2000. Department of Education initiative to meet goals for the nations schools by the year 2000, including school readiness, a 90% graduation rate, and safer schools.

\*Four Worlds Development Project. A coalition of North American Indian communities is promoting a comprehensive education and development initiative to end alcohol and drug abuse on reservations by the year 2000.

\*NASA New Millennium Program. Allocated \$30 million in FY 1996, the New Millennium program aims to use smaller, more automated spacecraft to create a "virtual presence in space." Possible programs include a Mars network of spacecraft, outer planet orbiters, and landers on satellites.

\*Pneumonia/Flu 2000. HCFA, CDC, and the National Coalition for Adult Immunizations aim to reach a 60% flu immunization rate among Medicare beneficiaries by the year 2000.

\*National Council of Catholic Bishops is calling U.S. Catholic churches to engage in spiritual and communal renewal and the development of initiatives to create a just world in the years leading up to the "Great Jubilee" of 2000.

\*Epilepsy Foundation of New Jersey Millennium Club is an association of supporters pledging \$1 each for each of the last 1,000 days before the millennium.

#### INTERNATIONAL EVENTS

\*Sydney Olympics will occur in the year 2000. Also, Hannover, Germany will host Expo 2000, the worlds fair, around the theme of "Mankind, Nature, and Technology."

\*Greenwich 2000. Advertising "The Worlds Biggest Dome for the Millennium," Greenwich intends to draw an estimated 12 million visitors to a millennium exhibition. This program is perpetually in financial and political trouble, but was recently (June) backed by Tony Blair, though with new restrictions.

FEBRUARY 8, 1996

MEMORANDUM FOR: ATTACHED DISTRIBUTION LIST

FROM: JOHN M. QUINN  
COUNSEL TO THE PRESIDENT

JANE C. SHERBURNE  
SPECIAL COUNSEL TO THE PRESIDENT

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It is extremely important that staff members conduct a thorough search for responsive documents. Each Assistant to the President or Department head should ensure that his or her staff members conduct such a search. Please provide any responsive materials to Associate Counsel Elena Kagan in Room 125 OEOB no later than February 12, 1996.

If you have any questions regarding the House subpoena, please call Special Counsel Jane Sherburne (6-5116).

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Major Darren McDew, USAF

Lieutenant Commander June Ryan, USCG

YN1 (AW) Ronald Wright, USN

Staff Sergeant John Otto, USAF

Sergeant First Class Edmund Carazo, USA

Sergeant Darryl Turner, USA

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Presidential Advisory Council on HIV/AIDS  
Full Council Meeting

March 1516, 1999

Embassy Suites Hotel  
Washington, DC

MINUTES

Present: R. Scott Hitt, M.D., Chair; Stephen N. Abel, D.D.S.; Terje Anderson; Regina Aragon; Barbara Aranda-Naranjo, Ph.D., R.N.; Judith Billings, J.D.; Charles Blackwell, J.D.; Jerry Cade, M.D.; Lynne M. Cooper; Rabbi Joseph A. Edelheit; Robert Fogel; Debra Fraser-Howze; Kathleen Gerus; Nilsa Gutierrez, M.D., M.P.H.; Robert Hattoy; B. Thomas Henderson; Michael T. Isbell, J.D.; Ronald Johnson; Jeremy Landau; Alexandra Mary Levine, M.D.; Steve Lew; Miguel Milanes, M.P.A.; Helen H. Miramontes, R.N.; Rev. Altagracia Perez; Michael Rankin, M.D.; H. Alexander Robinson, M.B.A.; Debbie Runions; Richard W. Stafford; Denise Stokes; Bruce Weniger, M.D.; and Daniel Montoya, Executive Director for PACHA within the Office of National AIDS Policy (ONAP). Present from ONAP: Sandra Thurman, Director, and Todd Summers, Deputy Director.

Absent: Nicholas Bollman, Phyllis Greenberger, Sean Sasser, Benjamin Schatz, J.D., and Charles Quincy Troupe.

Monday, March 15, 1999

Opening and General Council Business

Dr. R. Scott Hitt, Chair, opened the Twelfth Meeting of the Presidential Advisory Council on HIV/AIDS (PACHA). Dr. Hitt announced that Reggie Williams, a national leader in HIV prevention for more than 10 years especially for minority communities and gay men of color died in February in Amsterdam. Dr. Hitt dedicated the meeting to him and to all the others who have died of AIDS. Noting that much has happened since the last Council meeting in October, he discussed the World AIDS Day meeting Council members had with President Clinton last December. They brought up four issues with the President:

1. Expanded access to care for people living with HIV/AIDS;
2. Development of a national HIV counseling and testing awareness campaign to be directed out of the White House ONAP office;
3. Progress in implementing the stated goal of a vaccine within 10 years; and
4. Expanded investment in HIV programs for fiscal year (FY) 2000, including international

concerns.

Issues Concerning HHS: Dr. Hitt asked how the Council can effect movement toward these goals. He noted that several Council members had met with Mr. Kevin Thurm, Deputy Secretary of the U.S. Department of Health and Human Services (HHS), on February 22. In agreeing to have his "feet held to the fire," Mr. Thurm has already scheduled a meeting with Council people every month for the next several months.

HHS is trying to reorganize its approach to AIDS. Dr. Hitt has asked HHS Secretary Donna Shalala to come to the next Council meeting for a significant amount of time. After the Councils meeting with Mr. Thurm, Secretary Shalala responded to its earlier letter with a letter of her own, which the Council should review with Mr. Thurm. HHS has a longer timeline than the Councils on some issues, and Council subcommittees may want to meet with people here in Washington to discuss this difference. The Councils intention is to have the Research Subcommittee meet with Dr. Neal Nathanson, Director of the Office of AIDS Research (OAR), National Institutes of Health (NIH), in the next few weeks.

Funding of \$8 million for the Office of Minority Health (OMH) in HHS has been left out of the budget. The Secretary had said she would try to restore this allotment but did not say when or how she would do so. The Council could bring that up with Dr. Goosby of HHS. Funding of \$15 million for the Congressional Black Caucus (CBC) remains in the emergency category. The Council would like to see this become part of the permanent base. Also, there is a list of possible further funding HHS wants. What is the status of these funding proposals?

Ms. Thurman stated that she wanted people to realize that money is being spent, e.g., \$50 million in discretionary funds for HHS. A large part of that funding went to the Centers for Disease Control and Prevention (CDC) and the Substance Abuse and Mental Health Services Administration (SAMHSA).

Dr. Hitt said that parts of Secretary Shalalas reply to the Councils letter were unsatisfactory. Council members should let Dr. Goosby know this when he addresses the group.

Esquire and An Everyday Eulogy: Dr. Hitt noted that Esquire recently ran two articles and an excellent editorial taking the standpoint that "AIDS is not over." There was a degree of hype, the opposite of the widespread current view that "everything is better." Currently one-third of HIV-positive people do not even know they have the disease, one-third are getting poor treatment, and one-third are getting the correct treatment but many are worse off from having gone through sequential therapy.

Ms. Gerus said a few words about a full-length film that was to be shown that evening, An Everyday Eulogy, about two women, one of them herself.

Council Member Terms: Dr. Hitt brought up the fact that the Council might expect a great deal of turnover in the near future. For advisory councils like this one, the ordinary term is not more than 4 years, and 27 members of the Council will have reached that point by the end of 1999. The actual rule seems to be that old Council appointees can stay until replacements have been announced. Dr. Hitt asked the Council members to let him know whether they wished either to leave immediately or to stay until they are replaced. It is not certain what the Administration wants to do with the Council.

Sandra Thurman, Director, Office of National AIDS Policy, and Todd Summers, Deputy Director:  
Update on Activities of ONAP

Ms. Thurman first discussed international issues, which ONAP has been spending a lot of time on recently. About 5 weeks ago she was in Zambia, Zimbabwe, Uganda, and South Africa. The trip was meant as a way of raising peoples consciousness about how difficult the situation is regarding AIDS orphans. Uganda is the model for preventing the spread of the disease; South Africa is very shaky regarding its response. Orphan experts from the U.S. Agency for International Development (USAID) worked with Ms. Thurman, for instance, in Rwanda. Two weeks after this Council meeting, four Members of Congress and three senior congressional staff members are going to Africa with Ms. Thurman, specifically to Zambia, Uganda, and South Africa. The four African American Congresswomen traveling with Ms. Thurman are Barbara Lee (Ron Dellums replacement), Sheila Jackson-Lee, Juanita McDonald, and Carolyn Kirkpatrick; two of the staffers work for Senators Helms and Hatch.

Ms. Thurman noted two really telling things she saw in Africa: grandmothers caring for as many as 35 grandchildren (when all the parents, the in-between generation, had died), and many families in which a child 14 or 15 years of age was head of household. She was struck by the importance of microenterprises for women in this context, a useful connection that she wanted to emphasize to USAID. AIDS is not just a health issue<sup>44</sup> ministers of finance and trade from Africa were to meet in Washington on March 16, and Ms. Thurman planned to explain to them that, beyond the health aspect, the AIDS epidemic also has a huge economic impact.

Ms. Thurman will be visiting the Southern African Development Corporation in April in Botswana. Ministers in attendance will be from other than health ministries. Vice President Al Gore met with South African Deputy President Mbeki in February. Vice Presidential staff members said that the Vice President was more passionate about AIDS than they had ever seen. He asked Secretary of Defense Cohen to talk with South Africans about HIV in the military.

A dramatic shift has occurred in how people in the State Department, USAID, and other agencies look at AIDS. They have gone from a catalog of current programs to developing a real strategic plan on this issue. Emergency funds for the orphan program were not carried over into the USAID budget, so funds are either \$3 million up or \$7 million down. But people look differently on this epidemic than they did.

Some progress has also been made regarding access to care and waiver requests. The Health Care Financing Administration (HCFA) is working very hard on waiver requests, and Jeffords-Kennedy demonstration projects have \$300 million. ONAP wants to make sure the initiatives are all working together.

Mr. Summers, Deputy Director of ONAP, stated that his Office has an outstanding relationship with the Office of Management and Budget (OMB), e.g., regarding the race and minority initiative announced on October 28, and Ryan White reauthorization and quality of care. FY 1999 was a banner year in terms of money available. ONAP has important allies in OMB and in other parts of the Administration in connection with needle exchange, which will raise its head during the FY 2000 negotiations. People like Elena Kagan of the Domestic Policy Council were real stalwarts, but they could not prevail against the Republicans.

Ms. Thurman stated that Dr. Gary Nabel has been selected as Director for the new Vaccine

Center at NIH named after ex-Senator Dale Bumpers and his wife. A budget problem at the Department of Defense (DoD) has led to a decrease in vaccine research money there. Some people are asking why AIDS vaccine research should be done there when it is being done elsewhere as well. Work is continuing regarding microbicides.

Mr. Summers stated that the Federal Bureau of Prisons has a new medical director, Dr. Newton Kendig. Mr. Summers also mentioned the Correctional Officers Health and Safety Act, which requires testing and counseling of prisoners coming in for more than 6 months who meet certain objective criteria. He said his Office was hoping for entree to State and local prisons for the Federal Government.

Ms. Thurman described a productive meeting with Drs. Helene Gayle and Jeffrey Koplan of CDC. She said various issues get hung up at CDC. Where are the log jams? What can be done by 2000 to achieve greater accountability? Should some money be moved around? On the other hand, CDC is doing some great work. CDC has 1,050 FTEs (full-time equivalent employee positions) paid by HIV funds, but only 550 staffers. Where are the other 500? ONAP helped facilitate a meeting with Asia-Pacific Islanders and Native Americans to discuss issues. ONAP is working with OMB to make sure about accountability for CDC. Uganda has gone from 18 percent HIV-infected new recruits into the army in 1986 to 8 percent today. Mr. Summers said Dr. Koplan was friendly and appeared to be a real ally. He added that ONAP itself is getting a couple of new positions, plus agency representatives from DoD, NIH, USAID, and the Department of Housing and Urban Development (HUD). ONAP is also establishing a Web site.

Daniel Mendelson, Health Budgets,  
Office of Management and Budget

Mr. Summers introduced Daniel Mendelson of OMB. Mr. Mendelson is in charge of health budget matters (e.g., for Medicare, Medicaid, and all of HHS) and has been supportive regarding HIV/AIDS funding.

Mr. Mendelson stated that this is a very difficult budget year. Every dollar spent has to be offset somewhere else, and funds often disappear all together. Things are very contentious. The CBC got \$50 million extra for HIV/AIDS in an omnibus bill last year; OMB helped, but is not sure about this year. The appropriators do not want an omnibus bill, and there are tight overall caps. A \$100 million increase is included in Ryan White, more in Titles II and III, and \$50 million for minorities in the Office of the Secretary of HHS. This was formerly emergency funding.

CDC has \$10 million for a "Get Tested" program. The focus this spring is on prevention. Everyone has questions as to where the money is being spent at CDC. Dr. Jeff Koplan will be an ally in CDC. Funding for NIH is a disappointment, and not just for HIV. OMB will try to work on the mandatory spending side if there are few or no discretionary funds, for instance, regarding Jeffords-Kennedy. There is a \$1 billion initiative for 5 years primarily, but not only, for people without insurance, and emphasis on increased integration of local health delivery systems and funding local service delivery networks. Extreme fragmentation and little coordination are currently seen on the local level.

Comments and Questions: Council member Robert Fogel told of being at a World AIDS Day meeting with the President last December, where the President bit his lip during a story about a woman dying of AIDS who asked her friend to adopt her child. The President then said that \$10 million is being set aside for special funding for orphans. But now that

money has not been renewed. Ms. Thurman replied that there is still a chance that the \$10 million will be renewed. She felt ONAP had created fertile ground for more funding from Congress. Both the State Department and USAID are more interested than ever in this issue of children with AIDS. Even with congressional support for foreign aid flagging, ONAP has received a lot of attention, leading to increased financial support.

Ms. Regina Aragon pointed out the relationship between housing and health care. Stable housing helps people remain stable with their health care. About the \$50 million for emergency funding: the Councils understanding is that it was renewed but not as a part of the HHS base. She questioned needle exchange and the battle in Congress, as well as budget neutrality.

Mr. Mendelson said that his office would propose on needle exchanges what they had proposed last year. The congressional majority beat OMB last year. He noted that more data will probably soon be available, and the focus will be put on this point. The Secretary of HHS has made the determination that needle exchange programs do contribute to fewer AIDS cases, with no negative side effects. OMB will push the issue, but, he added, his agency's record in this area is bad. Regarding Maine's request for a waiver, he said often one doesn't change policy but reinterprets it, in this case regarding budget neutrality.

Mr. Summers asked how Medicaid looks at waivers. How are the savings calculated? For instance, what base time period is used? Different parameters yield different results, but the Administration does not have the ability to arbitrarily change formulas. Mr. Thomas Henderson said he understood that the formula is set by policy and not by statute. Mr. Mendelson replied that, in terms of appearances, Mr. Henderson was correct. But Congress trusts OMB to do things a certain way. There is a delicate balance as to how far OMB could go in changing the formula, for instance. OMB would hear from Congress if it changed the formula. Mr. Summers said there is not much support on the Hill to use Jeffords-Kennedy to address HIV in a macro sense. The political climate is not good.

Rabbi Joseph Edelheit asked how much Clinton AIDS money is really permanently there. Mr. Mendelson said one had to think of funds as short-term and long-term. OMB has regularly tried to institutionalize spending. For instance, it took minority funding out of situations where the President would have to declare an emergency to spend it. It left some money in the Public Health Safety Emergency Fund, but paid for it. For the future, the issue of reauthorizing the Ryan White Act will be a bellwether regarding long-term institutionalization of funding. Conservative Members of Congress are raising the issue of cost-effectiveness: "What are we getting for all these dollars?"

Mr. Summers said one angle is to make "horizontal investments," to put funding into non-AIDS-specific programs. This helps preserve the funds, because they are not limited only to AIDS, while cutting Balkanization of programs. The \$10 million "Get Tested" or "Know Your Status" campaigns should be used for specific target groups and new programs, using them as tests to pull in a more effective direction the other \$90 million already being spent to encourage testing.

Mr. Mendelson added that it is easy to advocate Ryan White funding. People know what it is; it has a constituency. But the prevention side does not have a Ryan White type of program: "Everybody knows what it [Ryan White] is and that it works." That kind of "political traction" does not exist for prevention. Congress and others have a lack of faith in Government's ability to prevent. Sandy Thurman said the Council brought this up in the first place, and ONAP had to work closely with the Council to get its ideas. Mr. Summers said

that the Council is trying to make its investment count for something.

Dr. Bruce Weniger pointed out that up to now Congress has put more dollars into the military AIDS vaccine program than the President had asked for, and asked why this had changed this year (i.e., no additional money). Mr. Mendelson said he did not know and would find out. Ms. Thurman said that the money was removed in Congress. There is a lot of confusion as to why both DoD and NIH are doing research regarding a vaccine.

Dr. Levine said that she is not sure anything regarding needle exchange programs could move Congress, but it appears that needle exchange has actually decreased drug use, contrary to what some had expected. This is because the exchange programs were carried out in the same locations as, for instance, methadone programs. People came in for a needle exchange and found out about methadone treatment. Regarding DoD and NIH both working on vaccine development, there is no reason why anyone should not be doing such research, as long as it is properly coordinated.

Dr. Eric Goosby, Director, Office of HIV/AIDS Policy,  
U.S. Department of Health and Human Services

Dr. Hitt introduced Dr. Eric Goosby, Director of the Office of HIV/AIDS Policy at HHS, to speak on an update of the CBCs "Severe and Ongoing Health Care Crisis."

Dr. Goosby said his Office is trying to address the disparity of infection rates for African Americans, Hispanics, and other minorities as compared to the rest of the population. The CBC has helped make available around \$157 million. Of that, \$50 million went into the HHS Secretary's emergency fund. This money was really unattached. The rest was the result of moving funds from FY 1998 to FY 1999, expanding programs based on the 98 budget into the 99 budget, and some additional programs.

Admittedly, \$157 million will hardly address the disparities about which the Office is concerned. Such disparities include longevity, development of opportunistic infection, severity of infection, point of entry into care in terms of stage of disease, and the use or nonuse of protease inhibitors and other therapies. Women are also affected by these disparities, receiving less than optimal care, for instance.

In discussions with Council members and with the CBC, Dr. Goosby's staff came up with areas where a positive outcome was more likely in the long haul. It is still an unequal playing field, however. Another issue concerns societal or cultural differences in various minority populations. Some of these populations do not have the proper infrastructures to handle the funds and programs that are available. Why do some sick individuals not enter care and stay there? The cultural context in which individuals can safely reveal themselves to these communities seems to be a very large factor. An inability to be accepted is seen in all of these ethnic and minority groups.

Dr. Goosby said his Office has tried to use already existing programs, but also to expand them and then use them to persuade OMB to give more money in the next budget. The Office wants to go after groups involved in high-risk activities, focusing on quality of care and making sure the people know about protease inhibitors and other treatments. It also deals with the problem of securing compliance and with trying to prevent or treat opportunistic infections.

A huge need exists to bring Federal funding and technical assistance (TA) to private community-based groups. HHS has tried to create the basis for providing for a more sustained Federal TA presence, and to build up TA transfer to community-based organizations. This is a crucial emphasis in the way the agency approaches minority organizations, and in how it achieves a response in these communities that can be durable. What is now just a beginning could evolve into an important resource for minority organizations and communities.

Extraordinary confusion also exists about who receives funding. Congressional language that came with the legislation did earmark some dollars for the African American population and created a chaotic dialogue about who would be the recipients of these Requests for Proposals (RFPs) as they developed. Where it says "African American," HHS follows that. But there are other instances where several minority groups are not necessarily designated as such.

Questions: In response to a question, Dr. Goosby said that CDC puts Alaska natives, Pacific Islanders, etc., into one category, "other." It is hard to identify high-risk groups among these groups when it is not known where the latter themselves fall in the overall risk spectrum.

Mr. Anderson asked how the new theory of TA can be applied when the current national system involves conferences and "fly-in, fly-out" TA. Are the funds that would be involved new or only reshaped current funds? Dr. Goosby said it is difficult to get this concept accepted on an agency level, though there is no problem on the individual level. It has been difficult to get an agency's head out of TA conduits the agency has already created. He said there are some community-based organizations, fledgling organizations best positioned with high-risk populations, for which new strategies are needed. They should be helped to become more effective.

The dollars already in the TA conduits will continue. But the new CDC funding and the \$50 million emergency funds under the Secretary, which are unencumbered funds that is, not connected with programs are all focused on creating a new entity. The RFP would come out in early summer from the Health Resources and Services Administration (HRSA) or CDC for a community-based organization, a national organization, or even a State or municipal health department. Subcontracting to national entities could occur under this new entity. They would have a regional focus, and would have to know their way around community-based organizations and help those they know are most capable of doing a good job. This idea is new, and difficult for the Federal Government to embrace, but it is what should be done.

In response to a question, Dr. Goosby stated that a strong need exists to develop individuals among minorities and women who can become leaders and stay. Those in power have to nurture leadership and work with existing organizations. They have to understand how to ensure that an HIV-infected person can feel safe in his or her community. The Secretary and the Surgeon General have been concerned about how to help make it easier to admit that one has AIDS. HHS staff have talked with the Urban League, the National Association for the Advancement of Colored People (NAACP), police forces, and others regarding this problem.

Ms. Stokes asked if there are any sanctions for doctors, hospitals, and others that receive money for minority group HIV/AIDS health care but do not do the job right. Dr. Goosby said HHS is trying to reach nurses, doctors, and others who do not specialize in AIDS but who have direct care for AIDS patients (fewer than 50 in each case). They are not dedicated HIV health providers. A lot of patients have probably not received proper medications, for

instance. HHS is trying to teach their health care providers, and to make treatment more individualistic. The agency hopes to build up a cadre of treatment and prevention intervention specialists who could also help patients regarding housing and food.

Dr. Hitt said that a good understanding is just beginning of what medicines and treatments are helpful. Dr. Goosby said the Office of the Surgeon General and his own Office are implementing what the CBC has asked for. They are looking at the original documents, and are speaking with the CBC, more than is usually the case with HHS programs. They feel they have stuck by the letter of the legislation and are committed to seeing how funding pays off for minority communities.

Ms. Frazer-Howze said that CDC argued that programs should be sustained, not "fly-in, fly-out," and that assessment should be included. Also, black ministers should be trained. But it seemed that the emphasis on sustained or permanent changes was being lost. Dr. Goosby said that it is difficult to sustain the dialogue: people say everything is fine and then go down a familiar road. An effort is being made to target high-risk communities and identify effective community-based organizations, from Hawaii to Brooklyn. Rabbi Edelheit noted that a high-risk population is not the same as high-risk behavior.

Dr. Aranda-Naranjo pointed out how difficult it is to apply outcome indicators to a situation where multiple problems exist, e.g., drug use, mental illness, and spousal abuse all in the same family. These are clients nobody wants, the throwaways. She also noted that not just embarrassment but also economics keeps people from admitting to infection; for instance, the migrant workers among whom she practices will not get jobs if they admit to infections. Dr. Goosby asked, "What do we say works in situations with those concerns? How do you tease out those areas where improvements are occurring?"

Dr. Levine said she would put a lot of the few dollars that are available into medical schools to teach about HIV and related concerns, not just into those mid-level care providers discussed previously. Dr. Hitt thanked Dr. Goosby for continuing to work in this area with limited staff and resources.

[[QUERY]Name of leader] and her Group of Silver Spring, Maryland, Teenage Peer Educators

Dr. Hitt announced the arrival of about 15 high school students from suburban Silver Spring, Maryland. The group leader [her name??] said that about 11 years earlier she had been introduced to HIV/AIDS through the hemophiliac community and had never left it. She introduced her young people, who she promised would ask some hard-hitting questions. She then mentioned a series of milestones in AIDS, and the equivalent age of her teenagers: In 1991 when Magic Johnson announced he had HIV, most of her students were about 10 years old. By and large, they did not even remember that event.

She declared that those with the responsibility still are not educating young people properly. Youngsters aged 17-19 still do not know about HIV/AIDS. What is happening to improve this? Noreen, a high school student, said college students joined her group to get basic information they lacked. What is the Government doing about this? Also, female condoms are four times as expensive as male condomstoo expensive for disadvantaged females. Kevin, another student, pointed out that existing programs are very limited as to what they can say. People could use a program like the peer educators.

Comments and Questions: Mr. Anderson thanked the students for asking these questions, because they are the same things the Council has been saying. The Council feels an incredible level of frustration right now. He said that about a year earlier the Council had approved a vote of no confidence in the Administration in connection with HIV prevention. The Council is still complaining, but with little change. Mr. Blackwell and Dr. Cade thanked the young people for coming. Rabbi Edelheit said the students should bring HIV/AIDS up with their pastors: Are you ready to preach on this? This is not just a matter of Government. Mr. Fogel said the Federal Government is way too conservative, especially Congress. The young people should get out and vote.

Several other Council members also thanked the young people for coming and noted that their own concerns were similar to those of the students. This included, again, concern that certain issues cannot be discussed in school. Ms. Miramontes said Congress had voted \$50 million 2 years ago to advocate only abstinence as a way of avoiding AIDS. Now they are talking about \$50 million more for the same purpose. The young people were asked to talk to their Congresspeople during the AIDS walk in early May. Dr. Hitt said the Council had made many recommendations along the lines the students had asked about. Mr. Summers said that the staff policy position being added to ONAP would be given to a person of color.

#### Adjournment of General Council Session

Tuesday, March 16, 1999

#### Additional General Council Session, Tuesday Morning

Dr. Hitt opened the session by saying that the most important issue the Council had to deal with at this time was to discuss what to talk about with Mr. Kevin Thurm, Deputy Secretary of HHS, who was to speak to the Council later the same day. Six issues were of particular importance for this discussion:

1. \$10 million "Know Your Status" campaign. The Council wants to ensure a clear understanding between itself, ONAP, CDC, the community, and HHS as to where this money is going. In particular Dr. Hitt wants to clear up any confusion about the \$90 million and \$10 million of which Mr. Summers spoke yesterday (the \$10 million as a demonstration project to test what worked, to be applied to the \$90 million).

2. \$8 million for the Office of Minority Health what is going on with that, to get it spent?

3. Surveillance paper.

4. Timeline on HHS strategic plan on HIV/AIDS, in connection with Ryan White reauthorization. Mr. Thurm has to tell the Council where it is going.

5. Health care workers.

6. Needle exchange. HHS has not done enough on dissemination of the science; what will be its legislative strategy this year on needle exchange?

Prevention Subcommittee Media Campaign: Mr. Isbell said that \$10 million for a "Know Your Status" campaign appears in the FY 2000 budget, but that he feels this is not enough for a media campaign. He noted that some parts of the Administration are wondering whether a

media campaign is even advisable. The word is that the current plans are to use the \$10 million for new and innovative counseling and testing techniques, as a way to figure out how best to use the \$90 million in other funding that is available for counseling and testing but that people feel is not being used wisely.

The Subcommittee still believes that a good counseling and testing campaign is needed. The Subcommittee also believes that a rational prevention plan has never happened because of a lack of leadership at the top. The White House needs to become engaged. Marketing is needed to sell HIV testing. A major media campaign is needed around testing. The President supposedly responded favorably in the December meeting. Council members need to talk to Mr. Thurm about this.

Ms. Thurman agreed that a media campaign is needed. The epidemic is not over, and people need to be tested. These facts represent two very different campaigns. Whatever is done should not merely rehash the past. There were no awards for past ad campaigns in this area. If the \$10 million is used for a campaign, it should mean Madison Avenue, a public-private partnership, and a "very heavy lift."

Dr. Hitt asked whether ONAP really wants to do it, and Ms. Thurman answered yes, but with people outside of the "Just Say No" campaign. Mr. Isbell pointed out that testing is a bipartisan good thing. The money should be used not for the actual campaign, but for focus groups, polls, and going to Madison Avenue. Maybe funds could be gotten from the Advertising Council and the pharmaceutical industry. Maybe some Republican Hill support could be obtained. Ms. Thurman said that the Council does not control the money and is therefore hamstrung. But finding out what works, through focus groups and other means, can be done it is done in political campaigns.

Dr. Hitt asked what specifically the Council should discuss with Mr. Thurm. The \$10 million available is actually with CDC, but that agency is not communicating its plans to use it over the next 6 months. Mr. Summers said that at least CDC has stopped it from going down the drain. But it has not yet decided how it will be used. Dr. Hitt said the Council should make sure that Mr. Thurm tells CDC that this is the direction it should be going in. Mr. Henderson said it would help if staff could bring in a private-sector expert to help with the ad campaign. They should not rely on those who were unsuccessful regarding a public-private partnership.

Ms. Thurman said that CDC makes the decisions and lets the contracts. She does not know how to get out of the box. Rev. Perez said there should be a two- or three-page paper that describes the Council's views, so there will be no misunderstanding.

Dr. Levine said professionals such as the TV Academy do this pro bono, but the Government pays someone else. Should the Council get CDC together with the TV Academy? Ms. Fraser-Howze said that detailed instructions are necessary for the campaign, possibly coming from the Prevention Subcommittee.

Mr. Fogel said it is not a prevention campaign at \$10 million. The concept is to do a campaign in concert with the Ad Council, the pharmaceutical industry, and others who have a lot of money. It is important to get people to know their status. This would create a flood of pressure for testing, counseling, and services, and would get the Government to act. But yesterday Mr. Summers spoke of sample tests. This is quite different. Mr. Fogel did not criticize CDC they never thought of what he was advocating. Testing should be normalized. Mr. Henderson advocated forgetting about the \$10 million for now. Instead, a plan should be

prepared. Ms. Thurman could convene a meeting of TV people and others, and then they could worry about the \$10 million.

Dr. Hitt proposed that members write down their recommendations on a couple of pages. Ms. Thurman could take the recommendations to the right people and get a reply, yes or no. Once the program is accepted, let those people run it. Ms. Thurman could have a meeting with CDC and the Council to see if they are all on the same page, and the Council can discuss it with Mr. Thurm today.

Service Subcommittee Access to Care: Mr. Henderson said the Subcommittee had heard from Representative Pelosis office, HCFA, and the Kaiser Family Foundation about how to expand early access to care. A lot of effort was put into modeling by HCFA, the Kaiser Family Foundation, and others regarding care costs and waivers. So far, only one StateMaine has applied for a waiver. If Florida or California were to apply, it would make a difference in terms of the total numbers.

He noted that two issues have "built a wall": (1) the parameters of budget neutrality, which made the omnibus bill strategy interesting, because it allows a greater degree of bargaining; and (2) the "elephant in the room," drug pricing. If the Government becomes an even greater purchaser, there has to be some way of dealing with the cost if matters are ever to be brought into balance. How can public or political opinion regarding these two issues be moved? The Council should monitor this but not get too involved. Mr. Abel noted that everybody is waiting to see what happens to the Maine waiver application, or to the expected Massachusetts application. Then the floodgates could open. At least 25 States might ask for a waiver.

Mr. Henderson then noted that, regarding number one above, there is more flexibility and wheeling and dealing in an omnibus-type budget, e.g., what the CBC did, and therefore it was easier to get what they wanted. But dealing with the drug companies regarding number two, pricing, might actually be easier than number one. Dr. Hitt said he feels access to care, or the cost of drugs, is not such a big political issue: larger market, lower prices. Mr. Henderson said the waiver process is sort of on automatic pilot: what can the Council do to affect it?

Adjournment of Additional General Council Session

General Council Session, Tuesday Afternoon

Mr. Richard Stafford took this occasion to announce his resignation from the Council for health reasons. He thanked ONAP staffers, fellow Council members, and staff people for all they had done for him. The Council and observers gave Mr. Stafford a standing round of applause.

Kevin Thurm, Deputy Secretary, U.S. Department  
of Health and Human Services

Dr. Hitt then introduced Mr. Kevin Thurm, Deputy Secretary of HHS, noting that Mr. Thurm had put out his hand to the Council and worked hard to cooperate with it. Mr. Thurm noted that the last time he had spoken with the Council had been over a conference phone call, and it was not such a productive session. He expressed the desire to meet regularly with

Council representatives. That way they would have an accountability mechanism. If they call they will get answers, even if not always what they want to hear.

In June 1998 the Council identified a short-term agenda: (1) advance the call for a State of Emergency to help African American and Latino communities; and (2) work with CDC and get additional funding for AIDS issues, higher appropriations for HIV/AIDS, and vaccines.

Regarding vaccines, Ms. Thurman announced that Dr. Gary Nabel will be head of the new NIH Vaccine Center. Those involved should do a better job of coordinating resources across the Government, including having NIH people in ONAP. More financial resources will be available through the budget for FY 2000, including across Ryan White. Regarding the safety net initiative, a little over \$1 billion in 5 years, HHS will be implementing it, including integrated systems of care on the local level that should provide improved access to care for the working uninsured.

The Council has asked HHS for a strategic plan for prevention. HHS does need a document for accountability. It should be comprehensive, showing where the Government should go, across HHS and the agencies, regarding HIV/AIDS. Regional directors are carrying on a dialogue on HIV and AIDS, particularly on how it affects minorities and women. The strategic plan has to leave track where the Government should be going regarding AIDS.

HHS will be working hard on the State waiver issue, and especially on Maine's application, the first request for a waiver. There is the problem of budget neutrality. The agency will learn a lot from this first waiver application, including developing generic principles for evaluating future waiver requests, which should be done by mid-1999. Getting ahead of the curve with OMB regarding the budget is the next big problem.

The HHS Secretary's response letter to Dr. Hitt spoke of the special needs of racial and ethnic minorities, and of CDC's efforts to meet those needs in better and more efficient ways. Also needed are more culturally sensitive and targeted outreach and testing activities for developing linkages for prevention and health care services for the incarcerated who are returning to the community. Such efforts need to be monitored, as do those targeted to communities of color.

The Council has commented on the inconsistency between the HHS commitment to women in Healthy People 2010 and its disparities in comparison with other groups. Changes to the draft are anticipated. Regarding the Interim National Minority HIV Plan, OMH is expected to be sending it forth and HHS will publish it. The \$8 million for OMH is in the emergency supplemental, and once that is made law, the \$8 million will come through.

Finally, the Council has pointed out correctly what HHS has not done regarding getting out the science on needle exchange. More and better information on this subject can be expected. This discussion is 18 months overdue, and this accountability is needed. Mr. Thurm will be back in June and will be meeting with Subcommittee chairmen bimonthly.

Questions: Mr. Henderson asked about expanded access to care. He noted that earlier Mr. Thurm had said he, Mr. Thurm, would be meeting with OMB regarding waiver parameters. Mr. Thurm said the parties negotiate, including asking the State making the waiver request to explain its proposal. He said HHS has a long history of budget neutrality issues with OMB, but Medicaid 1115 is new.

Dr. Levine asked who would receive the scientific information regarding needle exchanges,

and when. And what is the legislative strategy for a Congress that wont be listening? Needle exchange is a focus to help people get off drugs, according to some studies. Mr. Thurm replied that the "who" was a lot of people, and asked the Council to make suggestions to HHS as to who should get the information. The timing should be sooner rather than later. HHS and OMB have to work out a legislative strategy, especially regarding when.

Ms. Fraser-Howze commented that the CBC is committed to OMH, but that some quarters see it as a wasteland for the Administration. If the Administration is serious about the disparity between HIV/AIDS rates for minorities and the general population, building up OMH is critically important. Mr. Thurm said that a national search is under way for a director. Both leadership and funding are priorities. His guess is that the emergency supplemental, with the \$8 million, will pass; if not, HHS will find another way.

In reply to a question from Mr. Robinson, Mr. Thurm said it is his understanding that CDC would run the "Know Your Status" program. HHS feels it should be run by ONAP, although the money could be administered by CDC. CDC is the place for this. A number of Council members voiced audible disagreement with this last statement.

Mr. Isbell noted, on "Know Your Status," that one thing America knows well is how to sell, how to find out attitudes and how to use them to sell, in this case, testing. Rabbi Edelman said the Council is looking for something fundamentally different, holding ONAP responsible. Mr. Thurm stated he believes that none of the CDC money is going for administrative purposes, but Mr. Robinson said people had explicitly told him that \$1.5 million is for administration, perhaps a miscommunication. Mr. Thurm asked Mr. Robinson to send him, Mr. Thurm, a note and he will try to get an answer.

Dr. Nilsa Gutierrez stated that Puerto Rico has a very high infection rate. Could Medicaid provide funding to deal with this crisis? On the international side, the United States recognizes the needs of areas like Africa and Southeast Asia, but Mexico also has a serious problem. Mr. Thurm said he did not know the answer but would check it out.

Mr. Stafford asked how they could bring all of this together not just this or that department. Mr. Thurm said the Council had helped set the agenda, and the Administration is indeed focused on care, vaccine, and minorities. There is an effort to get people together (e.g. HCFA, CDC, and others) to see what has been learned so far regarding prevention, care, and other matters.

General Discussion Council Member Terms: Dr. Hitt returned to the question of terms for Council members. He pointed out that probably all Presidential councils had term limits of 4 years. He asked whether the HIV/AIDS Council could be made smaller. He noted that the White House Personnel Office decided what a council should look like, what it could do, and so forth. The Administration is concerned about AIDS. He reaffirmed that current members can serve until they are replaced, and noted that it takes a long time to fill vacancies. He asked those who want to leave, and perhaps have been less active on the Council than some others, to let him know their wishes. He stated his desire that the Council set a time to discuss whether it should be reduced or enlarged. When one Council member said that he for one would like to stay on the Council, Dr. Hitt said that it is very difficult to reappoint current members of such councils.

Medical Update: Dr. Hitt then gave a medical update. He pointed to the March 1999 issue of Esquire magazine, which provides a dark view of the immediate future regarding HIV/AIDS cures or remedies. He said things are not as bad as Esquire painted them. He believes the

death rate will level out, since about 50,000 people a year get infected. Lots of people get AIDS. This has long-term implications, e.g., regarding costs. Of the HIV-infected, one-third do not even know it, one-third get the wrong treatment, and one-third are compliant with what they need. Given the currently available medications, the odds are good that those in the last third who are just now starting on medications have a very good life expectancy. But half the victims have already taken sequential drugs. These drugs are wearing off because of virus mutations, a condition shared by many people around this table. If we dont do something, we are in trouble.

HIV Life Cycle: Dr. Levine spoke about the life cycle of HIV. A part of HIV is a perfect fit for the CD4 cell receptors. It also docks into a [QUERY]\_\_\_\_\_[T-something??]\_\_\_\_\_ receptor. A new product called T20 prevents the docking with the second receptor. People without the second receptor apparently cannot be infected with HIV. Prostitutes in Nairobi have been exposed forever and have not contracted the disease. One can be infected, but the disease is different: long-term nonprogressors.

The HIVs RNA becomes the DNA of a human being and inserts itself into the T4 cell. HIV can be silent in that cell as long as there is no exposure to something foreign, e.g., smoke. HIV kills T4 cells, and the body makes up for them for a while. The T4 cells control the immune system. AZT prevents viral RNA from becoming DNA. But if it has already become DNA, the virus can hide there as part of the DNA. So this kind of medication can never cure the infection.

Dr. Levine noted that AZT works for only a year or so. The next step is possible combinations of drugs. Clinicians never use only one drug in cancer because the cancer learns to live with it. At first there was only one drug for HIV, AZT. But as soon as there were more drugs, physicians started combining them. The real issue is the protease inhibitor. Protease inhibitors are more powerful and can take an infected cell and stop it from reproducing. Now medicines could attack HIV from different angles, and the question arose: Could this illness be curable?

Dr. David Ho at one time said he thought all infected cells would die within 3 years. But now it is known that some cells can live 20-25 years, not just 3. So the concept of cure becomes difficult. And there are the very difficult side effects. Forty pills a day for life: no one can do this. There is also the potential of contracting diabetes or lipodystrophy, the addition of significant body fat while the limbs become much thinner. But there are new drugs, T20 and integrase [QUERY?]. HIV/AIDS is a chronic disease.

Therapy: Dr. Hitt stated that four significant questions need to be addressed:

1. When do you start therapy?
2. What do you start with?
3. When do you switch?
4. What do you switch to?

Often, because the virus can mutate so easily, early therapy may be worse than none and result in a decrease in the quality of life. He noted that the patient has to be ready, in the psychological sense, to enter such a tough drug regimen. There can be severe side effects. This may require cutting back or even stopping therapy for a while. Patients should be careful of the claims of drug makers; their statistics may be incorrectly analyzed, to their advantage. Promising combinations are being found, however, and the complexity of 40 pills a day appears to be going away.

Then there is the cost of saving a year of life, only \$18,000 per year for triple therapy, compared with \$18 million for saving a life from earthquakes. If a person is getting severe side effects, he or she should stop the drug and see what happens maybe the numbers will only very slowly go bad, and the patient can always start up with drugs again if that happens. Mr. Landau asked whether HIV could actually stimulate the immune system in certain cases, and Dr. Levine said that certain symptoms like sweating are in fact the result of the immune systems fighting back.

#### Subcommittee Reports

Research Subcommittee: Dr. Levine said her committee's only new recommendation was to repeal a rider to the Omnibus Appropriations bill passed late last year. This rider allowed individuals and organizations to use the Freedom of Information Act (FOIA) to acquire access to raw research data if the project was funded by a Federal grant. This could result in the misuse of inaccurate, only partial, research data; the potential loss of subject confidentiality; the potential loss of time to researchers who would have to expend time and effort to comply with the law; and other problems. Representative George Brown, the ranking minority member of the House Science Committee, introduced H.R. 88 to repeal this provision. The Research Committee recommended that the Council urge the President to support H.R. 88 and to help support a similar repeal bill in the Senate.

Mr. Summers, of ONAP, explained that this bill actually originated in problems relating to research supported by the Department of Energy, but it could have a serious effect on biomedical research. FOIA is a leaky vessel, not meant for the kind of information one finds in biomedical research. Dr. Hitt suggested that the Council should send individual letters or express itself as a whole. He then proposed that the Executive Committee write a letter in the name of the Council. The Council voted "aye" unanimously.

Dr. Levine also advocated the restoration of \$15 million to the budget of the Department of Defense for its HIV/AIDS research, more than half of which is devoted to vaccines. She said she and her colleagues had already written a letter from the Council. The money was cut out of the FY 1999 budget at the last moment, and the Administration asked for the equivalent lower figure for FY 2000. There is a second issue of behaviors changing in the wrong direction. Why is this? Research is needed on why, including the positive effect of peer counseling.

Racial and Ethnic Populations Subcommittee: Rev. Altagracia Perez asked what the strategic plan is for the CDC funds. The Subcommittee has gathered information from all the other subcommittees that is relevant to its work, e.g., regarding American Indians. Subcommittee members have to find out who the strategic persons are to whom they can speak to build accountability. They may have an interim meeting before June. Dr. Hitt thought such a meeting is a good idea if everyone is available.

Prevention Subcommittee: Mr. Robinson said his group had received CDC's report on the current situation of the "Know Your Status" campaign. There is nothing inconsistent between CDC's plan and what the Subcommittee has proposed. The Subcommittee did make it very clear to Mr. Thurm that it thought the program should be administered by ONAP. The Subcommittee was pleased by CDC's overall strategy and the comprehensive way its staff are thinking about the issue. On surveillance guidance, few changes were made in the document sent by CDC to HHS. There will be some changes and the Subcommittee wants to stay informed. Dr. Hitt said

he thought that in dealing with Mr. Thurm on such issues, if the Council prepared 10 or 12 questions a week before meetings with Mr. Thurm, they would likely get good answers from him.

Services Subcommittee: Mr. Henderson described the bills introduced by Representative Nancy Pelosi and 59 cosponsors, and Senator Robert Torricelli, to allow low-income HIV-positive but not yet overtly AIDS-suffering people to receive Medicaid. Ms. Pelosis staff suggested, and the Subcommittee agreed, that the Council should write a letter to add its weight to the forces behind these bills and help increase the number of cosponsors. Extension of the Medicaid entitlement would help to institutionalize, and thus make permanent, this new funding for HIV.

Dr. Hitt stated that ordinarily the Council does not endorse legislation at such an early stage in its development. The Council should perhaps wait until the bills pass their respective chambers and are at the conference committee stage. He asked whether some good people might refuse to endorse this change in Medicaid, and if they did refuse, why the bills should be vetted.

Dr. Aranda-Naranjo said that such bills help elevate the issue. They are complementary measures, not alternatives, to the State waivers discussed earlier that would allow the States to provide Medicaid help to HIV-positive people. With such a law in effect, there is no need to find an offset in the budget. Mr. Henderson said the legislation would lessen barriers for the States; it would represent a kind of preapproval by Congress. Mr. Robinson said he had some of the same questions as Dr. Hitt. The Council could educate some of the Republicans in the House to what this would mean for some HIV-positive people. Are there any costs to the legislation? Would the financial costs have to be offset? What are the political dynamics?

It was suggested that the Council send a letter endorsing the objectives of the bill but with an escape hatch if the bill should be sharply mutated in a way the Council could not accept. Dr. Hitt suggested that the Executive Committee deal with any endorsement. This idea passed unanimously.

Service [QUERY: should this be Appropriations?] Subcommittee: Ms. Aragon said the Subcommittee received briefings from several people the day before about the Ryan White CARE Act reauthorization. It is not likely to occur before the end of 1999 or early 2000, as the current authorization does not end until September 2000. But because of the political volatility of AIDS issues in the Congress at times, it is important for the AIDS organizations community to come to a consensus as soon as possible on what changes have to be made. There may be some administrative changes, but none in the legislation.

One negative likely to come up in a debate is the threat of mandatory testing, names reporting, and partner notification. Also, the National Governors Association has spoken about the possibility of block grants to the States, instead of money going directly to cities or to community organizations, as is now the case. HRSA is looking at how well the CARE Act serves certain populations.

Mr. Charles Blackwell mentioned National Organizations Responding to AIDS (NORA) as a major Ryan White advocacy group.

Mr. Henderson discussed the Jeffords-Kennedy bill. It has 67 cosponsors in the Senate and excellent prospects in the House as well. It includes \$300 million for demonstration programs for States, over 5 years, to allow people with diseases to go back to work without

losing their Medicaid coverage. To put this in context, it should be noted that the Kaiser Family Foundation estimates that HIV-infected people alone need \$1.3 billion of this kind of support over 5 years. Mr. Anderson said giving people without insurance access to Medicaid even if they go back to work would lessen their fear of doing so.

International Subcommittee: Mr. Anderson said the Subcommittee was frustrated with the U.S. commitment, or lack thereof, to the international aspects of stopping HIV/AIDS. It would like to have at least some members of the Council meet directly with Frank Loy, Under Secretary of State for Global Issues, before the next Council meeting. On the other hand, under the World Trade Organization, there is also a danger that U.S. firms could be forced to license for a fee their medicines to overseas companies for production in those companies countries at very low cost. The International Subcommittee wants to have a debate before it between advocates of both sides of this issue, ensuring that the developing world is represented along with the domestic side.

Ad Hoc Committee on Prisons: Dr. Hitt announced that Mr. Jeremy Landau will be taking off part-time from being Committee Chairman and Ms. Judith Billings will be helping out as Co-Chair. Mr. Landau said that Dr. Kendig, the new Medical Officer of the Federal Bureau of Prisons, is a good man from the standpoint of the Council. He noted CDC is putting together an RFP of \$7-8 million on standards of care in prisons and linkages and transitions to the community. This will apply to 10 States and metropolitan areas.

Ms. Billings mentioned that the Committee representative had recently met with Dr. Kendig and believed they learned more in an hour with him than they had learned in the past 2 years. Because of H.R. 2070 there is now mandatory testing of prisoners when they enter prison for more than 6 months and meet a certain set of risk factors (testing is voluntary for the others).

One percent of the prison population is now HIV positive, about 1,100 individuals. About 700-750 are currently in treatment (the prisoners can choose to receive treatment or not). The number of deaths is going down, from 57 in 1995 to 19 in 1998, with more deaths in 1998, 25, from hepatitis C than from AIDS. Telemedicine could be of help, especially for prisons in rural areas. Continuity of care and the need for discharge planning are additional issues. As of 1998, 73 percent of prisoners in drug treatment programs were less likely to be rearrested than those not in treatment, and 44 percent were less likely to relapse into drug use.

After thanking Mr. Montoya for doing the work of three or four people, Dr. Hitt adjourned the Twelfth Meeting of PACHA.

Adjournment of General Council Session

April 11, 1997

MEMORANDUM FOR LIST

FROM:TODD STERN

SUBJECT:Presidential Medal of Freedom

Every year around this time my office puts together a list of possible recipients of the Medal of Freedom, which we then submit to the President for his review. We generally submit a list of around 15 names with a view toward ending up with 10 awardees. The awards are made in an East Room ceremony, which has occurred in August or September the past three years, although there is nothing magic about that time; the awards could be made somewhat earlier or later.

This is the highest civilian award the President can bestow and the winners should be people of great distinction. And, of course, who the President chooses says something about his concerns, values, etc. I have attached lists of the Medal winners for the past four years.

If you have any creative ideas for possible awardees, please let me know. I will be getting a brainstorming session together in the near future. Thanks.

To:Don Baer  
Sandy Berger  
Rahm Emanuel  
Jack Gibbons  
Elena Kagan  
Ron Klain  
Ann Lewis  
Mike Mccurry  
Katie McGinty  
Sylvia Mathews  
John Podesta  
Vicki Radd  
Bruce Reed  
Chuck Ruff  
Doug Sosnik  
Gene Sperling  
Jim Steinberg  
Melanne Verveer  
Michael Waldman

cc:Jim Dorskind

MEMORANDUM FOR ERSKINE BOWLES

THROUGH:Franklin D. Raines

FROM:Sally Katzen

SUBJECT:Heads-up on HUD "Mortgage Broker" Proposed Rule

We are about to conclude review of a HUD proposed rule to clarify existing confusion about when a fee paid by a lender to a mortgage broker is a service fee (permissible) and when it is a referral fee (prohibited). Because mortgage brokers frequently serve as intermediaries between consumers and lenders, it is often difficult to tell whether a fee paid by a lender is for the brokers services to the lender or for referring the consumer to the lender. The proposed rule would exempt mortgage brokers and lenders from the prohibition against referral fees when they give consumers information explaining their respective roles and the fees they receive, so long as the fees are not "excessive."

Secretary Cuomo is scheduled to hold a press conference Wednesday to announce HUDs proposed rule; the agency, however, does not expect to send the rule to the Federal Register for several weeks. The proposed rule should receive near unanimous support from consumer groups, mortgage brokers, and lenders, although there may be some concern from the mortgage brokers and lenders about HUDs methodology for defining "excessive" fees. Please give me a call if you have any questions.

cc: Maria Echaveste  
Rahm Emanuel  
John Hilley  
Ann Lewis  
Thurgood Marshall, Jr.  
Sylvia Mathews  
Bruce Reed  
Gene Sperling  
Don Gips  
Elena Kagan  
Victoria Radd  
Barry Toiv  
Michael Waldman  
Michael Deich  
Larry Haas

February 25, 1998

David,

I am so sorry this has taken so long to get to you. Ellen would like to suggest the following people. Please call me about this so we can discuss it further.

Bruce Reed  
Assistant to the President - Domestic Policy

Elena Kagan  
Deputy Assistant to the President - Domestic Policy

Mark Gearan - Director, Peace Corps

I am waiting to hear back from a couple of people to get names from Treasury and from HHS. HHS is having a conference on Philanthropy this spring and I have the name of the person coordinating the conference. Does that sound like a possible invite? We are also trying to track down someone from Education. Again, Im sorry this has taken so long to put together. Were you able to find another keynote speaker? Please give me a call tomorrow or Friday. Thanks for your patience.

Ginger Cearley

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DRAFT -- FEBRUARY 7, 1996

MEMORANDUM FOR:MIRIAM NEMETZ

FROM:JOHN M. QUINN  
COUNSEL TO THE PRESIDENT

JANE C. SHERBURNE  
SPECIAL COUNSEL TO THE PRESIDENT

SUBJECT:Additional Records Subpoenaed by the House Government Reform & Oversight Committee

As explained in our February 1, 1996 memorandum to all staff of the Executive Office of the President, the House Committee on Government Reform and Oversight has subpoenaed certain White House records in connection with its Travel Office investigation. In addition to the records identified in our February 1 memorandum, the Government Reform Committee also seeks certain other records from your files. Please review your White House "records,"<sup>11</sup>For purposes of responding to the subpoena, please refer to the definition of "White House Travel Office matter" found in the attached "Definitions and Instructions" of the Committee subpoena (see Attachment 1). and retrieve the following records:

All calendars and phone records, message slips or phone logs . . . made to or from any of the following individuals, from May 1, 1995 through November 30, 1995 regarding the White House Travel Office matter<sup>22</sup>For purposes of responding to the subpoena requests, please use the definition of the term "White House Travel Office matter" appearing in the attached "Definitions and Instructions" of the Committee subpoena (see Attachment 1). or the case of U.S. v. Billy Ray Dale:" Jane Sherburne, Jon Yarowsky, Natalie Williams, Abner Mikva, Margaret Williams, Capricia Marshall, Patsy Thomasson, John Podesta, Catherine Cornelius, Mark Gearan, Bruce Lindsey, David Watkins, Janet Greene, Betsey Wright, Webb Hubbell, Bill Kennedy, Jeff Eller, Neil Eggleston, Cliff Sloan, Mike Berman, Harry Thomason, Darnell Martens, Beth Nolan, James Hamilton, Susan Thomases, James Lyons, Roy Neel, John Gaughan, any employee of the Military Office,<sup>33</sup>See attachment 2 for a list of all employees of the Military Office from January 20, 1993 through the present. Larry Herman, John Shutkin, any employee of KPMG Peat Marwick,<sup>44</sup>We are aware that at least he following KPMG Peat Marwick employees were involved in some aspect of the White House Travel Office matter: Larry Herman, Dan Russell, Leslie Casson, Carolyn Rawdon, Nicholas DiCarla, Charles Siu and John Shutkin. Billy Ray Dale, Barney Brasseaux, John Dreylinger, Ralph Maughan, John McSweeney, Robert Van Eimeren, Gary Wright, David Bowie, Pam Bombardi, Tom Carl, Stuart Goldberg, Lee Radek, Jamie Gorelick, Adam Rossman and David Sanford.

It is extremely important that staff members conduct a thorough search for responsive documents. Each Assistant to the President or Department head should ensure that his or her staff members conduct such a search. Please provide any responsive materials to Associate Counsel Elena Kagan in Room 125 OEOP no later than February 12, 1996.

If you have any questions regarding the House subpoena, please call Special Counsel Jane

Sherburne (6-5116).

May 12, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: ELENA KAGAN

SUBJECT: DASCHLE AMENDMENT

The First Lady asked Sylvia for a copy of the amendment that Senator Daschle plans to offer tomorrow during the debate on the Partial Birth Abortion Act. Sylvia suggested that I send it to you too. Attached is the most recent draft. As you will see, the amendment prohibits all post-viability abortions, with an exception for life or "grievous injury." I am sorry I could not find a cleaner copy of the amendment. Please let me know if you have any questions.

May 12, 1997

MEMORANDUM FOR MRS. CLINTON

FROM: ELENA KAGAN

SUBJECT: DASCHLE AMENDMENT

Sylvia asked me to send you the amendment that Senator Daschle plans to offer tomorrow. Attached is the most recent draft. I am sorry I could not find a cleaner copy. Please let me know if you have any questions.

## MEMORANDUM

TO: BRUCE REED, ELENA KAGAN, MICHAEL COHEN

CC: MARY SMITH, WILLIAM KINCAID

FROM: TOM FREEDMAN  
JULIE MIKUTA

RE: SCHOOL TAKEOVERS

DATE: JUNE 9, 1997

## SUMMARY

State takeovers of financially bankrupt schools have occurred for at least 15 years. In the last 8 years, this power has been expanded to include academically bankrupt schools. Currently, 22 states empower state boards to intervene in districts that underperform academically for an extended period of time. Most state interventions occur in several stages, and some form of takeover is usually applicable after approximately two to three years of low performance. Takeover strategies vary but usually include the reconstitution of the school board, administration, school professional staff, or some combination of these bodies.

## TAKEOVERS OF ACADEMICALLY BANKRUPT SCHOOLS/ DISTRICTS

Attached is a state-by-state list of the sanctions that states can take against failing schools, and a summary of actions that have been taken across the country. This list was compiled based on a survey of education journals and newspapers.

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December 17, 1998

MEETING WITH BUDGET TEAM  
ON 2000 BUDGET

DATE:December 18, 1998  
LOCATION:Cabinet Room  
TIME:2:15 to 3:15 p.m.  
FROM:Jack Lew  
Gene Sperling

I. PURPOSE/BACKGROUND

To review major decisions required to finalize the FY 2000 budget. We plan to discuss tax issues and possible mandatory initiatives for fiscal year 2000.

II. PARTICIPANTS

Meeting

The President  
The Vice-President  
John Podesta  
Secretary Rubin  
Jack Lew  
Gene Sperling  
Larry Stein  
Bruce Reed  
George Frampton  
Janet Yellen  
Ron Klain  
Melanne Verveer  
Sylvia Mathews  
Larry Summers  
Maria Echaveste  
Steve Ricchetti  
Karen Tramontano  
Doug Sosnik  
Paul Begala

Sally Katzen  
Elena Kagan  
Barry Toiv  
Michael Waldman  
Martha Foley  
Josh Gotbaum  
Todd Stern  
Clara Shin

III.PRESS PLAN

Closed press.

IV.SEQUENCE OF EVENTS

2:15-3:15Briefing and discussion with your advisors

V.REMARKS

No remarks.

VI.ATTACHMENTS

None.

September 23, 1997

## MEMORANDUM

TO: Hillary Rodham Clinton  
FROM: Nicole Rabner, Jennifer Klein  
cc: Melanne Vermeer  
RE: Tomorrows Meeting on Adoption

The purpose of tomorrows meeting is to be briefed by HHS on the recently introduced Senate child welfare bill and explore Administration strategy. We participated with HHS in a briefing by key staff of Senators Rockefeller and Chafee on the PASS Act, and they expressed an eagerness to work with the Administration. Rockefeller and Chafee plan to hold a one-day Finance Committee hearing on the bill on October 8th, and hope that it goes directly to the floor for speedy passage. They urged our support.

As you know, the other important purpose of this meeting is to speed up what might otherwise be a lengthy Administration review.

## Background

As you know, on Thursday, September 18, a bi-partisan group of Senators -- including Senators Rockefeller, Chafee, Craig, Jeffords, Dewine, Bond, Coats, Levin and Landrieu -- announced an agreement on child welfare legislation, called the Promotion of Adoption, Safety and Support for Abused and Neglected Children Act (PASS). The PASS Act represents the Senate version of the House adoption legislation which passed this past Spring, which the Administration endorsed. Through the Spring and Summer, Rockefeller had prevented speedy Senate consideration of the House bill, in order to work on more ambitious Senate legislation. The PASS Act incorporates many elements of the Administrations Adoption 2002 initiative, including the principle of health and safety for children in foster care, financial incentives for states to meet adoption targets, clarification of the "reasonable efforts" standard, and shortened waiting times for children in foster care. The PASS Act also includes other measures, including judicial reforms and health coverage for special needs children who are adopted (effectively de-linking adoption assistance from IV-E eligibility).

Unlike the House bill, the Senate Act, as you know, has budget implications (roughly estimated at \$2.4 billion, although CBO has not yet scored the bill), paid for by savings from "cost-allocation" -- ensuring that states do not shift TANF administrative costs to other federal entitlement programs, such as Medicaid and food stamps. The Administration has been on record as supporting some version of cost allocation. As you might suspect, however, there are many competing causes trying to capture this pot of savings (for instance, Agriculture research spending). Rockefellers argument is that if we are going use this savings for something, it should be for measures that re-invests in this same population.

Attached please find a one-page description of the PASS Act, the Congressional Research Service side-by-side of the introduced legislation from the House and Senate, and the PASS legislation, as introduced on 9/18/97, as well as the Adoption 2002 report.

Meeting Participants

The First Lady  
Melanne Vermeer  
Bruce Reed  
Elena Kagan  
Gene Sperling  
Janet Murguia  
Jennifer Klein  
Nicole Rabner  
OMB TBD

Donna Shalala  
Olivia Golden  
Rich Tarplan  
Mary Burdette

February 19, 1997

MEMORANDUM FOR LARRY IRVING, ASSISTANT SECRETARY FOR COMMUNICATIONS AND INFORMATION, U.S.  
DEPARTMENT OF COMMERCE

FROM: BETSY MYERS, DEPUTY ASSISTANT TO THE PRESIDENT AND DIRECTOR, OFFICE FOR WOMENS  
INITIATIVES AND OUTREACH

SUBJECT: INVITATION TO SPEAK AT BRIEFING ON THURSDAY, FEBRUARY 27, 1997

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I would like to invite you to join me and other senior Administration officials for an afternoon briefing hosted by the Office for Womens Initiatives and Outreach for the National Association of Commissions for Women (NACW) next Thursday, February 27, 1997, from 3:30 to 5:30 p.m. in the Indian Treaty Room of the Old Executive Office Building.

I understand from speaking with Sheila Williams that your schedule for that day is already very full, but this group of approximately 30 members of both NACWs Board of Directors as well as members from local commissions for women have asked for you by name to speak to them about telecommunications. Some of them have worked very hard on the Telecommunications Bill, namely Carolyn Gatov of Ameritech, Bonnie White of Nynex, and Bill Roberts of Bell Atlantic. All, however, have expressed sheer delight in the hopes they will be able to hear your remarks and have an opportunity to ask you a few questions.

If a 10-15 minute opening in your schedule looks possible, we would be appreciative if you could be our last speaker any time until 5:15 p.m. Other confirmed speakers include: Elena Kagan, Deputy Assistant to the President for Domestic Policy; Joan Lombardi, Associate Commissioner of the Child Care Bureau in the Administration on Children, Youth and Families at HHS; and Eleanor Dean Acheson, Assistant Attorney General, Department of Justice. We hope you will reconsider our request, but if your schedule does not allow your participation, we would appreciate someone in your Office to speak in your place.

Please contact Sondra Seba of our Office at (202)456-7300 at your earliest convenience to confirm your participation and address any questions you might have. We look forward to hearing from you soon.

CC: Sondra Seba

Attachments:

Letter from Camille Failla Murphy, President, NACW  
Background on NACW

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August 4, 1998

## MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED  
MICKEY IBARRA  
ELENA KAGAN  
LYNN CUTLER

## SUBJECT: NATIVE AMERICAN ECONOMIC DEVELOPMENT CONFERENCE

On Thursday, April 6, you will attend a conference at the Grand Hyatt Hotel in Washington, D.C., sponsored by the White House (Domestic Policy Council and Office of Intergovernmental Affairs) and 15 federal agencies, entitled "Building Economic Self-Determination in Indian Communities." This memorandum provides some background on the conference as well as some statistics about American Indians and Alaska Natives. At the conference, you will make several policy announcements in the areas of education, economic development, and health care for Native Americans. This event is the first time you have spoken in front of Native Americans since your meeting with tribal leaders in 1994. During this conference, you will reaffirm your commitment to protecting tribal sovereignty and reaffirm the government-to-government relationship between the United States and tribes. Finally, you will promote and encourage economic self-determination in Indian country.

## Purpose and Structure of the Conference

This conference grew out of your meeting with tribal leaders on April 29, 1994, and the establishment of the Domestic Policy Councils (DPC) Working Group on American Indians and Alaska Natives. In addition, as a result of the government-wide survey of activities in relation to Indian country and your suggestion that initiatives be developed around economic development, the DPCs subgroup on economic development started planning this conference several months ago.

This conference will take place on August 5-6 at the Grand Hyatt Hotel in Washington, D.C. The event is sponsored by the White House (Office of Intergovernmental Affairs and the Domestic Policy Council), the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Housing and Urban Development, Interior, Justice, Labor, State, Transportation, the Treasury, and the Comptroller of the Currency and the Small Business Administration. Secretary Babbitt, Secretary Daley, Secretary Glickman, Secretary Herman, Attorney General Reno, and Administrator Alvarez will speak at the conference.

The conference will have approximately 800 participants including tribal leaders and members, businesses, and federal agency personnel. This conference will cover topics such as commerce in Indian country; building infrastructure and positive climate for business; tribal self-government and economic self-determination; agriculture and economic development; rural business; community development in Indian country; electronic commerce; welfare to work initiatives; and tourism.

## Background on American Indians and Alaska Natives

Indian America is made up of more than 550 tribes, with a total population of approximately 2.4 million. Approximately forty percent of all American Indians and Alaska Natives are under the age of twenty. About twenty percent of the total American Indian and Alaska Native population resides on 314 reservations, Indian lands, and in Alaska Villages that make up Indian country.

While economic conditions in Indian country have improved in recent years, American Indian and Alaska Native communities continue to lag behind the rest of the United States with respect to social, economic, and educational attainment levels. Income levels of American Indians and Alaska Natives are substantially below those of all other Americans, and about 34 percent continue to live below the poverty level. In comparison, about 14 percent of all Americans live below the poverty level. Complicating factors such as geographical isolation, under developed infrastructures, and demographics, add to the challenges confronting tribes as they work toward a better standard of living and quality of life for tribal peoples.

## Your Participation at the Conference

You will make remarks in the afternoon of August 6, which is the second day of the conference. You will speak to approximately 800 tribal leaders and representatives, business leaders, and federal agency personnel. The following person will introduce you:

\*Dominic Ortiz, student, 21 years old, University of Kansas, Lawrence, Kansas. As a member of the Prairie Band Potawatomi Nation, Mr. Ortiz attended Haskell Indian Nations University, one of the tribal colleges. Currently, he attends the University of Kansas. While at Haskell, Mr. Ortiz founded and served as president of the Haskell chapter of the American Indian Business Leaders (AIBL). Through the guidance and mentoring he received from AIBL, Mr. Ortiz started his own business, Potawatomi Traders, which sells Native American jewelry at the wholesale level. Potawatomi Traders helps to sustain 200 Native American artists whose jewelry is sold at 15 retail sites in 4 states. Mr. Ortiz uses profits from his business to fund his education.

Following your remarks, you will sign at the conference a Native American education executive order, which is described below.

## Policy Announcements to be Made at the Conference

We recommend that you make the following policy announcements at the conference, which focus on economic development, education, and health care. As obtaining an education and receiving quality health care are building blocks of economic self-determination, announcements in these areas will complement your economic development announcements.

## Education

\*Native American Education Executive Order. This executive order is designed to improve the academic performance of American Indian and Alaska Native students in grades K-12. The order focuses special attention on the following five goals: (1) improving student achievement in reading and mathematics; (2) increasing high school completion and post-secondary attendance rates; (3) reducing the influence of long-standing factors that impede educational performance, such as poverty and substance abuse; (4) creating strong,

safe, and drug-free school environments conducive to learning; and (5) expanding the use of science and educational technology. This order is structured to address Indian educational needs through participation at the federal, state, and local levels. At the federal level, the order establishes an Interagency Task Force which will plan budget initiatives, develop an education resource guide, and assist in implementing a comprehensive research agenda on Indian education. At the regional level, the order mandates a series of regional forums to be convened to identify promising practices. Finally, at the local level, this executive order sets up pilot sites which will receive comprehensive technical assistance in support of the goals of the order.

#### Economic Development

\*Executive Directive for Economic Development in American Indian and Alaska Native Communities. You should announce the following directive which has the following three components:

\*Technology Infrastructure Study. This memorandum will direct the Department of Commerce, in collaboration with the Department of the Interior and in consultation with tribal governments, to issue a report within 9 months on the technology infrastructure needs within Indian country, including distance learning facilities, telecommunications capabilities, and manufacturing facilities.

\*Strategic Plan to Coordinate Economic Development. This memorandum also will direct the Department of the Interior, the Department of Commerce, and the Small Business Administration to develop, within 90 days, a strategic plan that will coordinate efficiently economic development initiatives across agencies for Native American and Alaska Native communities. The plan will build upon current efforts as well as look toward future efforts in collaborating on such matters as providing technical assistance, enhancing infrastructure, and developing software.

\*One-Stop Mortgage Center. Finally, this memorandum will direct the Departments of Treasury and Housing and Urban Development, in partnership with local tribal governments and in cooperation with other federal agencies to initiate a project to help streamline the mortgage lending process in Indian country in order to improve access to mortgage loans on Indian reservations. The agencies will initiate this effort through a year-long pilot program on the Navajo Nation and in at least one other location.

\*Providing \$70 Million to Create Technology-Based Jobs in Indian Country. The U.S. Department of Agriculture (USDA), through its Bringing Rural America Venture Opportunities (BRAVO) initiative, will direct \$70 million of its contracting dollars through Fiscal Year 2000 to assist seven American Indian and Alaska Native tribes in establishing small start-up technology companies that will provide software development, maintenance, and technical support services. Through the 8(a) program, USDA, large technology companies doing business with USDA, and the Tribal Colleges and other land-grant educational institutions will work with American Indian and Alaska Native tribes to mentor and assist them in setting up these businesses to bid on government contracts.

#### Health Care

\*Support Elevating the Director of the Indian Health Service to an Assistant Secretary. You should call on Congress to pass legislation to elevate the Director of the Indian Health Service to an Assistant Secretary. Elevating the IHS Director to the position of

Assistant Secretary will strengthen the government-to-government relationship; facilitate communication and consultation with the Tribes on matters of Indian health; and raise awareness of Indian health concerns throughout HHS and the entire federal government.. The current director, Dr. Michael Trujillo, would become only the second full-blooded Native American to be an Assistant Secretary.

\*Correct state CHIP allotments for undercount of Native American children. You could announce a change in the state-by-state allocation of the \$24 billion in the Childrens Health Insurance Program (CHIP) to appropriately count Native American children. States receive a share of CHIP funds based on their proportion of uninsured children below 200 percent of poverty. When the Census Bureau produced these counts last September, it did not include Native American children with access to the Indian Health Service as "uninsured." Thus, even though such children are eligible for CHIP coverage, the states with a large number of Native American children did not receive a larger share of funds. You could announce that both the Census Bureau and Administration recognize that this was inequitable and are thus revising the allotments.

Highlight actions taken for outreach to Native American children. As part of a Federal Interagency Task Force, both the Department of Interiors Bureau of Indian Affairs and HHSs Indian Health Service proposed a number of actions to increase enrollment of uninsured Native American and Alaska Native children. These include developing and distributing culturally relevant referral information (e.g., brochure, poster, supplementary packets of information) to Native American families through the Bureau of Indian Affairs, especially focusing on tribal schools, colleges and social services agencies.

#### Attachments

\*Conference Agenda

\*The American Indian, Eskimo, and Aleut Population (U.S. Census Bureau)

\*Key Facts About American Indian and Alaska Native Children and Youth (prepared by IHS)

\*Testimony on Native American Economic Development Before the U.S. Senate Committee on Indian Affairs

Presidential

Advisory

Council on

HIV/AIDS

808 17th Street, N.W., Suite 820  
Washington, DC 20006

December 7, 1997

The Honorable William Jefferson Clinton  
President of the United States  
The White House  
Washington, D.C. 20500

Dear Mr. President:

The Presidential Advisory Council on HIV/AIDS urgently recommends, based on an examination of extensive scientific research, that a determination that needle exchange programs effectively reduce HIV transmission and do not increase drug use be made by Secretary of Health and Human Services Donna Shalala immediately. The Council has made several recommendations of this nature during the past two years to no avail. The most recent Congressionally imposed moratorium prevents federal funding of any programs until April 1, 1998, and requires the Secretary to establish a framework for the implementation and funding of any such programs. The guidelines for needle exchange programs, as part of a continuum of HIV prevention and substance abuse treatment programs, should be developed during the remaining months of the moratorium in consultation with affected communities and exchange service providers. The debate at this time should no longer be if, but how, needle exchange programs should be established. The Presidential Advisory Council on HIV/AIDS strongly recommends that the determination by the Secretary on this issue occur before January 27, 1998.

Thank you for your attention to this important matter.

Sincerely yours,

(original signed by RSH 12/7/97)

R. Scott Hitt, M.D.  
Chair

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**cc:**

The Honorable Donna E. Shalala  
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September 16, 1998

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed  
Elena Kagan

SUBJECT: DPC October Event Ideas

Health Care

Long-Term Care: If Democrats decide to introduce an alternative tax bill, we could do an event (either before or concurrent with the Democratic unveiling) that highlights the Presidents long-term care initiative. The Presidents proposal would provide for a \$500-\$1,000 tax credit to people with long-term care needs or their caregivers. It would cost about \$5 billion over 5 years and help about 2.2 million people. At the same time, the President could call for the Federal Employees Health Benefit plan to offer long-term care insurance to federal employees. OPM estimates that 300,000 people would buy these policies.

Work Incentives and Health Care for People with Disabilities: Within a week, we will know whether the Senate will vote on the Jeffords-Kennedy Work Incentives Improvement Act -- the disability communitys top health priority -- this year. If the bill does come to a vote, we could do a strong event with the disability and AIDS communities emphasizing our involvement in developing the bill and calling on the Senate to pass it. We also could announce the approval of four states for the new "date certain" grant program. This initiative (long sought by the disability community) gives states the ability to use Medicaid funds to offer a time-limited opportunity for institutionalized disabled persons to return to their communities to receive the long-term care services they need. The disabilities community views the program as an important step in moving Medicaid away from its historic bias toward institutionalizing the chronically ill.

Childrens Health: October is the first anniversary of the effective date of the Childrens Health Insurance Program (CHIP), and October 5 is Child Health Day. We could release the first annual report on states' progress in implementing CHIP, which is expected to coincide with a sufficient number of state approvals to cover 2.5 million kids. At this event, we would launch phase one of our childrens health outreach campaign with NGA, which includes new radio ads in 10 states (set to begin October 1) targeted to parents of uninsured children eligible for CHIP or Medicaid. We also are trying to get a commitment from Americorps to participate in signing families up for Medicaid and CHIP on the local level.

Patients Bill of Rights: We would like to do at least one more patients bill of rights event, preferably on the road, prior to the election. We might want to do a kind of wrap-up event, now that we have just about finished applying the bill of rights to federal health plans, toting up everything we have done by executive action (i.e., how many people covered) and comparing it to what Congress has accomplished (i.e., nothing). The AFL-CIO (per Jerry Shea) strongly favors this event.

Cancer Event(s): In addition to the September 26 Cancer March (and the Presidents possible involvement through a radio address), October is National Breast Cancer Awareness month. It is also the fifth anniversary of the Presidents launching of the National Action Plan on Breast Cancer. We have tentatively scheduled October 21 for an event with the First Lady to (1) release a new report on the progress the Administration has made in the fight against breast cancer, and (2) highlight a new information outreach and screening campaign focused on underserved minorities. Because of the Presidents strong cancer record, as well as his desire to underscore our commitment to ending health disparities among races, the President might want to participate in this event.

Elder Abuse: See Crime section of this memo.

#### Education

September Grants: The Education Department will announce prior to September 30: (1) technology grants (\$30 million to 17 states); (2) charter school grants (\$60 million to 20 states); (3) safe and drug free school grants (\$5 million for model school partnerships and universities); and (4) school-to-work grants (\$40 million to urban and rural communities, which must be given on September 30). We can try to combine as many of these grants as possible into a single event, perhaps in Chicago.

Potential Bill Signings: (1) The Higher Education Act is virtually certain to pass this session, though the timing is uncertain. It is likely to contain provisions to reduce student loan interest rates, as well as programs based on our High Hopes and Teacher Recruitment and Preparation proposals. (2) Prospects for passing the charter schools legislation are decent, though hardly guaranteed. (3) Ditto the prospects for passing an early literacy bill.

Safe Schools Conference: On October 15, the President will host a White House Conference on School Safety and take the following actions: (1) release the first annual report on school safety, including school crime data, information on model safe schools, and recommended action steps for parents and teachers; (2) unveil a proposal to reform the Safe and Drug Free Schools program and call for additional funds in the FY 2000 budget; (3) announce a new FEMA-like program of assistance for communities that have experienced school-related violence; (4) launch new comprehensive school safety grants that will bring together disparate streams of funding from the Departments of Justice, Education, and Health and Human Services; and (5) start a partnership with MTV on school safety, which includes a year of PSAs.

#### Crime

September COPS Grants: The President could announce in late September \$370 million in grants to hire or redeploy 11,500 more police officers. This announcement would include \$100 million for Los Angeles to hire 700 new police officers, \$70 million for the rest of California to hire 800 new officers, and \$200 million for COPS MORE grants to allow police departments in communities across the nation to redeploy more than 10,000 officers.

Elder Abuse and Fraud: The President could take several actions to combat elder abuse and fraud, including: (1) releasing the preliminary findings of an HHS study on elder abuse; (2) creating a new national center on elder abuse; (3) calling on Congress to reauthorize the Older Americans Act, which includes services to help older Americans at risk for abuse; (4) launching a new partnership between the Justice Department and AARP to create Elder

Fraud Prevention Teams (EFPTs) in four cities (Miami, Phoenix, San Diego, and Seattle); (5) releasing roughly \$3 million in Justice Department grants to combat fraud against the elderly (by September 30); and (6) posting new information on telemarketing fraud on the Department of Justice Web site.

TOP COPS Legislation: The President could sign legislation to expand educational benefits for the children of slain local law enforcement officers at the NAPO TOP COPS event on October 9, assuming the legislation is passed in time. The President endorsed this proposal at last years TOP COPS event. The bill has passed the Senate and is waiting for a floor vote in the House.

1997 FBI Crime Statistics: Coinciding with the October 18 release of the final 1997 FBI Uniform Report -- which will continue to show large decreases in crime -- the President could give a major policy speech on how this Administrations efforts have helped to fuel the longest sustained drop in violent crime in nearly 40 years. The speech would commemorate the fourth anniversary of the landmark 1994 Crime Act; highlight the crime policies, including signature initiatives such as COPS, that have helped to change the nations approach to crime; and begin to make the case for new crime proposals that will be included in the State of the Union and FY 2000 budget.

Youth Crime Gun Interdiction Initiative: Anytime after October 23, the President could: (1) release the second annual report on the Youth Crime Gun Interdiction Initiative (YCGII), which will provide new ATF data on guns used in crimes in 27 cities; (2) announce the availability of new funds to hire new ATF agents to investigate gun trafficking in these 27 cities; and (3) propose a dramatic expansion of this initiative in the FY 2000 budget to all major cities (i.e., the 65-70 cities with populations of 250,000 or more), which would cost about \$30 million (pending OMBs approval). Additionally, because we expect the YCGII report to make a strong case for cracking down on "straw purchasers" and gun shows, we are considering whether the President should announce his support for legislation requiring background checks for all secondary market gun purchases.

## Children and Families

Head Start Reauthorization Bill: The President should have the opportunity to sign a Head Start Reauthorization bill this year. A bill signing could highlight the how the Administration has (1) significantly increased Head Start participation; (2) dramatically improved program quality; and (3) created Early Head Start for infants and toddlers.

Quality Child Care for Federal Employees Act: The President may get an opportunity to sign the Quality Child Care for Federal Employees Act, which makes important improvements to federally-sponsored child care by building on an executive memorandum that the President issued in March 1998. (Congress, however, might add this measure to an appropriations bill.) We could announce new CCDBG data (see just below) at this signing.

New Child Care Data. The President could announce new data of the number of children served with child care assistance through the Child Care and Development Block Grant (CCDBG). This data will point to the need for increased investment in the block grant; we expect the data to indicate that we are serving approximately 1.8 million children of the 10 million eligible for assistance. This is the first data to examine the CCDBG created by welfare reform in 1996 (when four child care assistance programs were consolidated).

CEO Roundtable Discussion on Work/Family Issues: The President could host a meeting of CEOs to discuss "family-friendly" workplace practices that meet the needs of the nations changing workforce. The President could release a new CEA report, if it is ready, on Families and the Changing Labor Market. Additionally, the President could signal support for the design of a paid parental leave program (policy development process required). This meeting would build on the work of the Treasury Child Care Working Group, run by Secretary Rubin.

#### Welfare

National Child Support Case Registry: HHS is almost ready to put in place a new national database of child support cases, called a Federal Case Registry. This database will make it easier to locate deadbeat parents, especially if they have moved to a different state; HHS will check the Registry daily against an existing database of new employees; when it finds a match, it will report the information to the state, which then will arrange to garnish the wages of the delinquent parent. The registry was proposed by the President in 1994 and enacted as part of the 1996 welfare reform law. States will begin to submit their case data to HHS on October 1; HHS expects to have 30 states in its system by the end of October and 40 states by the end of the year. We could unveil the new registry anytime in October.

Work Participation Rates and Other Statistics: In late October, the President could visit a welfare-to-work program and announce (1) new state work participation rates, showing that almost all states are meeting the welfare laws single-parent requirements, but some are failing to meet the laws separate two-parent requirement; (2) new caseload data showing continuing declines; and (3) new data on the number of people who were on welfare in 1997 and working in March 1998.

#### Tobacco

OSHA Rule: The President could sign an Executive Order directing OSHA to issue within one year a standard establishing a smoke-free workplace for all private sector employees. OSHA has been working since 1991 on a standard regulating all indoor air pollutants (including but not limited to environmental tobacco smoke), but is years away from completing the standard, principally because there is scanty scientific evidence to justify the regulation of certain non-ETS pollutants. If the President ordered a separate standard only on ETS, OSHA believes it could complete the work within a year. The resulting standard would be similar to the August 1997 Executive Order banning smoking in federal buildings.

Counteradvertising: In an event focusing on counteradvertising, the President could direct HHS to: (1) designate the CDCs Media Campaign Resource Center as a National Clearinghouse on Tobacco Counteradvertising; (2) collect and disseminate a package of the top-10 advertisements for preventing youth smoking, and make these available to states and organizations for television placement free of charge; and (3) make effective anti-tobacco curriculum available to every school. Supermodel Christy Turlington and the musical group "Boyz II Men" have made PSAs that would be among the top-10 package, and we could invite them to participate in the event.

Department of Defense Anti-Tobacco Plan: The President could help unveil the DODs new comprehensive anti-tobacco plan. This plan includes: health plan coverage of over-the-counter nicotine replacement therapies; an extensive counteradvertising campaign; and the incorporation of anti-tobacco messages into military education and training

programs. The total cost is about \$60 million. The Secretary of Defense and/or Chairman of the Joint Chiefs of Staff could join the President.

#### Food Safety

Salmonella and Research: The President could announce a preliminary USDA study showing that salmonella risks have declined by almost 50 percent in chicken and almost 40 percent in swine, largely because of the HACCP program. At the same time, he could participate in a kind of "show and tell" event demonstrating the importance of research to food safety, showing for example how federal research has led to technologies dramatically reducing salmonella in chicken and e-coli in cows.

#### Service

Americorps 100,000th Member Event: CNS is planning national service events in Washington and around the country on October 23 to celebrate the swearing-in of the 100,000th Americorp member. At this event (or at some other time), the President also could announce: (1) new grants to support 500-1000 Americorps Promise Fellowships to support the goals set at the Presidents' Summit; (2) the recipients of the Presidents Service Awards, the nations highest volunteer service award; and (3) the recipients of the President's Student Service Awards.

#### Community Empowerment

Individual Development Accounts: The President may have an opportunity to sign a bill to provide funds for IDAs, which the President has supported since 1992. At the bill signing, the President could announce that he is sending a letter to the bank regulators asking that IDA accounts count towards a financial institutions CRA requirements.

September 8, 1998

MEMORANDUM FOR BRUCE REED  
ELENA KAGAN

FROM: Domestic Policy Council Staff

SUBJECT: Compilation of Preliminary New Ideas

#### CHILDREN AND FAMILIES

1. Child Care. While this is not a new idea, we must maintain our support for our child care initiative in order to have credibility on the rest of a new "families first" agenda.
2. Paid Parental Leave. Funding for paid-parental leave for the purpose of looking after a newborn baby, or a newly-adopted child for 12 weeks (although we may reduce the length of time, depending on costs). A leave initiative may be targeted to families whose incomes are below a certain level.
3. Home Visitation. Funding for programs that counsel and support parents in the parenting process. These programs are often conducted by trained professionals, such as nurses and counselors, and they tend to dramatically decrease levels of abuse, which in turn decreases rates of delinquency and crime amongst children and youth.
4. Child Welfare. Additional funding and improvements of independent living. (Specifics to follow.)
5. Child Tax Credit. Double the Child Tax Credit, from \$500 per child to \$1000, for parents of children aged 0 to three.
6. Home Office Tax Deduction. Expand the allowable expenses for those who work out of their home.
7. Flex-Time. Offer tax incentives for companies that offer flexible work hours for their employees, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended parental leave.
8. After-School Programs. Support after-school programs in both school-based and non-school-based settings, with a priority to those programs that are tailored to work hours.

#### CIVIL RIGHTS

1. Enhance the CRS program at Justice. The Community Relations Service at Justice has been a significant force in cooling racial tensions in communities all over the country. Since the 1980s, their budget has been decimated. This initiative could (1) enhance CRS's ability to provide mediation services to resolve community civil rights concerns as an alternative to litigation; and (2) provide CRS conflict resolution training and technical assistance to communities. The CRS is very popular with the AG and she often talks of wanting it strengthened.
2. Inter-Agency Task force on Discrimination. This initiative would create an inter-agency task force (headed by the Civil Rights Division at Justice) to expand research on the extent of racial discrimination in the country. The research would focus on developing uniform testing protocols in housing, employment, and access to capital and then using these tools to assess the nature and extent of discrimination in these areas. This effort could be linked to agency compliance and/or enforcement work.
3. Improve Civil Rights Information Sharing. This proposal would provide funds to establish and maintain a system that links the data bases of agencies with civil rights enforcement responsibilities -- thus allowing, for example, OCR at Education to have better access to work being done by the Education Section at Civil Rights.
4. Becoming an American. A national effort to focus on easing the transition to the U.S. for new immigrants. We could provide grants to community-based organizations that fund English and civics classes for new immigrants. Also, we could encourage the development of programs that provide practical transition-type help to new immigrants -- such as understanding the public education system; understanding the housing system, etc. According to the INS, there is a bit of this being done on the community level, but they do not fund any of it. Also, some of the education bits are done by the Dept. of Ed. (adult education and/or literacy), but not in a coordinated way. HHS funds some transition work for refugees. This general idea was first talked about by the Jordan Commission.
5. Sweat-Shop Initiative. Expand enforcement against labor abuses in "sweatshops" and on farms that employ migrant farm laborers. Many of the wage & hour laws in place to protect low-wage workers are not adequately enforced by the Department of Labor, in part because of dramatic reduction in funding for these efforts during the 1980s. These workplaces often serve as places of gateway employment for new immigrants, and thus the abuses disproportionately affect Latinos and Asians.
6. Equal Pay. A program that could be run by the EEOC and DOL to increase outreach to businesses to educate them about the legal requirements for paying equal wages, provide technical assistance, improve training for EEOC employees and resources for increases in enforcement capabilities.

#### COMMUNITY EMPOWERMENT

1. Access To Capital For All Americans.

\*CDFI Tax Credit. In 1996, we proposed a tax credit for investors in CDFIs. We could re-propose this \$100 million non-refundable tax credit. The maximum amount of credit allocable to a particular investment would be 25 percent of the amount invested.

\*Voluntary CRA. Launch a bully pulpit effort to encourage non-bank financial institutions to develop and implement principles for community investment.

\*Micro-Enterprise. Provide authorization and funding for CDFI Fund to provide technical assistance to micro enterprise organizations and micro-entrepreneurs (PRIME Act, Kennedy-Domenici).

\*Secondary Market. Develop coordinated administration initiative to take first steps towards secondary market for community development loans, including data collection, education, standardization, regulatory review, and the creation of a loan loss reserve fund to back pools of community development loans pooled and sold by the private sector.

\*Fair Lending. Continue to push the Fed to permit collection of data on race and income of small business borrowers; consider legislation if this fails.

\*Capital Access Programs. Push to give the CDFI Fund authorization to launch small business capital enhancement program to back state-run loan loss reserve funds that permit banks to make more difficult small business loans.

## 2. Sustainable Development.

\*Environmental Activity Bonds. In response to the growing needs of urban areas, an environmental bond would help cities meet the environmental goals set by the Clinton Administration. EPA has identified three areas which would be candidates eligible to receive funding: brownfields, drinking water, urban river/waterfront cleanup, and the creation of parks and other public spaces. Drinking water (as cities need to improve infrastructure to meet the requirements of the Safe Drinking Water Act) and brownfields are two areas that cities continue to seek assistance for financing. Our preference is to be more inclusive and allow municipalities increased flexibility to identify their priorities. However, there should be attention paid to how this financing would intersect with other Administration initiatives like the Clean Water Action Plan, Drinking Water Revolving Loan Fund, and TEA-21.

\*Urban River Corridors and Wetlands Restoration Projects. EPA proposes urban river corridor and wetlands restoration efforts tailored to improve the human health and economic opportunities in urban communities. To date, EPA has made small grants to a number of cities and municipalities for these types of projects. With additional grants to local communities, the Agency could provide the necessary funding for projects to improve community water resources. These projects would provide employment opportunities for residents, benefit the economic welfare and technical competence of local residents; and empower the community to build for a better future. Restored areas can serve to attract and sustain business as well as provide outlets for recreation.

\*Community Preference and Visualization Tools. Building the social capital necessary to change transportation and land-use policies to create more livable communities also requires tools that the average citizen can use to understand the implications of major policy choices. EPA proposed to act as a catalyst in the development and use of such innovative decision making tools. The types of tools would include: 1) Community Preference Surveys, which show communities pictures of different neighborhood types, and help the community reach a consensus about the types of development that are desirable; 2) simulation tools, which would get a community "development ready" or help a community experiment with alternatives that have been proposed; and 3) new software, accessible to the public as well as urban planners, to view and evaluate alternative urban designs for

any community.

\*Asthma Initiatives. Through better implementation and new investments, EPA believes the Federal government can take action that will show immediate and long term results to reduce asthma rates among children.

\*Air Quality Credits. EPA proposes to provide incentives to transportation planning by developing protocols for potential air quality credits toward state attainment plans for locally-initiated strategies and projects that create less auto-dependent communities. Similarly, the Agency proposes to create the next generation of the Clean Air Brownfields Partnership Pilot by continuing and expanding its ongoing efforts to link air quality goals and brownfields/infill redevelopment. After 2000, EPA proposes to partner with cities that have a significant brownfield site in the decision-making phase of redevelopment, work with the city, state, and developer to come up with a project design that maximizes air quality benefits, and allow credit for these activities under the State Implementation Plan.

### 3. Job Creation in Distressed Communities.

\*Local Infra structural Improvement and Economic Revitalization Fund. Emil forwarded this idea to establish a Federal grant program to fund local Infra structural improvements. This would spark revitalization of declining or stagnant low-income areas by providing funds to upgrade local infrastructure. These Federal dollars could leverage State, local, and private funds for such Infra structural efforts.

\*Community Revitalization Tax Credit. LISC proposes a Community Revitalization Tax Credit (CRTC) --similar to the Low-Income Housing Tax Credit --to help stimulate private-sector investment in commercial property in under served neighborhoods.

\*Community Development Corporation Tax Credit. In 1993, we put in place a demonstration tax credit for investors in 20 CDCs. According to this report for Bruce Katz shop at Brookings, this program has been effective. We could propose expanding this CDC tax credit to more areas. The author of this report also proposes some changes to make the tax credit more effective.

\*Expand and Rationalize Employer-Side Tax Incentives. This includes EZs, Welfare to Work, WOTC, DC Jobs Credit.

\*Working Ventures Fund. Fund one or more national non-profits to fund, evaluate, share best practices, develop networks, and link non-profits to their business community, in the job training and placement field, as LISC and Enterprise do in the housing

\*Community Empowerment Fund. a) Include targeting for welfare to work projects; b) allow links to venture capital focused on minority-owned or small business in distressed areas; c) eliminate mandatory pledge of CDBG dollars for CEF loans.

\*Metro Jobs/Community Development Corporation (CDC) Links. Would target job-poor but CDC-served central-city neighborhoods to create or strengthen a welfare-to-work infrastructure that is place-based but people-focused and regional in orientation (where the jobs are). Would build on HUDs Bridges to Work and complement DOL and HHS efforts, focusing on concentrations of assisted housing run by CBOs.

### 4. Low Income Savings.

\*Asset Development for Section 8 Voucher Recipients. Currently, an individual still sees the size of their subsidy reduced for each extra dollar he/she earns. This new idea from Liebman and Orszag would roll-over any savings --or a part of the savings --from an individual earning more money into an Individual Development Account (IDA). That is, if the size of a persons Section 8 voucher is reduced by about 30 cents for each extra dollar he/she earns, we could put this savings --up to 30 cents --in an IDA. We could also the capabilities created by EFT 99 to electronically transfer money to efficiently establish IDAs for more Americans.

\*Brownfields Meets Community Development. Under this proposal, we would push banks to invest in brownfields as part of their CRA commitments.

#### 5. Affordable Housing.

\*Elderly Housing Initiative. 1) Housing modernization grants to existing elderly housing projects for modernization, physical redesign, and/or conversion to assisted living; 2) Expanded and more flexible service coordinator grants to meet needs of increasingly frail population in public and assisted housing; 3) authority for PHAs to use vouchers for the housing component of assisted living costs.

\*Regional Affordable Housing Initiative. Targeting regions with severe jobs-housing imbalance and established partnerships for regional collaboration, HUD would provide grants and loan guarantees to support planning, regulatory streamlining across jurisdictions, and development.

\*Vouchers. An expanded request will focus on incrementals, welfare to work, and homeless.

#### 6. Promoting Homeownership In Distressed Communities.

\*Low-Income Homeownership Tax Credit. Self-Help --a community group in North Carolina --proposes a tax credit for investors who provide second mortgages to low-income families. This could significantly reduce the barriers to homeownership among low-income families, who do not really benefit from the home mortgage interest deduction.

\*Increase Allocation of Mortgage Revenue Bonds. Each state receives a supply of tax-exempt mortgage revenue bonds. These bonds help low-income families become homeowners and help develop affordable rental housing. There are currently 53 co-sponsors of legislation in the Senate and 316 co-sponsors of legislation in the House to increase the allocation of mortgage revenue bonds by slightly more than 50 percent and then index it to the rate of inflation.

\*Expand Use of Mortgage Credit Certificates. Mortgage Credit Certificates (MCCs) are credits against federal income tax equal to between 10 and 50 percent of mortgage interest (to a limit of \$2,000 per homeowner) issued by state governments. MCCs count against states ability to issue mortgage revenue bonds. We could propose to expand the MCC program to allow the limit to be \$4,000 for homeowners in EZs or ECs. We could also propose allowing states to not have to count MCCs against their mortgage revenue bond base.

\*First-Time Homebuyer Tax Credit. The 1997 tax law put in place a \$5,000 tax credit for first-time homebuyers in the District of Columbia. To boost homeownership in Empowerment

Zones, we could propose allowing any first-time homebuyer in an EZ to take advantage of this tax provision.

\*Historic Homeownership Assistance Tax Credit. The National Trust for Historic Preservation proposes a 20-percent tax credit to homeowners who rehabilitate or purchase a newly rehabilitated historic home and occupy it as a principal residence.

\*Homeownership Vouchers. Already authorized, would apply rental subsidies to mortgage-related expenses for first-time homebuyers who were Section 8 tenants.

## EDUCATION

1. Class Size Reduction. Reintroduce Presidents proposal to reduce class size in grades 1-3 to an average of 18. Needs to be funded on the mandatory side. If necessary, we could combine this with a teacher quality/recruitment initiative, so that funds in the early years of the program are devoted to (1) incentives for people to enter teaching and/or (2) teacher training and professional development.

2. School Modernization. Weve tried this on the mandatory side and weve tried this on the tax side. Assuming we dont get it this year, weve got to try again next year.

3. School Discipline/Safety. We are working on an overhaul of the Safe and Drug Free Schools Program, that will: (1) focus the program on comprehensive, proven approaches to improve school discipline and safety; (2) better target the funds to schools/communities with the greatest needs; and, (3) improve data collection and reporting, including school report cards on safety/discipline issues. Because the program currently spreads (small amounts of) funds around to almost all school, and because of its initial emphasis on keeping schools drug-free, the politics of this program will probably require that any shift in emphasis on greater targeting will require additional resources.

4. Teacher Supply and Quality. Here are three initial ideas for improving teacher quality. The first two came out of our initial discussions on the Presidents race report. We can decide down the road whether to keep them focused on high poverty schools, or make them more universal. We can also break out particular pieces of them into separate initiatives if we want to:

Make sure there are qualified teachers in high poverty schools. First, encourage and support state and local efforts to improve the preparation, certification, recruitment, selection, induction, retention, evaluation, reward and dismissal of teachers overall. Support necessary R&D on critical components of an upgraded system, such assessing teacher competence in the classroom. Second, work to end the practice of disproportionately placing and keeping unqualified teachers in high poverty schools. Require states to require prospective teacher to pass basic skills/subject matter tests (and help them develop more demanding assessments) in order to be licensed Prohibit school districts receiving Title 1 funds from staffing Title 1 funded classes (what about schoolwides???) with unqualified teachers, and bar those without an effective system for teacher evaluation (including removal of incompetent teachers) from receiving Federal (or just Title 1) funds. Require K-4 teachers in Title 1 schools to successfully complete training in teaching reading, and fund the training. Third, help attract and retain the best teachers for high poverty schools. Fund induction and continuing professional development programs

in high poverty schools. Provide incentives for Board-certified teachers to teach in high poverty schools.

Recruit More Minority Teachers. Many believe that a major factor influencing childrens success in education is role models. Enhance current recruitment programs with effective incentives to attract more minorities to the teaching profession. Minority teachers, administrators, and school personnel serve as role models for minority students and can provide an important link between schools and parents.

\*Establish subject-specific teacher/administrator training institutes/academies/centers in every state. There are crying needs to train existing teachers in key subject areas, such as reading, technology use, math/science and other academic subject. We should establish subject specific training centers in each state (or perhaps in geographic regions within states). The idea is to create a place, probably at a university, that has the subject-matter capacity and can work with school systems to develop and implement a strategy for ensuring that every teacher who needs it gets high quality, intensive and ongoing training in the subject and how to teach it. This could either substitute for or complement the current teacher training program (Eisenhower Professional Development Program), which provides funds to states and school districts on a formula basis, with broad discretion on how the funds can be used for professional development. We could also establish training centers for principals and other school leaders.

Continuing the Troops to Teachers (TTT) program (due to phase out in Oct 1999). TTT provides stipends to encourage retired military personnel to teach and school districts to hire and train them. TTT attracts more minorities and men into the teaching profession than are traditionally represented, they have background in understaffed subjects such as math and science, and are more willing to teach in inner-city classrooms.

5. Recruiting and Training Principals. Most states and communities lack good strategies for recruiting and preparing individuals with the knowledge and skills to provide the kind of leadership and management schools need right now. We could propose a competitive demonstration program to provide focus, leadership and effective models for the field. This would not be a big-ticket item.

6. Urban/Rural Initiative. This could take two forms. One would be some version of Education Opportunity Zones--a competitive grants program that rewards performance and requires accountability. A second would be to create local performance partnerships, in which local communities agree to create schools that are safe, have high standards and qualified teachers, after-school programs, tutors and other forms of extra help for kids, technology, etc. The districts would be responsible for creating schools with these opportunities, and would be accountable for improving achievement across the board (perhaps as measured against national standards). In return, the districts would (1) be able to combine funds from relevant ED and other programs, so they can figure out the best way to provide the learning opportunities; (2) get extra funding over and above the funding from the existing categorical programs; and (3) gain or lose additional funding based on performance (with some floor established to minimize the risk for districts).

7. Choice Demonstration Program. Establish a demonstration program to challenge states and school districts/cities to expand the range of high quality schools students and families can choose among, thereby enabling students in low performing schools to move to better ones. A variety of approaches should be encouraged, including:

Community College Enrollment. High school students should be permitted to enroll in community colleges, for high school level or college level courses. This step could provide inner city students with access to more qualified teachers, because most community colleges have faculty with subject matter expertise (whereas urban high schools often have teachers teaching out of field). It could also help boost minority enrollment in college. [see if this can build on existing tech-prep programs, or other articulation agreements.]

Contract School System. Transform urban school systems from bureaucracies which operate large numbers of schools into systems in which the local governing body contracts out the operation of each school--to teachers, nonprofits, school management firms, etc. In effect every school becomes a charter school, with a distinct mission, control over its own staffing and budget, and accountable for results. The local school board is responsible for selecting the schools, identifying new types of schools that might be needed and soliciting proposals to operate the school, monitoring the performance of each school and holding it accountable. Under this approach, all schools would eventually be schools of choice. [see Paul Hills work for background on this]

Schools located at large employers. Encourage large employers to provide facilities on site for schools for children of their own employees, while the school district provides the teachers, curriculum, instructional materials, etc. Dade County's Satellite Learning Centers provide the model for this approach. Dade's experience shows that these schools can (1) be more diverse than other schools, because work sites are more diverse than residential neighborhoods (2) save the school districts the cost of new facilities (3) save employers costs associated with employee turnover and (4) increase parental involvement in the schools.

Expanding choice through smaller, schools-within-schools. Transform large, impersonal schools into smaller schools-within-schools that would dramatically expand choices within public education for families without requiring students to leave their neighborhoods. Many parents want more choice in education but don't want to send their children to school far from home. This proposal would address that need and enable many more students to get the personalized learning attention that so many families want; it also may reduce discipline and violence problems. A grants program could support networks of schools or school districts to plan and implement this concept and provide information and counseling to help students and their families make good choices. This proposal could be linked or combined with the "contract" schools concept by creating a competitive process to award contracts to manage each school-within-a-school to teachers, non-profits, charter schools, etc.

8. English Language Acquisition. As part of the planned overhaul of the Bilingual Education Program, we should consider a number of initiatives:

Make every LEP child competent in English within 3 years of obtaining services. English language competency is the key to success in schooling and the economy. ESL and similar services should be made universally available to all students who need them. Federal funding can provide matching grants to States to do this. The requirement--including funding and accountability--for serving LEP kids and helping them become competent in English within 3 years should be built into the Title 1 program. Other programs, such as after-school and technology, should also be designed so that in schools with significant numbers of LEP kids, they are also focused on helping kids learn English within 3 years.

\* Support English Plus. In addition to ensuring that all LEP students learn English, we

should promote foreign language learning, starting in the early grades, for students whose native language is English. The objective is to dramatically increase the number of students who leave school fluent in two or more languages, regardless of their native language.

Support demonstrations of, and if effective greatly expand "Newcomer High Schools" for recently arrived immigrant students. Many school districts are facing an increasing number of secondary immigrant students who have low level English or native language skills, and in many cases, have had limited formal education in their native countries. In order to prevent these students from dropping out (and these children are a significant factor in the 40% Hispanic drop-out rate), these students must learn English, take the required content courses and catch up to their U.S. peers. Some district have developed Newcomer programs --either a separate school or a school-within-a-school. These programs typically educate students for a limited period of time (most for less than two years) before enrolling them in their home schools. Three such schools are 4-year high schools. The programs reach beyond the students themselves, providing classes to orient parents to the U.S. and 63% offer adult ESL classes. There are currently 75 such programs in 18 States and the Center for Applied Linguistics has sponsored an evaluation of their effectiveness.

9. Quality pre-school education. We can propose an initiative to make quality pre-school universally available, or at least universally available for poor kids. There should be two key components to this. One is to provide a number of funding streams to pay for it. Head Start should be the base, though we should also look at ways in which Title 1 could play a larger role. Second, we should provide incentives to both preschools and school districts that receive federal funds, to work together to help ensure that the preschools programs are focused on helping kids get ready for school, by requiring the schools to reach out to preschools and let them know what they expect kids to know and be able to do when they come to kindergarten, and by giving the preschools the help they need to provide an appropriate curriculum.

10. Federal Matching Funds for AP courses and for AP and SAT/ACT Preparation. The President has made universal access to two years of higher education a priority, and has created ways to alleviate the financial hurdles. A logical next step in improving the quality of access is to make all students more competitive by closing the gaps in advanced course availability as well as SAT and ACT test scores. The Federal government could establish funding matching mechanisms to encourage states to improve access to AP courses and preparation for AP tests in low-income schools; in areas where AP courses are not available, funds could be used for partnerships with community colleges that offer similar courses. Similarly, matched funds could be used to do one of a number of things for SAT/ACT preparation: pay for low-income youth to attend prep courses (e.g., Kaplan; Princeton Review); fund poor school districts to set up their own test prep programs; as in America Reads, waive the federal match for Work Study students who help prepare disadvantaged students for the tests.

11. "High Hopes" for Adults. While the President has made enormous progress in making available resources for higher education for people of all ages, the primary focus of Administration informational campaigns and initiatives like High Hopes have been to encourage young people to go to college. A new initiative could combine two efforts. First, the Administration could launch an informational campaign encouraging adults to go back to school and inform them of new resources available to help, including Lifetime Learning and Hope Scholarship Tax Credits, Individual Training Accounts under the new Workforce Investment Act, and Pell Grants (which apparently few realize can be used for

part-time students). Second, a new "High Hopes" grants program targeted at adults, partly focused on encouraging minorities and women to go back to school, could support local partnerships of business, community colleges, labor unions, one-stop centers and others to provide the information and counseling needed to encourage and assist adults to enroll in courses and programs that will help them succeed in their local job market.

12. Encourage High Schools to Offer/Require Service Learning. We should consider expanding the service learning initiative (Learn and Serve) to encourage more school districts to incorporate service into their education programs. The service learning program could be expanded to provide a stronger infrastructure, e.g., service coordinators for high schools, in order to make the service experience both more rewarding and educational for students.

## HEALTH

### 1. Long-Term Care and Medicare Reforms for Elderly, Disabled and Their Families.

Long-term care tax credit. Along with the lack of coverage of prescription drugs, the poor coverage of long-term care represents a major cost burden for the elderly and their families. Long-term care costs account for nearly half of all out-of-pocket health expenditures for Medicare beneficiaries. This proposal would give people with two or more limitations in activities of daily living (ADL) or their care givers a tax credit of \$500 (or more, if affordable) to help pay for formal or informal long-term care. This initiative would be coupled with other long-term care policies (e.g., offering private long-term care insurance offering to Federal employees). (Cost: About \$4 billion over 5 years, offset by closing some tax loopholes, and would help about 3.4 million people).

Offering private long-term care insurance to Federal employees. Since expanding Federal programs alone cannot address the next century's long-term care needs, the Federal government --as the nation's largest employer --could illustrate that a model employer should promote high-quality private long-term care insurance policies to its employees. Under this proposal, OPM would offer its employees the choice of buying differing types of high quality policies and use its market leverage to extract better prices for these policies. There would be no Federal contribution for this coverage. (Cost: Small administrative costs; OPM estimates about 300,000 participants).

Tax credit for work-related impairment expenses for people with disabilities. Almost 75 percent of people with significant disabilities are unemployed; many of those within the population cite the cost of employment support services/devices, as well as the potential to lose Medicaid or Medicare coverage, as the primary barriers to seeking and keeping employment. This proposal, strongly advocated by your Task Force on Employment of Adults with Disabilities, would give a 50 percent tax credit, up to \$5,000, for impairment-related work expenses. It could be a stand alone proposal in the budget or packaged as a long-term care initiative if we decide to defer announcing the long-term care tax credit. (Cost: About \$500 million over 5 years, offset by closing tax loopholes, and would help about 300,000 people).

New Family Care giver "One-Stop-Shop" Support Program. About 50 million people provide

some type of long-term care to family and friends. Families who have a relative who develops long-term care needs often do not know how to provide such care and where to turn for help. This proposal would give grants from the Administration on Aging to states to provide for a "one-stop-shop" access point to assist families who care for elderly relatives with 2 or more ADL limitations and/or severe cognitive impairment. This assistance would include providing information, counseling, training and arranging for respite services for caregivers. (Cost: About \$500 -750 million over 5 years).

Adding prescription drug coverage to Medicare (new policy). The lack of coverage for prescription drugs in Medicare is widely believed to be its most glaring shortcoming. Recognizing the medical community's reliance on prescriptions for the provision of much of the care provided to Americans, virtually every private health plan for the under-65 population has a drug benefit. Medicare's lack of coverage is largely responsible for the fact that drug costs are the highest out-of-pocket cost for three out of four elderly. This burden will only become more acute in the next century as the vast majority of advances in health care interventions will be pharmacologically-based. Responding to this fact, Republicans and Democrats on the Medicare Commission, as well as almost every health care policy expert, are consistently stating that reforming Medicare without addressing the prescription drug coverage issue would be a mistake. We are developing a wide variety of options, including a means-tested option, a managed care benefit only approach, and a traditional benefit for all beneficiaries. If desirable, a proposal could be included in the budget or coordinated with the March release of the Medicare Commission's recommendations. (Cost: Varies significantly depending on proposal, but could be \$1 -20 billion a year; assumed offset would be Medicare savings, which might more easily be achieved in context of a broader reform proposal).

\* Cancer clinical trials demonstration (FY 1999 budget; not passed). Less than three percent of cancer patients participate in clinical trials. Moreover, Americans over the age of 65 make up half of all cancer patients, and are 10 times more likely to get cancer than younger Americans. This proposed three-year demonstration, extremely popular with the cancer patient advocacy community, would cover the patient care costs associated with certain high-quality clinical trials. (Cost: \$750 million over 3 years).

\* Redesigning and increasing enrollment in Medicare's premium assistance program (extension of July executive action and new policy). Over 3 million low-income Medicare beneficiaries are eligible but do not receive Medicaid coverage of their Medicare premiums and cost sharing. Many more may not get enough assistance through the new, BBA provision that is supposed to help higher income beneficiaries. We are developing a range of proposals that build on the President's actions in this area to better utilize Social Security Offices to educate beneficiaries about this program, to reduce administrative complexity for states and to give them incentives to engage in more aggressive outreach efforts. (Costs vary depending on policies; probably about \$500 million to \$2 billion over 5 years).

## 2. Health Insurance Coverage Expansions.

\* Providing new coverage options for people ages 55 to 65 (FY 1999 budget; not passed). Americans ages 55 to 65 have a greater risk of becoming sick; have a weakened connection to work-based health insurance, and face high premiums in the individual insurance market. This three-part initiative would: (1) allow Americans ages 62 to 65 to buy into Medicare, through a premium designed so that this policy is self-financed; (2) offer

a similar Medicare buy-in to displaced workers ages 55 and over who have involuntarily lost their jobs and health care coverage; and (3) give retirees 55 and over whose retiree health benefits have been ended access to their former employers health insurance. A proposal such as this would be minimally necessary for any serious consideration of proposals to raise Medicares eligibility age. (Cost: About \$1.5 billion over 5 years, which would assist about 300,000 people).

\*Health coverage for the temporarily unemployed (FY 1997 and 1998 budgets; not passed). Because most health insurance is employment based, job changes put families at risk of losing their health care coverage. Many families do not have access to affordable health insurance when they are between jobs because they work for firms that do not offer continuation coverage or cannot afford individual insurance. The proposal would provide temporary premium assistance for up to six months for workers between jobs who previously had health insurance through their employer, are in between jobs, and may not be able to pay the full cost of coverage on their own. (Costs depend on whether it is done as a demo (about \$2.5 billion over 5 years, which would help about 600,000 people) or nationwide (about \$10 billion over 5 years, which would cover about 1.4 million persons)).

\* Childrens health insurance outreach (FY 1999 budget; not passed and new policy). By the first anniversary of CHIP, we expect about 45 states to have CHIP plans approved. These new expansions have great potential to help uninsured children, but not if families do not know or understand the need for insurance. Moreover, over 4 million uninsured children are eligible for Medicaid today. Last years budget included several policies to promote outreach, including allowing states to temporarily enrolling uninsured children in Medicaid through child care referral centers, schools, etc; and allowing States to access extra Federal funds for childrens outreach campaigns. An additional proposal is to pay for a nationwide toll-free number that connects families with state eligibility workers. NGA is sponsoring this line for one year only; such a line is essential for the nationwide media campaign that we are planning to launch in January with the NGA and Americas Promise (Colin Powells group). (Cost: Between \$400 and \$1 billion over 5 years.)

\* Parents of children on CHIP (new policy). Since children who are uninsured usually have parents who are uninsured, an easy way to target uninsured adults is to extend eligibility for Medicaid or CHIP to parents of children covered by these programs. This has been done successfully in some states, through Medicaid 1115 waivers, and would be a logical next step to covering low-income adults. (Cost: Depends on the proposal and assumed take-up rates by the states).

\* Optional state coverage expansion through eligibility simplification (new policy). In the wake of welfare reform, Medicaid eligibility rules have become even more complex since states must cover people who would have been eligible for AFDC under the old rules. Additionally, Medicaid law allows states to cover parents but not adults without children --even if they are very poor. This proposal would allow states to opt for a pure poverty standard for Medicaid eligibility for all people (like we do for children) rather than the old categorical eligibility categories. Not only would such an approach simplify the Medicaid program for families and states; it would provide an opportunity for significant coverage expansion. While any change in Medicaid almost always raises concerns amongst some advocates, this proposal would be strongly supported by the Governors and advocates such as the Center for Budget and Policy Priorities. (Cost: Depends on the proposal and projected coverage expansion take-up rates).

\*Voluntary purchasing cooperatives (FY 1997, 1998, and 1999 budgets; not passed). Workers

in small firms are most likely to be uninsured; over a quarter of workers in firms with fewer than 10 employees lack health insurance almost twice the nationwide average. This results in large part because administrative costs are higher and that small businesses pay more for the same benefits as larger firms. This proposal would provide seed money for states to establish voluntary purchasing cooperatives. These cooperatives would allow small employers to pool their purchasing power to try to negotiate better rates for their employees. (Cost: about \$100 million over 5 years).

3. Increase the Indian Health Service budget. In order to reach more of the targeted population, we should provide a significant increase to the IHS budget in order to address areas such as substance abuse, elder health care, injury prevention, domestic violence and child abuse, and sanitation facilities.

#### HOMELESS

1. Homeless Veterans. The National Coalition of Homeless Veterans estimates that there are as many as 275,000 homeless veterans on any given night. According to the Department of Veterans Affairs, an approximately \$60 million increase in funding would constitute the single largest investment into breaking the cycle of homelessness among veterans. This proposal would seek to increase residential alternatives, community-based contracted care, job preparation activities, stand down activities (community-sponsored events that conduct one-stop service delivery programs for homeless veterans), the distribution of clothing, and long-term housing. The VA estimates that this proposal would positively impact approximately 100,000 to 150,000 veterans annually.

2. Allow VA to sell surplus property with 10 percent of proceeds going to homeless veterans. OMB proposes to amend the Property Act of 1949 to create a 5-year pilot project for the VA to sell off property with 10 percent of the proceeds going to local homelessness projects under the McKinney Act (with this 10 percent being earmarked for homeless veterans) and the other 90 percent going to the VA for capital funds (buildings, equipment, infrastructure, but not staff). Currently, the way the law works is that all the proceeds from surplus property goes to homelessness, but this has not provided an incentive to the agencies to sell property because they do not get to keep any of the proceeds. OMB states that since 1989, only one piece of property has been sold under this provision. OMB will be circulating their proposal within a couple of weeks. OMB would propose to permit VA to sell 25 pieces of property, but does not have a cost estimate yet.

3. Homelessness Demonstration Project Modeled after TANF. Funds could be set aside in the FY2000 budget to create a demonstration project so that one state, region, or locality could try to move persons from homelessness to self-sufficiency. The demonstration project should set up performance goals similar to TANF so that there is a measure of how many persons have been made self-sufficient. There could be a performance bonus for the demonstration project if the goal of the project is met.

4. Medicaid Outreach Project for Homelessness. A Medicaid outreach project could be set up, similar to the CHIP outreach project, that would reach out and cover homeless persons. We should develop a cost estimate to determine that, over time, dollars would be saved if persons are treated under Medicaid rather than on an as-needed basis in emergency rooms and clinics. This idea could be expanded to reach out to more than simply the homeless population to include all groups who are Medicaid-eligible.

## CONSUMERS

1. Consumer Bill of Rights. A consumer bill of rights could address a number of areas such as enforcement, notice to consumers, and dissemination of information. We could announce this bill of rights as a package, but then pull out separate pieces for separate events like we do in the Patients Bill of Rights area. We could include a number of different areas such as the following:

\* Auto Insurance Fraud. Auto insurance fraud is a \$13 billion-a-year problem in America. We could propose significant funding for a Justice Department anti-auto insurance fraud. Since an estimated 13 percent of auto-insurance premiums go to pay for fraud, we could claim that this effort will help drive down auto-insurance premiums.

\* Slamming/Cramming. Cramming, in which con artists add bogus charges to consumers telephone bills, and slamming, the unwanted switching of long-distance telephone service from one carrier to another, and are the top two respective complaints reported to the National Fraud Information Center in 1998. In 1997, the FCC received more than 20,000 complaints from customers who were slammed. So far, the FCC has fined slammers, announcing a \$5.7 million fine this year, and announced voluntary guidelines for cramming that local telephone companies say they will follow. We could add money for enforcement to the FCC and/or DOJ. In May, the Senate overwhelming passed legislation that would impose new penalties on slammers and would eliminate common slamming methods, such as contest entry forms that, when signed by unsuspecting customers, authorize a switch of their long-distance carriers.

\*Telemarketing Fraud. Telemarketing fraud is among Americas worst white-collar crimes, robbing unsuspecting victims of an estimated \$40 billion per year. We could increase the FBI budget to increase investigations of this type of fraud. Recently, the Washington Post reported that volunteers from the American Association of Retired Persons (AARP) work undercover for the FBI, posing as potential victims to catch telemarketers on the prowl. Because telemarketing fraud often is targeted against the elderly, we could combine this piece with the elder abuse in a separate event.

\*ATM Proposal. Weinstein proposes that Treasury publish an annual report on consumer financial issues, including ATM fees. In each report, Treasury would provide a list of insured financial institutions based on geographic divisions and by size. Treasury would report on the following categories: (1) Fees charged to depositors at ATMs at their home branches; (2) Fees charged by institutions to depositors using other banks ATMs; (3) Fees charged by ATM networks; (4) ATM fees charged to non-member depositors by institutions; (5) Minimum deposit requirements for checking and savings accounts; (6) Fees for overdrafts; and (7) Checking account fees. We will need to develop categories which underscore the differences in types of accounts. If we just list checking account fees, the fees that aren't reported would increase.

## TOBACCO

1. Tobacco Counter advertising. Fund a \$200 million per year tobacco Counter advertising and education campaign, as proposed in the Presidents 1999 budget and McCain legislation. This campaign would develop Counter advertising and purchase enough media time to reach teens at least four times a week. The campaign would also fund an extensive school-and community-based anti-tobacco education campaign.

2. Tobacco Cessation. Each year, 20 million smokers attempt to quit, but only 1 million, or 5 percent, succeed. More than 90 percent smokers who attempt to quit do so on their own, and the vast majority fail within 2 to 3 days. However, research shows that effective cessation methods could raise success rates to 10-20 percent (over 2 million people annually). The Agency for Health Care Policy and Research (AHCPR) endorsed 5 smoking cessation methods that have been proven to be effective in helping people to quit: gum, patch, nasal spray, inhaler, and pill (Zyban). A full course of these treatments costs around \$200-300 (for a three months supply, without counseling). However, less than half of managed care organizations provide coverage of any AHCPR-approved therapies, and those that provide coverage may impose cost-sharing requirements that hinder access to treatment. In fact, a study of managed care in Washington State found that eliminating copayments for smoking cessation services significantly increased participation rates.

3. Continued call for comprehensive legislation to stop children from smoking before they start. Total combined cost of all these initiatives: \$855 million over 5 years. We could make a series of proposals, some part of the budget and some not: (1) Fall --announce new DOD anti-tobacco plan, and new DOL and OPM tobacco-free workplace programs; (2) Winter --propose Medicaid and Veterans coverage of cessation benefits through FY2000 Budget; and (3) Spring --tax coverage of cessation as a medical expense and expanded coverage of cessation benefits in FEHBP.

\* New Department of Defense anti-tobacco plan. This plan is still being vetted at the agency but will likely include covering over-the-counter nicotine replacement therapies under military health care coverage as part of a comprehensive military-wide anti-tobacco plan. Cost: \$60 million per year.

\* Anti-tobacco workplace initiatives by DOL and OPM. DOL could expand its drug-free workplace initiative to provide information to employers on steps they can take to reduce tobacco use among employees (cost: \$63,000 per year). OPM could disseminate a model workplace cessation program for all federal agencies (agencies would use existing appropriated funds).

\* Medicaid coverage. Currently, smoking cessation prescription and non-prescription drugs are optional state benefits under the Medicaid statute. We could propose to require states to cover cessation, as the McCain bill did (CBO estimated cost: \$120 million over 5 years, HCFA estimated \$114 million). Alternatively, we could propose an enhanced federal matching rate for smoking cessation treatments, in order to offer the states an incentive to cover these services. The Hansen-Meehan bill establishes a 90 percent match rate for state costs of smoking cessation services at an estimated cost of about \$110 million over 5 years. Currently, 23 states cover Zyban, 6 states cover non-prescription treatments, and 5 states cover cessation counseling. A study by the Center on Addiction and Substance Abuse at Columbia University found that over 42 percent of Medicaid recipients smoke, as compared to 25 percent of the general population and that nearly 10 percent of all Medicaid hospital days are attributable to smoking.

\* Veterans. We should re-propose the plan from the Presidents 1999 budget which created a new discretionary program open to all veterans who began using tobacco products while in the service, regardless of their eligibility for other VA health care services (currently less than 15 percent of veterans receive their health care through the VA system because of statutory limits --veterans must be low income or have a service-related injury.) The VA would contract with private sector entities to furnish AHCPR-approved services to

interested veterans. OMB estimates that this proposal would cost \$87 million for the first year, and \$435 million over 5 years. Thirty-six percent of the 25 million veterans in this country smoke.

\*Tax Treatment. Currently, the cost of cessation treatment cannot be claimed as a deductible medical expense because the IRS does not recognize smoking or tobacco addiction as a "disease." The IRS has indicated in written opinions that an official medical authority classification of smoking as a disease would allow cessation to deduct these expenses. Treasury is interested in pursuing this in 1999. This would be done outside of the budget.

\* Federal Employees Health Benefit Program. We could require enhanced coverage of smoking cessation services. One option is to raise coverage limits to more accurately reflect the cost of AHCPR-approved treatments, and to raise the number of treatments allowed per lifetime to account for the fact that the average smoker requires three to five cessation attempts before they successfully quit (i.e., require coverage of \$300-400 per treatment, with three maximum treatments covered per lifetime). Another option is to waive the deductible and copayment requirement for cessation benefits. Currently FEHBP fee for service plans, which cover 70 percent of beneficiaries, are required to provide only \$100 in smoking cessation benefits. Generally, this coverage does not kick in until after the calendar-year deductible has been met, and most plans restrict benefits to once per lifetime. Many plans only cover prescription drugs. HMO coverage of smoking cessation benefits varies greatly. This would be done outside of the budget, but would have to occur in the spring as part of OPMS annual letter to contracting plans, establishing the terms for the following year of coverage.

#### WELFARE

##### 1. Helping the Hardest-to-Employ Get and Keep Jobs.

\* Extend Welfare-to-Work Grants and Strengthen Focus on Fathers. Funding for the \$3 billion grant program that the President fought for in the Balanced Budget Act ends in FY 1999. These funds are targeted at the hardest-to-place welfare recipients, and non-custodial parents of children on welfare, and at concentrated areas of poverty. 75% of the funds are allocated to states, who in turn pass them to local Private Industry Councils and 25% of the funds are available on a competitive basis. We expect DOL to propose extension of the grant program in their FY 2000 budget proposal. We should consider revising the statutory language to increase the focus on increasing employment of fathers. While there is a significant level of interest in serving this population, there is likely more we could do to increase the quantity and quality of services. This should also increase support from the Ways & Means committee as Shaw is very interested in fatherhood issues. Possible approaches include requiring states and communities to designate a minimum portion of WTW formula funds for fathers, setting aside a portion of competitive grant funds for this purpose, or earmarking funds for needed technical assistance and capacity building on this relatively new area. Other changes worth considering: shifting more funds toward competitive grants, increasing tribal set aside (currently 1%), and streamlining data collection requirements. Assuming level funding, this would cost \$1.5 billion annually.

\* Request Additional Welfare-to-Work Housing Vouchers. We are unlikely to get the full 50,000 housing vouchers requested for FY 99. This approach continues to have merit, both

in helping families move from welfare to work and as a catalyst for changing the way local housing authorities, and HUD, do business. Cost to fully fund 50,000 vouchers is \$283 million. Some, including Deich and Edley, have also suggested allowing housing authorities to convert Section 8 vouchers that are turning over to the more flexible approach of the WTW vouchers.

\* Invest in Increasing English Language and other Literacy Skills. There is evidence that those with low education levels have a harder time leaving welfare. There is also emerging evidence that English language may be a barrier for some minority welfare recipients, including immigrants. We may want to explore whether there is more the federal government could do to increase access to ESL and other basic education that is combined with work, though this does not necessarily have to be done with TANF funds. We need to first explore what is available, whether there are successful models that can be replicated, and what the demand is.

## 2. Helping New Workers Succeed in the Workforce/Achieve Self-Sufficiency.

There are several ways to ensure people moving from welfare to work can get to their jobs:

Request full \$150 million authorized for Access to Jobs for FY 2000 (TEA-21 set guaranteed funding from the Highway Trust Fund at \$60 million for FY 2000). This would allow DOT to fund more competitive grants. Note these funds can be spent on current and former welfare recipients, as well as families up to 150% of poverty so they help the working poor as well.

Donate surplus federal vehicles to welfare to work programs. These could be given, leased, or sold to current and former welfare recipients for whom public transit is not a viable option, including those living in rural areas. Cars could be allocated through community-based organizations or intermediaries. This could be modeled after the initiative to donate federal computers to schools.

\* Help former welfare recipients access funds to purchase cars. In some areas, public transit is not a viable option for a family moving from welfare to work. In addition, owning a car is something many poor families aspire to, and something that helps them become part of the economic mainstream. Family Services of America, and other organizations, currently offer revolving loans for low income families to purchase cars. FSA's model currently operates in 20 sites and is scheduled to expand to 60 sites later this Fall, with partial funding from foundations and private financial institutions. They are also seeking federal funding to help with this expansion. Possible sources include: HUD, Treasury, DOL WTW grants, as well as existing federal and state TANF funds. Another option is to expand allowable uses of IDAs to include purchasing a car needed to go to work.

\* Connection between TANF and Unemployment Insurance. There is growing interest in exploring the relationship between these two systems. Historically, few welfare recipients have qualified for UI, and some have essentially used AFDC as a form of unemployment insurance. As more welfare recipients joining the labor force, we need to consider the most appropriate way to provide income support to them between jobs. Various approaches include: (a) changing rules of the UI system that make it hard for former welfare recipients to qualify for UI once they go to work and in the event they lose a job and (b) creative uses of federal TANF or state MOE funds to provide income support to people in between jobs. Either approach should be accompanied by a strong effort to promote job retention and rapid re-employment. This could be considered as part of a more comprehensive UI reform initiative that NEC has been considering, but it would not depend

on that. NOTE: NGA has a grant to explore this issue and several states are trying innovative approaches. While we do not have to frame the issue in terms of planning for economic downturns, it seems prudent to address this issue earlier rather than later.

\* Optional State Coverage Expansion Through Eligibility Simplification (new policy). In the wake of welfare reform, Medicaid eligibility rules have become even more complex since states must cover people who would have been eligible for AFDC under the old rules. Additionally, Medicaid law allows states to cover parents but not adults without children --even if they are very poor. This proposal would allow states to opt for a pure poverty standard for Medicaid eligibility for all people (like we do for children) rather than the old categorical eligibility categories. Not only would such an approach simplify the Medicaid program for families and states; it would provide an opportunity for significant coverage expansion. While any change in Medicaid almost always raises concerns amongst some advocates, this proposal would be strongly supported by the Governors and advocates such as the Center for Budget and Policy Priorities. (Cost: Depends on the proposal and projected coverage expansion take-up rates).

\*Transitional Medicaid. Families can currently receive Transitional Medicaid for up to 12 months after leaving welfare, but only about 20 to 30 percent of eligible families are enrolled. The program has many procedural hurdles that make it more difficult to access than regular Medicaid coverage and the 12 months transitional period is too short for many families. The budget could eliminate some of the current prescriptive reporting requirements now in the law (that, for example, requires families to report earnings in the fourth, seventh, and tenth months of coverage and divides the 12 months of coverage into two 6 month segments with different co-pay and benefit rules) and allow states to provide a full 12 months of coverage without regard to changes in family circumstances, similar to the 12-month option for children that was adopted in the Balanced Budget Act. In addition, the budget could provide states the option of extending transitional Medicaid to 24 or 36. These ideas need to be fully discussed, vetted, and costed out. The current program reauthorization sunsets in 2001.

\*Extend the Work Opportunity Tax Credit and Welfare-to-Work Tax Credits (WOTC has already expired and WTW will expire in 1999).

#### DISABILITY POLICY

1. Expanding the Defense Departments "CAP" program. The Defense Departments Computer Accommodations Program ("CAP") purchases equipment for DOD employees with disabilities to allow them to keep working if they become disabled, or for new employees just joining the workforce. By using a central \$2 million fund for such purchases, individual offices do not have to bear the cost within their own budgets, and are less likely to be deterred from hiring a person with a disability. CAP is also able to get better prices on equipment through its bulk purchases and expertise. It has a showroom to help employees try out appropriate adaptive devices (CAP makes the decision on what equipment is purchased, not the employee). It has provided over 9,000 accommodations since its inception in 1990. This program is a good example of how employers and employees are taking advantage of new (and increasingly cheap) technology, such as computers for the blind that talk and listen, and alternative computer keyboards for people with dexterity problems, that allow people with disabilities to work. Expanding the program has the strong support of the Administrations appointees with disabilities, in particular for Tony Coelho, chair of the President's Committee on Employment of People with Disabilities.

Defense has estimated that it would cost \$8 million a year to expand CAP government-wide, but this is likely overstated since CAP now serves the entire Defense Department for \$2 million a year. A more realistic range is \$2 -5 million a year. While having DOD perform this service for all federal employees is a bit unusual, they have a great deal of expertise at this task and they are ready to take on the added responsibility.

2. Tax Credit for Disability Related Expenses. New tax credit for employers and/or individuals with disabilities with extraordinary disability-related expenses, such as assistive technology or a personal assistant. The proposed credit would allow a credit of 50 percent of the first \$10,000 of disability-related work expenses. [Need Treasury information on scoring.]

3. New BRIDGE grant program. This program would create interdisciplinary consortiums of service providers (employment, transportation, etc.) to better assist people with disabilities in going to work. NEC and DPC will receive revised proposal shortly from the Presidents Task Force on Employment of People with Disabilities and will evaluate and vet.

4. Information and Communication Technologies for People with Disabilities. NEC has developed draft proposals now being vetted to ensure that new technologies will be designed from the beginning to be accessible to people with disabilities. Ideas include leveraging federal government procurement, investing in R&D, funding industry consortia, training the next generation of engineers, etc. (Tom Kalil is working on this, coordinating with DPC and OMB).

September 8, 1998

MEMORANDUM FOR BRUCE REED

ELENA KAGAN

FROM: Domestic Policy Council Staff

SUBJECT: Compilation of Preliminary New Ideas

#### CHILDREN AND FAMILIES

1. Child Care. Reintroduce the Presidents child care proposal. This includes: increased funding for the Child Care and Development Block Grant; increased tax credits for working families to help them pay for child care; a fund to invest in programs that support early childhood learning and development; after-school care through the 21st Century Learning Center program; and programs to improve child care safety and quality through a fund to states to enforce standards better, scholarships for child care providers, and additional funding for evaluation and research.
2. Paid Parental Leave. Many workers, including those covered by the Family and Medical Leave Act, cannot afford to take leave at the birth or adoption of a child. This proposal would provide paid parental leave for a limited period of time to working parents with family incomes below a set amount. For example, a new proposal could provide 6 weeks of paid leave to all new parents who have been in the workforce either part-time or full-time for one year and whose family income is below \$50,000, at a cost of \$1 billion per year. This proposal could use the unemployment insurance system to provide the leave payments, but would be paid for by the federal government.
3. Home Visitation. Home visiting programs, in which a trained professional (such as a nurse) pays routine and intensive visits to pregnant mothers and new parents, have proven successful in strengthening families and improving child outcomes, particularly reducing child abuse. We propose to create a grant program to fund the development or expansion of home visitation programs, with priority given to areas with high rates of child maltreatment.
4. Child Welfare. Each year, thousands of foster children "age out" of the child welfare system; at age 18, children lose their foster care maintenance assistance funding, and many have neither been reunified with their family nor adopted. In the next 3 years, approximately 65,000 children will "age out." We propose increasing by 50% the Federal Independent Living Program (ILP), which assists adolescents aged 16-18 in the foster care system as they prepare for independence. The ILP provides services to help foster care children earn a high school diploma, receive vocational training, and learn daily living skills such as budgeting, locating housing, planning a career, and finding a job. The program was begun in 1984, and has been funded at \$70 million annually since 1992. Funds are awarded directly to the States, which receive a base amount by formula and additional funds at a 1:1 match ratio.
5. Child Tax Credit. The 1997 Balanced Budget Agreement created a Child Tax Credit of \$500 per child for families. We would propose an expansion of the credit to families with children under three, in order to better support working families. This tax credit may

allow some parents to spend more time with children by enabling them to forego some income. The proposal would benefit both families in which both parents work, as well as families in which one parent stays at home. This proposal would roughly cost \$5 billion over five years.

6. Home Office Tax Deduction. We propose an expansion of the Home Office Tax Deduction in order to create incentives for parents to work from home so that they may spend more time with their children. This proposal would allow the taxpayer to claim additional expenses of the costs of working from home, such as Internet hook-up costs. It would cut down on commuting time, thereby allowing parents to spend more time with their children. In addition, the tax deduction would help reduce pollution costs associated with commuting.

7. Flex-Time: We propose offering tax credits to all companies that offer a variety of family-friendly benefits, including flexible work hours for their employees, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended parental leave. Such a tax credit would enable parents to spend more time with their children by providing companies, both small and large, to respond to the time crunch families are facing. In addition, it builds on our flex-time proposal (which allows workers to take their over-time compensation as vacation time) and family-leave proposal.

8. After-school programs: In order to meet the growing concerns parents have over how their children are occupied in the hours between the end of the school day and the time parents arrive at home, we propose an expansion of our after-school initiative. A poll recently conducted by the Mott Foundation found that 92% of Americans believe there should be organized activity for children after school; 78% strongly share this view. In order to address this growing consensus, we propose first expanding our 21st Century Learning Centers Initiative, which supports school-based after-school programs. In addition, we propose creating a set-aside within the Child Care and Development Block Grant targeted to after-school programs run by community-based organizations.

## CIVIL RIGHTS

1. Enhance the CRS program at Justice. The Community Relations Service at Justice has been a significant force in cooling racial tensions in communities all over the country. Since the 1980s, their budget has been decimated. This initiative could (1) enhance CRS's ability to provide mediation services to resolve community civil rights concerns as an alternative to litigation; and (2) provide CRS conflict resolution training and technical assistance to communities. The CRS is very popular with the AG and she often talks of wanting it strengthened.

2. Inter-Agency Task force on Discrimination. This initiative would create an inter-agency task force (headed by the Civil Rights Division at Justice) to expand research on the extent of racial discrimination in the country. The research would focus on developing uniform testing protocols in housing, employment, and access to capital and then using these tools to assess the nature and extent of discrimination in these areas. This effort could be linked to agency compliance and/or enforcement work.

3. Improve Civil Rights Information Sharing. This proposal would provide funds to establish and maintain a system that links the data bases of agencies with civil rights enforcement responsibilities --thus allowing, for example, OCR at Education to have better access to work being done by the Education Section at Civil Rights.

4. Becoming an American. A national effort to focus on easing the transition to the U.S. for new immigrants. We could provide grants to community-based organizations that fund English and civics classes for new immigrants. Also, we could encourage the development of programs that provide practical transition-type help to new immigrants --such as understanding the public education system; understanding the housing system, etc. According to the INS, there is a bit of this being done on the community level, but they do not fund any of it. Also, some of the education bits are done by the Dept. of Ed. (adult education and/or literacy), but not in a coordinated way. HHS funds some transition work for refugees. This general idea was first talked about by the Jordan Commission.

5. Sweat-Shop Initiative. Expand enforcement against labor abuses in "sweatshops" and on farms that employ migrant farm laborers. Many of the wage & hour laws in place to protect low-wage workers are not adequately enforced by the Department of Labor, in part because of dramatic reduction in funding for these efforts during the 1980s. These workplaces often serve as places of gateway employment for new immigrants, and thus the abuses disproportionately affect Latinos and Asians.

6. Equal Pay. A program that could be run by the EEOC and DOL to increase outreach to businesses to educate them about the legal requirements for paying equal wages, provide technical assistance, improve training for EEOC employees and resources for increases in enforcement capabilities.

#### COMMUNITY EMPOWERMENT

##### 1. Access To Capital For All Americans.

CDFI Tax Credit. In 1996, we proposed a tax credit for investors in CDFIs. We could re-propose this \$100 million non-refundable tax credit. The maximum amount of credit allocable to a particular investment would be 25 percent of the amount invested.

Voluntary CRA. Launch a bully pulpit effort to encourage non-bank financial institutions to develop and implement principles for community investment.

Micro-Enterprise. Provide authorization and funding for CDFI Fund to provide technical assistance to micro enterprise organizations and micro-entrepreneurs (PRIME Act, Kennedy-Domenici).

Secondary Market. Develop coordinated administration initiative to take first steps towards secondary market for community development loans, including data collection, education, standardization, regulatory review, and the creation of a loan loss reserve fund to back pools of community development loans pooled and sold by the private sector.

Fair Lending. Continue to push the Fed to permit collection of data on race and income of small business borrowers; consider legislation if this fails.

Capital Access Programs. Push to give the CDFI Fund authorization to launch small business capital enhancement program to back state-run loan loss reserve funds that permit banks to

make more difficult small business loans.

## 2. Sustainable Development.

**Environmental Activity Bonds.** In response to the growing needs of urban areas, an environmental bond would help cities meet the environmental goals set by the Clinton Administration. EPA has identified three areas which would be candidates eligible to receive funding: brownfields, drinking water, urban river/waterfront cleanup, and the creation of parks and other public spaces. Drinking water (as cities need to improve infrastructure to meet the requirements of the Safe Drinking Water Act) and brownfields are two areas that cities continue to seek assistance for financing. Our preference is to be more inclusive and allow municipalities increased flexibility to identify their priorities. However, there should be attention paid to how this financing would intersect with other Administration initiatives like the Clean Water Action Plan, Drinking Water Revolving Loan Fund, and TEA-21.

**Urban River Corridors and Wetlands Restoration Projects.** EPA proposes urban river corridor and wetlands restoration efforts tailored to improve the human health and economic opportunities in urban communities. To date, EPA has made small grants to a number of cities and municipalities for these types of projects. With additional grants to local communities, the Agency could provide the necessary funding for projects to improve community water resources. These projects would provide employment opportunities for residents, benefit the economic welfare and technical competence of local residents, and empower the community to build for a better future. Restored areas can serve to attract and sustain business as well as provide outlets for recreation.

**Community Preference and Visualization Tools.** Building the social capital necessary to change transportation and land-use policies to create more livable communities also requires tools that the average citizen can use to understand the implications of major policy choices. EPA proposed to act as a catalyst in the development and use of such innovative decision making tools. The types of tools would include: 1) Community Preference Surveys, which show communities pictures of different neighborhood types, and help the community reach a consensus about the types of development that are desirable; 2) simulation tools, which would get a community "development ready" or help a community experiment with alternatives that have been proposed; and 3) new software, accessible to the public as well as urban planners, to view and evaluate alternative urban designs for any community.

**Asthma Initiatives.** Through better implementation and new investments, EPA believes the Federal government can take action that will show immediate and long term results to reduce asthma rates among children.

**Air Quality Credits.** EPA proposes to provide incentives to transportation planning by developing protocols for potential air quality credits toward state attainment plans for locally-initiated strategies and projects that create less auto-dependent communities. Similarly, the Agency proposes to create the next generation of the Clean Air Brownfields Partnership Pilot by continuing and expanding its ongoing efforts to link air quality goals and brownfields/infill redevelopment. After 2000, EPA proposes to partner with cities that have a significant brownfield site in the decision-making phase of redevelopment, work with the city, state, and developer to come up with a project design that maximizes air quality benefits, and allow credit for these activities under the State Implementation Plan.

### 3. Job Creation in Distressed Communities.

Local Infra structural Improvement and Economic Revitalization Fund. Emil forwarded this idea to establish a Federal grant program to fund local Infra structural improvements. This would spark revitalization of declining or stagnant low-income areas by providing funds to upgrade local infrastructure. These Federal dollars could leverage State, local, and private funds for such Infra structural efforts.

Community Revitalization Tax Credit. LISC proposes a Community Revitalization Tax Credit (CRTC) --similar to the Low-Income Housing Tax Credit --to help stimulate private-sector investment in commercial property in under served neighborhoods.

Community Development Corporation Tax Credit. In 1993, we put in place a demonstration tax credit for investors in 20 CDCs. According to this report for Bruce Katz shop at Brookings, this program has been effective. We could propose expanding this CDC tax credit to more areas. The author of this report also proposes some changes to make the tax credit more effective.

Expand and Rationalize Employer-Side Tax Incentives. This includes EZs, Welfare to Work, WOTC, DC Jobs Credit.

Working Ventures Fund. Fund one or more national non-profits to fund, evaluate, share best practices, develop networks, and link non-profits to their business community, in the job training and placement field, as LISC and Enterprise do in the housing

Community Empowerment Fund. a) Include targeting for welfare to work projects; b) allow links to venture capital focused on minority-owned or small business in distressed areas; c) eliminate mandatory pledge of CDBG dollars for CEF loans.

Metro Jobs/Community Development Corporation (CDC) Links. Would target job-poor but CDC-served central-city neighborhoods to create or strengthen a welfare-to-work infrastructure that is place-based but people-focused and regional in orientation (where the jobs are). Would build on HUDs Bridges to Work and complement DOL and HHS efforts, focusing on concentrations of assisted housing run by CBOs.

### 4. Low Income Savings.

Asset Development for Section 8 Voucher Recipients. Currently, an individual still sees the size of their subsidy reduced for each extra dollar he/she earns. This new idea from Liebman and Orszag would roll-over any savings --or a part of the savings --from an individual earning more money into an Individual Development Account (IDA). That is, if the size of a persons Section 8 voucher is reduced by about 30 cents for each extra dollar he/she earns, we could put this savings --up to 30 cents --in an IDA. We could also the capabilities created by EFT 99 to electronically transfer money to efficiently establish IDAs for more Americans.

Brownfields Meets Community Development. Under this proposal, we would push banks to invest in brownfields as part of their CRA commitments.

### 5. Affordable Housing.

Elderly Housing Initiative. 1) Housing modernization grants to existing elderly housing projects for modernization, physical redesign, and/or conversion to assisted living; 2) Expanded and more flexible service coordinator grants to meet needs of increasingly frail population in public and assisted housing; 3) authority for PHAs to use vouchers for the housing component of assisted living costs.

Regional Affordable Housing Initiative. Targeting regions with severe jobs-housing imbalance and established partnerships for regional collaboration, HUD would provide grants and loan guarantees to support planning, regulatory streamlining across jurisdictions, and development.

Vouchers. An expanded request will focus on incrementals, welfare to work, and homeless.

#### 6. Promoting Homeownership In Distressed Communities.

Low-Income Homeownership Tax Credit. Self-Help --a community group in North Carolina --proposes a tax credit for investors who provide second mortgages to low-income families. This could significantly reduce the barriers to homeownership among low-income families, who do not really benefit from the home mortgage interest deduction.

Increase Allocation of Mortgage Revenue Bonds. Each state receives a supply of tax-exempt mortgage revenue bonds. These bonds help low-income families become homeowners and help develop affordable rental housing. There are currently 53 co-sponsors of legislation in the Senate and 316 co-sponsors of legislation in the House to increase the allocation of mortgage revenue bonds by slightly more than 50 percent and then index it to the rate of inflation.

Expand Use of Mortgage Credit Certificates. Mortgage Credit Certificates (MCCs) are credits against federal income tax equal to between 10 and 50 percent of mortgage interest (to a limit of \$2,000 per homeowner) issued by state governments. MCCs count against states ability to issue mortgage revenue bonds. We could propose to expand the MCC program to allow the limit to be \$4,000 for homeowners in EZs or ECs. We could also propose allowing states to not have to count MCCs against their mortgage revenue bond base.

First-Time Homebuyer Tax Credit. The 1997 tax law put in place a \$5,000 tax credit for first-time homebuyers in the District of Columbia. To boost homeownership in Empowerment Zones, we could propose allowing any first-time homebuyer in an EZ to take advantage of this tax provision.

Historic Homeownership Assistance Tax Credit. The National Trust for Historic Preservation proposes a 20-percent tax credit to homeowners who rehabilitate or purchase a newly rehabilitated historic home and occupy it as a principal residence.

Homeownership Vouchers. Already authorized, would apply rental subsidies to mortgage-related expenses for first-time homebuyers who were Section 8 tenants.

#### EDUCATION

1. Class Size Reduction. Reintroduce Presidents proposal to reduce class size in grades 1-3 to an average of 18. Needs to be funded on the mandatory side. If necessary, we could combine this with a teacher quality/recruitment initiative, so that funds in the early

years of the program are devoted to (1) incentives for people to enter teaching and/or (2) teacher training and professional development.

2. School Modernization. Weve tried this on the mandatory side and weve tried this on the tax side. Assuming we dont get it this year, weve got to try again next year.

3. School Discipline/Safety. We are working on an overhaul of the Safe and Drug Free Schools Program, that will: (1) focus the program on comprehensive, proven approaches to improve school discipline and safety; (2) better target the funds to schools/communities with the greatest needs; and, (3) improve data collection and reporting, including school report cards on safety/discipline issues. Because the program currently spreads (small amounts of) funds around to almost all school, and because of its initial emphasis on keeping schools drug-free, the politics of this program will probably require that any shift in emphasis on greater targeting will require additional resources.

4. Teacher Supply and Quality. Here are three initial ideas for improving teacher quality. The first two came out of our initial discussions on the Presidents race report. We can decide down the road whether to keep them focused on high poverty schools, or make them more universal. We can also break out particular pieces of them into separate initiatives if we want to:

\* Make sure there are qualified teachers in high poverty schools. First, encourage and support state and local efforts to improve the preparation, certification, recruitment, selection, induction, retention, evaluation, reward and dismissal of teachers overall. Support necessary R&D on critical components of an upgraded system, such assessing teacher competence in the classroom. Second, work to end the practice of disproportionately placing and keeping unqualified teachers in high poverty schools. Require states to require prospective teacher to pass basic skills/subject matter tests (and help them develop more demanding assessments) in order to be licensed Prohibit school districts receiving Title 1 funds from staffing Title 1 funded classes (what about schoolwides???) with unqualified teachers, and bar those without an effective system for teacher evaluation (including removal of incompetent teachers) from receiving Federal (or just Title 1) funds. Require K-4 teachers in Title 1 schools to successfully complete training in teaching reading, and fund the training. Third, help attract and retain the best teachers for high poverty schools. Fund induction and continuing professional development programs in high poverty schools. Provide incentives for Board-certified teachers to teach in high poverty schools.

\* Recruit More Minority Teachers. Many believe that a major factor influencing childrens success in education is role models. Enhance current recruitment programs with effective incentives to attract more minorities to the teaching profession. Minority teachers, administrators, and school personnel serve as role models for minority students and can provide an important link between schools and parents.

Establish subject-specific teacher/administrator training institutes/academies/centers in every state. There are crying needs to train existing teachers in key subject areas, such as reading, technology use, math/science and other academic subject. We should establish subject specific training centers in each state (or perhaps in geographic regions within states). The idea is to create a place, probably at a university, that has the subject-matter capacity and can work with school systems to develop and implement a strategy for ensuring that every teacher who needs it gets high quality, intensive and ongoing training in the subject and how to teach it. This could either substitute for or

complement the current teacher training program (Eisenhower Professional Development Program), which provides funds to states and school districts on a formula basis, with broad discretion on how the funds can be used for professional development. We could also establish training centers for principals and other school leaders.

\* Continuing the Troops to Teachers (TTT) program (due to phase out in Oct 1999). TTT provides stipends to encourage retired military personnel to teach and school districts to hire and train them. TTT attracts more minorities and men into the teaching profession than are traditionally represented, they have background in understaffed subjects such as math and science, and are more willing to teach in inner-city classrooms.

5. Recruiting and Training Principals. Most states and communities lack good strategies for recruiting and preparing individuals with the knowledge and skills to provide the kind of leadership and management schools need right now. We could propose a competitive demonstration program to provide focus, leadership and effective models for the field. This would not be a big-ticket item.

6. Urban/Rural Initiative. This could take two forms. One would be some version of Education Opportunity Zones--a competitive grants program that rewards performance and requires accountability. A second would be to create local performance partnerships, in which local communities agree to create schools that are safe, have high standards and qualified teachers, after-school programs, tutors and other forms of extra help for kids, technology, etc. The districts would be responsible for creating schools with these opportunities, and would be accountable for improving achievement across the board (perhaps as measured against national standards). In return, the districts would (1) be able to combine funds from relevant ED and other programs, so they can figure out the best way to provide the learning opportunities; (2) get extra funding over and above the funding from the existing categorical programs; and (3) gain or lose additional funding based on performance (with some floor established to minimize the risk for districts).

7. Choice Demonstration Program. Establish a demonstration program to challenge states and school districts/cities to expand the range of high quality schools students and families can choose among, thereby enabling students in low performing schools to move to better ones. A variety of approaches should be encouraged, including:

\* Community College Enrollment. High school students should be permitted to enroll in community colleges, for high school level or college level courses. This step could provide inner city students with access to more qualified teachers, because most community colleges have faculty with subject matter expertise (whereas urban high schools often have teachers teaching out of field). It could also help boost minority enrollment in college. [see if this can build on existing tech-prep programs, or other articulation agreements.]

\* Contract School System. Transform urban school systems from bureaucracies which operate large numbers of schools into systems in which the local governing body contracts out the operation of each school--to teachers, nonprofits, school management firms, etc. In effect every school becomes a charter school, with a distinct mission, control over its own staffing and budget, and accountable for results. The local school board is responsible for selecting the schools, identifying new types of schools that might be needed and soliciting proposals to operate the school, monitoring the performance of each school and holding it accountable. Under this approach, all schools would eventually be schools of choice. [see Paul Hills work for background on this]

\* Schools located at large employers. Encourage large employers to provide facilities on site for schools for children of their own employees, while the school district provides the teachers, curriculum, instructional materials, etc. Dade County's Satellite Learning Centers provide the model for this approach. Dade's experience shows that these schools can (1) be more diverse than other schools, because work sites are more diverse than residential neighborhoods (2) save the school districts the cost of new facilities (3) save employers costs associated with employee turnover and (4) increase parental involvement in the schools.

\*Expanding choice through smaller, schools-within-schools. Transform large, impersonal schools into smaller schools-within-schools that would dramatically expand choices within public education for families without requiring students to leave their neighborhoods. Many parents want more choice in education but don't want to send their children to school far from home. This proposal would address that need and enable many more students to get the personalized learning attention that so many families want; it also may reduce discipline and violence problems. A grants program could support networks of schools or school districts to plan and implement this concept and provide information and counseling to help students and their families make good choices. This proposal could be linked or combined with the "contract" schools concept by creating a competitive process to award contracts to manage each school-within-a-school to teachers, non-profits, charter schools, etc.

8. English Language Acquisition. As part of the planned overhaul of the Bilingual Education Program, we should consider a number of initiatives:

\* Make every LEP child competent in English within 3 years of obtaining services. English language competency is the key to success in schooling and the economy. ESL and similar services should be made universally available to all students who need them. Federal funding can provide matching grants to States to do this. The requirement--including funding and accountability--for serving LEP kids and helping them become competent in English within 3 years should be built into the Title 1 program. Other programs, such as after-school and technology, should also be designed so that in schools with significant numbers of LEP kids, they are also focused on helping kids learn English within 3 years.

Support English Plus. In addition to ensuring that all LEP students learn English, we should promote foreign language learning, starting in the early grades, for students whose native language is English. The objective is to dramatically increase the number of students who leave school fluent in two or more languages, regardless of their native language.

\* Support demonstrations of, and if effective greatly expand "Newcomer High Schools" for recently arrived immigrant students. Many school districts are facing an increasing number of secondary immigrant students who have low level English or native language skills, and in many cases, have had limited formal education in their native countries. In order to prevent these students from dropping out (and these children are a significant factor in the 40% Hispanic drop-out rate), these students must learn English, take the required content courses and catch up to their U.S. peers. Some district have developed Newcomer programs --either a separate school or a school-within-a-school. These programs typically educate students for a limited period of time (most for less than two years) before enrolling them in their home schools. Three such schools are 4-year high schools. The programs reach beyond the students themselves, providing classes to orient parents to the U.S. and 63% offer adult ESL classes. There are currently 75 such programs in 18 States

and the Center for Applied Linguistics has sponsored an evaluation of their effectiveness.

9. Quality pre-school education. We can propose an initiative to make quality pre-school universally available, or at least universally available for poor kids. There should be two key components to this. One is to provide a number of funding streams to pay for it. Head Start should be the base, though we should also look at ways in which Title 1 could play a larger role. Second, we should provide incentives to both preschools and school districts that receive federal funds, to work together to help ensure that the preschools programs are focused on helping kids get ready for school, by requiring the schools to reach out to preschools and let them know what they expect kids to know and be able to do when they come to kindergarten, and by giving the preschools the help they need to provide an appropriate curriculum.

10. Federal Matching Funds for AP courses and for AP and SAT/ACT Preparation. The President has made universal access to two years of higher education a priority, and has created ways to alleviate the financial hurdles. A logical next step in improving the quality of access is to make all students more competitive by closing the gaps in advanced course availability as well as SAT and ACT test scores. The Federal government could establish funding matching mechanisms to encourage states to improve access to AP courses and preparation for AP tests in low-income schools; in areas where AP courses are not available, funds could be used for partnerships with community colleges that offer similar courses. Similarly, matched funds could be used to do one of a number of things for SAT/ACT preparation: pay for low-income youth to attend prep courses (e.g., Kaplan; Princeton Review); fund poor school districts to set up their own test prep programs; as in America Reads, waive the federal match for Work Study students who help prepare disadvantaged students for the tests.

11. "High Hopes" for Adults. While the President has made enormous progress in making available resources for higher education for people of all ages, the primary focus of Administration informational campaigns and initiatives like High Hopes have been to encourage young people to go to college. A new initiative could combine two efforts. First, the Administration could launch an informational campaign encouraging adults to go back to school and inform them of new resources available to help, including Lifetime Learning and Hope Scholarship Tax Credits, Individual Training Accounts under the new Workforce Investment Act, and Pell Grants (which apparently few realize can be used for part-time students). Second, a new "High Hopes" grants program targeted at adults, partly focused on encouraging minorities and women to go back to school, could support local partnerships of business, community colleges, labor unions, one-stop centers and others to provide the information and counseling needed to encourage and assist adults to enroll in courses and programs that will help them succeed in their local job market.

12. Encourage High Schools to Offer/Require Service Learning. We should consider expanding the service learning initiative (Learn and Serve) to encourage more school districts to incorporate service into their education programs. The service learning program could be expanded to provide a stronger infrastructure, e.g., service coordinators for high schools, in order to make the service experience both more rewarding and educational for students.

## HEALTH

1. Long-Term Care and Medicare Reforms for Elderly, Disabled and Their Families.

\* Long-term care tax credit. Along with the lack of coverage of prescription drugs, the poor coverage of long-term care represents a major cost burden for the elderly and their families. Long-term care costs account for nearly half of all out-of-pocket health expenditures for Medicare beneficiaries. This proposal would give people with two or more limitations in activities of daily living (ADL) or their care givers a tax credit of \$500 (or more, if affordable) to help pay for formal or informal long-term care. This initiative would be coupled with other long-term care policies (e.g., offering private long-term care insurance offering to Federal employees). (Cost: About \$4 billion over 5 years, offset by closing some tax loopholes, and would help about 3.4 million people).

\* Offering private long-term care insurance to Federal employees. Since expanding Federal programs alone cannot address the next century's long-term care needs, the Federal government --as the nation's largest employer --could illustrate that a model employer should promote high-quality private long-term care insurance policies to its employees. Under this proposal, OPM would offer its employees the choice of buying differing types of high quality policies and use its market leverage to extract better prices for these policies. There would be no Federal contribution for this coverage. (Cost: Small administrative costs; OPM estimates about 300,000 participants).

\* Tax credit for work-related impairment expenses for people with disabilities. Almost 75 percent of people with significant disabilities are unemployed; many of those within the population cite the cost of employment support services/devices, as well as the potential to lose Medicaid or Medicare coverage, as the primary barriers to seeking and keeping employment. This proposal, strongly advocated by your Task Force on Employment of Adults with Disabilities, would give a 50 percent tax credit, up to \$5,000, for impairment-related work expenses. It could be a stand alone proposal in the budget or packaged as a long-term care initiative if we decide to defer announcing the long-term care tax credit. (Cost: About \$500 million over 5 years, offset by closing tax loopholes, and would help about 300,000 people).

\*New Family Care giver "One-Stop-Shop" Support Program. About 50 million people provide some type of long-term care to family and friends. Families who have a relative who develops long-term care needs often do not know how to provide such care and where to turn for help. This proposal would give grants from the Administration on Aging to states to provide for a "one-stop-shop" access point to assist families who care for elderly relatives with 2 or more ADL limitations and/or severe cognitive impairment. This assistance would include providing information, counseling, training and arranging for respite services for caregivers. (Cost: About \$500 -750 million over 5 years).

\* Adding prescription drug coverage to Medicare (new policy). The lack of coverage for prescription drugs in Medicare is widely believed to be its most glaring shortcoming. Recognizing the medical community's reliance on prescriptions for the provision of much of the care provided to Americans, virtually every private health plan for the under-65 population has a drug benefit. Medicare's lack of coverage is largely responsible for the fact that drug costs are the highest out-of-pocket cost for three out of four elderly. This burden will only become more acute in the next century as the vast majority of advances in health care interventions will be pharmacologically-based. Responding to this fact, Republicans and Democrats on the Medicare Commission, as well as almost every health care policy expert, are consistently stating that reforming Medicare without addressing the prescription drug coverage issue would be a mistake. We are developing a wide variety of options, including a means-tested option, a managed care benefit only approach, and a

traditional benefit for all beneficiaries. If desirable, a proposal could be included in the budget or coordinated with the March release of the Medicare Commissions recommendations. (Cost: Varies significantly depending on proposal, but could be \$1 -20 billion a year; assumed offset would be Medicare savings, which might more easily be achieved in context of a broader reform proposal).

Cancer clinical trials demonstration (FY 1999 budget; not passed). Less than three percent of cancer patients participate in clinical trials. Moreover, Americans over the age of 65 make up half of all cancer patients, and are 10 times more likely to get cancer than younger Americans. This proposed three-year demonstration, extremely popular with the cancer patient advocacy community, would cover the patient care costs associated with certain high-quality clinical trials. (Cost: \$750 million over 3 years).

Redesigning and increasing enrollment in Medicare's premium assistance program (extension of July executive action and new policy). Over 3 million low-income Medicare beneficiaries are eligible but do not receive Medicaid coverage of their Medicare premiums and cost sharing. Many more may not get enough assistance through the new, BBA provision that is supposed to help higher income beneficiaries. We are developing a range of proposals that build on the President's actions in this area to better utilize Social Security Offices to educate beneficiaries about this program, to reduce administrative complexity for states and to give them incentives to engage in more aggressive outreach efforts. (Costs vary depending on policies; probably about \$500 million to \$2 billion over 5 years).

## 2. Health Insurance Coverage Expansions.

Providing new coverage options for people ages 55 to 65 (FY 1999 budget; not passed). Americans ages 55 to 65 have a greater risk of becoming sick; have a weakened connection to work-based health insurance, and face high premiums in the individual insurance market. This three-part initiative would: (1) allow Americans ages 62 to 65 to buy into Medicare, through a premium designed so that this policy is self-financed; (2) offer a similar Medicare buy-in to displaced workers ages 55 and over who have involuntarily lost their jobs and health care coverage; and (3) give retirees 55 and over whose retiree health benefits have been ended access to their former employers health insurance. A proposal such as this would be minimally necessary for any serious consideration of proposals to raise Medicare's eligibility age. (Cost: About \$1.5 billion over 5 years, which would assist about 300,000 people).

Health coverage for the temporarily unemployed (FY 1997 and 1998 budgets; not passed). Because most health insurance is employment based, job changes put families at risk of losing their health care coverage. Many families do not have access to affordable health insurance when they are between jobs because they work for firms that do not offer continuation coverage or cannot afford individual insurance. The proposal would provide temporary premium assistance for up to six months for workers between jobs who previously had health insurance through their employer, are in between jobs, and may not be able to pay the full cost of coverage on their own. (Costs depend on whether it is done as a demo (about \$2.5 billion over 5 years, which would help about 600,000 people) or nationwide (about \$10 billion over 5 years, which would cover about 1.4 million persons)).

Children's health insurance outreach (FY 1999 budget; not passed and new policy). By the first anniversary of CHIP, we expect about 45 states to have CHIP plans approved. These new expansions have great potential to help uninsured children, but not if families do not know or understand the need for insurance. Moreover, over 4 million uninsured children are

eligible for Medicaid today. Last years budget included several policies to promote outreach, including allowing states to temporarily enrolling uninsured children in Medicaid through child care referral centers, schools, etc; and allowing States to access extra Federal funds for childrens outreach campaigns. An additional proposal is to pay for a nationwide toll-free number that connects families with state eligibility workers. NGA is sponsoring this line for one year only; such a line is essential for the nationwide media campaign that we are planning to launch in January with the NGA and Americas Promise (Colin Powells group). (Cost: Between \$400 and \$1 billion over 5 years.)

Parents of children on CHIP (new policy). Since children who are uninsured usually have parents who are uninsured, an easy way to target uninsured adults is to extend eligibility for Medicaid or CHIP to parents of children covered by these programs. This has been done successfully in some states, through Medicaid 1115 waivers, and would be a logical next step to covering low-income adults. (Cost: Depends on the proposal and assumed take-up rates by the states).

Optional state coverage expansion through eligibility simplification (new policy). In the wake of welfare reform, Medicaid eligibility rules have become even more complex since states must cover people who would have been eligible for AFDC under the old rules. Additionally, Medicaid law allows states to cover parents but not adults without children --even if they are very poor. This proposal would allow states to opt for a pure poverty standard for Medicaid eligibility for all people (like we do for children) rather than the old categorical eligibility categories. Not only would such an approach simplify the Medicaid program for families and states; it would provide an opportunity for significant coverage expansion. While any change in Medicaid almost always raises concerns amongst some advocates, this proposal would be strongly supported by the Governors and advocates such as the Center for Budget and Policy Priorities. (Cost: Depends on the proposal and projected coverage expansion take-up rates).

Voluntary purchasing cooperatives (FY 1997, 1998, and 1999 budgets; not passed). Workers in small firms are most likely to be uninsured; over a quarter of workers in firms with fewer than 10 employees lack health insurance almost twice the nationwide average. This results in large part because administrative costs are higher and that small businesses pay more for the same benefits as larger firms. This proposal would provide seed money for states to establish voluntary purchasing cooperatives. These cooperatives would allow small employers to pool their purchasing power to try to negotiate better rates for their employees. (Cost: about \$100 million over 5 years).

3. Increase the Indian Health Service budget. In order to reach more of the targeted population, we should provide a significant increase to the IHS budget in order to address areas such as substance abuse, elder health care, injury prevention, domestic violence and child abuse, and sanitation facilities.

#### HOMELESS

1. Homeless Veterans. The National Coalition of Homeless Veterans estimates that there are as many as 275,000 homeless veterans on any given night. According to the Department of Veterans Affairs, an approximately \$60 million increase in funding would constitute the single largest investment into breaking the cycle of homelessness among veterans. This proposal would seek to increase residential alternatives, community-based contracted care, job preparation activities, stand down activities (community-sponsored events that conduct

one-stop service delivery programs for homeless veterans), the distribution of clothing, and long-term housing. The VA estimates that this proposal would positively impact approximately 100,000 to 150,000 veterans annually.

2. Allow VA to sell surplus property with 10 percent of proceeds going to homeless veterans. OMB proposes to amend the Property Act of 1949 to create a 5-year pilot project for the VA to sell off property with 10 percent of the proceeds going to local homelessness projects under the McKinney Act (with this 10 percent being earmarked for homeless veterans) and the other 90 percent going to the VA for capital funds (buildings, equipment, infrastructure, but not staff). Currently, the way the law works is that all the proceeds from surplus property goes to homelessness, but this has not provided an incentive to the agencies to sell property because they do not get to keep any of the proceeds. OMB states that since 1989, only one piece of property has been sold under this provision. OMB will be circulating their proposal within a couple of weeks. OMB would propose to permit VA to sell 25 pieces of property, but does not have a cost estimate yet.

3. Homelessness Demonstration Project Modeled after TANF. Funds could be set aside in the FY2000 budget to create a demonstration project so that one state, region, or locality could try to move persons from homelessness to self-sufficiency. The demonstration project should set up performance goals similar to TANF so that there is a measure of how many persons have been made self-sufficient. There could be a performance bonus for the demonstration project if the goal of the project is met.

4. Medicaid Outreach Project for Homelessness. A Medicaid outreach project could be set up, similar to the CHIP outreach project, that would reach out and cover homeless persons. We should develop a cost estimate to determine that, over time, dollars would be saved if persons are treated under Medicaid rather than on an as-needed basis in emergency rooms and clinics. This idea could be expanded to reach out to more than simply the homeless population to include all groups who are Medicaid-eligible.

#### TOBACCO

1. Tobacco Counteradvertising. Fund a \$200 million per year tobacco counteradvertising and education Campaign, as proposed in the Presidents 1999 budget and McCain legislation. This campaign would develop counteradvertising and purchase enough media time to reach teens at least four times a week. The campaign would also fund an extensive school-and community-based anti-tobacco education campaign.

2. Industry Documents. As the result of the Presidents directive, we expect to receive a plan from HHS in October outlining how to make tobacco industry documents more accessible to the public. Follow up work will be needed to implement this plan. While we can probably secure some private funding for this purpose, it is likely that federal funding will also be needed.

3. Tobacco Cessation. Each year, 20 million smokers attempt to quit, but only 1 million, or 5 percent, succeed. More than 90 percent smokers who attempt to quit do so on their own, and the vast majority fail within 2 to 3 days. However, research shows that effective cessation methods could raise success rates to 10-20 percent (over 2 million people annually). The Agency for Health Care Policy and Research (AHCPR) endorsed 5 smoking cessation methods that have been proven to be effective in helping people to quit: gum,

patch, nasal spray, inhaler, and pill (Zyban). A full course of these treatments costs around \$200-300 (for a three months supply, without counseling). However, less than half of managed care organizations provide coverage of any AHCPR-approved therapies, and those that provide coverage may impose cost-sharing requirements that hinder access to treatment. In fact, a study of managed care in Washington State found that eliminating copayments for smoking cessation services significantly increased participation rates.

These proposals to help current smokers quit could be coupled with our continued call for comprehensive legislation to stop children from smoking before they start. Total combined cost of all these initiatives: \$855 million over 5 years. We could make a series of proposals, some part of the budget and some not: (1) Fall --announce new DOD anti-tobacco plan, and new DOL and OPM tobacco-free workplace programs; (2) Winter --propose Medicaid and Veterans coverage of cessation benefits through FY2000 Budget; and (3) Spring --tax coverage of cessation as a medical expense and expanded coverage of cessation benefits in FEHBP.

New Department of Defense anti-tobacco plan. This plan is still being vetted at the agency but will likely include covering over-the-counter nicotine replacement therapies under military health care coverage as part of a comprehensive military-wide anti-tobacco plan. Cost: \$60 million per year.

Anti-tobacco workplace initiatives by DOL and OPM. DOL could expand its drug-free workplace initiative to provide information to employers on steps they can take to reduce tobacco use among employees (cost: \$63,000 per year). OPM could disseminate a model workplace cessation program for all federal agencies (agencies would use existing appropriated funds).

Medicaid coverage. Currently, smoking cessation prescription and non-prescription drugs are optional state benefits under the Medicaid statute. We could propose to require states to cover cessation, as the McCain bill did (CBO estimated cost: \$120 million over 5 years, HCFA estimated \$114 million). Alternatively, we could propose an enhanced federal matching rate for smoking cessation treatments, in order to offer the states an incentive to cover these services. The Hansen-Meehan bill establishes a 90 percent match rate for state costs of smoking cessation services at an estimated cost of about \$110 million over 5 years. Currently, 23 states cover Zyban, 6 states cover non-prescription treatments, and 5 states cover cessation counseling. A study by the Center on Addiction and Substance Abuse at Columbia University found that over 42 percent of Medicaid recipients smoke, as compared to 25 percent of the general population and that nearly 10 percent of all Medicaid hospital days are attributable to smoking.

Veterans. We should re-propose the plan from the Presidents 1999 budget which created a new discretionary program open to all veterans who began using tobacco products while in the service, regardless of their eligibility for other VA health care services (currently less than 15 percent of veterans receive their health care through the VA system because of statutory limits --veterans must be low income or have a service-related injury.) The VA would contract with private sector entities to furnish AHCPR-approved services to interested veterans. OMB estimates that this proposal would cost \$87 million for the first year, and \$435 million over 5 years. Thirty-six percent of the 25 million veterans in this country smoke.

Tax Treatment. Currently, the cost of cessation treatment cannot be claimed as a deductible medical expense because the IRS does not recognize smoking or tobacco addiction

as a "disease." The IRS has indicated in written opinions that an official medical authority classification of smoking as a disease would allow cessation to deduct these expenses. Treasury is interested in pursuing this in 1999. This would be done outside of the budget.

Federal Employees Health Benefit Program. We could require enhanced coverage of smoking cessation services. One option is to raise coverage limits to more accurately reflect the cost of AHCPR-approved treatments, and to raise the number of treatments allowed per lifetime to account for the fact that the average smoker requires three to five cessation attempts before they successfully quit (i.e., require coverage of \$300-400 per treatment, with three maximum treatments covered per lifetime). Another option is to waive the deductible and copayment requirement for cessation benefits. Currently FEHBP fee for service plans, which cover 70 percent of beneficiaries, are required to provide only \$100 in smoking cessation benefits. Generally, this coverage does not kick in until after the calendar-year deductible has been met, and most plans restrict benefits to once per lifetime. Many plans only cover prescription drugs. HMO coverage of smoking cessation benefits varies greatly. This would be done outside of the budget, but would have to occur in the spring as part of OPMS annual letter to contracting plans, establishing the terms for the following year of coverage.

In addition to these efforts, any Medicare prescription proposal (see above) should include coverage of prescription cessation agents.

4. Expanded SAMHSA Survey. As the result of the Presidents directive, HHS will be including questions in their National Household Survey on Drug Abuse regarding brand-specific use of tobacco. This will allow us to determine which brands are most popular among youth, and help us identify which companies may be marketing to this population. Some federal funding will be necessary to support this expanded effort.

#### WELFARE

##### 1. Helping the Hardest-to-Employ Get and Keep Jobs.

Extend Welfare-to-Work Grants and Strengthen Focus on Fathers. Funding for the \$3 billion grant program that the President fought for in the Balanced Budget Act ends in FY 1999. These funds are targeted at the hardest-to-place welfare recipients, and non-custodial parents of children on welfare, and at concentrated areas of poverty. 75% of the funds are allocated to states, who in turn pass them to local Private Industry Councils and 25% of the funds are available on a competitive basis. We expect DOL to propose extension of the grant program in their FY 2000 budget proposal. We should consider revising the statutory language to increase the focus on increasing employment of fathers. While there is a significant level of interest in serving this population, there is likely more we could do to increase the quantity and quality of services. This should also increase support from the Ways & Means committee as Shaw is very interested in fatherhood issues. Possible approaches include requiring states and communities to designate a minimum portion of WTW formula funds for fathers, setting aside a portion of competitive grant funds for this purpose, or earmarking funds for needed technical assistance and capacity building on this relatively new area. Other changes worth considering: shifting more funds toward competitive grants, increasing tribal set aside (currently 1%), and streamlining data collection requirements. Assuming level funding, this would cost \$1.5 billion annually.

Request Additional Welfare-to-Work Housing Vouchers. We are unlikely to get the full

50,000 housing vouchers requested for FY 99. This approach continues to have merit, both in helping families move from welfare to work and as a catalyst for changing the way local housing authorities, and HUD, do business. Cost to fully fund 50,000 vouchers is \$283 million. Some, including Deich and Edley, have also suggested allowing housing authorities to convert Section 8 vouchers that are turning over to the more flexible approach of the WTW vouchers.

Invest in Increasing English Language and other Literacy Skills. There is evidence that those with low education levels have a harder time leaving welfare. There is also emerging evidence that English language may be a barrier for some minority welfare recipients, including immigrants. We may want to explore whether there is more the federal government could do to increase access to ESL and other basic education that is combined with work, though this does not necessarily have to be done with TANF funds. We need to first explore what is available, whether there are successful models that can be replicated, and what the demand is.

## 2. Helping New Workers Succeed in the Workforce/Achieve Self-Sufficiency.

There are several ways to ensure people moving from welfare to work can get to their jobs:

- \* Request full \$150 million authorized for Access to Jobs for FY 2000 (TEA-21 set guaranteed funding from the Highway Trust Fund at \$60 million for FY 2000). This would allow DOT to fund more competitive grants. Note these funds can be spent on current and former welfare recipients, as well as families up to 150% of poverty so they help the working poor as well.

- \* Donate surplus federal vehicles to welfare to work programs. These could be given, leased, or sold to current and former welfare recipients for whom public transit is not a viable option, including those living in rural areas. Cars could be allocated through community-based organizations or intermediaries. This could be modeled after the initiative to donate federal computers to schools.

Help former welfare recipients access funds to purchase cars. In some areas, public transit is not a viable option for a family moving from welfare to work. In addition, owning a car is something many poor families aspire to, and something that helps them become part of the economic mainstream. Family Services of America, and other organizations, currently offer revolving loans for low income families to purchase cars. FSA's model currently operates in 20 sites and is scheduled to expand to 60 sites later this Fall, with partial funding from foundations and private financial institutions. They are also seeking federal funding to help with this expansion. Possible sources include: HUD, Treasury, DOL WTW grants, as well as existing federal and state TANF funds. Another option is to expand allowable uses of IDAs to include purchasing a car needed to go to work.

Connection between TANF and Unemployment Insurance. There is growing interest in exploring the relationship between these two systems. Historically, few welfare recipients have qualified for UI, and some have essentially used AFDC as a form of unemployment insurance. As more welfare recipients joining the labor force, we need to consider the most appropriate way to provide income support to them between jobs. Various approaches include: (a) changing rules of the UI system that make it hard for former welfare recipients to qualify for UI once they go to work and in the event they lose a job and (b) creative uses of federal TANF or state MOE funds to provide income support to people in between jobs. Either approach should be accompanied by a strong effort to promote job retention and rapid re-employment. This could be considered as part of a more

comprehensive UI reform initiative that NEC has been considering, but it would not depend on that. NOTE: NGA has a grant to explore this issue and several states are trying innovative approaches. While we do not have to frame the issue in terms of planning for economic downturns, it seems prudent to address this issue earlier rather than later.

Optional State Coverage Expansion Through Eligibility Simplification (see Health section).

Transitional Medicaid. Families can currently receive Transitional Medicaid for up to 12 months after leaving welfare, but only about 20 to 30 percent of eligible families are enrolled. The program has many procedural hurdles that make it more difficult to access than regular Medicaid coverage and the 12 months transitional period is too short for many families. The budget could eliminate some of the current prescriptive reporting requirements now in the law (that, for example, requires families to report earnings in the fourth, seventh, and tenth months of coverage and divides the 12 months of coverage into two 6 month segments with different co-pay and benefit rules) and allow states to provide a full 12 months of coverage without regard to changes in family circumstances, similar to the 12-month option for children that was adopted in the Balanced Budget Act. In addition, the budget could provide states the option of extending transitional Medicaid to 24 or 36. These ideas need to be fully discussed, vetted, and costed out. The current program reauthorization sunsets in 2001.

Extend the Work Opportunity Tax Credit and Welfare-to-Work Tax Credits (WOTC has already expired and WTW will expire in 1999).

#### DISABILITY POLICY

1. Expanding the Defense Departments "CAP" program. The Defense Departments Computer Accommodations Program ("CAP") purchases equipment for DOD employees with disabilities to allow them to keep working if they become disabled, or for new employees just joining the workforce. By using a central \$2 million fund for such purchases, individual offices do not have to bear the cost within their own budgets, and are less likely to be deterred from hiring a person with a disability. CAP is also able to get better prices on equipment through its bulk purchases and expertise. It has a showroom to help employees try out appropriate adaptive devices (CAP makes the decision on what equipment is purchased, not the employee). It has provided over 9,000 accommodations since its inception in 1990. This program is a good example of how employers and employees are taking advantage of new (and increasingly cheap) technology, such as computers for the blind that talk and listen, and alternative computer keyboards for people with dexterity problems, that allow people with disabilities to work. Expanding the program has the strong support of the Administrations appointees with disabilities, in particular for Tony Coelho, chair of the President's Committee on Employment of People with Disabilities.

Defense has estimated that it would cost \$8 million a year to expand CAP government-wide, but this is likely overstated since CAP now serves the entire Defense Department for \$2 million a year. A more realistic range is \$2 -5 million a year. While having DOD perform this service for all federal employees is a bit unusual, they have a great deal of expertise at this task and they are ready to take on the added responsibility.

2. Tax Credit for Disability Related Expenses. [See "Health" section, above.]

3. New BRIDGE grant program. This program would provide incentives for state and local agencies and private organizations to form interdisciplinary consortiums of service providers (employment, health, transportation, etc.) to better assist people with disabilities in going to work. NEC and DPC will receive revised proposal shortly from the Presidents Task Force on Employment of People with Disabilities and will evaluate and vet. Estimated cost for this three-year grant program is \$150 million a year.

4. Information and Communication Technologies for People with Disabilities. NEC has developed draft proposals now being vetted to ensure that new technologies will be designed from the beginning to be accessible to people with disabilities. Ideas include leveraging federal government procurement, investing in R&D, funding industry consortia, training the next generation of engineers, etc. (Tom Kalil is working on this, coordinating with DPC and OMB).

#### NATIVE AMERICANS

1. Create Native American Program at the Army Corps of Engineers. The Army Corps has a modest \$2 million proposal that would institutionalize Native American outreach within the Army Corps. Here is the proposal:

Outreach (\$1.5 million). Market engineering, environmental, economic, project management, real estate, and resource management services to Tribes. Using existing workforce of 150 cultural-historical-Tribal specialists for support, establish Tribal Coordinators (1 per Corps of Engineers Division, 8 Divisions). Establish an Indian Desk in Corps Headquarters to work with Tribes, BIA, Corps districts (37) and divisions (8), and other federal agencies to leverage resources/programs.

Training (\$250,000). Complete consultation guidelines. Complete Commander and senior leader video on Tribal matters. Develop a strategy for empowering Tribes in the areas of regulatory and natural and cultural resource management.

Partnerships (\$250,000). Explore watershed planning opportunities with Tribes. Link to Clean Water Action Plan Activities. Develop model MOUs that can be used with Tribal Governments on strategies, protocols, and processes for addressing issues.

#### CRIME AND DRUGS

1. Crime Bill II. While the 1994 Crime Act is set to expire at the end of FY 2000, we should get ahead of the crime debate by including an outline of Crime Bill II in next years budget that emphasizes and builds on key Clinton crime initiatives. This includes: extending COPS; establishing community-based prosecutors, courts, and corrections; promoting targeted deterrence for guns, gangs, etc.; funding drug testing and treatment for all persons under criminal justice supervision; reauthorizing VAWA; creating police youth academies; and other new crime programs.

OMB has already built \$4.8 billion into the base for continued crime funding over the next 5 years, but this only includes \$400 million of the \$1.4 billion we have been spending on COPS and continued funding for other popular crime bill programs (i.e., VAWA, prisons, federal law enforcement, etc.). Thus, to keep crime bill funding at its current level --and to allow us more flexibility in proposing new programs --we will need \$1 billion more in the FY 2000 budget.

2. Expansions of Youth Crime Gun Interdiction Initiative (YCGII). This year it looks as though we will succeed in getting \$28 million in funding for Presidents YCGII initiative to trace all crime guns and hire more ATF agents to crackdown on gun traffickers in 27 cities. We should follow-up in the FY 2000 budget by expanding the YCGII to all cities with populations of more than 250,000. This would cost about another \$35 million. NB: Currently, treasury is only planning to propose adding another 10 cities in next years budget..

3. Expand Values-Based Initiative. At a minimum, we should seek funds in FY 2000 to continue the Administrations values-based crime prevention initiative in 16 cities --as well as to expand it to another 20 to 30 cities. This would only take about \$5 to \$10 million annually and could come from Crime Bill II funds if necessary. More importantly, however, we should propose changes to existing crime prevention and drug treatment programs to ensure that faith-based organizations are allowed to participate --and that common sense values are included.

4. Drug Treatment Parity. A long overdue policy change that we should consider embracing in this years budget is to require health insurers to guarantee some type of meaningful substance abuse coverage --much akin to what the Administration supported for mental health benefits.

5. School Shooting Response Fund. In our recent meeting with the communities impacted by multiple school shootings, one of the key recommendations made by all of the local leaders was that the federal government should establish an emergency fund that would allow communities that are overwhelmed by multiple victimizations to have the resources they need to facilitate the short-and long-term response. This includes year-long support for increased security and enforcement, investigations, media response, additional counselors, and other such costs.

#### CONSUMERS

1. Consumer Bill of Rights. A consumer bill of rights could address a number of areas such as enforcement, notice to consumers, and dissemination of information. We could announce this bill of rights as a package, but then pull out separate pieces for separate events like we do in the Patients Bill of Rights area. We could include a number of different areas such as the following:

Auto Insurance Fraud. Auto insurance fraud is a \$13 billion-a-year problem in America. We could propose significant funding for a Justice Department anti-auto insurance fraud. Since an estimated 13 percent of auto-insurance premiums go to pay for fraud, we could claim that this effort will help drive down auto-insurance premiums.

Slamming/Cramming. Cramming, in which con artists add bogus charges to consumers telephone bills, and slamming, the unwanted switching of long-distance telephone service from one carrier to another, and are the top two respective complaints reported to the National Fraud Information Center in 1998. In 1997, the FCC received more than 20,000 complaints from customers who were slammed. So far, the FCC has fined slammers, announcing a \$5.7 million fine this year, and announced voluntary guidelines for cramming that local telephone companies say they will follow. We could add money for enforcement to the FCC and/or DOJ. In May, the Senate overwhelming passed legislation that would impose new

penalties on slammers and would eliminate common slamming methods, such as contest entry forms that, when signed by unsuspecting customers, authorize a switch of their long-distance carriers.

Telemarketing Fraud. Telemarketing fraud is among Americas worst white-collar crimes, robbing unsuspecting victims of an estimated \$40 billion per year. We could increase the FBI budget to increase investigations of this type of fraud. Recently, the Washington Post reported that volunteers from the American Association of Retired Persons (AARP) work undercover for the FBI, posing as potential victims to catch telemarketers on the prowl. Because telemarketing fraud often is targeted against the elderly, we could combine this piece with the elder abuse in a separate event.

ATM Proposal. Weinstein proposes that Treasury publish an annual report on consumer financial issues, including ATM fees. In each report, Treasury would provide a list of insured financial institutions based on geographic divisions and by size. Treasury would report on the following categories: (1) Fees charged to depositors at ATMs at their home branches; (2) Fees charged by institutions to depositors using other banks ATMs; (3) Fees charged by ATM networks; (4) ATM fees charged to non-member depositors by institutions; (5) Minimum deposit requirements for checking and savings accounts; (6) Fees for overdrafts; and (7) Checking account fees. We will need to develop categories which underscore the differences in types of accounts. If we just list checking account fees, the fees that aren't reported would increase.

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed  
Elena Kagan

SUBJECT: Summary and Analysis of NGA Resolutions

HR-7.PUBLIC HEALTH SERVICES

7.2 Core Public Health Services

Summary

The NGA supports core public health functions and adequate reimbursement for them.

Analysis

The Administration supports the NGA position and has a strong record on investing in critical public health functions.

7.3 Federal, State and Local Responsibilities

Summary

The NGA believes that the Federal responsibility in public health is financing, collecting information, and taking the lead on certain public health functions that are national in scope. It outlines principals for Federal funding.

Analysis

The Administration supports the position of the NGA.

7.4 Coordination of Services

Summary

The NGA believes that coordination of public and private public health activities, as well as Federal, State and local initiatives is important.

Analysis

The Administration supports the NGA position.

7.4.1 Health Services Block Grants

Summary

The NGA supports more flexibility in block grants such as the Maternal and Child Health Block Grant, the Preventive Health Block Grant, the Substance Abuse Prevention and Treatment Block Grant, and the Mental Health Block Grant. Specifically, they recommend removing complex allocation and set-aside requirements and allowing inter-block transfer.

## Analysis

The Administration has a strong record on providing States maximum flexibility while ensuring fiscal responsibility and the effective use of funds on important public health priorities. The requirements in these block grants are, for the most part, not overly burdensome and are intended to assure that our shared public health goals are met.

### 7.4.2. Maternal and Child Health Services

#### Summary

The NGA believes that improving the health status of children is a top priority, and recommend that WIC be improved by reducing prescriptive and burdensome regulations.

#### Analysis

The Administration shares the Governors belief that childrens health is a national priority. The WIC program has assured that low-income children get the needed food, nutrition, education and health referrals regardless of where they live. Although administrative flexibility is important, it could interfere with assuring that WIC providers a nationwide safety net.

### 7.4.3 Early Child Health Development

#### Summary

The NGA has, in the last two years, focused on the special needs of children ages 0 to 3, believing that health services are especially important during these formative years.

#### Analysis

The Administration fully supports the Governors belief in the importance of health services for young children.

## HR 9: COMMUNITY POLICING AND FEDERAL SUPPORT FOR PRISONS

#### Summary

This resolution states that while crime rates have declined to the lowest levels in twenty years, crime remains a crucial issue for states -- and federal resources should continue to be committed to anti-crime efforts. Specifically, the resolution makes three recommendations: (1) that the Byrne Law Enforcement Memorial block grant, the primary source for state anti-crime funds, should receive full funding -- without earmarks or set asides, and that statutory language limiting grants to three years should be changed to allow for extended funding; (2) that community policing initiatives should be as flexible as the Byrne block grant and allow states to fund enhanced information systems, training, and technical support; and (3) that federal grants for state prisons should not require states to enact tougher sentences or other anti-crime initiatives to qualify for funding.

## Analysis

The Administration has been generally supportive of NGAs crime policies, with a few exceptions. Overall we have provided an unprecedented level of support for state and local law enforcement, increasing anti-crime funding by about \$5 billion annually through the 1994 Crime Act. Our position on their specific issues are as follows:

Byrne -- Except for the Administrations first budget, we have consistently funded Byrne block grants and resisted earmarking the program. During this time, funding for Byrne has increased from \$450 million in FY 1995 to \$553 million in the FY 1999 budget.

Community Policing -- Through the COPS initiative, the Administration has provided nearly \$5 billion to date for state and local governments to increase police presence and expand community policing. Nearly every state police agency has received COPS funding, including some funds for training, technology and other non-hiring purposes. The Illinois State Police, for example, received a \$1 million grant to provide community policing training to local police departments. As you know, however, we have fought efforts to convert the COPS program into a block grant.

Prisons -- Since passage of the 1994 Crime Act, the Administration has provided states with more than \$2 billion to incarcerate violent offenders and criminal aliens. While this program generally requires states to move towards "truth-in-sentencing" and to develop drug testing and intervention plans, it is considerably more flexible than the prisons programs originally advanced by Congressional Republicans. Also, the Administration has repeatedly pushed for legislation that would give states the flexibility to use their prison funds to help them implement drug testing and intervention plans. Congressional Republicans, however, strongly oppose this legislation.

## HR-31. INDIAN HEALTH SERVICES

### Summary

The NGA recommends that (1) any proposed changes to publicly funded health care take into consideration the financing of care for Native Americans; and (2) that the Federal government, not the States, fund such services.

### Analysis

The Administration has strengthened its commitment to consulting with Federally recognized American Indian and Alaskan Native Tribes when policy that affects them is being considered. The Administration also shares the belief that health services for Indians be fully financed by the Federal government, as seen in the guidance on the new Childrens Health Insurance Program (see December 9, 1997 letter to State Medicaid Directors).

## HR-45. CHILD SUPPORT INFORMATION SYSTEMS AND INCENTIVE PAYMENTS

## Summary

This resolution recommends that the current penalty for failure to put in place statewide child support computer systems --the withholding of all federal child support funds --should be replaced with a more reasonable penalty structure that would allow HHS to impose limited or graduated penalties. The resolution also calls for a moratorium on penalties until a new penalty structure is devised and for flexibility in how a "statewide system" is defined, so that states could link local computer systems into one "statewide" system.

## Analysis

We support the governors call for a new penalty structure that does not withhold all federal child support funds from states without statewide computer systems. We have worked on a bipartisan basis with Congressmen Clay Shaw, Sandy Levin, and others to devise such legislation. The Shaw-Levin bill, which HHS called "tough but fair" in recent testimony, calls for a 4 percent penalty in the first year a state misses the deadline, with an automatic increase to an 8, 12, and 20 percent penalty in the following years.

Because we believe it is critical that every state puts in place a statewide computer system to track deadbeat parents and make them pay the child support they owe, we will insist on legislation that provides clear financial incentives for states to move quickly. Thus, unlike the states, the Administration wants these penalties to be imposed swiftly and automatically, rather than at the Secretarys discretion. We have opposed state proposals, though not outlined in this resolution, for lower penalties (i.e., 2, 4, 6 percent) and we oppose the states call for a moratorium on penalties until the new penalty structure is devised.

And finally, we have expressed concerns with proposals that would allow states to apply for a waiver to link local computer systems into a "statewide" system. At our insistence, the Shaw-Levin bill would allow such waivers only in circumstances when such linked systems were as functional and cost-effective as statewide systems. Our concern is that some states may use precious time and resources to try, unsuccessfully, to demonstrate that they could develop an approvable linked system, rather than move forward on a single statewide system.

## EC-1. BLOCK GRANT POLICY

### Summary

This proposal would take the current array of more than 600 categorical grants in the areas including education, crime, community development, homelessness, and childrens health care, and consolidate them into eight flexible block grants to states.

### Analysis

The Administration does not fully support this proposal.

Your Administration has done much to to consolidate federal programs, reduce red tape, reduce unfunded mandates, and provide more flexibility. Under your direction the federal

government has eliminated 16,000 pages of regulations and dramatically simplified 31,000. States can now combine 15 separate EPA funding streams across water, air, hazardous waste, and similar programs; USDA state directors can combine 18 programs into three funding streams for rural housing, utilities, and business or cooperative services; your Education Flex program gives states the ability to waive requirements of some significant federal education laws; and your administration supported turning AFDC into a block grant program. In 1995, you signed legislation to curtail the growth of unfunded mandates on state, local, and tribal governments.

You have also fought for legislation to give the Federal government greater waiver authority in discretionary grant programs. However, Congress has disregarded these proposals.

Your record indicates a willingness to consider innovative new ways to combine funding streams and eliminate set-asides and unfunded mandates. However, your Administration does not support block grants when they threaten the social safety or interfere with national policy goals that are better attained with direct funding.

#### EC-4. NGA POLICY RESOLUTION --HEALTH CARE FOR UNDOCUMENTED IMMIGRANTS

##### Summary

NGAs position is that the federal government should pay all the costs of health care for undocumented immigrants and repeal any current federal law that requires states to spend money to provide health care and other services to undocumented immigrants. NGA notes that a new \$100 million fund passed in the Balanced Budget Act is a step in the right direction. (The Administration supported this fund.)

NGA is also adding new policy that calls on the appropriations committees to provide funds under an obscure part of the 1996 immigration law. This section of the law said that, subject to the availability of funds, the Attorney General should reimburse states for the costs of emergency ambulance services while undocumented immigrants are crossing the border. (The NGA policy resolutions description of this feature of the immigration law makes it sound much broader than it actually is.)

##### Analysis

The Administration does not support the basic thrust of this resolution. However, we did support the \$100 million fund referenced in the resolution. The Presidents 1999 budget did not provide funds for the reimbursement of costs cited in the immigration law, because we did not consider it a high enough priority.

#### EC-11. CHILD CARE AND EARLY EDUCATION

##### Summary

The Governors primary goal is a seamless child care and early education system that provides a safe, nurturing, and developmentally sound environment for the children it serves. Such a system is particularly important in light of recent research on childrens development and studies that show investments now can prevent larger expenses later. At

this time, the needs for a productive workforce, the increasing number of two-earner families, and recent welfare reforms combine to make increasing access to child care and improving its quality a national priority. Nevertheless, there are gaps in the nations child care system that warrant particular attention: the needs of low-income non-TANF families, access to child care during non-traditional hours, and after-school care. In order to create a seamless system of child care, we must involve families, local communities, the states, the federal government, and the private sector to promote the coordination of programs serving children through links at all levels of the child care system. First, parents are foremost responsible for their childrens well-being and must become smart consumers of child care. Communities coordinate programs, assessing their needs and tailoring programs to meet their needs. In addition, states have the primary role of coordinating their efforts to increase access and improve quality. The federal government should support state efforts, not control them, by supporting state efforts to build a quality system of care, through such funding mechanisms as block grants. Finally, the public sector must form partnerships with the private sector, and the private sector must acknowledge and accommodate the child care needs of employees through such measures as the provision of on-site care as well as the adoption of family-friendly work policies.

#### Analysis

The Governors policy proposal dovetails well with our child care initiative. They share with the Administration both rationales for efforts to improve child care as well as many of our policy prescriptions. Their largest priority for federal action is to maintain state flexibility and to provide adequate funding to meet demand, both of which our initiative does through our proposed dramatic expansion of the Child Care and Development Block Grant. In addition to these two main points, they mention the following areas that are included in our package: promoting research and evaluation of exiting child care and early education programs and disseminate information on what works, which is a goal of our Research Fund; encouraging professional development through scholarships, which is the purpose of our Scholarship Fund; providing tax incentives for the private sector, as our Business Tax Credit does; providing tax credits for individuals, as our proposed expansion of the Child and Dependent Care Tax Credit does; increased funding for Head Start and Early Head Start, as we do; and supporting state efforts to enforce state licensing and accreditation, as our Standards Enforcement Fund and our Early Learning Fund are designed to do. In short, in the areas of child care and early learning, the Administration shares with the Governors both goals and strategies for achieving them.

#### HR-43. COMMUNITY SERVICES BLOCK GRANT PROGRAM

##### Summary

We do support continued funding for the Community Services Block Grant (CSBG). The President's budget proposes to fund CSBG at \$490.6 million in FY99 (also the FY98 enacted level).

##### Analysis

CSBG issues block grants to States, territories and Indian tribes to provide services and activities to reduce poverty, including services to address employment, education, housing assistance, nutrition, energy, emergency services, health, and anti-drug needs. States are required to pass 90% of funds allocated to eligible entities, which in

most cases are Community Action Agencies.

The President's Budget does not request funding for Community Services Discretionary Activities (FY 98 enacted level -- \$51.6 million). The discretionary activities include \$33 million for Community Economic Development, \$14 million for National Youth Sports camps and \$4 million for Community Food and Nutrition. The Administration has not requested funding for these items for several years and has argued that they can be funded, at State option, under CSBG.

May 19, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed and Chris Jennings

RE: NGA Agreement on Tobacco Spending

cc: Erskine Bowles, Larry Stein, Gene Sperling, Mickey Ibarra, Elena Kagan

Attached is a one page summary of the agreement we reached with NGA on Friday night regarding the allocation of the Federal portion of the state spending options. Keeping in mind the interests of all the parties, we believe we achieved a strong agreement. It has the support of OMB, HHS, and, of course, DPC/NEC. In short, we agreed to:

\*Commit that states would be allocated \$196 billion from the overall Federal settlement. (The \$196 billion figure is viewed as a sacred, inviolable number.) Since we are now assuming a \$500 billion (or so) total from the legislation, the 40 percent state investment figure we have been carrying matches well with this number.

\*Use the restricted funds for seven existing programs related to children or health. Among these, child care is the largest programmatic option. We succeeded in eliminating over 10 categories that the states desired; in so doing, we also were successful in assuring that grant options that could syphon large dollars away from our priorities did not make this list. As the attached table illustrates, we project that states will likely spend at least \$5 billion on the Child Care and Development Block Grant over the next 5 years.

\*A 50/50 split between restricted versus unrestricted funds. We reached an agreement on the 50/50 split because we allowed the states to spend a portion of their restricted dollars (6 percent) on buying down the state portion of the state match of the new Childrens Health Insurance Program (CHIP).

\*Childrens health outreach. The Governors accepted our budget proposals for outreach that, among other things, allow schools and child care referral centers to enroll children in Medicaid ("presumptive eligibility"). These options are critical in light of a new study that shows that 4.7 million children who are uninsured are already eligible for Medicaid.

\*Include strong language prohibiting substitution of Federal for state funds. This language assures a maintenance of effort for grant options that now have a state match.

The Governors did succeed in taking our class size program off the list. We agreed to remove it only after it became clear that any compromise on this issue would water down our education priorities to the extent that it would be viewed as a loss. The DPC, NEC, and OMB education advisors all concurred with this decision.

The result of our compromise makes it a virtual certainty that significant, new dollars

will be invested in child care by the states. Realizing this, the child care staff within the White House are generally quite pleased. We have asked them to try to get some validation in this regard. Unfortunately, and not too surprisingly, the child advocates want more money and more strings than our compromise guarantees. Therefore, they probably cannot be counted on to say anything overly positive in public until the last vote is counted.

Finally, over the weekend, we had a number of conversations with both NGA and the advocates of various Administration priorities. It became clear that we are likely headed towards a difficult predicament on expected floor amendments. On the one hand, if we support expected Democratic amendments (e.g., an amendment that requires more spending and administrative strings on the child care option), we risk being accused of bargaining in bad faith by the Governors. On the other hand, if we oppose these amendments, many on our side of the aisle will criticize us for not even supporting our own budget priorities.

Legislative Amendment Strategy for State-Based Investments. Keeping in mind the interest of all parties, we have worked out a position that neither pleases nor totally alienates anyone. Our positioning strategy on all state-based investment amendments is:

1. We oppose any amendment that changes either the overall allocation of the tobacco funds (40 percent for states, not lower than \$196 billion over 25 years) or the split between the restricted and unrestricted (50/50) within the state funds.

2. We will oppose any amendment that adds, subtracts, or earmarks options from the restricted share portion of state funds, with one exception: We will not oppose (nor actively support) amendments that reflect Administration budget priorities. (In response to NGAs criticism that we appeared to be backing away from the initial agreement, we did agree to oppose amendments that reflect our priorities should any one such amendment be successful in passing the Senate.)

3. We will oppose amendments that totally prescribe (e.g., fixed percentages for each spending option) the restricted share of the state funds, even if one of the options is an Administration budget priority.

Today, before votes begin, we plan on meeting to review likely amendments to the tobacco bill to ensure we have a Administration-wide position on these and other types of amendments.

MEMORANDUM FOR ERSKINE BOWLES

THROUGH:Franklin D. Raines

FROM:Sally Katzen

SUBJECT:Heads-up on EPAs Final National Low-Emission Vehicle Rule

We are about to conclude review of EPAs final National Low-Emission Vehicle (sometimes called the "49-State car") rule. Without this rule (and its companion rules -- the last of which was the subject of an earlier heads-up memo attached), the 13 Northeastern States could require auto companies to produce cars for sale that meet Californias extremely tough emissions standards. This rule, which establishes an alternative voluntary program, authorizes auto manufacturers to sell cars that are cleaner than current models, but not as clean as the California car. Once States and car manufacturers opt-in to the program, the standards become federally enforceable. There have been endless negotiations between the auto industry and the Northeastern States to establish such a program. This rule addresses the last set of issues and is the final piece for the program.

Ongoing negotiations between auto companies and the Northeastern States were not able to resolve the long-standing concern raised by at least two States (New York and Massachusetts) on a requirement that a certain portion of the fleet be electric vehicles if the car manufacturers opt to produce the 49-State car instead of the California car. The auto manufacturers have initiated legal action in these States to prohibit them from requiring electric vehicles, but the auto companies have agreed not to condition their acceptance of the 49-state alternative on States dropping their electric vehicle requirements.

The 49-State car program is voluntary and will not be effective unless the car companies and States agree to participate. The car companies want all the States to sign up; the States want all the car companies to sign up. There are potential hold outs in both camps. EPA believes the decisions made in this rule will give the program its best chance of working (EPA estimates 50-50 odds).

Please let me know if you have any questions.

cc: Maria Echaveste  
Rahm Emanuel  
Ron Klain  
Thurgood Marshall, Jr.  
John Hilley  
Ann Lewis

Sylvia Mathews

Bruce Reed

Gene Sperling

Katie McGinty

Elena Kagan

Victoria Radd

Barry Toiv

Michael Waldman

T.J. Glauthier

Larry Haas

MEMORANDUM FOR ERSKINE BOWLES

FROM:Don Arbuckle

SUBJECT:Heads Up -- National Practitioner Data Bank Proposed Rule

In the next few days, we will complete E.O. No. 12866 review of a Department of Health and Human Services (HHS) proposed rule establishing a National Practitioner Data Bank (NPDB), which closely follows the requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The statute requires that the national data bank include information pertaining to final adverse actions, such as civil judgments and criminal convictions, against health care providers, suppliers, or practitioners. This data will only be accessible by appropriate State agencies and health plans. In addition, suppliers and practitioners may query their own data.

One controversial provision, however, may be the definition of health care "supplier," which some consider too broad. This rule would include not only suppliers of durable medical equipment (DME), but also DME and pharmaceutical manufacturers and other ancillary service entities. These entities strongly objected to another, recent HHS OIG final rule which allowed for government-wide health fraud and abuse sanctions of such manufacturers; we expect that they will oppose their inclusion in this rule, as well.

The Department and OMB coordinated extensively with State agencies, Federal health programs, and the Department of Justice. The Federal costs of establishing and maintaining the data base will be covered by user fees. HHS estimates that total annual costs to the States will be approximately \$1 million, and annual costs to private health plans will be \$2 million.

**RR**

cc: Maria Echaveste  
Rahm Emanuel  
Larry Stein  
Ron Klain  
Thurgood Marshall, Jr.  
Ann Lewis  
Sally Katzen  
Minyon Moore  
John Podesta  
Bruce Reed  
Gene Sperling  
Elena Kagan  
Barry Toiv  
Michael Waldman  
Janet Yellen

Mickey Ibarra  
Danny Mendelson  
Barbara Chow

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Natural Resources Division

Weekly Report

July 18, 1997

Agriculture Branch

Update on Lake Tahoe Presidential Forum (Mark Weatherly x53446)

Meeting with USDA Regarding their Information Streamlining Plan (Stuart Kasdin x53446)

Privatization of USDA Funded Water and Wastewater Treatment Facility (Jennifer Wagner x53446)

Crop Insurance Reimbursement Rate (Stephen Frerichs x53446)

GPRA Meets Ag Exports (Daniel Heath x53446)

Environment Branch

Status of Superfund Legislation (Neil Shapiro x56827)

EPA Pulp and Paper Rule Under Review (Rob Fairweather x56827)

Final Ozone and Particulate Matter Rules Signed (Carrie Jelsma x56827)

Interior Branch

Endangered Species Act (ESA) Reauthorization Bill to be Introduced Soon  
(Janet Irwin x54806)

U.S. Geological Survey to Propose Buyout (Gary Reisner x54806)

National Park Service Concessions Report Submitted to OMB (Gary Reisner x54806)

DOJ/DOI Initiative on Law Enforcement in Indian Country (Rich Kodl x54806)

DPC Indian Affairs Working Group Meeting (Rich Kodl x54806)

Commonwealth of the Northern Mariana Islands (CNMI) Report to Congress (Jim Kazel x54806)

Minerals Management Service (MMS) Misc. Final Rules (Jim Kazel x54806)

#### Agriculture Branch

UPDATE ON LAKE TAHOE PRESIDENTIAL FORUM -- Next week (7/25) the Vice President kicks off the Lake Tahoe (CA/NV) Forum, followed the next day by the Presidential Forum. NRD staff have been involved in meetings this week on the "deliverables" for the Forum, which could include announcements of Federal agency initiatives in the areas of clean water, forest fire prevention, and transportation. In addition, a Presidential Executive Order has been drafted that would create an interagency group of several department Secretaries to coordinate program delivery in the Lake Tahoe basin area. The E.O. will be reviewed and processed through OMB and the White House next week. The list of agency deliverables for this event will be narrowed early next week, and OMB will also be reviewing the Presidential briefing materials.

MEETING WITH USDA REGARDING THEIR INFORMATION STREAMLINING PLAN -- USDA policy officials, led by Deputy Secretary Rominger and CIO Anne Reed, met with OMB (OIRA and NRD) on July 17th regarding the Department's Information Streamlining Plan (ISP) and the status of the Farmers' Paperwork Burden Reduction Initiative called for in the FY 1998 Budget passback. Sally Katzen, who chaired the meeting, focused attention on four significant areas: lapses in Departmental compliance with the Paperwork Reduction Act; little progress to date on the Farmers' Paperwork Initiative; an ISP submission that raised doubts about the Department's commitment and ability to achieve the goal of 25% paperwork burden reduction; and problems with the Department's internal Year 2000 assessment. OMB emphasized that real progress toward paperwork burden reduction was needed and that it would be an issue during the FY 1999 budget development. USDA committed to continue to do more in these areas. In the meantime, the Department will submit a schedule for activities, with interim steps and milestones for the Farmers Paperwork Burden Reduction Initiative and a final report by September 30th.

PRIVATIZATION OF USDA FUNDED WATER AND WASTEWATER TREATMENT FACILITY -- Representatives from NRD, USDAs Rural Utilities Service (RUS) and the West Virginia American Water Company (WVAWC) met with representatives from Senator Rockefeller's office on July 14th to discuss outstanding issues surrounding the proposed sale of the Mossy Public Service District (Mossy) public water system (funded by RUS) to the WVAWC. Resolution in this case has been slow because of disagreements over the application of Infrastructure Privatization Executive Order 12803 (E.O. 12803). Further, review of the issues has been careful because this case will set precedent on how E.O. 12803 will be followed for future sales of RUS-funded treatment facilities.

While many of the originally contentious issues, including recoupment of USDA grants and what depreciation method to use, have been resolved, the "Transfer Price" clause is still under review. E.O. 12803 states the transfer price will be "the appraised value of an infrastructure asset, as determined by the head of the executive department or agency and the Director of the Office of Management and Budget, if the asset is not transferred as a

result of competitive bidding", which

Mossy is not. An outstanding issue to be resolved is whether and how to include forecasted future repair costs in the Utility's appraised value; these costs could reduce the appraisal value to zero, which could eliminate any recovery of Federal investment upon sale. NRD argued reasonable expected costs necessary to keep the system operating at its originally-intended level be used; USDA suggested an average of past years maintenance costs be used; and WVAWC argued that expected maintenance costs plus the costs to hook-up Mossy to their regional system be used. Currently there are no guidelines on the specifics of appraisals to this degree. NRD agreed to work with USDA and WVAWC to set acceptable guidelines on the appraisal process, which should pave the way for future deals of this sort to be completed in a more timely manner.

CROP INSURANCE REIMBURSEMENT RATE -- NRD and USDA met this week to discuss the "state-of-play" in the appropriations process for the crop insurance administrative reimbursement rate paid to private insurance companies. The Administration has offered the companies a reimbursement rate of 24.5% of premiums sold for the 1998 crop (the FY 1997 rate is 29%). The companies have refused to sign a contract at that rate and have lobbied Congress to provide more discretionary funding. The reduced rate offered by the Administration is based on a GAO audit that found considerable padding by the companies of their expenses in FY 1995 and 1996.

Funding for crop insurance administrative expenses is split discretionary/mandatory in FY 1998 (prior to FY 1998 it had been completely mandatory). Both the Senate and the House Full Committee bill provide more funds than the Administration requested (\$203 million and \$189 million respectively, versus a \$150 million request). However, neither Committee directs the Administration to reimburse the companies at a rate higher than 24.5% (they don't want to take the "corporate welfare" heat). Under current law, the Administration can reimburse UP TO 28%. Without any bill or report language, the intent of Congress is unclear, but the companies clearly interpret the additional discretionary funds as a signal from Congress to reimburse at a rate greater than 24.5% and have refused to sign a contract for crop year 1998.

During the meeting, NRD and USDA agreed to hold the Administration's offer at 24.5%, absent a clear signal from Congress. We anticipate getting a clearer picture after House and Senate floor debate on the appropriation bills. In the interim, USDA will draw-up several alternatives for NRD review and comment that could potentially be offered as the picture becomes clearer. Both the companies and the Administration are eager to get a signed contract in place. The companies need to flush out their compensation and get their business plans approved. The Administration needs the companies to sign the contract so that it can shift some of the underwriting risk to the companies. This becomes more critical as the hurricane season approaches.

GPRA MEETS AG EXPORTS -- USDA held a "GPRA Day" on 7/14 for its 200 top staffers engaged in promoting US farm exports. NRD staff addressed the conference session, along with Sens. Lugar and Kerrey. OMB encouraged the agriculture export community to aggressively seek robust, measurable performance in order to justify the Federal role in exports. Sec. Glickman subsequently spoke to the conference on 7/17.

Environment Branch

STATUS OF SUPERFUND LEGISLATION -- Meetings continue among EPA and Committee Staff in both the Senate and the House. In the Senate, Democratic staff, advised by EPA, are meeting with their Republican counterparts six days per week for several hours at a time, in an attempt to reach agreement on a bipartisan bill by the end of August. Most of the discussion to date has focused on clean-up remedy selection, where there are still significant differences between a Democratic proposal and the Republican bill, S.8. Some of the other agencies are expressing concern about the nature of the advice EPA is providing, as the sole representative of the Administration in these discussions. EPA says that it is simply advising both sides, at this point, to move closer to the Administrations 5/97 Superfund principles, and that it will consult with the other agencies more closely as the discussions begin to reach the level of detail where different interpretations of that generally worded Administration document might become more important. In the meantime, NRD staff, and others, have stressed that EPA should make it very clear that its advice does not necessarily reflect the views of the whole Administration.

Progress is reportedly slower in the House, where the Republican position is even farther from the Administration principles than it is in the Senate. House Democrats, on the other hand, have complained to EPA that the Administration principles already give the Republicans too much of what they want, and they are also asking EPA not to weaken the House Democrats bargaining position any further by making more concessions in the Senate. Such a negotiating stance suggests that House Democrats might not want a bill at all. But CEQ reports that the House Democrats coalition is incohesive, with rumors that there could be a "blue dog" Superfund bill in this Congress, and further that the controversy over EPAs new air pollution standards could weaken the coalition even more.

Several Superfund legislative documents have been circulated to other agencies, including NRD, for comments and possible further discussion. At 11:00 am on Monday, 7/21, comments are due on:

Draft bill language on natural resources damages (circulated 7/17), which Interior and CEQ provided to other agencies to develop an Administration proposal to Senate Republicans and Democrats. It is reportedly consistent with the detailed principles circulated to other agencies in June. NRD had no objection to those detailed principles. (A meeting will also be held to discuss any comments at 11:00 am on Monday, 7/21.)

By COB Thursday, 7/24, comments are due on:

Draft bill language on cost allocation (circulated 7/17), and detailed principles on liability exemptions (circulated 7/10), which EPA provided to other agencies as a step toward a document to assist Senate Democrats in their discussions with Republicans. The cost allocation proposal is weaker than earlier versions supported by the Administration.

A House Republican proposal on liability (circulated 7/17).

A Senate Republican proposal on community involvement and health (circulated 7/17). This proposal may contain some of the provisions affecting HHSs Agency for Toxic

Substances and Disease Registry (ATSDR) from a draft proposal that ATSDR submitted to OMB for review but that has not yet been cleared. But ATSDR claims that has not provided any part of that proposal to Congressional staff.

EPA PULP AND PAPER RULE UNDER REVIEW -- OMB (OIRA and NRD) has begun review of EPA's pulp and paper rulemaking. This final rule, a joint effort of the EPA Water and Air Offices, establishes effluent limitation guidelines as well as national emission standards for hazardous air pollutants for pulp and paper mills. The most controversial element of this rule is the effluent guideline. EPA analyzed two options. The first, supported by environmentalists, would require a facility to be totally chlorine free (TCF). The second, supported by the industry, would require the substitution of chlorine dioxide for elemental chlorine, with additional required treatment. The latter option also includes incentives, but not requirements, for facilities to go beyond these requirements to TCF. EPA has chosen the latter option because the benefits of TCF were not that much greater, while the costs were substantially greater (the failure of one company with many facilities). Sally Katzen is encouraging OIRA to conclude review by mid-August.

FINAL OZONE AND PARTICULATE MATTER RULES SIGNED -- On Wednesday, July 16 Administrator Browner signed the final revised Ozone and Particulate Matter NAAQS, as well as the Regional Haze proposed rule. The final agreed upon benefits and costs are as follows. For PM full attainment, the estimated benefits are \$20-\$110 billion, and costs are \$37 billion. For Ozone full attainment, estimated benefits are \$1.5-\$8.4 billion, and costs are \$9.6 billion. Also on Wednesday, the President in a memo to Administrator Browner announced his implementation goals and a plan by which to achieve them (a hard copy has been forwarded to PAD/NRES). Generally, the President stated implementation of the revised rules should: remain flexible and cost-effective; respect existing agreements to improve air quality, avoid additional burdens regarding measures already under way, and reward those who take early action; require EPA to review its revised PM standard within five years to determine whether it should be revised before areas are designated nonattainment under the new PM standard, and before imposition of new PM controls; and avoid additional paperwork. Additional Representatives have announced their support of HR 1984 that would place a five-year moratorium on setting new standards. A rider to EPA's House appropriations bill was debated on the House floor this week, but withdrawn without a vote.

Interior Branch

ENDANGERED SPECIES ACT (ESA) REAUTHORIZATION BILL TO BE INTRODUCED SOON -- Senators Kempthorne (R-ID), Chafee (R-RI), Baucus (D-MT) and Reid (D-NV) have indicated that they intend to introduce legislation to reauthorize the Endangered Species Act (ESA) before the August Congressional recess. The Administration previously had not proposed reauthorization legislation, believing that the Act is working well and that administrative reforms initiated in this Administration can resolve most of the significant concerns about its implementation. However, on 7/17, Secretary Babbitt stated that the Administration will work with Congress on an ESA re-authorization stressing flexibility and habitat conservation.

CEQ for some time has been coordinating a low-key, constructive dialogue with majority and minority staff on the Senate Environment and Public Works Committee to iron out concerns with the various drafts the Committee staff have been producing. Some of the Senate's concerns have involved expediting decision-making in the Federal agency consultation process and preventing time-consuming delays in agency actions (particularly the Forest Service) every time there is a change in a species status or new information about a

species status becomes available. The Members intend to increase the importance attached to recovery planning, in addition to having some concern about balancing scientifically-based species conservation and recovery actions with the economic impacts that may occur in local areas. The draft legislation will likely require that the Secretary of the Interior (or Commerce) create "recovery teams" including state and local representation when a species is listed. At this time, it appears that a number of prospectively divisive issues have been adequately resolved or are likely to be by the time the legislation is introduced. Issues that may not be resolved include waiving the National Environmental Policy Act (NEPA) for various actions, and modifications of Federal water rights obtained from States. The House Resources Committee is still struggling internally over the elements they would like to see in reauthorization and are unlikely to have comprehensive reauthorization legislation ready any time soon.

U.S. GEOLOGICAL SURVEY (USGS) TO PROPOSE BUYOUT -- DOI will soon submit to OMB a USGS buyout plan for OMB approval. This would be the only DOI buyout plan proposed for FYs 1997-98, and FTE ceiling reductions would only affect USGS, not DOI in total. The current draft plan calls for reductions of up to 500 FTE (through buyouts) from the 10,025 FY 1996 actual FTE level. Buyouts would be available up to December 31, 1997. The plan is not specific on actual costs, but estimates net savings of about \$5 million in FY 1998 and \$30 million per year in FY 1999 and thereafter, if the full 500 FTE reduction is realized. Based on earlier discussions, expected FY 1998 costs of about \$23 million were estimated for the buyout program, offset by about \$28 million in salary and benefits savings. Interior Branch (with assistance from the Personnel Branch) is working with the Department to strengthen the plan by targeting the buyouts more to specific job classifications and/or geographic areas, and considering an earlier deadline in the fiscal year. Given the 7/16/97 BRD draft planning guidance for DOI, if buyouts are not available to USGS, RIFs may be required.

NATIONAL PARK SERVICE CONCESSIONS REPORT SUBMITTED TO OMB -- DOI submitted to the PAD/NRES the concessions report, which was due in May and requested in passback. Interior Branch is just starting its review and will share it with OFFM. The report asserts that the National Park Service (NPS) is currently receiving an 8 percent return on concessioner gross sales. Three program modifications were considered: outsourcing of concession management functions; use of a master lease model for concessioner contracts; and appointment of an advisory board for the concession program. The report concludes that the NPS "does not feel it would be cost effective, or otherwise add value to the concession program to entertain" any of these modifications. A quick and cursory review suggests there is little factual or objective backup in the report to support the conclusions. Interior Branch (with OFFM) will complete a more detailed review and report to PAD/NRES. Improvements of NPS concession management will likely come up again during OMB review of the FY 1999 budget submission.

DOJ/DOI INITIATIVE ON LAW ENFORCEMENT IN INDIAN COUNTRY -- NRD has been informed that the President has approved, in concept, a memo for his signature to the Attorney General and Secretary Babbitt on this issue. It is expected that it will be signed next week. The memo briefly summarizes the significant crime problems in Indian Country and directs the AG and the Secretary of the Interior to propose constructive actions to address these problems. He has also been informed by the DPC (Elena Kagan) that two issues remain open. The first is whether to create a 15 member advisory committee that would include tribal representatives or to rely on more informal tribal consultations. The second is whether "recommendations" or "options" should be presented. The memo gives an October 31, 1997 deadline and it is expected that an initiative will be included in either or both agencies

FY 1999 budget submissions. The memo specifies that any such initiatives should be consistent with funding targets of the Bipartisan Balanced Budget Agreement. NRD intends to include language on the initiative in its FY 1999 guidance to DOI.

DPC INDIAN AFFAIRS WORKING GROUP MEETING -- On 7/16, NRD (Irwin and Kodl) attended this meeting that was chaired by Secretary Babbitt. The most significant item concerned a preliminary draft of an Executive Order on a "Comprehensive Federal Indian Education Policy Statement". About 6 months ago the DPC decided to pursue this as a way to improve upon what is perceived as fragmented and inconsistent policies across Federal, State, and Tribal programs. Mike Cohen/DPC (who was not present) has the lead on this within the EXOP. Lynn Cutler/Intergovernmental Affairs remarked that "our OMB friends are here and that they should be sure that this gets funded". Despite this endorsement, after an Education Department representative briefly described progress to date, and explained that the current draft almost exclusively reflects the views of tribal groups, Secretary Babbitt and others quickly responded that it is far too vague, lengthy, and does not focus on achieving and measuring improvements in educational quality, performance, and preparedness of students. When the draft is improved upon, we will provide it to Mac Reed.

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS (CNMI) REPORT TO CONGRESS -- On 7/18, OMB (NRD, TCJS, HRD, IAD) finished review of DOIs interagency report to Congress recommending the Federal immigration, labor, and minimum wage policies and laws be extended to the Commonwealth of the Northern Mariana Islands. The CNMI Covenant granted United States citizenship, but did not extend all immigration, naturalization and minimum wage laws to the Commonwealth. On May 30, 1997, the President wrote CNMIs Governor expressing his concern over CNMIs labor, immigration and law enforcement practices. Recently, CNMIs immigration and labor practices have been the subject of critical articles in the Readers Digest, Washington Times, and other publications. Sen. Murkowski, Chairman of the Committee on Energy and Natural Resources wrote Secretary Babbitt, on 7/16, asking for the CNMI report, and requesting a drafting service to implement the recommendation in the CNMI report by 7/31. The Senator plans to introduce legislation prior to the August recess.

MINERALS MANAGEMENT SERVICE (MMS) MISC. FINAL RULES -- NRDs Interior Branch cleared off to OIRA three non-controversial Minerals Management Service's proposed rules: 1) Pipeline Right-of-Way Applications and Assignment Fees and Requirements for Filing of Transfers -- revises current fees to capture full processing cost as required by law; 2) To Amend the Regulations Governing Safety and Pollution Prevention Equipment Quality Assurance -- industry to use MMS certified equipment in new wells and when old equipment is replaced, or requires major repair; and 3) Civil Penalty -- revise current penalty fee as required by law.