

NLWJC – Kagan

Hard Drive – Folder 7

MEMORANDUM FOR ERSKINE BOWLES

THROUGH:Franklin D. Raines

FROM:Sally Katzen

SUBJECT:Heads Up on EDs IDEA Proposed Rule

We have just concluded review of EDs rule proposing guidelines from States and local school districts designed to improve the educational outcomes of disabled children and ensure they receive a free and appropriate public education (FAPE). The rule, which implements the Individuals with Disabilities Education Act (IDEA) Amendments of 1997, addresses many issues, the most significant being disciplinary procedures (e.g., suspending disabled children from school), due process procedures for parents and students, the use of public and private insurance, the provision of services beyond the normal school year, and the provision of services to disabled students incarcerated in adult prisons.

Criticism of the rule is likely to come from both sides -- disability advocacy groups will argue for more stringent requirements on local school districts, while the States and local schools will want additional flexibility in how they educate disabled children. We believe that EDs approach is reasonable and effectively balances the two interests as intended by Congress.

Please call me if you have any questions.

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

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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.

## **FF**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 as 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 (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 allows 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).

June 24, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed, Elena Kagan  
Gene Sperling, Sally Katzen

SUBJECT: Summer Announcements and Events

Listed below are ideas for announcements and events that you could do this summer. We have noted which of our offices has primary responsibility for each idea.

Health (DPC/NEC as noted below)

Release New Executive Order Authorizing OPM to Terminate FEHBP Insurance Plans That Are Out of Compliance with Kennedy-Kassebaum Law. This policy would strengthen enforcement of the Kennedy-Kassebaum law by allowing the Federal Employees Health Benefits Plan (FEHBP) to take action against any insurer that discriminates against sicker patients -- including by terminating the insurance plan. Although we have not seen many reports of discrimination recently, advocates would characterize this action as reducing the likelihood of future abuses. We would announce the policy at an event including men and women who have suffered from these kinds of insurance practices. (DPC)

Release New HHS Report on Long-Term Care and Announce Policy Initiative(s). A new report from HHS shows that millions of American families care for chronically ill elderly relatives and friends, and that this care places a significant strain on families. The President could announce an initiative to encourage private long-term care insurance by offering it through the FEHBP and/or counseling Medicare beneficiaries to consider private insurance. In addition, if we are willing to consider proposals with budgetary effects, we could announce a new respite care tax credit, which we are in the preliminary stages of reviewing. (DPC/NEC)

Approve the 25th State Childrens Health Insurance Program. As of today, HHS has approved the CHIP plans of 20 states, which should cover about 2.5 million children when fully implemented; we expect to reach the half-way mark by approving the 25th CHIP plan early next month. We could use this occasion to release another progress report and hold an event featuring families already helped by the program and a bipartisan group of governors. (DPC)

Enhance Welfare-to-Work Commitment by Giving States Option to Maintain Health Insurance for Working Adults. We may be able to issue a new HHS regulation that would allow more states to provide Medicaid coverage to more low-income two-parent families. (Current federal law, applicable in all states without pre-welfare law waivers on this subject, limits Medicaid to only those two-parent families in which the parents work less than 100 hours per month.) States believe that this regulation would enhance welfare-to-work efforts and encourage two-parent families. The regulation, however, has large cost implications (about \$800 million over five years), and we are currently discussing with OMB whether an offset for such a regulation is needed. (DPC)

Announce Policies for People with Disabilities. We have been working on administrative and legislative policies to enable people with disabilities to (1) reside in their communities, rather than institutions, and (2) return to work activities. For example, we are working on a legislative proposal to provide personal care assistance services to enable people with disabilities to return to work. We also are exploring ways to develop and spread new technologies that enable people with disabilities to live and work more easily. These proposals generally will have budget implications; we are currently working with OMB on finding appropriate offsets. We could announce these actions on July 26, the anniversary of the Americans with Disabilities Act. (DPC/NEC)

Announce Outreach Effort for Low-Income Medicare Beneficiaries. A new report, to be released by Families USA in early July, will show that about 3.9 million eligible Medicare beneficiaries -- nearly half of all eligible beneficiaries -- do not get premium assistance. We could release an executive directive to HCFA, SSA, and the Administration on Aging to implement new outreach and enrollment initiatives. (At the very least, such an action would inoculate us against the Families USA report, which is likely to receive a great deal of attention). (NEC)

Education (DPC/NEC as noted below)

Announce New Legislation, With Offsets, to Reduce Class Size. Senator Murray intends to introduce legislation with as many as 20 co-sponsors to implement your class size initiative. DPC and OMB are working with Murrays staff on potential offsets that she could use in making this announcement. We think you could participate in the announcement of this legislation (as you previously expressed interest in doing) without binding yourself to using the offsets for this (and only this) purpose. (DPC)

Announce New Bilingual Education Plan. You could transmit legislation to reform the federal bilingual program, including by requiring school districts to establish a goal of moving all Limited English Proficient (LEP) students into regular English language classes within three years. We are sending you a separate memo on the pros and cons of taking this action. Irrespective of whether you decide to transmit such legislation, you could take other actions to assist LEP students -- for example (1) propose ways to strengthen teaching for LEP students (e.g., by recruitment and training initiatives); (2) issue a directive to the Secretary of Education to report on best practices of teaching English to LEP students, as well as to conduct or support further research in this area; (3) support community-based initiatives that supplement school programs for LEP students; and (4) propose ways of strengthening foreign language education for English-speaking students. Some of these proposals would have budgetary implications, but we do not yet have good cost estimates. (DPC)

Announce First Grants of Comprehensive School Reform (Obey/Porter) Program. The Education Department will soon be ready to announce grants under the new Comprehensive School Reform program. These grants will support proven school reforms in hundreds of schools. You or the Vice President could make this announcement. (DPC)

Launch the Education Departments Summer Reading Initiative. Seventy partnerships across the country will launch summer reading programs aimed at young children next month. You could help to kick off these programs, while calling on Congress again to enact America Reads (if it has not yet done so). (DPC)

Announce Grant to DC Training Alliance. You could announce a Labor Department pilot program that would give a \$1.2 million planning grant (the "metro-tech grant") to the DC, MD, and VA job-training systems to train workers to meet the demand in this areas high-tech industry. The pilot program will fund 100 workers. We expect the pilot to lead to a demonstration project serving 3,000 people at a cost of \$17 million. We can announce this grant anytime the near future. (NEC)

Participate in School Construction and Smaller Class Size Day. You, the Vice President, Mrs. Clinton, and Mrs. Gore all could participate in a back-to-school day that would focus on school construction and smaller class sizes. In advance of this day, you would ask parents, volunteers, Members of Congress, and community leaders to join together to help rebuild, renovate, and modernize local public schools. The event would provide a terrific visual and give Democrats in Congress a chance to highlight this important issue in the fall. (NEC)

Report on Success of School-to-Work Program. We expect a major study to be released soon on School-to-Work, one of the signature programs of your first year in office. If it is positive, we might use the release of this study to highlight the program, call for the business communitys continued participation in it, and attack right-wing opposition. We are not sure of the timing of this report. One problem with this event is that our current budget scales back the school-to-work program (from \$400 million to \$250 million). (NEC)

Crime and Drugs (DPC)

Announce Support for Child Access Prevention Legislation, Issue Child-Proof Gun Challenge, and Issue Regulation on New Gun Signs. You could (1) support child access prevention legislation (both Sen. Durbin and Rep. McCarthy have bills) that would hold adults liable if they give children easy access to guns; (2) challenge industry to get a child-proof gun (i.e., a gun that can be shot only by authorized adults) on the market by the year 2000; and/or (3) announce a Treasury Department regulation (responding to a directive you signed a few months ago) requiring gun dealers to post signs warning gun purchasers about their responsibility to keep guns away from children.

Report on Youth Crime Gun Interdiction Initiative and Press for Congress to Fund Our Budget Request. The second anniversary of your gun tracing initiative falls in July, and we may have a report by then on the continued success of this program. (If not, the report will be ready later in the summer.) Our budget asked for \$28 million to expand this initiative, which the House appropriations subcommittee fully funded last week. An event could keep up the pressure for full funding of this initiative. We could combine the event with the actions on youth access to guns described above.

Announce Federal Drug Strike Force for Chicago and Support for Chicagos Anti-Gang Ordinance. DOJ is prepared to announce that it will dedicate some 300 federal agents and 20 prosecutors to form a drug strike force in Chicago. We have promised Mayor Daley that we will make this announcement soon. At the same time, we could comment on the brief we just filed in the Supreme Court supporting Chicagos anti-gang ordinance.

Announce New Demonstration Project to Fund Faith-Based Anti-Crime Programs. DOJ is now considering whether and how to put together a demonstration project to fund faith-based anti-crime programs, such as the one profiled recently in a Newsweek cover story. We will have to work through some constitutional concerns, but we could be ready to go on this new effort by mid-summer. Some of your advisors, however, have reservations about such a

religiously-oriented grant program.

Announce New COPS Grants. We will have several opportunities this summer to announce new cop grants, including grants targeted to combating methamphetamine use and extensions of prior grants (i.e., a fourth year of funding) in small cities. We should try to time such an announcement to coincide with new crime statistics.

COPS in Schools. By the end of the summer, the Departments of Justice and Education should be ready to (1) offer recommendations to you for getting more police to work with schools (in response to your directive last week); (2) release COPS grants to provide additional law enforcement assistance in schools; (3) hold a conference on how law enforcement officers can help to keep schools safe; and (4) issue a report on the success of the Safe and Drug Free Schools Program. We could try to package these announcements in a single event.

Release Early Warning Guide for Schools; Follow Up With Annual Report on School Safety. In compliance with your recent directive, the Departments of Justice and Education are scheduled to complete by the end of summer a guide for schools on how to identify and respond to early warning signs of troubled youth. We could combine release of this report with a White House meeting with officials of the cities that recently have suffered school shootings. A month or so later, in early October, the Justice Department will be ready to release the annual report on school safety that you ordered in the wake of the Paducah shooting. This document will compile all data on school crime, discuss successful strategies to reduce school violence, and include a checklist for parents on school safety. You could use the release of this report as an opportunity to address hundreds of schools by satellite on school violence issues.

Launch Nationwide Phase of Our Anti-Drug Media Campaign. You are currently scheduled to announce the national roll-out of the \$195 million media campaign in July. ONDCP will buy a "roadblock" on network TV that night, unveil new ads, and host local events in scores of participating cities.

Release Drug Court Grants. You could announce the latest drug court grants from DOJ and highlight the success of this program, as you previously have indicated some interest in doing. (As you know, a recent study showed some very good results.) You could combine the release of these grants with the launch of the anti-drug media campaign discussed just above, or alternatively combine it with the release of new DUF/ADAM (Drug Use Forecasting/Arrestee Drug Abuse Monitoring) data, which will almost certainly show that most arrestees in our major cities test positive for drugs, and that more resources are needed to test, treat, and sanction these offenders.

Release Results of Household Survey. The Household Survey -- one of two major drug surveys on teen drug use -- should be out by August. Last year's survey was the first to indicate a dip in teenage drug use, and this year's is likely to show the same. The Survey also will contain new data on youth tobacco use.

Release Stalking Report and Associated Policies. DOJ is preparing a report showing that about eight million women in this country report having been stalked. We are working with DOJ on policy recommendations to go with this report, but have not yet determined their exact content.

Tobacco (DPC)

Bring Medicare Suits Against Tobacco Companies? We and the Counsels Office will advise you within the next couple of weeks on whether the federal government should bring suit against the tobacco companies for losses to the Medicare program caused by tobacco-related disease. If you choose to go ahead with these suits, you can direct the Attorney General to prepare the suit for filing. (There is little chance that the suit will actually be ready to file this summer.)

Prevent Filmmakers from Using Federal Facilities for Films that Contain Youth Smoking. We are exploring whether agencies that oversee federal facilities (e.g., DOD, the Forest Service) can require, as a condition of granting a permit to film a movie on those facilities, that the movie not show (or perhaps, not glamorize) youth smoking or drug use. Your advisors are very split on this idea -- some love it, some hate it -- and we are continuing to explore it.

Release Report on Effects of Price Increases on Youth Smoking. We are ready to release a Treasury Department report showing how price increases can dramatically reduce youth smoking. This report should be useful to show the absurdity of the House Republicans "no-money" approach to this problem. When they release that bill, we will have Treasury (or commission an independent expert) to do a report on the likely effects of the bill on youth smoking.

Release Results of Household Survey. As discussed above.

Welfare-to-Work (DPC/NEC as noted below)

Release Report Showing the Increase in the Proportion of Welfare Recipients Going to Work. Following on the GAO report last week, HHS is scheduled to report to Congress on the increase in work among welfare recipients. The report should have some new data, although it also will collate previously released figures. Sometime this summer, HHS also will receive information from the states on whether they are meeting the welfare laws work participation rates. This information should generate a fair bit of interest, but it is not yet clear whether the news will be good. (DPC)

Endorse Individual Development Account Bill. You have indicated interest in doing an event to endorse and highlight the Coats-Harkin IDA legislation. This bill would establish a four-year, \$100 million demonstration program under which state, local, and nonprofit entities would match money deposited into IDAs by low-income families. One event idea is for you to go to a community development bank and help a welfare recipient open a bank account; we could use such an event to push for CDFI funding at the same time. Another, simpler idea is to do a Rose Garden event with the sponsors of the bill and welfare recipients. (DPC/NEC)

Food Safety (DPC)

Call for Congress to Fund Our Food Safety Initiative and Pass Legislation Giving FDA and USDA More Enforcement Authority. The relevant House and Senate subcommittees allocated almost no funds to our food safety initiative; at the same time, our proposals to give USDA additional recall authority and give FDA additional authority over imported foods are languishing. You could do an event with members of Congress and food safety advocates urging Congress to act on these measures. (Summer is the time when people think most about these issues.) We must ensure, however, that such an event is consistent with our overall

strategy on the Agriculture Appropriations bill.

Veterans (DPC)

Announce Coordinated Effort to Assist Homeless Veterans. We have been working with the Veterans Administration on a plan to help the 250,000 homeless veterans in this country. The plan would involve outreach efforts, substance abuse treatment, and mental health care, in addition to housing assistance. The annual cost would be about \$30 million. Assuming we believe we can find this amount of money in next years budget, you could direct the VA now to come back to you with a plan on how to address this issue.

Rural Issues (DPC/NEC)

Deliver Speech on Rural Issues. DPC, NEC, and USDA have prepared a rural agenda for a speech sometime this summer. The agenda includes: (1) the use of new technologies, such as distance learning and telemedicine, to benefit rural areas; (2) the enforcement of antitrust laws in agricultural-related industries; (3) the expansion of programs that help farmers manage risk; (4) the promotion of free trade; (5) the expansion of agricultural cooperatives; and (6) the renewal of the ethanol subsidy. We also could announce all or part of this agenda though a radio press conference in which you, the Vice President, and Secretary Glickman could participate.

Financial Services (DPC/NEC)

Announce Consumer Credit and Financial Services Bill of Rights. DPC and NEC are developing an initiative -- including both administrative actions and a legislative proposal -- aimed at educating consumers about the use of credit and bank services, improving the information consumers receive, and targeting predatory practices. This initiative is still at an early stage of development, but we probably will be ready by near the end of the summer.

Pensions (NEC)

Announce Pension Proposals. Your advisors have reached consensus on two pension proposals (in addition to the proposals announced in January). The joint and two-thirds/three-quarters survivor annuity proposal would increase benefits for some surviving spouses of pension plan participants, while the other proposal, initially advanced by Rep. Price (D-NC), would allow workers to count FMLA time toward pension vesting requirements. This would ensure that those (relatively few) workers close to the 1,000-hour minimum requirement for vesting do not lose a year of vesting because of time taken off under FMLA. This can be billed as a women's pension item.

Housing (NEC)

Announce HUD-NAR "One America" Agreement. HUD and the National Association of Realtors (NAR) have reached a final agreement on the "One America Broker" program. Under the program, NAR will sponsor training for real estate professionals on how to better serve minority and immigrant home buyers. The training will address adherence to Fair Housing Act principles, as well as ways to expand the housing choices available to minorities and other underserved groups. Realtors who complete the course and commit to serving these groups would be able to use the "One America" logo in advertising and promotional materials, which could help them to attract additional clients. To be certified, realtors must be free of any Fair Housing Act violations. The agreement could be

announced/highlighted by you or the Vice President at an event with a minority or immigrant new home buyer who previously experienced discrimination and (possibly) a realtor with an outstanding record serving underserved groups.

#### International Economics (NEC)

Announce Trade Adjustment Assistance Package. We could do an event on helping everyone benefit from a global economy. This event could have four different components, focused on both worker and community adjustment:

- \*You could announce the consolidation and reform of the Trade Adjustment Assistance (TAA) program and the NAFTA-TAA program. This would more than fulfill your promise to strengthen the TAA/NAFTA-TAA programs during the fast track debate.
- \*A possible Executive Order establishing a coordinating committee on community adjustment issues. This could be modeled after the Executive Order on defense adjustment programs.
- \*You could call on Congress to pass your EDA budget and NADBank budget, so that we can effectively deal with communities that have severe and sudden economic distress.
- \*Memorandum of Understanding between NADBank and EDA so that they work better together. This is important to Rep. Torres and the Hispanic Caucus. NADBank/CAIP and EDA have done a lot of work together, but it could be an important symbolic message to the Hispanic Caucus for the relationship between the two to be formalized.

Announce New Sanctions Policy. You could announce the release of a Presidential Decision Directive on Sanctions which would establish a joint NEC/NSC interagency sanctions review group to monitor and coordinate broad United States government sanctions policy. The group would ensure that prior to sanctions being implemented the Administration would conduct a cost/benefit analysis. The group could also review existing sanctions in place to determine whether they are still serving an important purpose in fulfilling our policy objectives. The time could be ripe for such an announcement because of the keen awareness on the Hill and elsewhere about the proliferation of new sanctions regimes and their cost to the U.S. economy. An interagency process has been working on such a directive; work could be finalized in time for an announcement. Because the Glenn Amendment has crystallized opinion about the problems with unilateral sanctions, this can and should be done sooner rather than later (i.e., over the next couple of weeks).

Give Major International Trade Speech. You could articulate U.S. trade objectives for the year leading up to the 1999 WTO Ministerial Conference, which we are hosting. You could also announce the selection of the city for such an announcement. Over 20 cities have expressed interest; the conference will bring international attention and over 10,000 attendees from foreign government, business, press and NGOs. The policy initiative would be a refinement of the goals outlined at the May 1998 WTO Anniversary in Geneva.

October 25, 1998 DRAFT

MEMORANDUM FOR: Bruce Reed  
Elena Kagan

FROM: Cynthia Rice

CC: Paul Weinstein

SUBJECT: Tobacco and the FY 2000 Budget

Our FY 2000 budget should be part of a multi-pronged effort to reduce teen tobacco use, involving possible settlements and executive actions. In this effort, we must maintain our commitment to comprehensive tobacco legislation including a significant price increase, restrictions on advertising and marketing to children, and public health programs, while moving forward incrementally when we can.

I believe we cannot propose a budget without tobacco without being perceived as walking away from our commitment to comprehensive legislation. However, we should remember that our commitment first and foremost is to comprehensive legislation that meets the President's five principles, not to the McCain bill alone. We should propose a budget that will help increase our chances of enacting legislation into law, not one that adheres line by line to the McCain bill. We should at a minimum repackage our proposal enough so that those who were critical of the McCain bill could support it.

#### Rethink Our Strategy in Light of Possible Tax Legislation

I believe we should recognize that Congress is going to try to enact a tax cut next Congress, and -- given the support for saving the surplus for Social Security -- they will desperately need offsets. Second, we should recognize that no price increase -- whether labeled a tax or not -- will pass the Congress without the support of the Finance and Ways and Means Committees. Thus, I think we should propose our FY 2000 budget with an eye towards Finance and Ways and Means. Working with Finance and Ways and Means has risks. First, we would have to be willing to accept the "tax" label. Second, the House would play a central role, as would Hatch, although with some countervailing pressure from Chafee and Conrad. However, working with these committees would not only allow us to gain momentum from the tax legislation, it could allow us to marshal additional supporters for our effort.

#### Leverage Additional Support

We should engage additional supporters, including:

Advocates for the elderly and people with disabilities that support long-term care tax

credit and Jeffords-Kennedy. We should devote a portion of the tobacco revenue to these proposals and work with the organizations on a joint strategy.

The pharmaceutical companies which produce smoking cessation products -- SmithKline Beecham (Nicoderm CQ patches and Nicorette gum) Glaxo Wellcome (Zyban pill), McNeil Consumer Products (Nicotrol patch, Nicotrol nasal spray, Nicotrol inhaler), Ciba-Geigy (Habitrol patch), Lederle (Prostep patch) and others. These companies will benefit from new legislation subsidizing use of their product, and we should ensure that they are working on our side.

The American Medical Association and other health professional organizations -- as we join forces with them on the Patients Bill of Rights, we should ensure that they are also making tobacco legislation a priority.

#### Neutralize the Opposition

Our budget should incorporate funds for law enforcement, drug programs, Medicare trust fund, and farmers. We should also engage in a dialogue with the retailers to see if we can do consistent with our principles to keep them on the sidelines.

In addition, we should consider proposing a price increase levied on each company based on the number of children that use their product. The new brand-specific SAMSHA survey will give us the data to do so. We could propose this as an alternative to an assessment plus a company-specific lookback, thus avoiding another round on the constitutionality of lookbacks while providing each company incentives to reduce youth smoking.

#### Maintain our commitment to the states

If there is no state settlement in the coming months, we would need of course to maintain our commitment to the state share of the settlement funds while holding them to their commitment of devoting a share of the funds to a menu of spending items.

#### **FF**

#### Proposed Tobacco Budget

#### Price Increase

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.

October 26, 1998 DRAFT

MEMORANDUM FOR: Bruce Reed  
Elena Kagan

FROM: Cynthia Rice

CC: Paul Weinstein

SUBJECT: Tobacco and the FY 2000 Budget

Our FY 2000 budget should be part of a multi-pronged effort to reduce teen tobacco use, involving possible settlements and executive actions. In this effort, we must maintain our commitment to comprehensive tobacco legislation including a significant price increase, restrictions on advertising and marketing to children, and public health programs, while moving forward incrementally when we can.

I believe we cannot propose a budget without tobacco without being perceived as walking away from our commitment to comprehensive legislation. However, we should remember that our commitment first and foremost is to comprehensive legislation that meets the President's five principles, not to the McCain bill alone. We should propose a budget that will help increase our chances of enacting legislation into law, not one that adheres line by line to the McCain bill.

Recognize that Tax Legislation May Move

I believe we should recognize that Congress is going to try to enact a tax cut next Congress, and -- given the support for saving the surplus for Social Security -- they will desperately need offsets. Second, we should recognize that no price increase -- whether labeled a tax or not -- will pass the Congress without the support of the Finance and Ways and Means Committees. Thus, I think we should propose our FY 2000 budget with an eye towards Finance and Ways and Means.

Working with Finance and Ways and Means has risks. First, we would have to be willing to call the price increase a tax. Second, the House would play a central role, as would Hatch, although with some countervailing pressure from Chafee and Conrad. However, working with these committees would not only allow us to gain momentum from the tax legislation, it could allow us to marshal additional supporters for our effort.

Leverage Additional Support

We should engage additional supporters, including:

The elderly and disabled organizations that support long-term care tax credits and

Medicare. We should devote a portion of the tobacco revenue to these purposes and work with the organizations on a joint strategy.

The pharmaceutical companies which produce smoking cessation products -- SmithKline Beecham (Nicoderm CQ patches and Nicorette gum) Glaxo Wellcome (Zyban pill), McNeil Consumer Products (Nicotrol patch, Nicotrol nasal spray, Nicotrol inhaler), Ciba-Geigy (Habitrol patch), Lederle (Prostep patch) and others. These companies will benefit from new legislation subsidizing use of their product, and we should ensure that they are working on our side.

The American Medical Association and other health professional organizations -- as we join forces with them for a Patients Bill of Rights, we should ensure that they are also making tobacco legislation a priority.

Emphasizing the health aspects of the tobacco bill could help us gain public support. Polls conducted in late June found 61 percent of people say cigarette prices should be raised as a public health effort to provide billions of dollars to the public health system in return for the medical costs caused by smoking, while only 44 percent said they should be raised because this is the one of the best ways to cut down on teenage smoking.

#### Neutralize the Opposition

Our budget should neutralize the opposition by incorporating funds for law enforcement, drug programs, Medicare, and farmers. We should also engage in a dialogue with the retailers to see if we can keep them on the sidelines.

In addition, we should consider proposing a simplified price increase, such as a fee levied on each company based on the number of children that smoke their product, that avoids a lookback while still providing companies with incentives to reduce youth smoking.

#### Maintain our commitment to the states

Whether there is or is not a state settlement in the coming months, this budget should reflect our commitment to provide states with their share of the settlement funds while ensuring they devote at least half the funds to a menu of spending items.

### **Tobacco Budget Provisions**

#### Overview

The budget could contain a tobacco price increase devoted to the following five purposes:

- 1) Anti-drug and anti-tobacco counteradvertising and public education campaigns;
- 2) Health care, including smoking cessation, drug treatment, long-term care expenses, and the Medicare trust fund;
- 3) Scientific research at the National Institutes of Health;
- 4) Law enforcement efforts to crack down on illegal drugs and underage tobacco use and to prevent smuggling and drug trafficking; and
- 5) Assistance to tobacco farmers and their families.

In addition, the budget could include a provision waiving federal Medicaid recoupment allowing states to keep their share of state settlement funds if they commit to spend the proceeds on a menu of programs [list]. We could propose to add to this several values-based ideas, including that states shall require minors to complete an anti-smoking, anti-drug, and anti-alcohol class prior to receiving a drivers permit or license and shall suspended minors licenses if they are found possessing, purchasing, or attempting to purchase drugs, alcohol, or tobacco.

#### Anti-Drug and Anti-Tobacco Counteradvertising and Public Education

We should propose to fund a nationwide tobacco counteradvertising which campaign, like that currently underway for drugs, 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. (Cost: \$4.7 billion over 5 years)

A central part of this effort will be HHS' effort to make [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.

#### Health Care

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 te 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.

### Scientific Research

As noted in the health care section, your FY 1999 budget includes historic increases in the NIH and Congress funded the NIH at even higher levels (an historic \$2 billion increase this year). You could either continue to fund this research at historic levels or you may wish to propose less to make room for other priorities (Cost: \$300 million to \$1 billion).

### Law Enforcement

### Tobacco Farmers

### Price Increase

[In addition, we should consider proposing a simplified price increase levied on each company based on the number of children that smoke their product. The new brand-specific SAMSHA data we are collecting this year will enable us to do so. This approach would provide an alternative to an assessment plus a company-specific lookback while still providing companies with incentives to reduce youth smoking. Alternatively, we could adopt a straight per pack excise tax or an assessment combined with a lookback, or a larger assessment combined with a lookback rebate.]

Expanded SAMSHA 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.

### State Settlements

October 25, 1998 DRAFT

MEMORANDUM FOR: Bruce Reed  
Elena Kagan

FROM: Cynthia Rice  
Andrea Kane

CC: Paul Weinstein

SUBJECT: Welfare Reform and the FY 2000 Budget

[Proposals below designed to meet the following six goals -- move more people from welfare to work, help working families stay employed, ensure more parents pay the child support they owe, encourage both parents to be actively involved in their childrens lives, provide health care and food assistance to needy families, and remove barriers to increased employment of people with disabilities. Many of these goals can be advanced through executive action as well, as noted below].

This text was in the 9/15 memo:

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).

July 21, 1998

MEETING WITH ECONOMIC ADVISORS

DATE: July 22, 1998  
TIME: 12:00pm-12:45pm  
LOCATION: Cabinet Room  
FROM: Gene Sperling

I. PURPOSE

Erskine Bowles requested that you meet with your economic advisors again, as you did last month, to update you on key economic, financial, and budgetary issues. We will discuss (1) possible strategies to buffer our "Save Social Security First" position against Republican tax cut proposals; (2) the state of the economy with respect to second quarter GDP growth; and (3) the current financial situation in Asia and Russia and its effect on the global economy.

II. BACKGROUND

**Tax Cuts/Surplus.** It appears that the Republicans will try to tap the surplus to pay for their tax cuts. We will discuss with you ways to strengthen the resolve of Democrats to Save Social Security First and our efforts to work with them to fashion an alternative tax cut that advances your priorities. The IRS bill signing event (immediately following this meeting) provides an opportunity to build on the strong message you delivered last Friday on the surplus.

**State of the Economy.** We will review the latest economic indicators and forecasts for GDP growth in the second quarter and the rest of the year. In light of recently released data on trade flows and inventories, most forecasters have revised downward significantly their estimates of second quarter GDP growth. Many analysts now expect the advance estimate of second quarter GDP, to be released on July 31, to show near-zero and conceivably negative growth. We will highlight three factors responsible for the changed assessment: the GM strike, the impact of Asian financial crisis on U. S. trade, and the significant decline in inventory investment from its record level in the first quarter. We also want to discuss with you the prospects for growth in the second half of 1998 and the year as a whole and analyze some key risks to the forecast.

**Global Economy.** As part of an ongoing review on Asia Financial crisis, we will discuss the nature of the IMF program and challenges ahead for Russia; the current financial situation in Ukraine; the impact of sanctions on Pakistans financial situation; and the continued lack of direction in Japans banking and fiscal priorities.

III. PARTICIPANTS

The President  
The Vice President  
Erskine Bowles  
Sylvia Mathews  
Maria Echaveste  
John Podesta  
Gene Sperling  
Jack Lew  
Janet Yellen  
Ron Klain  
Larry Stein  
Secretary Rubin  
Larry Summers  
Rahm Emanuel  
Paul Begala  
Bruce Reed  
Elena Kagan  
Lael Brainard  
Tim Geithner  
Sandy Berger  
Jim Steinberg  
Jill Blickstein  
Leon Fuerth

IV. SEQUENCE OF EVENTS

You will meet with your advisors in the Cabinet Room.

V. PRESS COVERAGE

NONE

VI. REMARKS

NONE

VII. ATTACHMENTS

- a. Options for Surplus/Tax Cut Strategy
- b. CEA Review -- The Current Economic Status
- c. Treasury Paper

Cynthia Rice/Elena Kagan

Daily Report -- 8/21/97

Legal Immigrants and Food Stamps -- Five advocacy groups held a press conference today in the Senate Russell building to call upon Congress and the Administration to restore food stamps to legal immigrants. As we noted in our last weekly report, about 900,000 legal immigrants will lose food stamps this month, as a result of a provision in the welfare law requiring states to drop legal immigrants from the rolls within a year after enactment. At today's press conference, the National Council of La Raza, the U.S. Catholic Conference, and other groups praised us for restoring disability and health benefits to legal immigrants in the budget, but said the "anniversary of welfare reform act is no cause for celebration" because of the food stamp cuts.

In preparation for the food stamp cutoff, the Department of Agriculture has undertaken an extensive outreach campaign to inform legal immigrants of the 14 other nutrition programs for which they are still eligible (including WIC, School Lunch and Breakfast, Child and Adult Care Food Program, Nutrition Assistance Program for the Elderly, and the Emergency Food Assistance Program). This outreach campaign includes publishing an informational op-ed in Spanish language and other speciality newspapers; releasing an issue brief to the media, advocacy groups, and state and local government officials; and providing Hispanic radio stations with taped informational announcements. In addition, as we noted in last week's report, Congress is urging recently enacted legislation allowing USDA to sell food stamps to states for distribution to legal immigrants and other individuals made ineligible by the welfare law. Washington State, Massachusetts, and New York already have signed up for this option and other states have expressed interest. An additional six states (CO, FL, MD, MN, NE, RI) are using state funds to provide nutritional assistance to legal immigrants in other ways.

TO:Elena Kagan  
FROM:Jennifer Klein  
DATE:6/25/97  
RE:Immunization Partnership with WIC

You had asked me to respond to the Presidents question about whether we can expand the WIC programs partnership with the Centers for Disease Control to increase immunization rates.

FEBRUARY 14, 1996

MEMORANDUM TO: JENNIFER O'CONNOR

FROM: JOHN M. QUINN  
COUNSEL TO THE PRESIDENT

JANE C. SHERBURNE  
SPECIAL COUNSEL TO THE PRESIDENT

RE: Subpoenas Issued by House Committee on Government Reform & Oversight

The House Committee on Government Reform and Oversight is conducting an investigation into the Travel Office and various other matters. In connection with its inquiry, the Committee has issued subpoenas to the White House requiring the production of certain White House records. We are in the process of providing responsive White House records, from your files and those of others, to the Committee.

Last week, the Committee issued personal subpoenas to you and other current and former White House employees. These personal subpoenas call for personal as well as White House records. The Counsel's Office will handle production of your responsive White House records, i.e., records created or obtained during the course of your official duties. Accordingly, you should forward any White House records you believe may be responsive to the Counsel's Office and we will determine whether they should be produced to the Committee. You should provide any responsive personal records directly to the Committee.

In many respects, the personal subpoenas are similar to requests that the Counsel's Office previously sent to you in December 1995 and earlier this month. You do not need to provide any White House records you have already produced to the Counsel's Office in response to those earlier requests. Any additional White House records that are responsive to your personal subpoena should be provided to Elena Kagan in OEOB Room 125 by Wednesday, February 21, 1996.

We recognize that the Committee's numerous requests for virtually the same records have been confusing. If you have questions, please contact Jane Sherburne (6-5116).

Thank you for your cooperation.

EE

FEBRUARY 14, 1996

MEMORANDUM TO: RAHM EMMANUEL

FROM:JOHN M. QUINN  
COUNSEL TO THE PRESIDENT

JANE C. SHERBURNE  
SPECIAL COUNSEL TO THE PRESIDENT

RE:Subpoenas Issued by House Committee on Government Reform & Oversight

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Thank you for your cooperation.

RF

FEBRUARY 14, 1996

MEMORANDUM TO:HAROLD ICKES

FROM:JOHN M. QUINN  
COUNSEL TO THE PRESIDENT

JANE C. SHERBURNE  
SPECIAL COUNSEL TO THE PRESIDENT

RE:Subpoenas Issued by House Committee on Government Reform & Oversight

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Thank you for your cooperation.

FF

FEBRUARY 14, 1996

MEMORANDUM TO:CRAIG LIVINGSTONE

FROM:JOHN M. QUINN  
COUNSEL TO THE PRESIDENT

JANE C. SHERBURNE  
SPECIAL COUNSEL TO THE PRESIDENT

RE:Subpoenas Issued by House Committee on Government Reform & Oversight

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Thank you for your cooperation.

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FEBRUARY 14, 1996

MEMORANDUM TO:GEORGE STEPHANOPOULOS

FROM:JOHN M. QUINN  
COUNSEL TO THE PRESIDENT

JANE C. SHERBURNE  
SPECIAL COUNSEL TO THE PRESIDENT

RE:Subpoenas Issued by House Committee on Government Reform & Oversight

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Thank you for your cooperation.

FF

FEBRUARY 14, 1996

MEMORANDUM TO:LISA CAPUTO

FROM:JOHN M. QUINN  
COUNSEL TO THE PRESIDENT

JANE C. SHERBURNE  
SPECIAL COUNSEL TO THE PRESIDENT

RE:Subpoenas Issued by House Committee on Government Reform & Oversight

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Thank you for your cooperation.



July 4, 1997

MR. PRESIDENT:

Bruce Reed and Elena Kagan have proposed, based on a recommendation from Attorney General Reno and Secretary Babbitt, that you issue a Memorandum next week directing Reno/Babbitt to appoint a commission to work with tribal leaders to analyze the law enforcement problems in Indian Country. The Commission will report by October 31.

On many reservations, public safety is less secure than in the most crime-plagued inner cities. Some violent crimes go wholly uninvestigated because of a shortage of law enforcement officers. The Bureau of Indian Affairs at Interior wields most of the law enforcement authority, but one consideration is to transfer this authority to the better-funded DOJ -- the commission would study this option, among others.

A copy of the DPC memo and proposed directive is attached. This has not been fully vetted and approved yet, but we expect that it will early next week. Rather than bothering you on the road, we wanted to let you know about it now and will have it executed on your behalf next week. If anything changes, we will let you know.

Phil Caplan

MEMORANDUM FOR ERSKINE BOWLES

THROUGH:Franklin D. Raines

FROM:Sally Katzen

SUBJECT:Heads-up on EPA Final Rule on Clean Air Act Requirements for American Indian Tribes

We will soon conclude review of an EPA final rule, required under the Clean Air Act (CAA), specifying procedures and requirements for American Indian tribes who want to administer CAA programs within territories under their jurisdiction.

The rule allows tribes to pick and choose some program elements and not others, depending on environmental priorities and tribal capacity. EPA will provide a federal backstop to ensure air quality protection in areas where tribes do not choose to administer their own programs, or fail to implement necessary program elements. EPA will also provide federal matching grants to help tribes who wish to participate in the program to develop adequate administrative capacity to do so. Whereas States must contribute 40 percent of the cost of these matching grants, EPA is establishing only a 5 percent matching share for tribes (with an economic hardship waiver where appropriate).

One key issue addressed by the rule is the appropriate geographical extent of tribal jurisdiction over CAA programs. Some commenters (mainly tribes) supported a broad (inclusive) interpretation of the geographical extent of tribal jurisdiction; others (States and some industries) supported a more restrictive interpretation. States may oppose this favorable treatment of tribes in the final rule. Some States may also be concerned that the rule grants the tribes who opt into the program jurisdiction over all areas within the exterior boundaries of the tribes reservations, and allows EPA to determine on a case-by-case basis the appropriateness of including additional lands outside the reservations, whether or not they are contiguous to them. On the other hand, environmentalists may question the adequacy of EPA's backstop provisions. On the whole, we are satisfied that EPA has handled this issue well. Please call me if you have any questions.

cc: Maria Echaveste  
Rahm Emanuel  
John Hilley  
Ann Lewis  
Thurgood Marshall, Jr.  
Sylvia Mathews  
Katie McGinty  
Bruce Reed  
Gene Sperling  
Don Gips

Elena Kagan  
Victoria Radd  
Barry Toiv  
Michael Waldman  
T.J. Glauthier  
Larry Haas

March 5, 1998

MEMORANDUM FOR ERSKINE BOWLES

THROUGH:Franklin D. Raines

FROM:Don Arbuckle  
Acting Administrator

SUBJECT:Heads-up on Indian Housing Regulation

We have just concluded our review of a HUD final rule that sets up a new block grant program for Indian housing. This rule implements certain provisions of the Native American Housing Assistance Act of 1996 that permits HUD to release grant funds to Indian tribes far in advance of their spending money for housing purposes, thus allowing the tribes to earn interest on the funds.

HUD prematurely committed to Indian groups immediate access to all Indian housing money before clearing this with OMB. In fact, HUD had not included this commitment in their FY 1999 budget submission. If cleared as drafted, HUDs rule would have had a substantial negative effect on the budget -- increasing FY 1999 spending by some \$400 million over that planned. Consequently, OMB worked with HUD to develop an alternative that permits more modest advance grant payments to Indian tribes. This alternative approach partially fulfills HUDs commitment to allow advance grant payments while also being consistent with the Presidents Budget. Indian groups were consulted about this solution and grudgingly approved.

HUD will be publishing the final rule in the next few days.

**RR**

cc: Maria Echaveste  
Rahm Emanuel  
Larry Stein  
Ron Klain  
Thurgood Marshall, Jr.  
Ann Lewis  
Sylvia Mathews  
John Podesta  
Bruce Reed  
Gene Sperling  
Elena Kagan  
Barry Toiv  
Michael Waldman  
Michael Deich  
Linda Ricci

Memo

To: Maria Echaveste  
From: Maritza Rivera  
Date: December 22, 1997  
Re: INS Restructuring Meeting

Basically the meeting focused on what should go into the budget and into the contract with Booz Allen.

Commissioner Doris Meissner reported that after the review the recommendation is that the INS should stay in tact and that the enforcement side and the service side be separated in order for INS to operate more efficiently with particular emphasis on:

- \* significantly improving customer service
- \* significantly improving standard practices across the country
- \* geographical separation of offices (setting up separate office per region)
- \* improving integrating activities to establish a single transfer of data between offices

Morley Winograd from National Performance Review asked about separating out that portion of INS that provides service and running it like a performance based organization which are run like a private/public organization and not a governmental agency.

Commissioner Meissner responded that she was envisioning a separation of enforcement and services but not having the services portion its on organization because it might be taking the process too far.

Elena Kagan, DPC, wanted to know what about the Commissioners organizational chart did not work.

Commissioner Meissner responded that the chart was incomplete because it only addressed the headquarters level and not the field level which is the real issue here, i.e. issue of how to make the operations take place. Commissioner Meissner is unsure of how to accomplish the separation between enforcement and service and is looking for a process on arriving at this.

Michael Deich, OMB stated that OMB is interested in establishing a principle of the separation between enforcement and services at both the headquarters level as well as the field level.

Commissioner Meissner is not comfortable with this.

Michael Deich commented that in order to avoid the Republicans going after INS was to be clear on what the Administration wants to do before March 1st which is the date set for Booz Allen to make their recommendations. He believes that if the Administration does not set out its goal as specifically as possible when it announces its proposal then the Republicans will have from the time the announcement is made until March 1st to put their spin on it. To avoid this problem, Michael suggests that when the budget comes out the Administration needs to say that they reviewed INS and it should remain whole and give specific direction on what changes are necessary and then have the logistics worked out by Booz Allen instead of saying that INS should remain whole but we are unsure as to what changes should take place.

Commissioner Meissner added that the Attorney General feels that there should only be one person in charge at the community level, i.e. on the ground instead of two people in charge. She believes that the biggest problem is in terms of inconsistency at the field level.

Commissioner Meissner also reported that what they have said to Booz Allen is that they want to separate the enforcement side from the services side and is asking Booz Allen how this should be done.

Michael Deich is uncomfortable with this. He thinks the Administration should settle the fundamental issues and then ask Booz Allen to recommend how to implement the changes.

Elena Kagan agreed. She believes the Administration should be delegating the principles and asking Booz Allen to figure out how to implement these. Elena thinks that in the budget there should be a commitment to separation at both levels, i.e. headquarters and field and to figure out how to do this and not give Booz Allen the Commissioners chart. Also, she believes the Administration should use the budget as a forum to state what the Administration proposes to do after careful review and leave it to Booz Allen to work out how to implement the proposals.

Commissioner Meissner would like OMB and DPC in on meetings with Booz Allen as this process goes on. The process should start on the beginning of the year with possible meetings to take place the second week of January. Then on about February 2nd OMB, DPC and Commissioner should all get back with Booz Allen to see where they are going at the half way mark in order to give Booz Allen feedback for the final recommendations.

Elena Kagan thinks it would be helpful if there was more to add on February 2nd because it would strengthen the Administrations hand since it would be telling Congress what Congress hearings will look like. This of course can only occur to the extent that the Administration has details on what it will look like at the headquarters or field level or both.

In the meantime all comments on the Draft by OMB should be directed ASAP to Steve at Michael Deichs office at OMB and also to Commissioner Meissner.

MEMORANDUM FOR ERSKINE BOWLES

THROUGH: Franklin D. Raines

FROM: Sally Katzen

SUBJECT: Heads-up on DOJ/INS Affidavit of Support Interim Final Rule

On July 2, 1997, we circulated a heads-up memo on an INS interim final rule requiring sponsors of immigrants to file an affidavit of support that will enable Federal, State, and local governments to recoup the costs of any "means-tested benefits" received by the immigrants. The rule will be published (finally) in the Federal Register at the end of this week. I have attached a copy of our July 2 heads-up memo to refresh your memory on the substance. 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  
Elena Kagan  
Victoria Radd  
Barry Toiv  
Michael Waldman  
Kathy Wallman  
Josh Gotbaum  
Michael Deich  
Larry Haas

March 18, 1997

To: Bruce Reed  
Elena Kagan

From: Lyn Hogan  
Cynthia Rice

cc: Diana Fortuna

Re: Welfare Reform and the Internet Project

---

Following is a proposal to give welfare offices around the country access to the World Wide Web and the Internet in order to access valuable employment information, child care resources, available state social services, and other information relevant to both welfare recipients and caseworkers.

#### Proposal

We propose to expand Internet access to high traffic welfare offices around the country. Providing Internet access to key welfare offices will accomplish several goals: 1) welfare recipients and caseworkers will have access to Internet job banks, including the Department of Labors Americas Job Bank; 2) welfare recipients and caseworkers will have access to other relevant information including training programs, job placement organizations, and child care resources; 3) welfare intake offices would be able to link to the DOL one-stop shops and other related social welfare offices; 4) welfare recipients could market themselves on the Internet particularly by posting resumes, and; 5) welfare offices around the country could share information on best practices.

#### Background

There are approximately 6,500 welfare field offices in the country. About one third of those offices are already connected to the Internet or have adequate computer hardware to easily link to the Internet. To ensure that all welfare offices have at least two computers with access to the Internet, we would need to provide the remaining two thirds of the welfare offices with software and hardware as well as training and maintenance. To give every welfare office two computers connected to the Internet would cost approximately \$40,365,000 initially plus additional annual operating costs of \$14,235,000. Even if computers are donated, operating costs will still be incurred.

However, through donations and executive orders, we can defray most of the start-up costs. Further, by targeting high traffic welfare offices or those in high poverty areas, we can better target our scarce resources.

#### Actions

I. Help Welfare Offices Access Up To Date Computer Equipment

\*Approach private sector for computer donations

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\*Expand EO 12999

April 1996 Executive Order 12999 streamlines the transfer of excess and surplus Federal computer equipment to the Nations classrooms. By expanding this executive order to cover welfare offices in addition to classrooms, we could potentially equip XXX welfare offices with computers.

\*Ask private sector to donate training, technical and maintenance services to defray operating costs

## II. Expanding Job Listings on the Internet

\*Issue an EO directing agencies to electronically file all Federal job listings rather than mailing and/or posting listing

## III. Access and Expand Existing Web Sites

\*The Department of Labor houses Americas Job Bank, a nationwide job bank of private sector jobs that lists approximately 750,000 openings and can conduct searches geographically. Americas Job Bank is a collection of state job banks plus direct entries.

\*The Office of Personnel Management runs an Internet job bank on available federal jobs which could be linked to Americas Job Bank.

\*Software Technology Corporation in Georgia is running HeadHunter.NET, a fully automated job search and posting service that provides free access to all job listings and allows recruiters, companies and businesses to post their listings at no charge.

\*The White House has a fully operational welfare reform web site with links that could be expanded to include and job banks and other related web sites.

March 19, 1997

To: Bruce Reed  
Elena Kagan

From: Lyn Hogan  
Cynthia Rice

cc: Diana Fortuna

Re: Welfare Reform and the Internet Project

---

The following is a proposal to give welfare offices around the country access to the World Wide Web and the Internet in order to access valuable employment information, child care resources, available state social services, and other information relevant to both welfare recipients and caseworkers.

#### Proposal

We propose to expand Internet access to high traffic welfare offices around the country. Providing Internet access to key welfare offices will accomplish several goals: 1) welfare recipients and caseworkers will have access to Internet job banks, including the Department of Labor's Americas Job Bank; 2) welfare recipients and caseworkers will have access to other relevant information including training programs, job placement organizations, and child care resources; 3) welfare intake offices would be able to link to the DOL one-stop shops and other related social welfare offices; 4) welfare recipients could market themselves on the Internet by posting resumes, and; 5) welfare offices around the country could share information on best practices.

#### Background

There are approximately 6,500 welfare field offices in the country. About one third of those offices are already connected to the Internet or have adequate computer hardware to easily link to the Internet. To give the remaining welfare offices access to the Internet, we would need to provide them with software and hardware as well as training and maintenance. To give every welfare office two computers connected to the Internet would cost approximately \$40,365,000 initially plus additional annual operating costs of \$14,235,000. Even if computers are donated, operating costs will still be incurred.

However, through donations and executive orders, we can defray most of the start-up costs. Further, by targeting high traffic welfare offices or those in high poverty areas, we can better target our scarce resources.

#### Actions

##### I. Help Welfare Offices Access Electronic Job Listings

\*Expand Executive Order 12999, which streamlines the transfer of excess and surplus Federal computer equipment to the Nation's classrooms. By expanding this executive order to cover welfare offices in addition to classrooms, we could potentially equip XXX welfare offices

---

with computers.

\*Announce private sector commitments to donate computers and provide training, technical, and maintenance services (from a variety of companies including Software Technology Corporation of Georgia).

\*Direct the HHS and the Department of Labor to notify state welfare agencies how they could obtain donated computers and access job databanks.

## II. Expand Job Listings on the Internet

\*Issue an Executive Order directing federal agencies and contractors to electronically file all job listings with Americas Job Bank.

## III. Access and Expand Existing Web Sites

\*Direct the Department of Labor to provide links from its Americas Job Bank to OPM and to any other private sector job banks that wish to be linked (Software Technology Corporation of Georgia may wish to link its HeadHunter.NET site). Americas Job Bank is a nationwide job bank listing approximately 750,000 openings, some from state organized job banks and some direct entries. The OPM directory lists all available federal jobs. Software Technology Corporation in Georgia is running HeadHunter.NET, a fully automated job search and posting service that provides free access to all job listings and allows recruiters, companies and businesses to post their listings at no charge.

\*Expand the White House welfare reform web site to provide links to Americas Job Bank and other related web sites.

\*  
March 19, 1997

To: Bruce Reed  
Elena Kagan

From: Lyn Hogan  
Cynthia Rice

cc: Diana Fortuna

Re: Welfare Reform and the Internet Project

---

The following is a proposal to give welfare offices around the country access to the World Wide Web and the Internet in order to access valuable information on employment, child care resources, available social support services, and other information relevant to both welfare recipients and caseworkers.

#### Proposal

We propose to expand Internet access to high traffic welfare offices around the country. Providing Internet access to key welfare offices will accomplish several goals: 1) welfare recipients and caseworkers will have access to Internet job banks, including the Department of Labors Americas Job Bank; 2) welfare recipients and caseworkers will have access to other relevant information including training programs, job placement organizations, and child care resources; 3) welfare intake offices would be able to link to the DOL one-stop shops; 4) welfare recipients could market themselves on the Internet by posting resumes, and; 5) welfare offices around the country could share information on best practices.

#### Background

There are approximately 6,500 welfare field offices in the country. About one third of those offices are already connected to the Internet or have adequate computer hardware to easily link to the Internet. To ensure that every welfare office has at least two computers connected to the Internet, we would have to provide hardware and software at a cost of approximately \$40,365,000 initially plus additional annual operating costs of \$14,235,000.

Through computer donations and executive orders we can defray most of the start-up costs. Further, by targeting high traffic welfare offices or those in high poverty areas, we can better target our scarce resources. However, even if computers are donated, operating costs will still be incurred.

#### Actions

I. Help Welfare Offices Connect to the Internet to Access Electronic Job Listings and Other Work-Related Information

\*Announce private sector commitments to donate computers and provide training, technical, and maintenance services (from a variety of companies including Software Technology Corporation of Georgia).

--Direct Federal agencies to encourage their computer suppliers to donate used computers following contract refresh periods. (Refresh contracts with suppliers require those suppliers to update or "refresh" the governments computers on a regular basis.)

--Approach the Association of Chief Information Officers -- a private sector group of most of the nations high tech companies -- to donate computers.

\*Announce annual Presidential awards to companies that donate computers to this and other government efforts, and honor each company on the White House web page.

\*Direct HHS and the Department of Labor to notify state welfare agencies how they could obtain donated computers and access job data banks.

\*Expand Executive Order 12999 to cover welfare offices. EO 12999 streamlines the transfer of excess and surplus Federal computer equipment to the Nations classrooms. By expanding this executive order to cover welfare offices in addition to classrooms, we can access available computers for some of the 6,500 welfare offices.

## II. Expand Job Listings on the Internet

\*Issue an Executive Order directing federal agencies and government contractors to electronically file all job listings with Americas Job Bank.

## III. Access and Expand Existing Web Sites

\*Direct the Department of Labor to link Americas Job Bank to OPM and any other private sector job banks that wish to be linked (Software Technology Corporation of Georgia may wish to link its HeadHunter.NET site). Americas Job Bank, a nationwide Internet job bank, lists approximately 750,000 openings, 95 percent of which are private sector, from state organized job banks and national entries. The OPM directory lists all available federal jobs. Software Technology Corporation in Georgia is running HeadHunter.NET, a fully automated job search and posting service that provides free access to all job listings and allows recruiters, companies and businesses to post their listings at no charge.

\*Direct White House staff to expand the White House welfare reform web site to provide links to Americas Job Bank and other related web sites.

\*

March 21, 1997

To: Bruce Reed  
Elena Kagan

From: Lyn Hogan  
Cynthia Rice

cc: Diana Fortuna

Re: Welfare Reform and the Internet Project

---

The following is a proposal to give welfare offices around the country access to the World Wide Web and the Internet in order to access valuable information on employment, child care resources, available social support services, and other information relevant to both welfare recipients and caseworkers.

#### Proposal

We propose to expand Internet access to high traffic welfare offices around the country. Providing Internet access to key welfare offices will accomplish several goals: 1) welfare recipients and caseworkers will have access to Internet job banks, including the Department of Labor's Americas Job Bank; 2) welfare recipients and caseworkers will have access to other relevant information including training programs, job placement organizations, and child care resources; 3) welfare intake offices would be able to link to the DOL one-stop shops; 4) welfare recipients could market themselves on the Internet by posting resumes, and; 5) welfare offices around the country could share information on best practices.

#### Background

There are approximately 6,500 welfare field offices in the country. About one third of those offices are already connected to the Internet or have adequate computer hardware to easily link to the Internet. To ensure that every welfare office has at least two computers connected to the Internet, we would have to provide hardware and software at a cost of approximately \$40,365,000 initially plus additional annual operating costs of \$14,235,000.

Through computer donations and executive orders we can defray most of the start-up costs. Further, by targeting high traffic welfare offices or those in high poverty areas, we can better target our scarce resources. However, even if computers are donated, operating costs will still be incurred.

#### Actions

I. Help Welfare Offices Connect to the Internet to Access Electronic Job Listings and Other Work-Related Information

\*Expand Executive Order 12999 to cover welfare offices. EO 12999 streamlines the transfer of excess and surplus Federal computer equipment to the Nation's classrooms. By expanding this executive order to cover welfare offices in addition to classrooms, we can access available computers for some of the 6,500 welfare offices.

\*Announce private sector commitments to donate computers and provide training, technical, and maintenance services. (These donations would hopefully come from a wide variety of sources including companies involved with Work Now, high tech firms that are members of the Association of Chief Information Officers, and a consortium formed by Software Technology Corporation of Georgia.)

\*Direct Federal agencies to encourage their computer suppliers to donate used computers following contract refresh periods. (Refresh contracts with suppliers require those suppliers to update or "refresh" the governments computers on a regular basis.)

\*Announce annual Presidential awards to companies that donate computers to this and other government efforts, and honor each company on the White House web page.

\*Direct HHS and the Department of Labor to notify state welfare agencies how they could obtain donated computers and access job data banks. The agencies would also track how many donations were made.

## II. Expand Job Listings on the Internet and Increase Access to More Web Sites

\*Issue an Executive Order directing federal agencies and government contractors to electronically file all job listings with Americas Job Bank, increasing the number of job listings on the internet.

\*Direct the Department of Labor to link Americas Job Bank to OPM and any other private sector job banks that wish to be linked. Americas Job Bank, a nationwide Internet job bank, lists approximately 750,000 openings, 95 percent of which are private sector, from state organized job banks and national entries. The OPM directory lists all available federal jobs. Software Technology Corporation in Georgia is running HeadHunter.NET, a fully automated job search and posting service that provides free access to all job listings and allows recruiters, companies and businesses to post their listings at no charge.

\*Direct White House staff to expand the White House welfare reform web site to provide links to Americas Job Bank and other related web sites.

### **Next Steps**

Before announcing these actions, we would want to ensure that:

\*Adequate private sector commitments can be announced.

\*State representatives (i.e., APWA and NGA) will welcome the plan.

\*Adding welfare offices to EO 12999 wont interfere with the Administrations computers in the classroom goals.

\*Department of Labor is ready to execute new actions (i.e. link to other databanks).

\*Plans are discussed with Software Technology Corporation and Speaker Gingrich.

\*We have decided whether to target this initiative only to certain welfare offices and which criteria, if any, should be used.

Date

MEMORANDUM FOR CHIEFS OF STAFF OF EXECUTIVE  
AGENCIES AND DEPARTMENTS

FROM: Bruce Reed  
Assistant to the President and Domestic Policy Advisor

Thurgood Marshall, Jr.  
Assistant to the President and Secretary to the Cabinet

SUBJECT: Child Care

Over the past decade, the number of families with working parents has expanded dramatically, increasing the need for quality, affordable child care. Making quality child care more affordable and accessible is good for the economy and central to a productive American workforce, as well as important to healthy child development and later success in school.

As you may know, the President announced in April that he will host a White House Conference on Child Care this coming fall. Across the federal government, there are many efforts -- from research to technical assistance to training initiatives -- that affect the quality and supply of child care. The President is committed to building on these efforts to serve Americas working families better.

On xxx at xxx in xxx, Elena Kagan, Deputy Assistant to the President and Deputy Director of Domestic Policy, will chair an interagency meeting to discuss recommendations from federal agencies on the upcoming White House conference and discuss possible child care policy initiatives. Please designate a senior official from your agency to participate in this meeting, which we intend to be the first of an ongoing interagency working group. The representative should call xxx at 456-xxxx for clearance purposes. Please ask your agency representative to develop and bring to the meeting a brief memorandum (of approximately three to five pages in length) that documents efforts relating to child care. Specifically, the memorandum should include:

1. A list and assessment of existing projects and programs funded by your agency that target child care for children ages birth through adolescence. These may include special publications, demonstration grants, research, conferences or other projects. With the exception of GSA, please include projects that affect the general population, rather than child care for federal employees.
2. A list and assessment of any planned projects, programs, and events of your agency that target child care, including projected funding levels and population to be served.
3. Proposals, as specific as possible, for additional projects and programs that could be undertaken to improve and expand child care services for children of working families.

MEMORANDUM FOR ERSKINE BOWLES

THROUGH:Franklin D. Raines

FROM:Sally Katzen

SUBJECT:Heads Up on DOJ's Interim Verification Guidance

We have just concluded review of DOJ guidance that will provide agencies administering Federal benefit programs (including State and local agencies) basic information on whether and how to verify immigration status of benefit recipients. (Under the recently enacted welfare and immigration laws, certain benefit programs are now prohibited from providing benefits to particular categories of immigrants.) The guidance, which will be published in the Federal Register, also reinforces the importance of civil rights laws that prohibit discrimination; identifies immigration documents acceptable for verification; and defines the terms "Federal public benefit", "Federal means-tested public benefit" and "qualified alien".

The guidance is not binding. It will nonetheless attract some attention. In particular, States may raise concerns with the added burden immigration verification places on them (even though it is required by law). It may also reopen the debate on the definition of means-tested benefits (which drew some criticism when it appeared in an earlier regulation). The advocate groups should not be opposed.

Please let me know if you have any questions.

cc: Maria Echaveste  
Rahm Emanuel  
John Hilley  
Ann Lewis  
Thurgood Marshall, Jr.  
Sylvia Mathews  
Bruce Reed  
Elena Kagan  
Victoria Radd  
Barry Toiv  
Michael Waldman  
Kathy Wallman  
Josh Gotbaum  
Michael Deich  
Larry Haas

DRAFT -- FEBRUARY 2, 1996

MEMORANDUM FOR: JANE C. SHERBURNE  
SPECIAL COUNSEL TO THE PRESIDENT

FROM: JOHN M. QUINN  
COUNSEL TO THE PRESIDENT

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

As you know, the House Committee on Government Reform and Oversight has subpoenaed certain White House records, including certain ones from your files. Please review your White House "records,"<sup>1</sup> for purposes of responding to the subpoena requests, please refer to the definition of "records" found in the attached "Definitions and Instructions" of the Committee subpoena (see Attachment 1). and retrieve any "records"

1. "related to the White House Travel Office matter"<sup>2</sup> For purposes of responding to the subpoena requests, please use the definition of "White House Travel Office matter" appearing in the attached "Definitions and Instructions" of the Committee subpoena (see Attachment 1). or the White House Project<sup>3</sup> For purposes of responding to these requests, the term "White House Project" refers to an endeavour which "involved both improving the 'staging' of Presidential events as well as finding a way to utilize excess Presidential Inaugural Commission funds for outsourcing White House assistance or providing assistance to the White House." that were created as of January 11, 1996; and

2. all calendars, "phone records (including message slips, phone logs, pages or any White House record of phone calls)" for the period May 1, 1995 through November 30, 1995.

Although this request is very similar to the December 19, 1995 request previously sent to you by the Counsel's Office, please be aware that it is broader in scope and seeks records created over a longer period of time. You do not need to provide any documents which have already been produced to the Counsel's Office in response to the December 19, 1995 request. However, it is extremely important that you conduct a thorough search of your records to determine whether you possess any additional responsive documents. Any such material should be provided to Associate Counsel Elena Kagan in Room 125 OEOB no later than February 7, 1996.

September 29 , 1997

Dear Elena,

I wanted to thank you for speaking with the Kansas University students today. It was a treat to have you there. The University means a great deal to me and your participation was invaluable to the students. I heard great reviews!

If I can ever return the favor, please do not hesitate to call. Thank you again.

Sincerely,

Janet Murguia  
Deputy Assistant to the President  
for Legislative Affairs/House Liaison

Ms. Elena Kagan  
Deputy Assistant to the President  
for Domestic Policy  
2nd Flr, West Wing  
Washington, D.C. 20500

UNCLASSIFIED  
WITH SECRET ATTACHMENT.

May 27, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: ERSKINE B. BOWLES

SUBJECT: Issues Update

This memorandum reviews several key issues being tracked by the White House offices today.

CHINA MFN

\*House Minority Leader Dick Gephardt Speaks Out Against Extending China MFN. Rep. Gephardt today urged Congress to reject your request that most-favored-nation trading status be extended to China for another year, saying that you have been "too weak" with China. Gephardt criticized China's human rights record and trade policies which he said include "blackmailing" companies into giving China technology and trade secrets that will make it an economic powerhouse. He added that major U.S. companies may miss out on some business contracts with China but Washington must maintain leadership on the human rights issue as it did in South Africa. Gephardt said he believed European countries and other major economic powers would follow the U.S. lead and China would eventually be forced to improve human rights policies. It is the second year in a row that Gephardt has opposed renewal of most-favored-nation status to China. Last year the House passed renewal 286 to 141.

FCC CHAIRMAN RESIGNS

UNCLASSIFIED

WITH SECRET ATTACHMENT\*Today Chairman Reed Hundt of the Federal Communications Commission wrote to you to say that he intends to leave as soon as a successor is appointed. He intends to serve until that happens. His letter said that he wishes to spend more time with his family. A statement was issued in your name thanking him for his service and praising his accomplishments including progress on connecting the classrooms and libraries, improving children's broadcasting and completion of the World Trade Organization telecommunications agreement.

LATE TERM ABORTION

\*Late Term Abortion -- Internal Planning. Sylvia Mathews chaired an internal staff meeting today to plan both a short-term and long-term course of action in anticipation of your veto of the late term abortion bill. The meeting resulted in the following assignments: Leg Affairs will monitor the status and timing of the House and Senate versions of the bill and

its ultimate delivery to you; DPC (Elena Kagan) will coordinate with HHS and DOJ regarding the departments' views on alternatives to the bill; DPC will also take the lead on developing policy ideas on women's health and other issues to counter the focus on abortion issues; Public Liaison will organize meetings with (1) core pro-choice groups to hear their ideas regarding plans for sustaining the veto and future efforts to recast the choice and (2) broader women's groups to discuss an agenda of women's issues.

#### ECONOMIC REPORT

\*Consumer Confidence at 28 Year High. In May, Consumer Confidence, as measured by the Conference Board, rose to its highest level since July 1969. Also, the preliminary estimate of Consumer Sentiment by the University of Michigan indicates that it is the highest it has been since the survey began in the 1950s. CEA reports that this mirrors what other economic data are telling us: economic performance is the strongest it has been in decades.

The Conference Board release shows that the percentage of consumers who feel jobs are plentiful jumped in May, and the number of people reporting unfavorable labor market conditions fell to an all-time low. This is a reflection of the very strong labor market: since January 1993, the economy has created more than 12 million jobs, and the unemployment rate has fallen below 5 percent for the first time in 24 years.

The Conference Board survey also showed that consumers are more optimistic about the future. Respondents expect business conditions and employment prospects to improve over the next six months. This is consistent with our economy's strong fundamentals: the deficit has been cut by 77 percent since 1992, helping spark this remarkable period of strong growth and low inflation.

Although measures of consumer attitudes can bounce around a lot from month-to-month, these high readings are not just a statistical quirk. Both Consumer Confidence and Consumer Sentiment have been rising steadily since 1993. And, both indexes have been at the high end of their historical ranges for the last several months.

#### CABINET REPORT

\*Blue Ribbon Schools. Today, Secretary Riley named 262 public and private elementary schools selected as 1996-97 Blue Ribbon Schools, honoring schools that offer a rigorous, rich curricula to all of their students. The awardees excelled in the following areas: High student retention and graduation rates; challenging standard and curriculum; excellent teaching; school, family and community partnerships; and student performance on measures of achievement. The schools recognized this year are in 41 states, DC and Puerto Rico.

#### NSC REPORT

\*\*See attached report from the NSC.

g\data\travel\subreq\JCS

DRAFT -- FEBRUARY 7, 1996

MEMORANDUM FOR: JANE SHERBURNE

FROM: JOHN M. QUINN  
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:<sup>33</sup> 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, 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>33</sup> We are aware that at least the 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.

February 1, 1996

MEMORANDUM TO HAROLD ICKES

From: Jeremy Ben-Ami  
Betsy Myers  
Nancy Ann Min  
Debbie Fine

Subject: Abortion Issues Status

As per your request, attached is an updated summary of abortion issues in the appropriations and authorization bills.

Also attached is the earlier version of this we sent to you. Please call us if you have any questions.

cc: Carol Rasco  
Alice Rivlin  
Alexis Herman  
Martha Foley  
George Stephanopoulos  
James Castello  
Elena Kagan  
John Hart  
Susan Brophy  
Janet Murguia  
Tracy Thornton  
Judy Gold

**RESIGNED BILLS**

1. Treasury Postal - Forbids the FEHB from providing federal employees the option of purchasing health insurance plans that include abortion coverage, with an exception for coverage where the life of the mother is at stake, and for cases of rape and incest.

The President signed the bill on November 19, 1995, though Statements of Administration Policy (SAP) had indicated our opposition to this provision. The signing statement by the

President did not mention the issue.

2. Department of Defense Appropriations - Signed by the President on November 30, 1995, this overturns the President's January 1993 Executive Order allowing abortions to be performed at overseas medical facilities using private funds. Life, rape and incest exceptions are included. SAPs and the President's signing statement indicated the Administration's concern with this provision.

3. Foreign Operations Appropriations - After several SAPs conveying the Administration's opposition, this bill was signed by the President as a part of the most recent Continuing Resolution (the 9th CR) on January 26. It had been stalled for months between the House and Senate primarily because of differences over family planning funding for overseas organizations. The House language reinstated "Mexico City" policy, which denies all family planning funding for overseas organizations if they perform abortions or speak out about reproductive choice, even with private money. (The President had signed an executive order when he came into office reversing "Mexico City".) The Senate language maintained the President's policy.

Unable to resolve differences over "Mexico City" policy, the appropriations committee maintained the President's policy, but reduced funding and complicated its administration: without an authorization bill, no international family planning funds will be released until July 1st. Starting July 1st, international family planning funds can be distributed -- but at 65% of the FY95 appropriation. This amounts to approximately \$80 million less funding than would otherwise likely have been appropriated for FY96 (based on a rough estimate from AID). Furthermore, the money must be spent in 15 equal installments -- which results in an extremely difficult process for administering the funds on a month-by-month basis. In addition, the UNFPA will be funded by the same guidelines: starting July 1st at 65% of FY95 spending in month-by-month installments.

The "Mexico City" policy may appear again in the international affairs authorization bill, which has passed the House and the Senate but has not been conferenced. The House and Senate bills are very different from each other in many ways, however, and it is possible that they will not successfully conference the two.

**4.9th Continuing Resolution -- Human Embryo Research:** A provision in the 9th Continuing Resolution prohibits the use of Federal funding for: (1) the creation of human embryos for research purposes, and (2) research in which embryos are "destroyed, discarded, or knowingly subjected to risk of injury or death greater than that allowed for research on fetuses in utero" under Federal law. The latter provision has the effect of applying the same standards to human embryo research funded by the Federal government that are applied to research using fetuses. It is important to note here that human embryo research is not the same as fetal tissue research, which is conducted on tissue that is the product of a fetus that has been aborted or miscarried.

#### Impact on Administration Policy:

\*In January 1993, the President issued an Executive Order lifting the Bush Administration ban on Federal funding of research involving transplantation of human fetal tissue from elective, induced abortions. Such research, which is subject to strict requirements and safeguards, could lead to advances in women's health and in treatment of diseases like leukemia and Parkinson's. The provision in the 9th CR on human embryo research does not have any effect on the President's Executive Order.

\*On December 2, 1994, the President stated that funding of research on human embryos, "...

raises profound ethical and moral questions as well as issues concerning the appropriate allocation of federal funds... I do not believe that federal funds should be used to support the creation of human embryos for research purposes, and I have directed that NIH not allocate any resources for such research." Although the provision in the 9th CR goes further than the President's policy -- restricting some research that could have been allowed under his policy -- it does adopt part of his position.

\*The provision in the 9th CR does not have any effect on any research currently funded by NIH, which has not yet allocated any funds for human embryo research. At the same time, it does restrict research not affected by the President's directive that hold promise for improving human health; such as treating infertility and preventing birth defects.

#### AWAITING ACTION

1. District of Columbia - This bill is now out of Conference and has passed the House; it has not yet been voted on in the Senate. It contains virtually the same language on abortion as the 6th CR, signed by the President earlier this year.

The 6th CR, which funds D.C. through the end of the fiscal year, prohibits the D.C. government from spending local funds to pay for abortions; with life, rape and incest exceptions. The D.C. Appropriations bill prohibits the DC government from spending Federal or local funds on abortions, with life, rape and incest exceptions. The main issue here is that these restrictions on the use of local funds -- in the CR and in the appropriations bill -- do not apply to any other state or local government.

2. Department of Defense Authorization: This enacts into law the reversal of the President's Executive Order passed and signed in the DOD appropriations bill. The Administration's opposition to this provision has been stated in a number of SAPs as well as in the President's statement vetoing the original bill. We believe that it requires a strong statement in the signing statement.

3. Labor/HHS - has passed the House; awaiting floor action in the Senate.

House bill (1) allows states to deny Medicaid funding for victims of rape and incest; (2) overrides standards set by the American Council on Graduate Medical Education which require ob/gyn residents to be trained in abortion procedures by allowing hospitals denied accreditation for not providing abortion training to remain eligible for federal funds; (3) contains the same restrictions as were passed in the 9th CR on human embryo research. The Senate committee bill did not contain these provisions. We have expressed strong opposition to 1 and 2 in SAPs.

4. Commerce, Justice, State - President vetoed on December 19, and his statement referred to opposition to a provision that prohibits use of Justice funds for abortions for female prisoners, with exceptions in cases involving rape or danger to the life of the mother. The Justice Department thinks there is a strong likelihood that this provision could be held unconstitutional.

■ ■

It is worth noting that in response to this significant reduction in funding, Secretary Christopher has directed State and AID to channel additional funding into programs that indirectly support family planning in an attempt to offset the cuts; such as girls education and maternal health.

The NIH was in the process of developing plans to establish an advisory committee to review proposals not affected by the President's directive.

MEMORANDUM FOR ERSKINE BOWLES

THROUGH:Jack Lew

FROM:Don Arbuckle

SUBJECT:Proposed DOI Rule Limiting Use of Personal Water Craft (i.e., "JetSkis") in National Parks

We are about to conclude review on a Department of Interior proposed rule that would restrict the use of Personal Water Craft (PWC), i.e., "JetSkis," in areas controlled by the National Park Service (NPS), including National Parks, National Recreation Areas, National Seashores, and National Lakeshores. The proposed rule sets forth the policy that PWC use is inappropriate in all such areas. However, 12 specific areas where PWC use is already common would be given two years before the ban takes effect. In addition, NPS intends to exempt another 13 specific areas where PWC use is common and where such use is consistent with the enabling legislation of that area. For all other park areas, each area would need a separate rulemaking to allow PWC use.

This policy responds to complaints from park visitors about the aggressive behavior of PWC users, resulting in excessive noise, conflicts with other visitors uses, and safety concerns. In addition, environmental and conservation groups, as well as recreational groups (i.e., canoe, kayak, hiking, and camping interests) have expressed keen interest in this rulemaking. In fact, one group has communicated its intent to sue NPS if any PWC use is allowed at all.

On the other hand, PWC users, boating enthusiasts, manufacturers, and their associations are equally concerned over their continued access to waters in park areas.

NPS believes that this rulemaking is necessary, because there is no consistent NPS policy on the use of PWCs and because of the uncertain authority for specific areas to resolve these issues independently. Considerable public comment on the proposed regulation is expected.

**BT**

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  
T.J. Glauthier

May 30, 1996

MEMORANDUM FOR JOHN HILLEY

From: Peter Jacoby  
Jamie Rubin

Subject: Campaign Finance Reform

It appears that campaign finance reform legislation will soon receive serious consideration on the floors of both the Senate and the House. In the House, Majority Leader Armev has announced that it will be part of a package of "reform" bills to be considered on the floor of the House during the week of July 8. In the Senate, Senators McCain and Feingold have filed their bipartisan campaign finance reform bill as an amendment to the Department of Defense authorization bill scheduled for floor consideration next week. The Senators hope that this maneuver will force the Republican leadership to grant floor time for their measure later this summer.

During the House debate on campaign finance reform, it is likely that three alternative packages will be considered: 1) a Republican leadership proposal; 2) a Democratic leadership proposal; and 3) a bipartisan package offered by Congresswoman Linda Smith and Congressman Meehan. A summary of the Democratic leadership plan and the bipartisan plan is attached.

The Republican leadership bill, which is still taking shape, is likely to contain provisions to implement the U.S. Supreme Court's Beck decision. This decision allows union members to direct that their union dues may not be used for political purposes. The Republican plan will also require a majority of contributions to come from within the candidate's district. Finally, Republican reformers (and Speaker Gingrich and Majority Leader Armev) would like to include a PAC ban in their leadership bill, but this proposal has run into heavy rank and file opposition and its disposition is uncertain. If the PAC ban is not included in the bill, PAC contribution limits and individual contribution limits (\$5,000 and \$1,000 respectively) will be equalized. The Republican bill is scheduled for Committee markup in mid-June.

During several meetings of an informal campaign finance working group (comprised of Kathy Wallman and Elena Kagan, Paul Weinstein, Michael Waldman, and Bill Curry) several consensus positions emerged:

1) The House Republican Leadership bill is a poison pill and if presented to the President it would likely garner a veto.

2) The proposed Democratic leadership bill falls short of the President's past positions and should not be endorsed.

3) The President has to reassert his strong desire for campaign finance reform legislation. Specifically, he should reiterate his support for meaningful, bipartisan reform legislation such as the McCain/Feingold bill and the Meehan/Smith bill. The President is already on

record for supporting the McCain/Feingold bill.

Note:

Communications Workers of America v. Beck was a Supreme Court case decided in 1988. The plaintiff was an electrical worker for US West. Although he was not a member of the telecommunications workers union (and therefore paid no union dues), Beck was required to pay the union "agency fees" so he wouldn't receive free the benefit of the union's labor negotiations. Beck sought a refund of his agency fees on the grounds that the union used some of his money for objectionable political purposes (i.e. PAC contributions to candidates he opposed).

The Supreme Court ruled in favor of Beck and ordered the union to refund to him whatever portion of his agency fees it didn't use for labor-management negotiations. At issue now is the effectiveness of procedures for assuring that agency fee-payers understand and can exercise their rights under Beck. Republicans have for several years claimed that unions make the refund process far too difficult and that the amount refunded is too low. Republicans have also tried to extend the effect of Beck to all union members.

January 29, 1997

MEMORANDUM FOR DON BAER .

ELENA KAGAN

PAUL WEINSTEIN

FROM: KUMIKI GIBSON

JONATHAN WEISS

RE: FOLLOW-UP ON COMMUNITY EMPOWERMENT RE STATE OF THE UNION

---

As a follow-up to our attached memorandum yesterday for the State of the Union, we are providing for inclusion more detail about the "Community Empowerment Act" legislation and also, as promised, a community empowerment "success story"

I. "COMMUNITY EMPOWERMENT ACT"

Please note that by the time of the State of the Union, the legislation will have been introduced by Sen. Carol Moseley-Braun and others in the Senate and Rep. Charles Rangel in the House. When mentioning the legislation, we would like to have the President salute the leadership of Rep. Rangel and Sen. Carol Moseley-Braun in leading the effort. Suggested language:

We are working with Congress to enact the "Community Empowerment Act," which would provide a second round of Empowerment Zones as well as a tax incentive to encourage the redevelopment of Brownfields. I want to congratulate Rep. Charles Rangel and Sen. Carol Moseley-Braun for leading this legislative effort and wanted to especially single out Rep. Rangel for his decades of service in helping to lift up our Nations distressed areas.

II. SUCCESS

Set forth below is a personal "success story" on community empowerment for suggested use in the speech:

One of the many new businesses creating jobs in the Empowerment Zones is one in the Baltimore Empowerment Zone called Elder Health. This one-year-old business, designed to provide health care services for the poor elderly in the neighborhood, is located on a cleaned-up and renovated Brownfields site -- a former railroad warehouse. The company now employs more than 50 workers. Many of its workers are Zone residents like a woman named Jonaz Nixon. Jonaz had spent the last three years unemployed and on welfare before getting the opportunity to work there last May. She has since already been promoted -- and has changed her life around. She now plans to move her career further forward by taking the next step: Going to college part-time so that she can earn her B.A. Jonaz's story and the new opportunities being created in our poorest areas tell of the tremendous potential of our community empowerment efforts in giving people the chance to make the most out of their lives.

\* \* \*

Please contact us if you need additional information about our community empowerment work in general or this story in particular.

g\data\travel\subreq\JRY

DRAFT -- FEBRUARY 7, 1996

MEMORANDUM FOR: JONATHAN YAROWSKY

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:

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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).

Memo to E Bowles on JTC Estimates  
- -JTC Update.doc  
May 14, 1998  
JTC Update.doc  
MEMORANDUM FOR ERSKINE BOWLES

Through: Frank Raines  
From: Joshua Gotbaum  
Re: Joint Tax Estimates

As we discussed last night, the Joint Tax estimates are not as far from OMBs as some people feared.

Net Receipts to Government Over FY99-03: \$69.4 Billion vs our \$71.2 Billion. The Joint Tax estimate had been reported to be lower than that (\$51.9b) because they keep their records for a different 5-year period than we do, FY98-02; since the bill wouldnt become effective until FY99, theyre only showing four years of actual payments. (After the five years, their receipts drop because of a mistake in the S. 1415 volume adjustment, which Senate Commerce will correct. The attached numbers include the effects of the mistaken volume adjustment, so the figures for after 2003 should be ignored.)

Payments Per Pack are Higher than OMB, but Not \$2.00. By 2003, they are showing \$1.89 in inflated (nominal) dollars. Thats \$1.68 in FY99\$. They get up to \$2.02 in inflated dollars in 2004 (\$1.74 real), including the effects of a fee on exporters that we believe Senate Commerce will drop, plus lookback. We have scheduled a meeting with them this afternoon to find out as much as we can about the remaining differences. Some of those

(e.g., coverage of smokeless and cigars) might be changed in a Senate Commerce managers amendment; others well just have to explain our differences in assumptions.

An Excise Tax at \$1.10 Would Raise Much Less. Although JCT is showing the \$1.10 excise tax as raising roughly the same amount of money over five years, by 2003 its 15% less each year. The only reason theyre showing comparable amounts within the 5-year period is that they go to \$1.10 more quickly than McCain.

c:Bruce Reed  
Elena Kagan

MEMORANDUM FOR ERSKINE BOWLES

FROM:Sally Katzen

SUBJECT:Heads-up on FDAs Notice on Unpasteurized Fruit and Vegetable Juice

We are about to conclude review of a Notice that sets forth FDAs plans to address several outbreaks of foodborne illnesses (primarily from e-coli bacteria) from consumption of certain unpasteurized fruit and vegetable juices. The Notice outlines FDAs intent to propose two rules -- a rule requiring certain producers of unpasteurized fruit juices to institute a HACCP (Hazard Analysis and Critical Control Points) program designed to control hazards that may occur during processing; and a rule requiring labels warning consumers of the risks associated with drinking unpasteurized juices. In addition, the Notice encourages unpasteurized fruit juice producers to voluntarily and immediately place warning labels on fresh juices such as apple cider in anticipation of the 1997 apple cider season (only a few weeks away).

This Notice is not binding at this time. It will nonetheless attract some attention. Consumer groups will applaud the plans, but may comment that FDA is not acting swiftly enough in this area; industry, including particularly small apple growers who specialize in unpasteurized juices, will likely be wary of new mandates that are perceived as costly and difficult to implement. If you have any questions, please call my Special Assistant, Michael Fitzpatrick (5-1247), as soon as possible.

cc: Maria Echaveste  
Rahm Emanuel  
Thurgood Marshall, Jr.  
John Hilley  
Ann Lewis  
Sylvia Mathews  
Bruce Reed  
Chris Jennings  
Elena Kagan  
Victoria Radd  
Barry Toiv  
Michael Waldman  
Josh Gotbaum  
Larry Haas

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 (Pam Barr 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 (USGS) 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, USDA's 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 Administration's 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 EPA's 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 HHS's 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 aren't 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 DOI's 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 CNMI's Governor expressing his concern over CNMI's labor, immigration and law enforcement practices. Recently, CNMI's immigration and labor practices have been the subject of critical articles in the Reader's 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 -- NRD's 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.

October 25, 1998 DRAFT

MEMORANDUM FOR: Bruce Reed  
Elena Kagan

FROM: Cynthia Rice  
Andrea Kane

CC: Paul Weinstein

SUBJECT: Welfare Reform and the FY 2000 Budget

[Proposals below designed to meet the following six goals -- move more people from welfare to work, help working families stay employed, ensure more parents pay the child support they owe, encourage both parents to be actively involved in their childrens lives, chincreaseemployment of people with disabilities. Many of these goals can be advanced through executive action as well, as noted below].

This text was in the 9/15 memo:

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 it 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).

MEMORANDUM

COUNCIL OF ECONOMIC ADVISERS

February 28, 1997

To:Janet Yellen

From:Chris Ruhm

CC:Alicia Munnell

Subject:Federal Policies Targeted To Children in Their Earliest Years

Attached is a copy of the Memorandum from the President directing heads of executive departments and agencies to report by March 24, 1997 on existing, planned, or proposed projects targeting the earliest years of life. Although we are only peripherally involved in such efforts, I assume that we are required to provide some type of response. Towards that end, I have included a copy of the memo I sent to Elena Kagan regarding our proposed white paper on investments in young children. Please let me know if something similar is sufficient to respond to the Presidents memorandum or if we wish to provide a more detailed response.

January 22, 1996

MEMORANDUM FOR JANE SHERBURNE  
SPECIAL COUNSEL TO THE PRESIDENT

ELENA KAGAN  
ASSOCIATE COUNSEL TO THE PRESIDENT

FROM:TERRY GOOD  
OFFICE OF RECORDS MANAGEMENT

RE:SUBPOENA FOR DOCUMENTS

Attached are copies of various documents in response to your request for:  
any and all documents and/or communications referring or relating to the location, efforts  
to locate, production, efforts to produce, whereabouts, or existence of documents referring  
or relating to: (a) legal representation provided by, legal work performed by, or Rose Law  
Firm compensation allocated to Hillary Rodham Clinton; or (b) legal representation provided  
to or legal work performed for Madison  
Guaranty Savings & Loan.

November 18, 1997

MEMORANDUM FOR DISTRIBUTION

FROM: ELENA KAGAN  
DEPUTY ASSISTANT TO THE PRESIDENT  
FOR DOMESTIC POLICY

RE: DEPUTIES MEETING ON CHILD CARE INITIATIVE

As you know, the President announced that he will unveil a child care initiative in his 1998 State of the Union Address. The Domestic Policy Council has been leading a policy development process, with significant input from various federal agencies and White House offices, to develop policy options on child care for the Presidents consideration.

The purpose of todays Deputies-level meeting is to discuss various policy options for the child care initiative that have been developed over the past months. At the meeting, representatives from the Departments of the Treasury, Health and Human Services, and Education will make brief presentations of several proposals, with the balance of the meeting reserved for discussion.

Attached for your review please find several documents: 1) an overview paper which outlines current federal investment in child care, proposes goals for a new child care initiative, and summarizes the policy options for discussion at the Deputies meeting, and 2) the policy proposals developed by various agencies (which are summarized in the overview paper).

DISTRIBUTION:

Rebecca Blank, CEA  
Carolyn Becraft, Defense  
Bobbie Greene, OFL  
Eric Holder, Justice  
Gene Sperling, NEC  
Jack Lew, OMB  
Kevin Thurm, HHS  
Kitty Higgins, Labor  
Olivia Golden, HHS  
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Yvette Jackson, Agriculture  
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Anne Lewis, NEC  
Barry White, OMB  
Bob Litt, Justice  
Cheryl Dorsey, Labor

Emil Parker, NEC  
Janet Holtzblatt, Treasury  
Joan Lombardi, HHS  
Jon Schnur, Vice Presidents Office  
Jonathan Gruber, Treasury  
Karl Scholz, Treasury  
Mary Bourdette, HHS  
Paul Leonard, HUD  
Pauline Abernathy, Education  
Robin Leeds, OPL  
Susan Wilhelm, Education

MEMORANDUM FOR ELENA KAGAN

From: Sandra Thurman  
Director, Office of National AIDS Policy  
(202) 632-1090

Date: October 31, 1997

Re: Letter from Bob Fogel

Thanks for sending along a copy of the letter from Bob Fogel to the President. I've spoken with Bob a number of times since the letter was written, and I think he's feeling more comfortable. He spoke with both the First Lady and Bruce Lindsey at a Chicago event, which was helpful for him.

I have drafted a response from the President to the letter for your review. I will continue to communicate regularly with Bob.

Let me know if you have any questions.

Todd

November 20, 1998

Memorandum for NEC Deputies

From: Sally Katzen

Subject: Mondays Meeting on an Initiative on Adult Basic Skills

At the Deputies meeting on Monday at 2:30 pm in Room 100 we will discuss a set of proposals to support a Presidential initiative on adult basic skills. Attached is a background memo briefly describing most of the potential components of this initiative with additional materials on how to subsidize workplace education to be provided by the Department of Education and the Treasury Department at the meeting.

The purpose of this meeting is to get each agency's views on the various components of the initiative (with the exception of the workplace education component) before it is presented to President; those attending should be prepared to commit their agencies. In addition, we will finalize the background memos on subsidizing employer-provided workplace education through tax credits and/or grants in preparation for presenting options to the Principals.

Distribution List

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Patricia Ruggles - HHS  
Robert Mallett - Commerce

■ November 19, 1998

DRAFT ... DRAFT ... DRAFT ... DRAFT

The Partnership for a Literate America: Filling the Gaps in Adult Education and Literacy

An alarming number of American adults -- 44 million according to the National Adult Literacy Survey -- struggle with a job application, cannot read to their children, or are left on the welfare rolls because they lack basic skills. Many have a learning disability and never knew it. Often, they do not know where to get help, are embarrassed to seek it, or cannot because of family responsibilities. Others are immigrants who face long waiting lists in many cities where they seek English-as-a-Second Language courses. This initiative would build on and improve our existing programs for adult basic education (see the attached description) in order to provide these Americans with every possible opportunity to get screened for learning disabilities, improve their basic skills (in reading, writing, and arithmetic), and learn to speak English: at the workplace, in the community, or in the privacy and convenience of their home.

Potential Components of the Initiative:

1. Expanding the quality and capacity of the adult education system: An increase in funding for the adult basic education system by \$85 million (to \$450 million) for FY2000 and to \$1 billion by FY 2005. An informal poll by the Department of Education suggests that about one-half of States would first investment in program quality (such as increasing the number of full-time teachers, expanding the use of technology in adult education systems, achieving greater intensity of instruction, and increasing support services including child care, transportation, and counseling). The other half would expand program capacity in family literacy and instructional services.

2. Jump-Start for Literacy: Quality Teaching for Adult Learners: Improving the quality of adult basic skills instruction by making funds available to States to support professional development for adult education teachers over a five-year period. In order to receive participate, States would provide a 25% match of the Federal contribution to fund specialized preservice and inservice training for teachers in teaching subject matter to adults in contexts such as work or citizenship, teaching to high standards, teaching learning disabled adults, assessing learning gains, and using technology as an educational tool for adults. (Cost: \$50 million annually, if all states participated.)

3. ESL Civics Initiative: Common Ground Partnerships: Target the 6-12 States that are home to the majority of immigrants as well as localities within other States that have significant concentrations of immigrant populations to establish systemwide ESL/civics programs to help immigrants adapt to their new lives in America. These partnerships would be cooperative agreements with the Dept. of Education so that the design and implementation of each States activities could be coordinated and overseen by the Dept. (Cost: \$40 million annually if only fund States; \$60 million if also fund cities.)

4. Filling the Gap: A 21st Century Workforce Education Initiative: Encourage employers to provide workplace education in two ways:

\*Either through a tax credit to employers or with federal grants to employers. (Cost: To be determined.)

\*Establish State Workplace Extension Service coordinators who would work with employers on how to use the workplace more effectively as a learning environment. (Cost: \$12.5 million annually.)

5. High Skill Communities Campaign: Create a framework in which States and local communities could mobilize and implement, according to their needs, strategies to promote lifelong

learning and literacy and accelerate progress in meeting state and national goals related to adult education and lifelong learning. A "Community Lifelong Learning Assessment Toolkit" would be developed that would include: estimates of state and local literacy levels to help establish baseline data and set community goals; tools for assessment, organizing a campaign, building community partnerships, and submitting applications (with examples of bylaws, surveys, plans, report forms, resolutions/letters, budgets, and administrator job descriptions). If we were to follow the model in Georgia, we could "certify" communities that meet certain criteria. (Cost: \$0 if bully pulpit or \$15 million if fund state coordinators and substate grants for outreach and partnership building.)

6. America Learns Technology: There is an array of programs to develop and demonstrate practices and products that may be successfully used in adult education programs across the country, including:

I. Content/software development: The government could cost-share the development of instructional material with publishers and software companies to encourage the private sector to develop higher-quality material for adult basic education, ESL, GED equivalence, etc. Some of the content could be customized to particular skill standards, such as those developed by the National Retail Federation. The idea would be to make content available in multiple formats [Web, CD, game player, interactive television.] It might also be possible to get matching funds from community colleges or employers. (Cost: \$1-3 million. 10 grants for ~ \$20 million.)

II. Pilots and evaluation: The government could provide matching grants to communities that deploy and evaluate the use of these new technologies for adult literacy (rate of completion, results on relevant tests, other learning outcomes).

Cost: \$250K per pilot - 80 grants for \$20 million.

III. Community access points: We need to expand the number of places in the community that have access to computers, software and the Internet. We have an existing program to provide support for community computing centers that is funded at \$10 million. Note that the e-rate is already connecting libraries, which play an important role in some adult literacy programs.

Cost: \$250K per center per year. Existing program could fund 40 centers. Adding \$10 million to the program could double the number of centers funded. Communities could also be encouraged to keep their schools open longer, which will have computers and Internet access.

IV. Recruiting 50,000 volunteer tele-mentors: The government could provide a grant to an organization to help recruit and train people that could serve as "tele-mentors" for adults participating in online literacy programs. For example, organizations such as "Impact Online" are using the World Wide Web to recruit volunteers for a variety of non-profit organizations. Companies such as Hewlett-Packard are encouraging their employees to serve as tele-mentors. (cost: \$2 million per year.)

V. Research and development: Preliminary results have shown that advanced technologies such as speech recognition and intelligent tutoring systems can significantly improve student outcomes. R&D is needed to advance the state-of-the-art and train the next generation of software developers. (cost: \$1 million per research team - 10 grants for \$10 million year.)

VI. Bully pulpit: We could challenge the private sector to help out by, for example:

\*Making the content available at video rental stores, or making it available on cable and WebTV;

\*Exploring new business models that make this market more attractive for software developers (e.g. getting a local chamber of commerce to purchase a "site license" for an entire metropolitan area);

\*Making the use of technology for adult basic education part of the "Welfare to Work" effort.

VII. Ensure that the other elements of the literacy initiative are designed with technology in mind: For example, it should be an eligible expenditure for the workplace tax credit for employers to provide their employees with home PCS and courseware.

Outstanding Policy Issue:

Should we use tax credits or grants to subsidize the provision of workplace education? (Treasury and the Dept. of Education will provide options at the meeting.)

#### **Background on Adult Education**

The Adult Education Act is the major source of Federal support for basic skills improvement. Basic grants to States are allocated by a formula based upon the number of adults, over age 16, who have not completed high school in each State. States distribute funds to local providers through a competitive process based upon State-established funding criteria. Local programs of instruction emphasize the acquisition of basic skills including: reading, writing, computation, communication and problem solving. Courses of instruction include Adult Basic Education (ABE), Adult Secondary Education (ASE), and English as a Second Language (ESL).

The new Adult Education Act (passed in the Workforce Investment Act) establishes new, researched based criteria for program quality and provides strong accountability for results. Under the new law, states will set goals for adult learner achievement and will negotiate those levels with the Department prior to plan approval.

The Federal investment in adult education for FY 99 is \$385 million. Of that, \$365 million goes directly to states to support adult education and literacy services. States are required by law to provide a 25% match for adult education funds, but recent assessments show the Federal investment leverages more than three times the required match in State and local funds for adult education and literacy programs. The average per learner Federal expenditure is less than \$300 annually in current dollars; using constant 1995 dollar values, Federal spending per participant dropped from \$274 in 1966 to \$73 in 1998.

More than 4 million adults in 4,000 adult learning centers participate in adult education annually. Between 1990 and 1994, the Adult Education State Grant program enabled 1.5 million adults to complete high school or earn a GED. Yet, the 1994 National Evaluation of Adult Education Programs found that current programs serve only a small percentage of adults in need of services and that many participants leave before they achieve any

literacy gains (primarily for personal reasons such as child care and transportation that are unrelated to instructional program quality).

Over the last decade, adult education enrollment has increased by nearly one-third. English language instruction for limited English proficient adults is the fastest growing component of the adult education program, with enrollments increasing 72 percent in the last ten years. Adult basic education enrollments have increased by 46 percent. Adult education is currently experiencing an influx of out-of-school youth whose goal is secondary education completion. Large urban areas report an unmet demand for ESL services. States are being called upon to simultaneously meet the demand for increased adult education services and to improve program quality.

One area greatly in need of improvement is training for adult education teachers. Most adult education teachers work part-time. Many are elementary and secondary education teachers who do not have formal training in teaching adult learners. A majority of adult education teachers are employed by public school districts. Other organizations that employ adult education teachers include community colleges, universities, large corporations, speciality schools, job training centers and religious or community-based organizations. A majority of States do not have a system for certifying adult education teachers. Many adult basic education and ESL teachers, as well as volunteer instructors, receiving little training in subject matter content or in the process of teaching.

FEBRUARY 20, 1996

MEMORANDUM FOR: DAVID KENDALL

FROM: JOHN M. QUINN  
COUNSEL TO THE PRESIDENT

JANE C. SHERBURNE  
SPECIAL COUNSEL TO THE PRESIDENT

SUBJECT: Subpoena from the House Government Reform & Oversight Committee

The House Committee on Government Reform and Oversight has subpoenaed certain White House records in connection with its investigation into the "White House Travel Office matter." For purposes of responding to the subpoena requests, please use the definition of "White House Travel Office matter" appearing in the attached "Definitions and Instructions" of the Committee subpoena (see Attachment 1). Please review any White House records for purposes of responding to the subpoena requests, please use the definition of "records" appearing in the attached "Definitions and Instructions" of the Committee subpoena (see Attachment 1). that may be in your possession that were created on or before January 11, 1996, and retrieve the following:

1. "All records related to the General Accounting Office review of the White House Travel Office."
2. "All records related to the Justice Department's Office of Professional Responsibility review of the White House Travel Office."
3. "Any records related to American Express obtaining the White House Travel Office business including all records related to any contact with GSA or American Express."
4. "All records related to the Peat Marwick review of the White House Travel Office and any subsequent reviews such as that performed by Tichenor and Associates and any records reflecting any contacts, communications or meetings with any Peat Marwick attorneys or officials." We are aware that at least the 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.
5. "Any records of any contacts or communications related to any IRS matter regarding UltraAir and/or any IRS matter regarding any other White House charter company, any IRS matter related to any of the fired seven travel office employees, or any other IRS matter related to the White House Travel Office and any records of contact or communications with IRS Commissioner Peggy Richardson by Mack McLarty, Webb Hubbell, Bruce Lindsey, Vince Foster, Bill Kennedy, or any other member of the White House Counsel's office. For a list of employees serving in the White House Counsel's Office from January 20, 1993 to the present, see Attachment 2. from May 1, 1993 to January 11, 1996."

6. "All records related to the Treasury Inspector General's investigation of the IRS audit of UltrAir. (The investigation requested by Rep. Frank Wolf in May 1993)."
7. "Any records relating to any proposal to use independent financing or unused Presidential Inaugural Committee funds to assist anyone on the White House staff, outsource White House duties or tasks, or otherwise assist White House operations. This would include records regarding any efforts, both inside and outside the White House to explore, evaluate or implement such proposal. It would also include records of any subsequent analysis of such efforts."
8. "Any records relating to or mentioning the finding of the note in Mr. Foster's briefcase or any other location following his death, any Travel Office records of Mr. Foster's and any records relating to the finding or existence of or explanations of any files of Mr. Foster's relating to the White House Travel Office matter, Special Government Employees, issues of nepotism, the use of volunteers or any efforts to obtain Office of Legal Counsel opinions on any of these matters and any records of any contacts with Mr. James Hamilton, Lisa Foster, Harry Thomason, Susan Thomases, James Lyons about Vincent Foster records."
9. "Any records relating to Mr. Thomason, Mr. Martens, Ms. Penny Sample, Ms. Betta Carney and Mr. Steve Davison and any other World Wide Travel employees including, but not limited to, all records indicating what these individuals did while at the White House, any documents relating to issues arising out of any actions they took while at the White House, any personnel records, requests for passes or pass forms, requests for office space and any forms related to office space, phone or other equipment, and any records relating to any actions taken by these individuals regarding the White House Travel Office. (For Ms. Sample, this request would also include all trip files for trips she had any involvement with while at the White House.)"
10. "All records about problems or allegations or wrongdoing in the Travel Office from January 20, 1993 to" January 11, 1996."
11. "All tapes or videotapes produced by Mr. Thomason or any associates of his for the White House, the Bill Clinton for President Committee or the Clinton/Gore '92 Committee and all billings and financial statements relating to such work."
12. "Any tapes, tape recordings, or videotapes of any kind related to the White House Travel Office, the White House Travel Office employees, or any allegations of wrongdoing by anyone in the White House Travel Office or any air charter company or other business doing business with the White House Travel Office."
13. "All records relating to Travel Office funds and/or documents being placed in the White House military office and all records of any inquiries about related events."
14. "All records of any contacts with David Watkins or Bill Kennedy from the time they ended their employment at the White House to" January 11, 1996.55Bill Kennedy's effective date of resignation was 11/21/94. David Watkins' effective date of resignation was 6/17/94."
15. "All Executive Order documents located in Mr. Foster's Travel Office files and/or his briefcases."
16. "All records related to Harry Thomason and/or Darnell Martens discussing pursuing contracts with GSA, all records related to ICAP (Interagency Committee on Aviation Policy),

and any records of the White House Counsel's office analyzing the issues raised by Mr. Thomason and Mr. Martens actions at the White House."

17. "All records related to any sexual harassment complaints about Mr. David Watkins during the Clinton/Gore 1992 campaign or during his tenure at the White House and any records of meetings, actions, or communications regarding such complaints and all records related to the \$3000 per month retainer provided to Mr. Watkins by the Clinton for President campaign."

18. "All records of any contacts, communications or meetings regarding the 'Watkins memo' produced to the Committee on January 3, 1996 and the chain of custody of this memo."

19. "All indices or catalogues of Vincent Foster's office, tapes, computer and documents and who received each document from his office."

20. "All records relating to the actions of Mr. Watkins at the White House regarding the use of White House helicopters, the names of all individuals in the two helicopters used in May 1994 for Mr. Watkins golf outing and all records relating to his departure from the White House."

21. "All records relating to the matter of United States of America v. Billy Ray Dale, any investigation by the Justice Department into the White House Travel Office matter (as defined in the accompanying "Definitions and Instructions"), and all records relating to Billy Ray Dale as well as any records of talking points prepared about Mr. Dale."

22. "All records related to the gathering of documents for any review or investigation related to the White House Travel Office matter (as defined in the accompanying "Definitions and Instructions"). This includes, but should not be limited to, the White House Management Review, the IRS internal review, the GAO Travel Office review, the OPR (Office of Professional Responsibility) investigation, the Public Integrity investigation, the Treasury IG investigation, the FBI internal review, Independent Counsel Robert Fiske, and Independent Counsel Kenneth Starr."

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.

We recognize that, in many respects, the House subpoena is identical to the December 19, 1995 document request previously sent to you by the Counsel's Office. You do not need to provide any documents which have already been produced to the Counsel's Office in response to the December 19, 1995 request, or any other prior request. But for all other responsive records that fall within the above categories, please provide such materials to Associate Counsel Elena Kagan in Room 125 OEOP no later than February 7, 1996.

If you have any questions regarding the House subpoena request, please call Jane C. Sherburne (6-5116) or Associate Counsel Wendy White (6-7361).

Thank you for your cooperation.

BT

April 7, 1998 (Draft)

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED  
ELENA KAGAN  
TOM FREEDMAN

SUBJECT: KENTUCKY TRIP AND ROUNDTABLE WITH TOBACCO FARMERS

On Thursday, April 9, you will travel to Carrollton, Kentucky to meet with tobacco farmers, community leaders, and children. During this trip, you will reaffirm your commitment to protect tobacco farmers and their communities, while also emphasizing the need to reduce youth smoking. The trip will also allow you to express support for a plan to protect tobacco farmers authored by Senator Ford that is included in Senator McCain's legislation.

Structure of the Trip

You will first travel to a tobacco warehouse where you will hold a roundtable discussion on how to protect farmers and their communities. The participants in the discussion are expected to be a local farmer, a farmer who represents growers statewide and has worked well with the Campaign for Tobacco Free Kids, a minority farmer who has raised many foster children using her revenue from tobacco, the owner of the warehouse you are visiting, a student who wants to be a farmer, the head of the state farm bureau, a local religious leader, and a community activist who has helped bring farmers and health advocates together. Secretary Glickman will also participate on the panel, and Governor Patton and Senator Ford will be present but speak at the second event.

After the roundtable, you will travel to a school where you will address students and reinforce the message of reducing youth smoking.

Background on Kentucky Tobacco Farmers

There are two main types of tobacco, flue-cured and burley. Burley tobacco is the primary crop in Kentucky, with revenues of more than \$800 million in 1997 for the nearly 450 million pounds grown. In 1997, approximately 70 percent of the burley tobacco produced in the United States came from Kentucky. The majority of burley tobacco producers in Kentucky favor continuation of the federal price support program.

Many Kentucky tobacco farms are very small. The average Kentucky tobacco farm plants only 4.5 acres of burley tobacco. In contrast, flue-cured tobacco farms in North Carolina and South Carolina average 16.1 and 25.5 acres of tobacco per farm, respectively. However, large farms dominate Kentucky's burley tobacco business. Last year, 70 percent of the total burley sold came from only 26 percent of the farms.

Tobacco is a major part of the Kentucky economy. Tobacco sales account for over 40 percent of the total crop revenue for Kentucky, and over 20 percent of all agricultural sales in Kentucky.

According to USDA, Kentucky experienced an abnormal year for their 1997 burley tobacco crop. Adverse weather conditions resulted in tobacco with high moisture content that was of a generally low quality and received a lower prices than expected.

#### Tobacco Program Background

Since the 1930s, tobacco prices have been supported and stabilized by the federal governments commodity support program. One part of the program involves limiting supply through a quota program. A quota entitles the owner to grow a certain percentage of the national supply of tobacco for that year. Under the quota program, the government determines each year how much tobacco the companies expect to buy, how much will be sold overseas plus a modest reserve, and then divides up the right to grow that full amount among the quota holders. The burley quota can be sold, rented or leased. In addition, the tobacco program guarantees an acceptable price at which farmers can sell their tobacco. The price-support system ensures that farmers can sell tobacco at a statutory minimum price to their cooperatives if companies cease to buy on the open market. In this program, the government loans funds to the cooperatives to purchase tobacco, which are repaid from the proceeds of future sales.

Producers of the different kinds of tobacco vote in triennial referenda to determine if they wish to continue the federal tobacco program for their kind of tobacco. In a referendum in late February, 97.5 percent of burley producers voted to continue the price support-production control program.

#### The AGs Settlement Agreement

The settlement agreement with the Attorneys General did not outline a plan to compensate farmers for the diminished domestic tobacco sales that might result from comprehensive legislation. You, however, made protecting tobacco farmers and their communities one of the five key elements of your plan for comprehensive tobacco legislation.

#### Legislative Background

Three types of legislative approaches for farmers have been discussed. First, Senator Lugar proposed legislation that would quickly "buy-out" quota owners from the governmental system at approximately \$8 a pound. In Senator Lugars plan, tobacco prices would then be subject to the free market. Second, Senator Ford proposed legislation that would maintain the current quota system, while also compensating farmers (up to \$8 per pound) for the difference between the prices they would have enjoyed without legislation and the diminished prices they may experience. Senator Fords bill also includes transition fund for communities. Finally, Senator Robb had proposed legislation that would combine elements of both of the above approaches. He sought to buy-out farmers, but replace the quota system with a production control system based on permits. Unlike quotas, permits would be given only to those who actually grew tobacco and could not be bought or rented.

Senator Fords proposal, the LEAF Act, appealed mostly to burley growers like those in Kentucky who have small farms and want to continue the quota program. Senator Robbs

approach gained some support from flue-cured farmers (based mainly in North Carolina, South Carolina and Virginia) who believe the buy-out and license system better fits more capital-intensive flue-cured production. Senator Lugars approach has not attracted widespread support; even tobacco-state senators like McConnell who philosophically favor this approach probably will not come out for it publicly.

#### Farmers Legislation Included in McCain Tobacco Bill

Senators Ford, Frist, and Hollings, the three members of the Senate Commerce Committee from tobacco-growing states, joined together to include a generous farmer provision in the McCain tobacco legislation. While maintaining a production control system for all tobacco farmers, this package sets up somewhat different systems for burley and flue-cured tobacco. For burley tobacco (grown mostly in Kentucky), the package includes an optional buy-out for quota holders at \$8 per pound, and retains the quota system for those who do not take the buyout, but provides payments to both remaining quota holders, lessees, and tenants to the extent that base quota declines. For flue-cured tobacco, the plan provides for a mandatory buyout of existing quota holders, and replaces the quota system with a permit system that gives the new no-cost permits to active producers, regardless of whether they previously held a quota. This transferring of quotas from inactive quota holders to actual producers was part of the Senator Robbs proposal and is intended to make it possible for active farmers to sell tobacco without incurring the cost of buying or renting quota. The McCain package also provides approximately \$500 million for assistance to tobacco-producing communities. The package costs \$2.1 billion per year for the first ten years and \$500 million for years 11-25 for a total of \$28.5 billion. For the most part, tobacco farmers are very pleased with the proposal included in the McCain legislation.

Below is a table with the major provisions for tobacco farmers in the McCain legislation.

#### Payments to Tobacco Farmers Under Proposed Legislation

Burley, fire-cured, and dark air-cured tobaccos  
Flue-cured tobacco

##### Buy-out

Optional one-time buy-out at \$8/lb over 10 yrs or less

Mandatory buy-out of all quota holders at \$8/lb over 10 yrs or less

Those who remain in program --quota or permit

Those who do not take the optional buy-out retain their existing quota

Active producers will be issued a permit at no cost -- changing the old quota system to a new permit system for flue-cured, and allowing only active producers stay in program.

Permits may not be sole or leased, but may be transferred to descendents.

##### Payments to remaining quota holders who remain in system

Remaining quota holders get payments to the extent quota falls equal to \$4/lb for every pound quota drops, with a lifetime limit of \$8/lb times the entire quota

No remaining quota holders

##### Lessees (Burley), Renters (Flue-cured), and tenants (essentially sublessees)

Lessees and tenants get (1) option to acquire relinquished quota (if any), and (2) payments to the extent quota falls equal to \$2/lb for every pound quota drops, with a lifetime limit

of \$4/lb times the entire quota  
Renters and tenants get (1) permits limiting right to produce future crops, and (2) payments to the extent national quota falls equal to \$2/lb for every pound quota drops, with a lifetime limit of \$4/lb times the entire quota

#### Other Provisions:

**Tobacco Community Economic Development Grants:** Block grants to tobacco states will be made annually for rural business enterprise grants, farm ownership loans, initiatives which create farm and off-farms employment, expanding infrastructure, long-term business technical assistance, supplemental agricultural activities, value-added agricultural initiatives, and compensation to warehouse owners. The program is authorized for \$375 million. At least 20 percent of the funds must be spent on agricultural activities, 4 percent on long-term technical assistance, and 6 percent on warehouse owners.

**Benefits for Dislocated Workers:** Up to \$25 million annually for 10 years will be made available to provide benefits based on the NAFTA displaced workers program. This program will be administered by the Secretary of Labor.

**Farmer Opportunity Grants:** Quota holders and active tobacco producers and their families are eligible for higher education grants of up to \$1,700 per academic year, adjusted upward every five years by \$300. Academic eligibility is modeled after Pell grants, and the program is administered by the Secretary of Education.

**Costs Incidental to the Program:** All USDA costs associated with tobacco are paid out of a tobacco growers trust fund, including administrative costs, crop insurance, cooperative extension service costs, and any other costs.

**Total Costs:** \$2.1 billion per year for the first ten years, \$500 million for years 11-25, for a total of \$28.5 billion.

\*Annual payments to tobacco farmers set at \$1.65 billion.

\*Economic development grants set at \$375 million less administrative costs for first ten years.

\*Assistance for dislocated workers set at \$25 million annually for ten years.

#### Secretary Glickmans Trip to Kentucky

Last Friday, on April 3, Secretary Glickman and Tom Freedman traveled to Lexington, Kentucky to attend a Farm Forum at Gentry Tobacco Warehouse with 600 to 700 farmers, government officials, and agribusiness leaders. The farmers were generally supportive of the Administration. Their main concerns were that the tobacco program be kept in place and that small farmers not be adversely affected.

Attachments

- \*Background on General State of the Tobacco Industry (prepared by USDA)
- \*Background on Farmer Portion of the McCain Legislation (prepared by USDA)
- \*Highlights of Kentucky Tobacco Farmer Survey from February 10-19, 1998 (Campaign for Tobacco-Free Kids and the Kentucky Health and Agriculture Forum)
- \*Maps showing the distribution of tobacco production in Kentucky
- \*Regional Press Clips from Secretary Glickmans Trip to Kentucky

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