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Daily Press Guidance

**Wednesday
May 14, 1997**

For Internal Use Only

Press Guidance

Wednesday, May 14, 1997

Domestic

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2. U.S. Public Health Service Syphilis Study (Health)
3. Jobless Benefits/Wall Street Journal Story (Unemployment)
4. Disaster Supplemental (Nat. Disaster)
5. Domestic Partnership Law (Gay Discrim.)
6. Eric Holder Nomination (Nomination)
7. Texas Welfare (Welfare)
8. Peace Officers Event (Ceremony)
9. Air Safety (Air Safety)
10. Patient Bill of Rights (Health)

Economic

1. PPI (Economy)

Foreign

1. NATO/Russia (Foreign)
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3. Zaire
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8. Visit to London
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19. Fast Track

Late Term Abortion

Press Guidance

May 14, 1997

Daschle and Feinstein Amendments

Both Daschle and Feinstein prohibit post-viability abortions generally. They differ in two ways from HR 1122:

- They apply to all procedures, including but not limited to partial birth.
- They apply only to abortions performed after the fetus has become viable.

Both contain health exceptions.

Feinstein:

- Exempts an abortion if “in the medical judgement of the attending physician, the abortion is necessary to avert serious adverse health consequences to the woman.”

Daschle:

- Exempts an abortion when the physician certifies that continuation of the pregnancy would risk grievous injury to the woman’s physical health.
- Greivous injury is defined as a severely debilitating disease or impairment specifically caused by the pregnancy, or an inability to provide necessary treatment for a life-threatening condition.

FYI: The American College of Obstetricians and Gynecologists endorsed the Daschle amendment yesterday. The AMA has refused to take a position on any of the pending legislation, but has expressed skepticism about the procedure generally.

Drafted: MEGlynn

Cleared: EKagan

THE WHITE HOUSE
OFFICE OF MEDIA AFFAIRS

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Contact: 202/456-7150

MAY 14, 1997

**PRESIDENT CLINTON TO RECOGNIZE SURVIVORS OF U.S. PUBLIC
HEALTH SERVICE SYPHILIS STUDY AT WHITE HOUSE CEREMONY**

Washington, DC -- President Clinton will recognize survivors of the U.S. Public Health Service Syphilis Study conducted in Macon County, Alabama, at a White House ceremony on Friday, May 16. He will issue a formal apology on behalf of the federal government, and announce steps being taken by the Administration to ensure that the lessons learned in Tuskegee are never forgotten.

Joining President Clinton and Vice President Gore will be five of the eight survivors. Herman Shaw, 94, will speak at the event.

Members of the Tuskegee community unable to attend the White House ceremony are expected to watch via satellite at the Kellogg Center in Tuskegee, Alabama. Acting Surgeon General Audrey Manley will be there to represent the President.

WHAT: President Clinton recognizes survivors of U.S. Public Health Service Syphilis Study at White House ceremony and issues to them a formal apology on behalf of the federal government..

WHEN: Friday, May 16, 1997
2:00 p.m.

WHERE: East Room
The White House

COVERAGE: OPEN PRESS

NOTE: Media without White House credentials interested in covering the event should call the Office of Media Affairs, 202/456-7150.

SATELLITE COORDINATES:

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located at 85' west

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Among those attending the event will be:

Dr. Benjamin Payton, President, Tuskegee University, Tuskegee, Alabama

Vanessa Gamble, Chair of the Tuskegee Legacy Committee, Associate Professor of
Medical History and Family Medicine, University of Wisconsin

Fred Gray, attorney for the survivors, Alabama

Dr. David Satcher, Director, Centers for Disease Control and Prevention

Research on Human Subjects: Talking Points

(Zonana, HHS: 690-6343)

Background: A Page One story in this morning's New York Times quotes the government's top official involved in protecting human subjects as saying there is "unchecked research" taking place. This statement is juxtaposed with President Clinton's planned apology to the surviving participants of the U.S. Public Health Service's notorious syphilis experiment in Tuskegee. The following points can be made if asked about the article:

- As the article makes clear, the U.S., has made great strides in addressing research abuses since the Tuskegee experiment was uncovered and ended in 1972. Informed consent, and local review, are the key ethical principles that guide the conduct of federally funded research.
- The "unchecked research" the story references does not include federally funded projects. Indeed, federally funded research – and private research aimed at securing approval of a drug or device by the Food and Drug Administration – is very closely monitored.
- As science evolves, we must be constantly vigilant to ensure that human research subjects have the protection they deserve. Although we have not taken a position on proposed legislation that would extend protections to privately funded research, we will be announcing several action steps on Friday that will enhance protection of human subjects. We will also continue to be guided by the National Bioethics Advisory Commission on this subject.

Q and A's follow

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Q. And A. On Protecting Human Subjects of Research
May 14, 1997

Q. In today's New York Times, the government's top official involved in protecting human subjects participating in research, says there is "unchecked" research going on. How can this be the case? And you are just about to apologize for Tuskegee?

A. First, let's separate two things—research supported by the federal government and certain privately financed research that is not bound by federal rules. Gary Ellis, the head of the Office of Protection from Research Risks, was referring to the latter-- privately financed research does not fall under the strict rules that apply to government research.

Q. Do you think that people participating as research subjects in federally funded projects are now adequately protected?

A. The system we have in place today—which relies heavily on informed consent and on review at the local level— is strict and generally effective. It is not perfect. That is why we are about to announce some enhancements to the system for protecting human subjects involved in federally funded research. These primarily relate to increasing community involvement and strengthening bioethics training.

Q. Well, what about all the research that is being done under private financing?

A. The Federal government simply does not have jurisdiction over that research. There is some legislation that has been discussed that would cover privately financed research. The Administration and the DHHS have not taken a position on any specific legislative proposals at this time.

Certainly, the protection of human subjects of research is of vital importance. The National Bioethics Advisory Commission that ~~Interact~~ will help guide us in these matters.

NOTES REGARDING THE WALL STREET JOURNAL ARTICLE TITLED "U.S. IS PRESSING STATES TO EXPAND JOBLESS BENEFITS" DATED MAY 13, 1997

- The Department is preparing to issue a program letter to the States making recommendations to improve equity in the unemployment insurance (UI) program and expand access to the UI program for unemployed workers.
- These are recommendations, not requirements, and the decision is left up to individual State legislatures which, if any, of the recommendations to adopt. However, the Department of Labor strongly believes the recommendations represent sound public policy in meeting the needs of a changing American workforce.
- The recommendations are based on the research conducted by the Advisory Council on Unemployment Compensation, a bipartisan body of individuals representing employers, organized labor, States, and the general public whose members were appointed by members of Congress and the President. The Council published its final report in February 1996.
- 1, 2, 3 • The draft letter recommends changes to State laws in 3 major categories to take into account changes in work patterns: increasing initial access to the program for low-wage unemployed workers, expanding continuing eligibility for part-time workers, and improving adequacy of the weekly benefit amount.
- The expanded eligibility would improve the UI program's ability to stabilize the economy as well as provide financial assistance to previously unprotected unemployed workers while they transition to new jobs.
- The draft has been circulated for comment to all interested stakeholders, including States, employers and organized labor. We anticipate publication of the document later this year.
- The article erroneously suggests that noncompliance with the recommendations would adversely impact grant funds for UI administration.
- The Department is currently working with the Congress to ensure that States are adequately financed to meet their needs in administering the UI program during this time of budgetary constraint.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MMG
cc: ael -
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(gaggle)

(House Rules)
May 13, 1997

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1469 – MAKING EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR RECOVERY FROM NATURAL DISASTERS, AND FOR OVERSEAS PEACEKEEPING EFFORTS, INCLUDING THOSE IN BOSNIA, FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1997, AND FOR OTHER PURPOSES

(Sponsor: Livingston (R), Louisiana)

This Statement of Administration Policy provides the Administration's views on H.R. 1469, a bill making emergency supplemental appropriations for recovery from natural disasters and for overseas peacekeeping efforts, as reported by the House Appropriations Committee.

The Administration appreciates the prompt action of the House Appropriations Committee on the President's supplemental requests. The bill contains \$5.5 billion in urgently needed disaster assistance. To ensure an expeditious response to the tragic natural disasters that continue to afflict hundreds of thousands of citizens in 33 States, and for the efficient operation of our troops abroad, it is essential that this bill remain free of extraneous issues that could slow its progress.

The Administration continues to believe that the requested supplemental funding is for matters truly emergency in nature and, therefore, that the requested funding should not be offset with rescissions. However, recognizing that the House Committee has determined that offsets are to be included in the bill, the Administration has concerns with several of the specific offsets identified in the House Committee bill, which are discussed below. In addition, the Administration objects to certain language provisions, described below.

In the April 23, 1997 letter to the House Appropriations Committee providing the Administration's views on the draft Committee bill, OMB Director Raines described the Administration's concerns with a number of provisions in the Committee bill and urged that the bill be kept free of extraneous provisions. While the Committee bill continues to include a number of objectionable provisions, the Committee addressed several of the Administration's concerns and is free of provisions that would threaten approval of the bill. Regrettably, the Administration understands that a number of amendments may be made in order that would threaten approval of the bill. The Administration's strong opposition to such provisions are addressed in this statement.

"Automatic" Continuing Resolution ✓

It is the Administration's understanding that an amendment may be made in order in the rule for consideration of this bill that would create an automatic continuing resolution for FY 1998 based on the McCain-Hutchison language. While the goal of ensuring that the Government does not shut down again in the absence of enacted appropriations is a worthy one, such a provision is clearly extraneous to this emergency disaster relief legislation. The President has indicated that he would veto the bill if such a provision were included in it.

Bosnia

The Administration understands that an amendment may be made in order that would mandate a date certain for withdrawal of U.S. forces from Bosnia. The President's senior advisers would recommend that he veto the bill if such an amendment were adopted. Such an amendment could jeopardize the safety of our troops and damage our national security interests. It would seriously undercut the U.S. commitment to help implement the Dayton Peace Accords and successfully complete the NATO-led mission in Bosnia, resulting in a serious loss in U.S. credibility with the Bosnian parties, with our allies, and with other countries participating in the SFOR operation.

The Administration continues to believe that the duration of SFOR's mission should provide sufficient time to establish conditions to maintain security and stability in Bosnia without an outside military presence. However, this effort can only succeed if the parties and the international community remain assured of U.S. leadership and commitment to peace in Bosnia.

National Testing Initiative

It is the Administration's understanding that an amendment may be made in order that would prohibit the Department of Education from using its Fund for the Improvement of Education (FIE) to support the President's national testing initiative. The President's senior advisers would recommend that he veto the bill if such an amendment were adopted. These voluntary national tests in fourth-grade reading and eighth-grade math would help States and communities ensure that their academic standards are high and that all students master the skills they will need to succeed. The purpose of these national tests is to offer students, along with their parents and teachers, a measure of how well they are performing in comparison to national standards and other students both nationally and internationally. The tests are receiving strong public support — more than 240 of America's business leaders and three Governors have already endorsed them. FIE is the most appropriate source of funds for the development of these tests, since the program is designed to give the Secretary of Education discretion to fund reform projects of national significance, including strategies for "the assessment of student learning."

RS 2477

The Administration understands that an amendment may be made in order that would prevent the Department of the Interior from promulgating rules on Revised Statute (RS) 2477 and also prohibit implementation of the Department's January 1997 policy guidance on that statute. The Administration would strongly oppose such a provision. The Department's rules and guidance seek to resolve long-standing RS 2477 disputes that involve right-of-way across Federal lands, including national parks and wilderness areas. The Secretary of the Interior has indicated that he would recommend that the President veto this bill if it were to contain this RS 2477 provision and accompanying report language. The scope of the provision would far exceed a similar but more limited provision in the FY 1997 Interior Appropriations Act. The Administration believes that the January 1997 policy fairly balances the interests of a right-of-way claimant with Federal land planning and management responsibilities. States should not be permitted now to expand rights granted under a 19th century statute that was repealed by Congress more than 20 years ago.

Statistical Sampling for the 2000 Decennial Census

The Administration understands that an amendment may be made in order that would prohibit the Census Bureau from spending funds in FY 1997 for developing a plan for the 2000 decennial census that would use sampling. The Secretary of Commerce has indicated that he would recommend that the President veto the bill if such an amendment were adopted. The provision related to the use of sampling contained in the Senate-passed version of the bill would be acceptable to the Administration.

The inclusion of language prohibiting the Census Bureau from using sampling would be an unprecedented intrusion into the management of the decennial census. Without sampling, the cost of the decennial census will increase as its accuracy, especially with regard to minorities and groups that are traditionally undercounted, decreases. The 1990 decennial census was the first to be less accurate than the one that preceded it. Congress instructed the Census Bureau to consult with the National Academy of Sciences to find a way to improve the results. These experts unanimously recommended that the Census Bureau use some form of statistical sampling in the 2000 decennial census.

Texas Public Assistance Program Amendment

The Administration understands that an amendment may be made in order that would mandate that the Administration approve a proposal by the State of Texas to release a "Request for Offers" that could lead to contracting out large portions of the administration of Federal public assistance programs. The Administration supports the objective of making administration of these programs more efficient. However, the Administration strongly opposes this amendment. Any proposal of the scope of Texas' raises many issues of how to judge contractor performance; fairness to current employees of the State; how to ensure fiscal integrity; the impact

on families who depend on these programs, and many other issues. The Administration is working with Texas to resolve these issues, as it would in the case of any such proposal. Congressional action is inappropriate while the Administration is reviewing the proposal.

Contingent Emergency Fund

On April 23rd, the President requested \$300 million for funding additional emergency expenses arising from the consequences of the devastating flooding in North Dakota, South Dakota, and Minnesota. The President requested that \$200 million of this amount be provided to the Unanticipated Needs account within Funds Appropriated to the President. The Administration appreciates the quick action of the House Committee in providing funding. However, in rejecting the Administration's proposal to provide the \$200 million as a contingency fund in the Unanticipated Needs account, the Committee has failed to provide the flexibility that is essential for the President to respond appropriately to a variety of funding requirements that continue to emerge from the unfolding disaster. We urge the House to adopt the Administration's proposal, which recognizes the substantial uncertainty surrounding the Upper Midwest's enormous needs.

Community Development Block Grant Program

The Administration encourages the House to fully fund the requested \$100 million in supplemental funding for the Community Development Block Grant (CDBG) program. These funds would enable CDBG to repeat its past successes of working in concert with FEMA and other agencies to help victims of disasters rebuild their lives and their homes. The complementary programs of CDBG, FEMA, and SBA hastened the recovery from the 1993 Midwest floods and many other disasters. CDBG programs serve different purposes than SBA and FEMA programs.

The Department of Housing and Urban Development and the Office of Management and Budget will work together to establish administrative procedures ensuring that CDBG funds are used to redevelop the affected communities to be viable and disaster-resistant, in a manner that complements other relief and recovery spending. For example, the additional funds could be used to buy out properties as part of a relocation effort and/or elevate structures out of the flood hazard; to relocate lower-income families from flood plains; and, to provide grants or loans to businesses and families who lack the income, savings, or credit history to qualify for an SBA loan.

WIC

The President's budget requests a \$100 million FY 1997 supplemental for WIC to maintain the FY 1996 year-end participation level of 7.4 million. Our most recent information from States suggests that a minimum of \$76 million in new budget authority is necessary to maintain the FY 1996 year-end participation level. The funding level proposed by the

House Committee would result in State agencies having to cut participation by 150,000 to 200,000 low-income women, infants, and children by year's end. The Administration remains firmly committed to fully funding the WIC program at a participation level of 7.5 million persons in FY 1998 and strongly supports the bipartisan Kaptur-Roukema amendment to provide the full \$76 million this year.

Endangered Species Act

The Administration opposes the inclusion in the bill of a waiver of the Endangered Species Act (ESA). Current law already allows Federal agencies to implement effective emergency procedures in order to accommodate the ESA during emergency responses to floods, and these procedures are routinely used and have been used during the recent flood events. While the Administration believes that the February 1997 policy statement issued by the Fish and Wildlife Service adequately addresses emergency situations affected by flooding and that additional legislation is unnecessary, we conclude that the language in the House Bill, as revised in the version of the bill reported by the House Appropriations Committee, is acceptable because it is consistent with that policy and will provide essential flood protection to the American people while maintaining the capability to protect endangered species.

Conservation Reserve Program (CRP)

The Administration objects to language that would restrict CRP sign-ups in FY 1997 to 14 million acres. This action would deny willing landowners the opportunity to enroll land for which the environmental benefits exceed their agricultural production value. In light of the 25 million acres recently offered for CRP enrollment, the provision would at best delay the ability to enroll the optimum number of acres. This provision is also misplaced in this bill because it would not result in any FY 1997 savings. Federal payments on FY 1997-enrolled CRP acres would not begin until FY 1998.

Assisted Housing

The President's FY 1998 Budget requests that Congress appropriate funds sufficient to renew all expiring housing assistance contracts in FY 1998 and all future years. The Administration does not object to funding FEMA's Disaster Relief program through the rescission of \$3.8 billion of recaptured excess reserves in HUD's assisted housing program, provided that the Congress is committed to approving sufficient resources to renew all expiring housing assistance contracts in FY 1998 and future years.

Concerns with Certain Offsets

The Dual Use Applications Program helps to develop and incorporate technologies used and tested by the cost-conscious commercial sector into military systems. By adopting these dual-use technologies, the Department will be able to take advantage of cost savings that flow

from the production efficiencies of larger-scale commercial manufacturing lines. Reducing funding for this program would result in higher costs for future defense systems. This is an Administration priority, and the Administration strongly opposes the rescission contained in the Committee bill.

The Administration strongly objects to rescinding \$1 million of unobligated balances from the Ounce of Prevention Council. Rescission of these funds, which represent roughly one-third of the Council's total funding, would substantially reduce the work of the Council in coordinating crime prevention efforts at the Federal level and assisting the communities to make their neighborhoods safer. The Council is in the process of awarding \$1.8 million for youth substance use prevention grants and evaluating its existing grant programs. The Council has received over 300 applications from communities and community-based organizations from all across the country for these grants.

The Administration strongly objects to the House Committee action that would limit FY 1997 spending from the Fund for Rural America to \$80 million, representing a \$20 million, or 20 percent, reduction. The Fund's creation in the 1996 Farm Bill was a significant factor in the President's decision to sign that legislation because of its mandate to aid farmers, ranchers, and rural residents in their transition to reliance on a market economy. This provision would likely result in an over 40 percent reduction in the agricultural research portion of the Fund's activities this year, significantly reducing programs that would enhance needed information and technological assistance to rural areas.

Supplementals Not Approved

The Administration has requested a \$22.8 million emergency supplemental appropriation for NOAA to fund both hatchery repair and fishery habitat restoration. We are disappointed with the House Committee's view that NOAA's proposed fishery habitat restoration activities are not directly connected to disaster assistance and that only funding for hatchery repair is proposed. The flooding in the Northwest has resulted in direct damage to important fishery habitat. NOAA's proposed habitat restoration activities are intended to address this damage and to mitigate the impact of damage from future floods.

Supplemental funding of \$6.25 million is needed to restore funding for the Nutrition, Education, and Training program of the Department of Agriculture. This funding was unintentionally eliminated when permanent mandatory funds for the program were deleted after Congress had already passed the FY 1997 appropriations act. These funds help to provide basic nutrition education to teachers, food service workers, parents, and children.

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Other Issues

- It is the Administration's understanding that an amendment may be made in order in the rule establishing a block grant to States to assist legal immigrants losing their eligibility for Supplemental Security Income (SSI). The Administration would oppose a block grant for this purpose. A block grant would fail to ensure that legal immigrants are provided protections wherever they live in our country and would not provide long-term protection. It would also force States to recreate an administrative structure that already exists for SSI. The Administration would also oppose any amendment to establish a block grant for providing services to legal immigrants under Medicaid. The Administration has proposed legislation to restore SSI and Medicaid benefits for disabled legal immigrants and children of legal immigrants.

To ensure that benefits for needy legal immigrants are not abruptly curtailed, the Administration would strongly support a simple extension of benefits through the end of the fiscal year to all legal immigrants currently receiving SSI. This approach would ensure that the Congress has sufficient time to enact the components of the Administration's legislative proposals, consistent with the recent bipartisan budget agreement, and that SSA has sufficient time to implement the legislation.

- Brookhaven National Laboratory. On April 23rd, the President proposed \$19.7 million for the Department of Energy's Brookhaven National Laboratory for activities relating to remediation of groundwater contamination. Appropriate offsets were included in the proposal. The Administration encourages the House to support this proposal.
- Devils Lake. The Administration strongly urges the House to include the requested authorization language and construction funding for an emergency outlet at Devils Lake, North Dakota. With the lake at unprecedented levels and having the potential to cause high additional damages, an accelerated emergency process is necessary to reduce the risks of potential flood damages.
- Restrictions on Navy Financial Management. The Administration strongly objects to section 2105 of the House Committee bill, which would place extreme restrictions on the conduct of the Navy's financial management. This provision takes the unprecedented step of requiring congressional approval for the hiring of civil service employees within the Department of the Navy, a clear infringement on the Executive Branch's authority to manage its employees. In addition, the provision would require the Navy to submit all reprogrammings for prior approval by the Appropriations Committees, regardless of dollar value. The length of time required to submit such documents and obtain approval would impose an undue

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burden on the Navy and prevent efficient management of its programs and resources. Further, this provision would condition the President's authority -- and the authority of certain agency officials -- to use funds appropriated by this Act on the approval of Congressional committees. The Administration would interpret such provisions to require notification only, since any other interpretation of such provisos would contradict the Supreme Court Ruling in INS vs. Chadha.

- Federal Election Commission. The Administration appreciates the provision of \$1.7 million in additional funding for the Federal Election Commission (FEC) in the House Committee version of the bill, but encourages the House to remove the restrictions on these funds that would require their expenditure on automated data processing systems (ADP). The Administration requested these funds for the express purpose of supporting additional staff and related costs for investigations and audits pursuant to the Federal Election Campaign Act. While additional ADP costs are a component of these investigations, they are not the key purpose of the request.
- River Basin Appointments. The Administration is pleased that the House Committee has included language to allow continued Federal participation on the Susquehanna and Delaware River Basin Commissions. However, the Administration opposes the requirement that the Federal representatives to these Commissions be military officers of the Corps of Engineers. This requirement is overly prescriptive. The President should have the discretion, as he does under the existing compacts, to choose the Federal representatives on these Commissions.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(Senate Floor)
May 7, 1997

AAHC
MEB BT, CM, JL
Brief Book
-Julie
-Jon
-Pat

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

** This Statement of Administration Policy (SAP) is identical to the SAP issued on May 5, 1997, with the exception of a paragraph on pages 4 and 5 to address an amendment that may be offered regarding the Texas Public Assistance Program.

S. 672 — SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS BILL, FY 1997

(Sponsor: Stevens (R), Alaska)

This Statement of Administration Policy provides the Administration's views on S. 672, a bill making FY 1997 emergency supplemental appropriations for recovery from natural disasters and for overseas peacekeeping efforts, as reported by the Senate Appropriations Committee.

The Congress and the Administration must work together to ensure that this bill gets enacted as quickly as possible. The recovery of hundreds of thousands of Americans from the tragedy of the recent natural disasters depends upon our action. While FEMA, SBA, the Corps of Engineers, and other Federal agencies are providing immediate relief to the victims of the recent natural disasters, it is essential that this legislation be enacted soon so that the process of long-term economic redevelopment can begin.

The bill as reported by the Committee provides \$5.6 billion in urgently needed disaster assistance funds. To ensure that these funds reach the hundreds of thousands of citizens in 33 States who desperately need our help and to support the efficient operation of our troops abroad, it is essential that this bill remain free of extraneous provisions that could slow its progress. Unfortunately, the Committee bill includes a number of such provisions.

As a result of the recent bipartisan budget agreement, it is our understanding that Title VII of the bill providing for an automatic continuing resolution will be dropped from the Committee bill. It is essential that this be done. Based on the Senate Committee bill, which included the automatic continuing resolution, the President had indicated that he would veto it because it includes strongly objectionable extraneous provisions. The Senate Committee bill includes:

- o a provision that would create an automatic continuing resolution for FY 1998. While the goal of ensuring that the Government does not shut down again in the absence of enacted appropriations is a worthy one, such a provision is clearly extraneous to this emergency disaster relief legislation. The particular version included in the Committee bill is premature, prejudging the outcome of the budget talks by locking in low levels of discretionary spending. Such language is unacceptable, and, as a result, the President would veto this bill if this language is included. Further details are included in the Attachment.

- o a provision prohibiting the Department of Commerce from developing a plan in FY 1997 for the 2000 decennial census that would use any sampling whatsoever. The Administration strongly opposes the provision. The Secretary of Commerce has indicated that he would recommend that the President veto this bill if it were to contain this provision. Without sampling, the cost of the decennial census will increase dramatically as its accuracy, especially with regard to minorities and groups that are traditionally undercounted, will decrease. The 1990 decennial census was the first to be less accurate than the one that preceded it. Congress instructed the Census Bureau to consult with the National Academy of Sciences to find a way to improve the results. These experts unanimously recommended the use of statistical sampling.
- o a provision that would waive certain provisions of the Endangered Species Act (ESA). The Administration strongly opposes the provision. The Secretary of the Interior has indicated that he would recommend that the President veto this bill if it were to contain this provision. Such a waiver is unnecessary and could result in waiver of the ESA for routine, non-emergency operations and maintenance. Current law allows Federal agencies to implement effective emergency procedures in order to accommodate the ESA during emergency responses to floods, and these procedures are routinely utilized.
- o a provision that would prevent the Department of the Interior from promulgating rules on RS 2477 and prohibit implementation of the Department's January 1997 policy guidance on that legislation. The Administration strongly opposes this provision. The Secretary of the Interior has indicated that he would recommend that the President veto this bill if it were to contain this provision. The scope of this provision far exceeds a similar but more limited provision in the FY 1997 Interior Appropriations Act. The Administration believes that the January 1997 policy fairly balances the interests of a right-of-way claimant with Federal land planning and management responsibilities. States should not be permitted now to expand rights granted under a Federal statute repealed more than 20 years ago.
- o a provision establishing a block grant to States to assist legal immigrants losing their eligibility for Supplemental Security Income (SSI). The Administration would oppose a block grant for this purpose. A block grant would fail to ensure that legal immigrants are provided protections wherever they live in our country and would not provide long-term protection. It would also force States to recreate an administrative structure that already exists for SSI. The Administration would also oppose any amendment to establish a block grant for providing services to legal immigrants under Medicaid. The Administration has proposed legislation to restore SSI and Medicaid benefits for disabled legal immigrants and children of legal immigrants.

As a result of the recent bipartisan budget agreement, the Administration strongly supports a simple extension of benefits through the end of the fiscal year to ensure that the Congress has sufficient time to enact the Administration's legislative proposals and to ensure that benefits for needy legal immigrants are not abruptly curtailed.

WIC

The President's budget requests a \$100 million FY 1997 supplemental for WIC to maintain the FY 1996 year-end participation level of 7.4 million. Our most recent information from States suggests that a minimum of \$76 million in new budget authority is necessary to maintain the FY 1996 year-end participation level. While an improvement over the House Committee's funding level, the \$58 million funding level proposed by the Senate Committee would result in State agencies having to cut participation by 75,000 to 100,000 low-income women, infants, and children by year's end. The Administration remains firmly committed to fully funding the WIC program at a participation level of 7.5 million persons in FY 1998 and strongly supports a supplemental of \$76 million this year.

Dual Use Technology

The Dual-Use Applications Program helps to develop and incorporate technologies used and tested by the cost-conscious commercial sector into military systems. By adopting these dual-use technologies, the Department will be able to take advantage of cost savings that flow from the production efficiencies of larger-scale commercial manufacturing lines. Reducing funding for this program would result in higher costs for future defense systems. This is an Administration priority and should not be used as an offset.

Assisted Housing

The President's FY 1998 Budget requests that Congress appropriate funds sufficient to renew all expiring housing assistance contracts in FY 1998 and all future years. The Administration does not object to funding FEMA's Disaster Relief program through the rescission of \$3.6 billion of recaptured excess reserves in HUD's assisted housing program, provided that the Congress is committed to approving sufficient resources to renew all expiring housing assistance contracts in FY 1998 and future years.

Bosnia

The Administration appreciates the Senate Committee's speedy approval of supplemental appropriations for the Department of Defense's operations in Bosnia and Southwest Asia. The Department of Defense recognizes that improvements are needed in the fiscal oversight of contingency operations, and it is in the process of establishing systems to develop, monitor, and report contingency operation cost estimates to the Congress. We appreciate the concern of the Committee for the impact of contingency operations on training. However, we are disappointed

that the Committee chose not to fund fully the Department's requirements. We request that the Senate restore the \$207 million cut for contingency operations so that the Department can meet its full requirements as reflected in the House bill.

The Administration is further concerned that the Senate is proposing to cut off funding for Bosnia operations unless a detailed cost report on all Bosnia related activities is submitted within 60 days. Subjecting the military to such a funding cut off would unnecessarily threaten the viability of ongoing operations. The Administration will work with the Committee outside the constraints of the provision in question to provide any new cost data that was not already presented to the Congress in testimony and written responses over the prior two months.

U.N. Arrearages

The Administration appreciates the Committee's provision in Contributions to International Organizations for payment of \$100 million of arrearages on past assessed contributions. This is a good first step toward paying the \$1.021 billion of arrears owed to the United Nations and other organizations. A successful outcome soon to the ongoing negotiations between the Congress and the Administration on reform and funding for these organizations would bolster U.S. negotiators working to achieve reforms in these organizations. The Administration asks that the \$100 million be available to pay arrears not just to the U.N. but also to other organizations.

Extraneous Micro-management Provision

The Administration strongly objects to the inappropriate and unwise reduction of \$1.5 million in funding for non-career personnel in the Department of Housing and Urban Development (HUD). The reduction, targeted at HUD's top officials, would severely impede and potentially cripple Secretary Cuomo's efforts to reform the management of the Department and rebuild public trust in HUD.

Federal Elections Commission

The Administration urges the Senate to include the requested \$1.7 million in additional funding for the Federal Elections Commission (FEC) in the Senate version of the bill. The Administration proposed this additional funding for FEC to support additional staff and related costs for investigations and audits pursuant to the Federal Election Campaign Act.

Texas Public Assistance Program Amendment

The Administration understands that an amendment may be offered to mandate that the Administration approve a proposal by the State of Texas to release a "Request for Offers" that could lead to contracting out large portions of the administration of Federal public assistance programs. The Administration supports the objective of making administration of these programs more efficient. However, the Administration strongly opposes this amendment. Any

proposal of the scope of Texas' raises many issues of how to judge contractor performance; fairness to current employees of the State; how to ensure fiscal integrity; the impact on families who depend on these programs, and many other issues. The Administration is working with Texas to resolve these issues, as it would in the case of any such proposal. Congressional action is inappropriate while the Administration is reviewing the proposal.

Other Issues

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

ATTACHMENT

ADDITIONAL CONCERNS
S. 672 – SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS BILL, FY 1997
(AS REPORTED BY THE SENATE COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns:

Automatic Continuing Resolution for FY 1998

The Administration believes that the provision of the Senate Committee bill that would provide for an automatic continuing resolution (CR) for FY 1998 is extremely ill-advised and clearly extraneous to this bill. The President would veto this bill if it were to contain the Senate Committee language.

The following are among many unfortunate effects that this provision would have.

- o Critical services and functions would be reduced, including Veterans Medical Care, highway construction, food assistance for Women, Infants, and Children (WIC), education (e.g., Head Start and Pell Grants), the environment (e.g., cleaning up Superfund sites and maintaining and improving our national parks), and research and technology (NIH, NASA, and NSF).
- o Core functions of government would be undermined:
 - Many of the new border patrol agents being hired this year would have to be RIFed, and the proposal to hire another 500 in FY 1998 would be blocked.
 - The FAA would be unable to hire the additional 500 air traffic controllers and 173 security personnel proposed in the FY 1998 Budget, and the number of existing air traffic controllers would have to be cut to the lowest level since 1988. Aviation safety inspections would also be reduced.
 - Reduced IRS tax law enforcement would result in \$350-\$500 million in lost revenues, and tax refunds could be delayed five to ten days.
 - The proposed increase of 544 FBI agents would be blocked, and planned prison activations would be curtailed.
 - Social Security processing time for initial disability claims could increase by roughly 50 days (+37 percent) beyond the currently-projected 135 days, and about 65,000 fewer appeals decisions (-10 percent) could be reached.

- o Defense spending would be reduced \$6 billion below the Administration's request and the FY 1997 enacted level, undermining our ability to support the world's strongest military force. The current force structure would have to be reduced by at least 30,000, and procurement of new systems such as the New Attack Submarine would have to be canceled.

Specific examples of problems that would be created by the Committee bill's automatic CR provision include the following. (Comparisons are to the FY 1998 Budget.)

- o An average of 700,000 fewer women, infants, and children per month would receive food and other services through WIC.
- o Up to 52,000 fewer children would participate in Head Start (presuming that the quality of the program would be maintained).
- o College aid would be cut by \$1.8 billion, allowing a maximum Pell grant level of only \$2,620 — compared with the \$3,000 level proposed by the President — and eliminating nearly 400,000 students from the program. No new aid would be available to older students.
- o NIH would be cut by \$592 million (4.5 percent) from the proposed FY 1998 funding level of \$13.1 billion. The number of NIH-funded new research projects could be cut by over 1,350 in FY 1998.
- o America's global leadership would be undermined since it would be very unlikely that a Foreign Operations appropriations bill could be enacted into law. The provision of the Senate Committee bill would require cuts in payments to Israel and Egypt or — because Congress would almost inevitably modify it — almost no funds would remain for economic support for other nations.
- o Roughly 7,000 fewer Direct Single Family Rural Housing Loans would be issued, a reduction of 37 percent.
- o The Federal crop insurance program would be terminated.
- o New national parks and heritage areas authorized in the 1996 Omnibus Parks bill could not move forward in Kansas, Massachusetts, Oklahoma, West Virginia, Virginia, Tennessee, Georgia, Pennsylvania, Iowa, South Carolina, Ohio, and New York.
- o Some 52,000 economically disadvantaged adults and 28,000 dislocated workers would be denied employability services and training, while 10,000 low-income youth would be denied summer jobs.

- o VA Medical Care would be denied to 200,000 veterans.
- o The President's goal of cleaning up 900 Superfund sites by the year 2000 would effectively be precluded.

Department of Agriculture

Disaster Reserve Assistance Program. The Administration urges the Senate to limit livestock indemnity payment eligibility to producers in Presidentially-designated emergency disaster areas. Nationwide eligibility for ad hoc disaster payments for livestock losses could set a costly precedent and would likely dilute the amount of assistance that would be provided to producers who have suffered catastrophic losses.

Army Corps of Engineers

Devils Lake. The Administration is pleased that the Senate Committee has included \$5 million for design work related to the construction of an emergency outlet at Devils Lake, North Dakota. The Administration urges the Congress to support this vital project in the FY 1998 Energy/Water Development appropriations bill.

Department of Energy

Brookhaven National Laboratory. On April 23rd, the President proposed \$19.7 million for the Department of Energy's Brookhaven National Laboratory for activities related to the remediation of ground water contamination. The Administration urges the Senate to support this proposal. Appropriate offsets were included in our request.

Department of Housing and Urban Development

Public Notice of Contracting by HUD. The Administration opposes section 324 of the Senate Committee bill, which would require reporting in the Federal Register of information on all HUD contracts over \$250,000 that were awarded during the prior quarter. HUD, like other Executive agencies, is already required to publish notice in the Commerce Business Daily (CBD) of contract awards likely to result in subcontracting opportunities. (The CBD notice is immediately available each day on the Internet – duplicative reporting in the Federal Register each quarter would benefit neither contractors nor the public.) The broadened scope of information required by section 324 is of questionable value and would impose both for HUD and GPO an administrative burden and cost that is contrary to the important government wide streamlining and acquisition reforms that Congress enacted over the last several years.

Department of Transportation

Overflight Fees. The Administration objects to the Committee's proposal to exempt general aviation operations from the overflight user fee that was authorized last year. The Administration has strongly supported a user fee-financed Federal Aviation Administration (FAA). To achieve this goal, all users must pay a fair share of the FAA's costs. In addition, the Administration has some concerns regarding the exemption of Canada-to-Canada overflights. Canada is expected to implement a Canadian enroute charge based, in part, on distance flown in Canadian air space, by November 1, 1997. To the extent that this charge makes it less expensive to fly in U.S. airspace than Canadian airspace, the U.S. could end up subsidizing Canadian carriers which are presently flying entirely in Canada.

Federal Emergency Management Agency

The Administration opposes the proposed rescission of \$5 million from the Federal Emergency Management Agency's (FEMA's) Salaries and Expenses contained in the Senate Committee bill. Rescission of these funds would have a severe, adverse impact on FEMA's ability to manage its continuing disaster operations, which are now ongoing in 49 States and every U.S. territory.

Funding for TWA Flight 800 Investigation

The Administration requests the Senate to fully fund the Administration's \$20.2 million supplemental request for the TWA Flight 800 investigation and recovery efforts. Since July 1996, the National Transportation Safety Board (NTSB), the FBI, Navy, and other agencies have worked together on the investigation of the crash. All of these agencies have incurred costs to support this effort. Failure to fund the Administration's request would force the Navy to absorb costs that are unrelated to its core mission, result in other activities being canceled or deferred to cover these unanticipated costs, and hamper the NTSB's efforts to bring closure to this investigation.

General Provisions

Medicare -- Denver Waiver. The Administration is disappointed that the Senate Committee bill (section 314) would prohibit HCFA from implementing or administering the managed care competitive pricing demonstration in Denver in FY 1997. The Administration strongly believes that no delay is warranted in testing an important alternative payment methodology for Medicare managed care plans. The Administration believes that the project is well designed and has taken into consideration constructive comments from the managed care industry and other concerned parties.

Restriction on Funds Used to Enforce Electronic Tax Transfer System. The Administration objects to section 322 of the Senate Committee bill. This provision is unnecessary as IRS has successfully implemented the Electronic Federal Tax Payment System (EFTPS), which allows Federal tax deposits to be made over the phone or by personal computer. Under section 6302 (h) of the Internal Revenue Code, 1.2 million employers were required to file through EFTPS by July 1, 1997, and as of April 26, 1997, over 995,000 are enrolled. The IRS will not impose penalties on businesses that are simply trying to become acclimated to EFTPS and are trying to comply with the filing requirements.

Cooperative Purchasing. The Administration opposes section 323 of the Senate Committee bill, which would repeal section 1555 of the Federal Acquisition Streamlining Act (FASA) of 1994. This section of FASA would allow State and local governments, non-profit organizations, and Indian tribes, if they choose to do so, to buy products that are currently available to Federal agencies under contracts negotiated between the General Services Administration (GSA) and private suppliers. Often, GSA is able to leverage the buying power of the Federal Government to obtain very advantageous prices from suppliers, and section 1555 allows these other entities to take advantage of those lower prices. Participation by suppliers in the program would be entirely voluntary. Since there would be no requirement for these other entities to buy off the GSA contracts, they would only do so if they felt they were getting a better deal than currently obtainable. Repeal would harm taxpayers in order to protect certain local suppliers who fear this new source of competition.

DRAFT -- revised as of 5-14-97 11:00am
Talking Points: DNC/Domestic Partner Benefits for Same Sex Partners

Q: What is the President's view of the DNC's decision to provide same sex domestic partner benefits for its employees?

A: He believes that businesses and not-for-profit organizations have that option. It is up to them to determine what is in their best interest and in the best interests of their employees. It is noteworthy that some of America's largest and most prominent corporations such as American Express, Bank of America, Eastman Kodak, IBM, Microsoft, Time Warner and Xerox now provide domestic partner benefits. The DNC appears to have made a similar business decision.

Q: Did the President approve the DNC policy before it was announced?

A: No. Decisions relating to employee benefits are made by the Chairman and DNC senior management.

Q: What is the White House policy on this -- are White House employees eligible for domestic partner benefits?

A: No. White House employees are governed by the same rules as all other federal employees and these benefits are not currently available to federal employees.

Q: Would the President support an effort to make domestic partner benefits available to federal employees?

A: As there are millions of federal employees, this issue - which is relatively new - would at a minimum first have to be studied by Congress and the Executive Branch and examined under a cost/benefit analysis.

Q: Is such a study currently underway?

A: Not to my knowledge.

Q: The President's supporters in the gay community, many of whom are still angry with him for signing the Defense of Marriage Act last year, argue that if he is not going to let them get married, then domestic partner benefits are an important way to give recognition to their relationships. Does the President agree?

A: The President is aware that many communities and institutions are considering whether basic benefits can be provided outside the context of traditional marriage. The challenge in addressing these issues is to remain sensitive to the values of our communities while preserving the fundamental right to live free from unjustified discrimination. In our country's history we have, for good reason, looked first to state and local governments, as well as the private sector, to consider evolving issues like these. I think that the President supports the efforts of business and communities to find solutions that work for them and their employees in an age when many Americans are in non-traditional relationships.

Socarides 5/13/97

Press Guidance

May 14, 1997

AIRLINES CHALLENGE SAN FRANCISCO BENEFITS LAW

Background: Yesterday, the Air Transport Association (ATA) filed a lawsuit in U.S. District Court in San Francisco challenging a local ordinance that would force U.S. airlines to offer employment benefits to the “domestic partners” of employees. This directly challenges an ordinance passed by the city of San Francisco in November of 1996, stating that if you do business with the city, and are of a certain size, you need to provide the same benefits to your gay employees as all other employees (ie, domestic partnership benefits). Because San Francisco International Airport is owned by the city, every airline doing business at the airport holds contracts with the city of San Francisco.

Q: What does the administration think of the dispute between the ATA and the city of San Francisco?

A: There may be some issues particular to the airline industry, given that they do business with so many cities. But we recognize that under certain circumstances local governments have the right to set down certain guidelines that need to met by private institutions with which they contract.

See attached talking points from Mary Ellen on domestic partnership.

Silverman

Conversation with Socarides

Talking Points on Shapiro, Vacancies & Holder
Tuesday, May 13, 1997
Contact: Myron Marlin 616-2777

SHAPIRO

Is it true that Howard Shapiro, the FBI's General Counsel is quitting?

- You would have to ask the FBI. But I don't believe they are commenting.

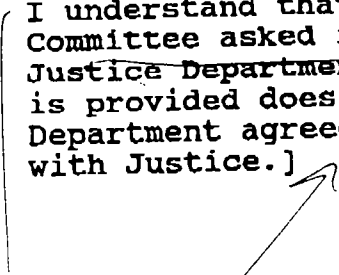
VACANCIES

How do you explain that Justice still does not have a confirmed number 2 or 3 person, and is still lacking a permanent Solicitor General, Civil Rights head, and Criminal head?

- We are working together with the Attorney General and the Judiciary Committee to fill the vacancies that are still open at the Justice Department as quickly as possible. In fact we hope that [Eric Holder] the number 2 position there will be confirmed shortly.

ERIC HOLDER

Is it true that Holder's confirmation hearing has been delayed?

- I understand that's true. Apparently the Judiciary Committee asked for some additional information. And the Justice Department asked for a few days to ensure that what is provided does not jeopardize any pending matters. So the Department agreed to postpone. [You should probably check with Justice.]
- 



THE DEPUTY SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

MAY 13 1997

Michael D. McKinney, M.D.
Commissioner
Texas Health and Human Services Commission
P.O. Box 13247
Austin, Texas 78711

Dear Commissioner McKinney:

I am writing to follow up on our most recent meeting and to respond to your letter dated March 5, 1997 to me concerning the Texas Integrated Enrollment Services (TIES) project. You asked that I provide, on behalf of the Administration, guidance under which Texas could release the TIES request for offers (RFO), if it so chooses.

In this letter, I describe the current status of our discussions, the flexibility available to the State under current law, the limitations regarding functions which must be performed by State merit system employees, and next steps in the process of moving forward with the TIES project. Because Texas is considering an integrated eligibility system, I address both Medicaid and Food Stamp policy in this letter, the content and language of which have been approved by the Department of Agriculture. Official notification by the Food and Consumer Service (FCS) of the Department of Agriculture will be provided to you by the FCS regional office.

Current Status of Our Discussions

Our staffs have been working together to resolve many issues related to the development of the TIES project, a highly complex undertaking by the State that involves the integration of three large Federal programs (Temporary Assistance for Needy Families, Medicaid and Food Stamps), as well as a number of other Federal and State programs. The State has submitted for review a draft RFO which seeks innovative approaches to the delivery of public services. The draft RFO calls for proposals which would replace the State's computer system and which would re-engineer the methods by which eligibility is determined. Among the important technical and policy issues potentially raised by the draft RFO is the fundamental question of the extent to which functions historically performed by State merit system employees could be performed by private contractors.

The State has not submitted an actual proposal to privatize State functions, nor requested a waiver of any Federal statutes or regulations. Rather, we have engaged in discussions so that the State would be in a position to communicate to the vendor

Page 2 - Commissioner McKinney

community any restrictions regarding those activities which could be performed by non-merit system, non-State employees (hereinafter "non-public employees"). Recognizing that you did not express interest in discussing a time-limited, sub-State demonstration during last week's meeting, this letter addresses the limitations set forth in Food Stamp and Medicaid law and regulations.

Flexibility Available in Current Statutes and Regulations

Current Food Stamp and Medicaid statutes, regulations and precedent provide the State with the opportunity to automate and re-engineer business processes, as well as to use contract staff to perform a number of functions. Such functions include design, development and operation of the large and complex information system which the State expects to implement in TIES. The State could also employ contract staff to develop and recommend an integrated and re-engineered eligibility process for the programs included in TIES. Contract staff could provide training and assist management in the transition to TIES. In addition, as you know, Texas has very broad authority to administer the Temporary Assistance for Needy Families (TANF) program and, with respect to the administration of TANF, can use non-public employees without limitation.

Therefore, significant opportunities exist for the State to take advantage of the efficiencies and expertise available through the vendor community in developing and administering TIES. There are, however, limitations imposed by law on contractor involvement related to client certification and eligibility determination, as described below.

Extent of Work by Non-Public Employees

Section 1902 of the Social Security Act and section 11(e)(6) of the Food Stamp Act and implementing regulations reflect the principle that most activities included in the eligibility determination process (referred to as the certification process in the Food Stamp Act) must be performed by public agencies. A non-public employee may not take actions involving discretion or value judgments, including all elements of the eligibility determination process that relate to the evaluation of information provided by an applicant or bearing on the eligibility decision.

Redesigning the eligibility determination process could have the effect of merging discretionary and non-discretionary activities. Whereas previously a series of separable administrative steps occurred as part of the eligibility determination process, current technology may enable the State to combine multiple steps into a single, seamless process. The initial contact, application, data entry, interview process, request for and

Page 3 - Commissioner McKinney

evaluation of appropriate documentation, as well as the resulting eligibility decision and benefit calculation, may no longer necessarily be separable and sequential steps. To attempt to separate certain portions of the eligibility determination process for the purpose of isolating individual activities involving discretion would seem to defeat the State's purpose in integrating and streamlining program enrollment.

It is more appropriate to restate the intent of these provisions -- i.e., in an integrated and streamlined process, most if not all activities involving personal contact with an applicant or recipient, including data entry during an interactive discussion with the applicant, have the potential to involve the use of discretion or judgment, and to directly influence or affect the eligibility determination process. Therefore, these activities, and any other activities in which specific eligibility criteria are discussed with an applicant or eligibility-related information is collected and evaluated, must be performed by a State merit system employee.

As we discussed in our meeting, there are narrow instances in which Medicaid and Food Stamp law and regulations permit involvement of non-public employees for the purpose of expanding and enhancing State outreach efforts. In the outstationing provisions of the Medicaid program, non-public employees are permitted to perform a number of initial processing activities, but are not permitted to evaluate the information presented by the applicant, or make the actual eligibility determination. Under the Food Stamp Program, volunteers may simply assist potential clients in filing applications with the State. In both cases, these non-public employees are precluded from engaging in activities that could have the effect of screening out potential applicants. Activities involving the use of discretion that could result in potential applicants being screened out must be performed by State merit system employees. A significant non-State presence in the integrated enrollment process could result in some screening out of potential applicants by non-public employees.

Possible Next Steps

The State may release the draft RFO, under the condition that the State include the applicable language from this letter in the draft RFO. HHS will approve Federal matching funds for project planning activities for the costs incurred through the planning phase.

In order for HHS to consider approving and funding a contract which may result from release of the RFO, the State must submit an implementation advanced planning document (IAPD) for HHS' prior approval following the solicitation process, in accordance with the rules at 45 CFR Part 95, Subpart F. The IAPD must meet

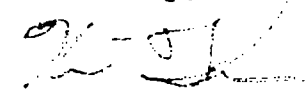
Page 4 - Commissioner McKinney

the requirements specified in the cited rules and provide a rigorous and positive cost benefit analysis for the project. The State may want to advise potential offerors to make use of HHS' cost benefit analysis guidance for State systems. We will consider HHS funding for the actual project itself at such time as the State submits an IAPD for approval by the Federal agencies.

HHS and USDA staff are available to continue their ongoing discussions with your office. Mark Ragan, Director of the Office of State Systems, Administration for Children and Families or his staff will be in contact with your office shortly. Ruthie Jackson, FCS Regional Administrator will also be in contact with your office to advise you of FCS funding.

I want to express my appreciation for your understanding of the complex issues raised during our consideration of the TIES project. I also appreciate the time and effort you and your staff have contributed towards moving these issues to resolution. If you have any questions concerning the content of this letter, please do not hesitate to call me or Mr. Ragan at (202) 401-6960.

Sincerely,



Kevin Thurm

CLOSE HOLD - For Internal Use Only
Additional Q&AS on TIES

Q Texas says that all they want to do is let private employees collect data and let public employees determine eligibility. What is wrong with that?

A There would be nothing wrong if that was what Texas would be doing under the TIES project. We want to help Texas go forward to make its programs efficient, but still be consistent with current law and protect the beneficiaries. We offered the State several options to move forward and believe any of them could be the basis of a mutually acceptable agreement. These options were designed to let the state proceed as quickly as possible with their RFO, because they would be consistent with all of the relevant statutes and regulations governing cash assistance, Medicaid, and Food Stamps.

However, our current understanding is that Texas may want to accept an offer that goes beyond this, that would combine data entry with eligibility assistance. In fact, most if not all activities involving personal contact with an applicant or recipient, including data entry during an interactive discussion with the applicant, have the potential to involve the use of discretion or judgment, and to directly influence or affect the eligibility determination process. According to Food Stamp and Medicaid laws and regulations, these activities, and any other activities in which specific eligibility criteria are discussed with an applicant or eligibility-related information is collected and evaluated, must be performed by a State merit system employee.

Q You say that you offered Texas a sub-State waiver. But Texas said that even if their waiver demonstration project was successful, you would never allow the State to implement the project statewide. Isn't this unreasonable?

A One of the options we offered the State was to submit a waiver for a time-limited, sub-State demonstration. This is a reasonable approach for allowing states to test new, untried programs. And it is a practice that we have followed to enable states to test other innovative programs to help move people from welfare to work. For example, initially we allowed states to test time limiting cash assistance and imposing a family cap, only on a sub-state, time-limited basis.

However, if Texas' sub-State project was successful, we would be more than willing to look at a range of options to extend the project statewide, including any state flexibility or legislative proposals which might let them proceed.

Q Today the Dallas Morning News is reporting that Texas State officials have revised their proposal and are now focused on replacing the State's computer system. How do you respond?

A We cannot comment because we have not seen the States's latest proposal yet. However, we want Texas to move forward and make their programs efficient, while remaining consistent with current law and protecting beneficiaries. We have provided options designed to let the State proceed as quickly as possible with their RFO, because they would be consistent with all of the relevant statutes and regulations governing cash assistance, Medicaid and Food Stamps. So we believe that the State's goals are achievable within the authority and flexibility permitted by law and look forward to hearing back from the State on how it intends to proceed with its project.

CLOSE HOLD - For Internal Only**Q&A's on Texas TIES letter**

- Q Texas State officials say that the letter sent today for all purposes blocks the State from proceeding with its project. How do you respond?
- A In last week's meeting, we told Commissioner McKinney that Texas could proceed with its Request for Offers (RFO), under the conditions we discussed. We agreed to provide the State with a letter recounting our meeting. The letter clarifies the flexibility available to the State under current law, the limitations regarding functions which must be performed by State merit system employees, and next steps in the process of moving forward with the TIES project. The letter was sent to Commissioner McKinney this afternoon.
- Q Does the letter say anything different than was discussed in the meeting?
- A No. The letter restates the issues and guidance we discussed in last week's meeting. We want to help Texas go forward to make its programs efficient, but still be consistent with current law and protect the beneficiaries of the three federal programs – cash assistance (TANF), Medicaid and Food Stamps.
- Q In Governor Bush's letter to Secretary Shalala, he says that Texas will proceed with a different way to achieve its goals. What will you do if Texas implements its project without your approval?
- A We share Governor Bush's goals to move forward as quickly as possible and make Texas' programs efficient, but we must be consistent with current law and protect beneficiaries. Since Texas first contacted us, we have working closely with the State to resolve many issues related to the development of the TIES project, a highly complex undertaking by the State that involves the integration of three large Federal programs. We have provided options designed to let the State proceed as quickly as possible with their RFO, because they would be consistent with all of the relevant statutes and regulations governing cash assistance, Medicaid and Food Stamps. So we believe that the Governor's goals are achievable within the authority and flexibility permitted by law and look forward to hearing back from the State on how it intends to proceed with its project.

May 13, 1997

NOTE TO BARRY TOIV:

Here is the final letter that was sent to Commissioner McKinney at approximately 4:00 p.m. The letter only restates the issues and guidance we discussed in the May 2 meeting with Commissioner McKinney.

I've attached a few more Q&As on the letter and related issues.

Please let me know if you have any questions.

Thank you.

Melissa Skolfield

GUIDANCE ON PEACE OFFICERS EVENT
MAY 14, 1997

- * At the event, the program will be Karen Lippe, FOP Auxiliary President -- they handle memorial; Gil Gallego, FOP National President, and the President will speak, and Gloria Estefan performs a song.
- * Also in attendance but not on the program will be Secretary Rubin, the Attorney General, and Ray Kelly. Also, we expect a good turnout from Members of Congress.
- * In honor of Police Officers Memorial Day and Police Officers Week, the flags at the White House will fly at half mast Thursday.
- * The President will note that in 1996, the fewest police officers were killed in line of duty in 37 years, since 1959. There were 116 in 1996 (compared to 162 in 1995).
- * Obviously, the President views this, in combination with declining violent crime rates around the country, as very good news. The policies he has pursued, and which he wants to continue with his juvenile justice legislation, are working.
- * The President will also highlight his proposal to require that Federal Firearms Licensees sell child safety locks with every firearm and the fact that the House juvenile justice bill was weak on guns because it did not include this proposal.
- * There will be some other news relating to implementation of the President's anti-crime policies.
- * The National Police Officers' Memorial is located near the National Building Museum. It was commissioned in 1991 and currently bears the names of 14,000 law enforcement officers.

FYI

- (* He will announce that the new Brady forms (gun application forms) are being sent (by BATF) to every Federal Firearms Licensee. Those forms, as originally directed by the President back in March, make further inquiry into prospective purchaser's residency. In addition, regulations will begin to be implemented authorizing FFL's to demand substantive proof of residency, such as driver's license or utility bill. These provisions help improve enforcement of a 90-day residency requirement that already existed. This was all a follow-up to the Empire State Building incident.)
- (* Also on March 5 he directed that all Federal law enforcement agency guns be equipped with child safety locks, and he will announce that this will be accomplished by October 15, and that major agencies (FBI, DEA, ATF) have done so already. (FBI and ATF already had begun doing this before directive.)

TOIV
Christa Robinson

Press Guidance
May 14, 1997

Air Safety

Apparently, Continental Airlines last month unknowingly transported oxygen generators similar to those associated with ValuJet crash on a commercial route. The generators were banned from airline cargo following last years incident.

- The issue is under investigation by the FAA.

Are you concerned that the airlines are not maintaining their agreement to install smoke detectors?

The are two ways that we can get smoke detectors in the cargo holds of all airlines: 1) the airlines can live up to their commitment to the American people to install them or 2) we can do it through federal regulations. Either way it will get done.

Should the FAA to move more quickly on developing regulations for fire suppression and smoke detection?

Secretary Slater stated yesterday that he is satisfied that the FAA understands the need to move as expeditiously as possible.

FYI - The Acting FAA Administrator and others will testify before the House Transportation and Infrastructure Subcommittee on Aviation tomorrow to discuss these issue one year after the ValuJet crash.

Mellody per DOT and VP office statements.

MEMORANDUM

May 13, 1997

TO: Distribution

FR: Chris Jennings

RE: Quality Commission's First Meeting

The Quality Commission's first meeting apparently received a great deal of press attention. According to HHS, media represented at the meeting included, ABC, NBC, CNN, *The New York Times*, *The Wall Street Journal*, The Associated Press, Congress Daily, Bureau of National Affairs, and others. The media seemed particularly interested in the Commission's work plan, especially its focus on the President's charge to develop a consumer bill of rights.

Co-Chairs Secretary Shalala and Secretary Herman briefed the press, emphasizing the consumer bill of rights issue as well as the President's letter welcoming the the Commission and urging them to speed up their drafting of the bill of rights. The letter, which I have attached, was given out to all members of the press. The press also spoke to various members of the Commission throughout the day.

The Commission also had an in depth discussion about the consumer bill of rights and members had a wide variety of opinions on what it should contain. Some felt that it should be a comprehensive document, containing an extensive grievances and appeals processes, while others felt it should be limited to issues of disclosure and access. This discussion will continue over the coming weeks by a subcommittee that was formed on this issue. The subcommittee will report back to the whole Commission at the next meeting which will be held on June 25 and 26.

Please feel free to call me at 6-5560 with any questions.

Distribution

Bruce Reed
Elena Kagan
Mike McCurry
Barry Toiv
Larry Haas
Lorrie McHugh
Mary Ellen Glynn
April Mellody

THE WHITE HOUSE
WASHINGTON

May 12, 1997

Dear Commission Members:

I enjoyed meeting many of you several weeks ago when we formally announced the members of the Commission. As you begin your first official meetings, I want to thank you once again for agreeing to serve.

I am delighted that such a distinguished group of experts, representing consumers, business, labor, health care providers, insurers and other health plans, and government, has agreed to participate on this Commission. Your work will play a crucial role in helping policymakers on all sides of the political spectrum chart a thoughtful course through a time of profound change in our health care system.

One of the Commission's most important goals is to ensure that patients and their families have appropriate consumer protections in our evolving health care system. I urge you to develop a "Consumer Bill of Rights" to be completed no later than this fall -- well before the January 31 due date of the Commission's preliminary report. Providing your recommendations in a timely manner to respond to this challenge will help in developing a long-overdue national consensus on this critical issue.

I also want to thank you for working so hard on clarifying your agenda and establishing a work plan. You well understand the need to focus narrowly enough to be effective as you review the broad range of issues that could come under your charge.

Thank you again for taking on this important challenge. I look forward to following your deliberations and reviewing your recommendations closely.

Sincerely,



[Handwritten signature]

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

May 14, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: ALICIA H. MUNNELLI [Handwritten initials]

SUBJECT: Producer Price Index for April, Labor Department
Release, Wednesday, 8:30 a.m.

The producer price index for finished goods dropped 0.6 percent in April--the fourth consecutive month of decline. The market had expected only a small decline. Energy prices fell sharply while indexes for food and the core PPI also dropped.

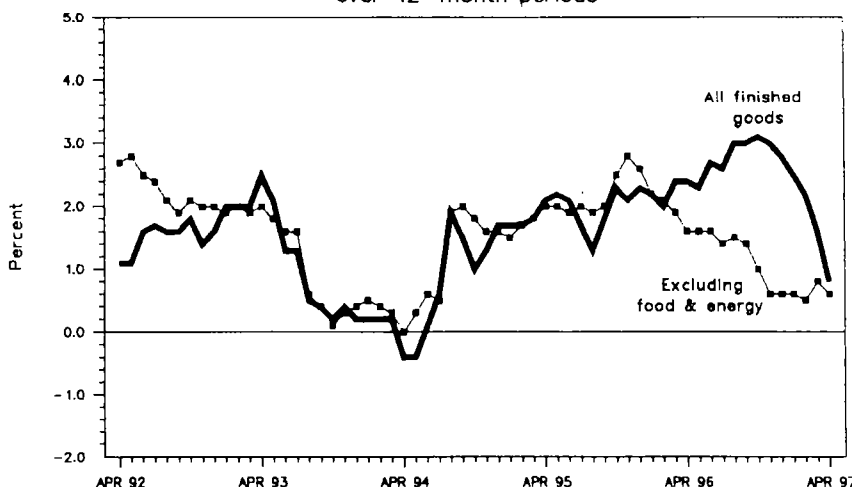
- Food prices fell 0.4 percent--reversing part of a large increase in March.
- Energy prices tumbled 2.6 percent--the third consecutive month of significant declines. Over this period, much of this decline was accounted for by gasoline and fuel oil prices.

The core PPI (finished goods less food and energy) fell 0.1 percent in April. Significant declines were posted for motor vehicles and capital equipment.

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The core PPI has increased only 0.6 percent over the past 12 months--down from 1.6 percent during the year-earlier period. The total PPI--which had been elevated last year by transitory increases in food and energy prices--has slowed to a similar pace (chart). Thus, these data continue to indicate that inflation remains under control. Tomorrow's CPI will present a more complete picture.

PRODUCER PRICE INFLATION
over 12-month periods



NATO-RUSSIA DRAFT ACCORD

- From the beginning of this Administration, President Clinton set as a key foreign policy goal the achievement of a peaceful, stable, undivided and democratic Europe.
- In March in Helsinki, Presidents Clinton and Yeltsin discussed the future of European security. They agreed on the importance of building a cooperative relationship between NATO and Russia.
- Today in Moscow, NATO Secretary General Solana and Russian Foreign Minister Primakov reached agreement on the text of a NATO-Russia document, called the NATO-Russia Founding Act.
- The Act provides the basis for an enduring partnership between NATO and Russia, a partnership giving Russia a historic chance to secure its rightful place in Europe.
- The Act defines the terms of a fundamentally new and sustained relationship -- in which NATO and Russia will consult and coordinate regularly and, where appropriate, act jointly -- as NATO and Russia are working together in Bosnia today.
- We applaud the hard work of Mr. Solana and Mr. Primakov, and of many others. The NATO-Russia relationship is a key element of the security architecture that we are building for Europe for the 21st century.
- Its new relationship with Russia is part of NATO's effort, in the aftermath of the Cold War, to adapt to new circumstances and meet new challenges.
- NATO remains the bedrock of Euro-Atlantic security and will retain all of its prerogatives.
- In just a few weeks, NATO will invite the first new members to join the Alliance, as full members with all rights and responsibilities of membership.
- Enlargement will extend the benefits of the stability and security that Western Europe has enjoyed for decades to Central and Eastern Europe.
- Some doubted we could proceed with enlargement and a new relationship with Russia in parallel. But through steady, consistent leadership, the United States, in a truly bipartisan fashion, is in fact building a better Europe, without lines, without gray zones, without secret deals, but with hope and confidence.

LASER INCIDENT

M/V KAPITAN MAN Incident

Background: On Friday, April 4, 1997, a Canadian military helicopter was illuminated by a suspected laser device aboard the Russian merchant ship M/V KAPITAN MAN. At the time of the incident, the M/V KAPITAN MAN was in US territorial waters approximately 5 nautical miles northwest of Port Angeles, Washington. The Canadian helicopter was on a routine maritime patrol flight with a US Navy observer embarked. After the incident, M/V KAPITAN MAN continued on to a routine port call in Tacoma, Washington.

On Saturday the Canadian pilot of the helicopter and the US observer, a US Navy Lieutenant assigned as a liaison officer to the Canadian Maritime Pacific Command, sought medical attention for eye pain. The examining physician diagnosed their condition as consistent with the damage caused by laser burns. The eye damage they suffered is expected to be non-permanent. Photographs of the M/V KAPITAN MAN taken by the Canadian helicopter could be interpreted as indicating that a laser-type device may have been pointed at the helicopter from the bridge of the vessel (one photo shows a bright red spot of light but not the device from which the light originates).

On Monday morning, April 7, 1997, the US Coast Guard notified the Master of M/V KAPITAN MAN in writing that the vessel was being detained in port for a Coast Guard inspection to determine if hazardous materials or conditions were present on the vessel. The Coast Guard inspection commenced at about 8:30 p.m. EST and lasted approximately two hours. The inspection team searched for the laser device, interviewed the vessel's officers and crew, and inspected the ship's logs. The Master and crew of the vessel were cooperative, opening all compartments that the inspection team desired to inspect. No laser device was found, there was no evidence that an installed device had recently been removed, and the officers and crew claimed they did not have a laser device aboard the vessel and had not shined one at the Canadian helicopter.

The Coast Guard inspection team departed the M/V KAPITAN MAN at about 1:30 a.m. EST April 8th, and the Coast Guard released the vessel from detention.

Q: What is the condition of the injured men?

A: The initial evaluation by Canadian military physicians was that the eye damage would be non-permanent. The two men were then taken to Brooks Army Medical Center in Texas for further examination and evaluation. Physicians there concurred in the Canadian physicians' evaluation.

Q: Why was a Canadian military helicopter flying around a ship in U.S. territorial waters?

A: The Canadian helicopter was on a routine maritime surveillance patrol in the Strait of San Juan de Fuca, which lies between the United States and Canada. The M/V KAPITAN MAN was in the inbound traffic lane, which lies on the U.S. side of the Strait. Our two nations work closely together to ensure the safety and security of shipping in the Strait.

Q: Why was a U.S. Navy officer in the Canadian helicopter?

A: The U.S. Navy lieutenant is a liaison officer assigned to the Canadian Maritime Command Pacific. The U.S. and Canadian armed forces work closely together in many areas, including maritime patrol and reconnaissance. The U.S. Navy lieutenant's presence on the Canadian helicopter was a routine part of his liaison duties.

Q: On what grounds was the Russian ship detained?

A: The U.S. Coast Guard has statutory authority under the Ports and Waterways Safety Act and the Magnuson Act to inspect vessels in U.S. ports and waters for hazardous materials or conditions, and to detain vessels for this purpose.

Q: Who conducted the inspection? Did Canadian officials participate?

A: The inspection was conducted by the U.S. Coast Guard. They were assisted by a Russian linguist for crew interviews and U.S. military personnel to aid in identifying any laser-type devices that might have been found. No Canadian officials participated.

Q: Did the U.S. Government notify the Russian Government of this incident?

A: We informed the Russian Government of the incident and that the M/V KAPITAN MAN had been detained by the U.S. Coast Guard for inspection.

Q: How did the Russian Government react to our actions?

A: The Russian Consulate in Seattle offered their services to assist the Coast Guard in their inspection of the ship. The Coast Guard expressed willingness to conduct the inspection with a Russian consular officer present. The Russian Consulate in Seattle elected not to participate. The Russian Government has indicated that it will cooperate in our investigation of this incident.

Q: If no laser device was found on the Russian ship and the crew denied shining a laser at the Canadian helicopter, how do you explain the eye damage suffered by the two men?

A: I am not going to speculate on possible causes of their injuries. The Department of Defense is continuing to investigate the incident.

Q: Why was the Russian ship released?

A: The Coast Guard inspection team reported that they had satisfied the purpose of the inspection, which was to determine if hazardous materials or conditions were present on the vessel. The inspection team found no hazardous materials or conditions, and the Coast Guard informed the Master of the M/V KAPITAN MAN that the order detaining his vessel had been canceled.

For use only if asked:

Q: If the Russian ship did point a laser at the helicopter, would it be a violation of the ban on blinding laser weapons?

A: Until we have a great deal more information, we could not say whether the system that was used would be prohibited under the 1996 Protocol on Blinding Laser Weapons. The Convention on Conventional Weapons protocol on Blinding Laser Weapons prohibits only the employment of "laser weapons specifically designed, as their sole combat function, to cause permanent blindness to unenhanced vision, that is to the naked eye or to the eye with corrective eyesight devices." Laser systems that are not covered by the Protocol are widely used by the armed forces of many nations, including those of the United States, for purposes such as detection, targeting, range-finding, and communications.

Q: Has the protocol on blinding laser weapons entered into force?

A: No, but signatory states have taken on an obligation to respect its terms to "the fullest extent possible" pending its entry into force." The CCW Protocol on blinding laser weapons was signed on May 3, 1996 and requires the ratification of twenty countries. It was submitted to the Senate for advice and consent to ratification on January 7th of this year. Although Protocol IV has not yet entered into force, the Final Declaration adopted by all CCW parties at the conclusion of the conference at which Protocol IV was adopted stated that all parties "solemnly declare ... their desire that all states, pending entry into force, respect and ensure respect of the substantive provisions of Protocol IV to the fullest extent possible."

Q: Does the U.S. Government plan to protest this incident to the Russian government?

A: As I said, our investigation continues; once we have determined exactly what happened, we will consider further appropriate actions. I should note that the Russian government has been responsive and cooperative in this matter.

ZAIRE

Q: Update on the security situation (include curfew, strike)?

A: We understand that an 8:00 p.m. to 6:00 a.m. curfew imposed on Kinshasa was respected. While there was some increased security patrolling, there were no incidents reported.

Kinshasa remains quiet. The general strike scheduled for today was largely effective. Most shops and markets are closed, and there is very little traffic on the streets.

Q: Status of Mobutu-Kabila meeting?

A: We understand South African President Mandela and UN/OAU Special Envoy Sahnoun are in Pointe Noire awaiting the arrival of Mr. Kabila. President Mobutu is in Pointe Noire waiting to board the ship.

Mr. Kabila departed Lubumbashi early this morning local time and is currently en route to the shipboard meeting. Our latest reports indicate that Kabila is in Soyo, Angola preparing to fly to the South African ship.

Q: Will a USG representative be there?

A: Our Ambassador to Congo (Aubrey Hooks) is monitoring the situation from Pointe Noire.

If the South African and UN/OAU mediators indicate it would be helpful, Ambassador Hooks is ready to assist.

Ambassador Richardson spoke to both Mobutu and Kabila by telephone last night to encourage them to reach an agreement.

Q: Has the U.S. received reports of mistreatment of journalists/Amcits?

A: Harassment of private citizens, including journalists, has been a long-standing problem in Zaire. We continue to warn all American citizens about this problem.

Last week two VOA reporters were briefly detained by security forces and then released. Our embassy was involved in securing their release.

We have seen press reports that other journalists have been harassed, but we have no further details.

RUSSIA/NIS

Current

NSA Berger's Meeting with MOD Rodionov

- Russian Minister of Defense Rodionov met (for long half hour) Tuesday afternoon with National Security Advisor Sandy Berger.
- They discussed a broad range of issues -- from bilateral military programs and arms control agreements to European security and NATO enlargement.
- Both reaffirmed the U.S. and Russian commitments to practical cooperation between our armed forces and in the international arena, such as in peacekeeping activities.
- Mr. Rodionov noted Russian concerns about implications of NATO enlargement; Mr. Berger acknowledged those concerns, but stressed that NATO is changing just as Russia has. They agreed that the United States and Russia should continue to work toward greater partnership.

On May 13 WashTimes story that Russian Defense Minister "Stalls" START

- Again, must note that we do not comment on contents of purported intelligence reports.
- However, MOD Rodionov, who is here at the invitation of Secretary Cohen to discuss new and ongoing bilateral military contacts, publicly called for START ratification last fall -- we believe members of Russian government support President Yeltsin's firm commitment at Helsinki to ratify START II.

Unauthorized Launch/Detargeting

Q: How safe are Russia's nuclear missiles from an accidental launch?

A: As we understand it, Russian missiles will not launch without the receipt of duly authenticated codes from their national command authority. Absent the appropriate unlock codes, a Russian ballistic missile cannot undergo the steps necessary to even prepare it for launch.

Q: Are Strategic Rocket Forces (SRF) so "poorly treated" and "psychologically weary" that they would launch a missile out of frustration?

A: Without the receipt of duly authenticated codes from their national command authority, a Russian missile will not launch. Consequently, our intelligence continues to indicate that the possibility of unauthorized launch is remote, because of the many safeguards built into the Russian nuclear Command and Control System.

Q: Is the detargeting announced by the President only symbolic? What leads us to believe the detargeting data have in fact been off-loaded from the missiles?

A: At the January 1994 Moscow Summit, Presidents Clinton and Yeltsin announced that they would direct the detargeting of U.S. and Russian strategic missiles, respectively, so that by May 30, 1994, none of these missiles would be targeted against any country on a day-to-day basis. The United States implemented detargeting by May 30, 1994, and the Russian government notified us that it also implemented detargeting on schedule.

Yeltsin signs peace accord with Chechens

- Understand President Yeltsin signed accord on principles of relations with Chechen Republic yesterday in Moscow; note Yeltsin himself signaled it is "peace" treaty -- that is main content -- allowing Moscow and Chechen leaders to settle issues without violence.
- Welcome this very constructive step; also note that Chechen leader Maskhadov condemned terrorism, kidnapping -- applaud pragmatism of both leaders.

Solana-Primakov

- NATO Secretary General Solana and Russian Foreign Minister Primakov met yesterday and this morning in **Moscow** to discuss NATO-Russia relationship and text of document.
- **Today announced they have reached agreement -- on final draft of document defining terms of new partnership between NATO and Russia. Expect further information on contents in course of today.**
- **Understand that NAC will meet today in Brussels to review the final draft.**
- Russians expressed interest in late May NATO-Russia summit to sign NATO-Russia document. French have expressed interest in hosting NATO-Russia summit to sign document. We believe document should be signed at highest political level and would welcome French invitation.

General

NATO-Russia (expanded)

- Plans for NATO enlargement proceeding on schedule -- Madrid summit on track; will issue first invitations to prospective new members at July 8-9 meeting.
- Enlargement part of broader effort to build comprehensive European security system, which includes strong NATO-Russia relationship. Going forward in way that does not threaten any nation's security, enhances stability in Europe.

In Helsinki, President and Yeltsin disagreed over enlargement but agreed to work together to build cooperative NATO-Russia relationship.

- See Russia as partner of NATO in shaping more secure, stable and undivided Europe. That is good for United States, Russia and Europe.

Denver Summit of the Eight

- Denver meeting will be Denver Summit of Eight; will build on increased Russian involvement; Yeltsin to arrive and depart with others; will be one press conference by leaders of the Eight.
- Seven will still discuss economic, financial matters; expect this to be small part of agenda.

IRAN

IRAN AND LIBYA SANCTIONS ACT (ILSA) -- BALAL PROJECT

Q: In today's Wall Street Journal article, "U.S. Oil Firms Attend Conference in Iran" it says that Iranian officials have reached an agreement with a British oil company to develop an offshore field. The project could cost \$140 million or more, but would likely be designed to avert U.S. reprisals. Does this deal violate ILSA?

A: We have seen reports about a possible contract award for development of Iran's Balal oilfield project, and are seeking additional information. We will not discuss specific projects until determinations of sanctionable activity are made.

We are reviewing all projects which may be relevant to the application of ILSA. ILSA is the law, and we will apply it fully.

(Note to Briefer: According to press reports on May 9, the parties reportedly awarded the contract are Bow Valley Energy of Calgary, Alberta, Canada, and an engineering firm called Pell Frischmann, which may be British or Swiss or have a mixed corporate nationality. The WSJ article of May 12 referred to the contract going to a "British oil company." It is likely, though not certain, that this was a reference to Pell Frischmann.)

Q: What is the State Department reaction to the announcement of a contract award on an Iranian oil project to a Canadian/British consortium?

A: We have seen reports about a possible contract award for the Balal project, and are seeking additional information.

Q: Isn't this project, the Balal field, one of those the Department listed in the Federal Register? Doesn't that mean this is a sanctionable deal?

A: The Balal project was among those we listed in the Federal Register as having been publicly tendered in the oil and gas sector in Iran. As the notice indicated, conclusions about sanctions should not be drawn from a project's inclusion on or absence from the list.

We are reviewing all projects which may be relevant to the application of ILSA. We will not discuss specific projects until determination of sanctionability are made.

Q: Some say the Administration is backing off the imposition of ILSA sanctions or granting automatic waivers because of the "deal" last month with the EU. Can you comment?

A: As we have said before, the U.S. made no commitment, legal or other, to grant waivers to European firms for activities in Iran or Libya. ILSA is the law, and we will apply it fully.

EARTHQUAKE

Background: With regard to U.S. response to Iranian earthquake, in the past we have provided aid to the victims of other Iranian earthquakes. For example, in 1990 when Iran was hit with a quake of the same magnitude, we gave Iran \$800,000 in cash and kind (blankets) donations. In last February's earthquake (which was not nearly as devastating as this one), we provided \$25,000 in aid.

The International Federation of the Red Cross is asking for \$8.2 million in emergency aid. State is proposing a \$100,000 donation . We and Democracy (Rich Ragan) believe that is appropriate figure.

Q: Is the U.S. going to provide any humanitarian aid for the Iranian earthquake victims?

A: This is a humanitarian tragedy.

The International Federation of the Red Cross has issued an appeal for emergency aid. We are determining an appropriate donation which we can make to this appeal.

State announced Monday that the USG would be making a \$100,000 donation through NGOs.

TRIPS AND VISITORS

- Ukrainian President Leonid Kuchma will be in Washington May 14-16 to conduct the inaugural meeting of the U.S.-Ukraine Binational Commission with Vice President Gore. He will meet with President Clinton during his visit. *(FYI: POTUS meeting scheduled for Friday 5/16)*
- President will travel to Netherlands May 28 for U.S.-EU Summit and Marshall Plan commemoration event. President has accepted invitation to stop in London to meet with Prime Minister Blair.
- President Kiro Gligorov of the Former Yugoslav Republic of Macedonia in Washington June 17 for working visit with the President.
- Denver Summit June 20-22.
- POTUS will travel to Denmark in July in conjunction with the July 8-9 NATO Summit in Madrid.
- President's visits to Brazil, Argentina and Venezuela rescheduled to October 12-17.
- APEC Summit in Vancouver, Canada November 24-25.

Visit of President Aliyev of Azerbaijan

Background: The President wrote Aliyev Friday, inviting him to visit Washington, "perhaps in late July or August." Amb Kauzlarich delivered the letter to Aliyev on Saturday, who promptly had the part regarding the invitation read to the Azeri press.

- POTUS has invited Aliyev to visit Washington; date TBD, possibly in the late summer.

VISIT TO LONDON

- President has accepted invitation to stop in London to meet with Blair in connection with his planned travel to the Netherlands for U.S.-EU Summit and Marshall Plan commemoration May 29. Schedule for visit to London still to be worked out.
- Agenda for meeting will be broad one -- U.S. and UK have unique partnership in security and defense area. Certainly expect close cooperation with UK on these issues to continue with Blair government..
- Have not yet elaborated agenda but European security and NATO issues, Northern Ireland will certainly be on it. Would also expect discussion of Bosnia and issues related to China and imminent Hong Kong transition. Two leaders may also want to compare notes on economic, social policy.

* * * * *

THE WHITE HOUSE

Office of the Press Secretary
(San Jose, Costa Rica)

For Immediate Release

May 9, 1997

STATEMENT BY THE PRESS SECRETARY

Visit by the President to London

In connection with his trip to the Netherlands May 28 for the U.S.-EU Summit and the commemoration of the 50th anniversary of the Marshall Plan, the President has accepted an invitation to stop in London to meet with newly elected British Prime Minister Tony Blair. The schedule for the visit and meeting has yet to be finalized. This will be the President's first meeting with Prime Minister Blair since he took office.

#

CHINA

MFN

Q: What is the Administration position on a short, e.g., 3 or 6 month, extension of China's MFN status?

A: The Administration supports the current approach of unconditional renewal of MFN for one year. We share the concerns of those in Congress who want to express support for continuation of Hong Kong's current way of life and freedoms. However, it should be understood that a short-term extension would create uncertainty and damage confidence in Hong Kong, just at the time it most needs to maintain its strength and vitality. That is why residents of Hong Kong and their elected representatives overwhelmingly favor unconditional MFN for China.

Q: [If asked] Will the President renew China's waiver of MFN status this year?

A: The Administration supports the current approach of unconditional renewal of MFN for one year.

(FYI: We have not made decision re veto -- don't want to suggest we think we will lose. We would like permanent MFN, but we also want that suggestion to emerge from the Hill, not us.)

Q: Can you clarify whether Martin Lee has called for a permanent extension of MFN or just one year?

A: Martin Lee publicly said he supports unconditional one year renewal. In addition, Hong Kong Governor Chris Patten has written the President and Congressional leadership supporting the full and unconditional extension of China's MFN status as an essential ingredient for maintaining confidence in Hong Kong.

(FYI: Privately, he told some in Congress a short renewal might be a good idea.)

Q: Did top Chinese officials approve plans to buy influence/is it continuing?

A: Number of allegations have appeared in the newspapers. As you know, on-going investigation; because issue is law enforcement matter, dissemination of information limited to protect the investigation. Under the circumstances, not appropriate for me to comment.

Q: Effect on U.S. policy

A: As we have said in the past, should allegations of illegal activity/ funneling campaign contributions prove true, would be a serious matter and take appropriate action. Both the Vice President and the Secretary of State have communicated that message to senior Chinese officials. Since the investigation is on-going, it would premature to speculate on just what response would be appropriate.

Q: Should AG share more info with you?

A: As have said in the past, difficult balancing question between national security and law enforcement concerns.

Q: How come FBI briefing intelligence committee and not you?

A: Not aware of the content of any briefing to the Hill.

ISRAEL

If asked about press reports accusing U.S. Government official of being an Israeli agent:

- As a matter of practice we do not comment on intelligence matters.

If pressed:

- We do not comment on intelligence matters.

Q: Have you been in touch with the Israeli Government about this matter?

A: This is an intelligence matter; I'm not going to comment on any aspect of it.

MIDDLE EAST PEACE PROCESS

DENNIS ROSS MEETINGS

Q: Can you update us on the Ross Mission in the Middle East?

A: Ambassador Ross continues to consult with leaders in the region on efforts to restore negotiations. He met with Israeli FM Levi today (Wednesday).

He will participate in a meeting of Israeli and Palestinian officials Wednesday evening in Tel Aviv, at which they will discuss issues related to re-starting their negotiations.

(FYI only: Ross now expected to return to U.S. Friday night.)

Q: Can you confirm that Israeli Foreign Minister Levi will have meetings at the White House during his visit to Washington on Friday.

A: National Security Adviser Berger will meet the Foreign Minister, after he meets with Secretary Albright at the State Department.

Q: Some commentators have accused the Administration of not taking on the responsibility it should to save the Middle East peace process, even if that means putting some pressure on Israel to compromise. What are you doing?

A: At a time when the peace process is experiencing serious difficulties, there is a temptation to look for quick fixes or easy answers to explain the lack of progress.

That's not our approach. President Clinton has made it clear since the beginning of his Administration that he is committed to helping the parties to make peace after five decades of war and violence.

The President and Secretary Albright and are in regular and constant contact with Arab and Israeli leaders in order to do everything we can to get the negotiations back on track. The talks we have had over the past two months, including two meetings with Prime Minister Netanyahu, have been for the purpose of developing an approach which will move the process closer to our goal of a comprehensive peace.

For these efforts to succeed, two things are necessary: Zero tolerance for terror, including a 100% effort to prevent it, and a readiness by both sides to take steps that build confidence in the integrity of the negotiating process.

We understand the urgency of moving ahead, but we're not going to be rushed. We need to make sure that both sides are ready to take the steps necessary for credible negotiations.

BRAC

- There have been four rounds of base closures and realignments since 1988. To date, we have contracted our base structure by 18 percent. During the same period, we have reduced the size of U.S. military personnel by 33 and 1/3 percent. Procurement spending has been reduced by almost 70 percent from its peak before the end of the Cold War.
- When the current BRAC round -- the last one authorized by legislation -- is completed in 2001, the contraction in the base structure will be about 21 percent, which still lags behind the one-third reduction in the force.
- The Pentagon has been looking at this in connection with the Quadrennial Defense Review (QDR). The Pentagon has concluded that we are paying for more infrastructure than we need. Secretary Cohen is considering whether we should seek additional base closures. Budget pressures and the requirement for robust modernization dictate that we look for ways to reduce the base structure.
- Additional BRAC rounds would require legislation. We will need to work with the Congress on this issue.

SAUDI ARABIA

Bin Ladin

- His message and his methods are reprehensible.
- The U.S. has military forces in the Persian Gulf to protect its vital interests.
- Host governments, including the Saudi leadership, share these interests and are our valuable allies.
- Terrorist threats are not going to force us to abandon our interests or our friends in the region.
- In the meantime, we are taking every step to protect our forces in the area from terrorist attack. Our units in Saudi Arabia are already on high alert.

Khobar Bombing

Q: Is the suspect in Canada being interviewed? Is he cooperating with the U.S.? Is he coming to the U.S., etc.?

A: This is an ongoing criminal investigation.

It would be inappropriate for us to comment on such details.

I refer you to the Justice Department."

Q: Are we getting cooperation from Syria on the Khobar bombing investigation?

A: The investigation into the Khobar bombing is ongoing. We do not comment on investigations in progress.

Regarding Syria, I'm not going to discuss the details of our diplomatic exchanges with other governments, particularly when they involve a matter under investigation.

Q: Are the Saudis helping? What have we learned from the suspect detained by Canada?

A: As I've said before, we have gotten cooperation from the Saudis and we've been assured at the highest levels of the Saudi Government that more cooperation will be forthcoming.

As has been reported, Canada has detained an individual who may have information about Khobar. I'd refer you to the FBI for any comment on that.

Q: But the Canadians charged this guy with participating in the bombing and the papers they filed indicate he has links to Syria and Iran. Do you concur with the Canadian assessment of his culpability? Does this mean we're going to finally take action against Iran? Will it be military action?

A: Canada did make some specific allegations in the papers the Canadian government filed with its own courts. As you know, we, too, have an investigation ongoing.

At this time in our own investigation, it is neither necessary nor appropriate to make specific public charges or allegations. The FBI, the agency in our government that is in charge of this investigation and the agency that has been working with Canada, will follow all leads and will take them to their appropriate conclusion.

We are treating this as a criminal, law enforcement investigation. I'm not going to speculate about the outcome of the investigation or any actions that outcome might require.

Q: So you're ruling out any military action against Iran based on the clear and convincing evidence Canada's authorities have submitted to their courts?

A: I'm declining to speculate on the outcome of the case. Nothing more, nothing less.

KOREA

Korean War POW/MIA's

Q: What actions are you taking to account for Korean War POW/MIA's and what comment do you have on the report that an American serviceman, Charles Robert Jenkins, who defected in the mid-60's is alive? Does Mr. Jenkins want to come home and have you taken steps to bring him back to the United States?

A: First, on the POW/MIA accounting issue. We have had a series of bilateral talks with North Korea to launch a program of accounting for American service personnel lost in the Korean War. We have received 172 sets of remains ('92-'93) and recently concluded a joint recovery operation that resulted in the identification of one serviceman. Unfortunately talks last week in New York did not result in any agreement for additional joint recovery operations or initiation of archival research, an important component to making any accounting effort successful. We will continue to pursue this humanitarian issue with North Korea until we are satisfied we have done all that is possible to find the answers so many Americans who lost loved ones in the War still seek.

Regarding recent reports about Americans living in North Korea, I can say that the Defense Department has received similar reports, which we believe to be mostly hearsay. We are aware, however, of possibly four Americans who defected to North Korea in the 1960's and appear to be living there of their volition. Sgt. Jenkins, Ms. Harrell's brother, may be one of these defectors. We have asked North Korea to allow us to interview Americans believed to be living in North Korea, but have received no assurances. Nor has the North made any comment about the number or names of the defectors.

Finally, we will pursue the question of POW/MIA accounting as well as our efforts to gain access to Americans living in the North independent of other issues being discussed with the North Koreans, including the four party talks.

Food Aid/Four Party Talks

Q: Have the U.S. and South Korea linked the provision of food aid to North Korea to the acceptance by Pyongyang of the four party peace talks?

A: We have not linked food aid to the four party talks. We have provided some \$25 million in humanitarian assistance to North Korea this year. South Korea has participated in the international food appeal as well.

Defector

Q: Does North Korea possess nuclear weapons as reported by the recent defector?

A: Have long believed that North Korea might possess nuclear ambitions. That's why we negotiated the framework agreement in 1994 that froze North Korea's nuclear program, placed it under international safeguards, and will eventually dismantle it.

Not sure the defector's allegations add anything to our knowledge about North. ROK has agreed to provide us access to him so that we can make independent evaluation.

We always are alert to the possibility that conflict could erupt on the peninsula. We, U.S. Forces Korea and our South Korean allies are vigilant in monitoring the military situation in the North. Our forces in combination with the South are the best deterrent to a North Korean attack.

BURMA

Q: Why did you wait so long to invoke Cohen-Feinstein sanctions?

A: We have been watching closely events in Burma to determine whether conditions of the law have been met.

As indicated in the President's [Secretary's] statement, the regime has perpetrated a range of abuses over the past seven months, which have had the cumulative effect of triggering the requirements of the Amendment.

Q: What would it take to lift the sanctions?

A: We would expect to see progress by the Burmese authorities on critical human rights and democracy issues, which include the lifting of restrictions on Aung San Suu Kyi and the political opposition, respecting the rights of free expression, assembly and association, and undertaking a dialogue on Burma's political future that includes leaders of the NLD and the ethnic minorities.

[Note: Lifting of the sanctions could be accomplished in a number of ways, including through a waiver provision in the law, which requires a Presidential determination that application of sanctions would be contrary to the national security interests of the United States.]

Q: What are Aung San Suu Kyi's views on sanctions?

A: We are reluctant to attempt to characterize Aung San Suu Kyi's position on sanctions; rather we would encourage you to refer to her many public statements on this issue.

Q: Why are sanctions appropriate for Burma but not for China?

A: Our values and goals in the area of human rights promotion are constant, but our approach from one country to another can and does vary based on our judgment on what may be effective.

In case of Burma, there is a stronger international consensus on the need to bring pressure to bear upon the government. For example, the European Union has imposed a visa ban and restricted trade preferences, and all members of the UN General Assembly and Human Rights Commission have joined consensus in resolutions critical of Rangoon. Thus, our action on Burma is part of a collective effort to pressure the regime, and may encourage other governments to take stronger actions. Moreover, given the relatively high degree of repression and state control over aspects of civic and economic life in Burma [i.e., greater than in China], a policy of engagement with Rangoon is less likely to bring about positive change over time.

BOSNIA

Train and Equip Program (NYT)

- The international Train and Equip program is successfully helping to establish a stable military balance in Bosnia, which is one of the keys to establishing a lasting peace in the region. The recently announced delivery order of 116 refurbished howitzers and 21 heavy equipment transporters from U.S. Army excess stocks to Bosnia is part of the ongoing program to meet the defense requirements of the Federation, as identified shortly after Dayton, and within the parameters of the Bosnia arms control agreements.
- The T&E program continues to facilitate concrete progress in the formation of joint Federation defense structures that will be critical to strengthening the Bosniak-Croat Federation. The latest step forward in this regard, announced in Sarajevo last week, are the agreements between Presidents Izetbegovic and Zubak on a joint Federation Military Strategy and on key commands.

Tudjman Letter

- The President and Croatian President Franjo Tudjman have exchanged letters on our overall bilateral relationship. In his response, the President reiterated our support in principle for Croatia's PFP membership while noting that there is a lot of work to be done together in implementing Dayton/Erdut agreements before we get there.

Problems with Dayton Implementation

- Implementation of Dayton and bringing long term peace and reconciliation to Bosnia remains a long term process and much work remains to be done. Nevertheless, we should not lose sight of how far we've come.
- Only 18 months ago, the bloodiest conflict in Europe since World War II continued to rage in Bosnia. Today, the market massacres, sniper alleys, and grim campaigns of ethnic cleansing are over; since Dayton, we have maintained a secure peace, separated and demobilized the former warring parties, held successful national elections, created new national institutions that are beginning to govern, and made real progress toward the difficult long term challenges of political reconciliation and economic reconstruction.
- More recently, the parties agreed on a new central bank and common currency. So we continue to see progress on a day-to-day basis but our work in Bosnia is not yet done.
- The Dayton process brought peace to Bosnia and remains the best hope for long-term stability and reconciliation. We continue to reexamine our implementation efforts and look for ways to more effectively bring about the conditions needed for a self-sustaining peace. But it is the Bosnian parties themselves who bear primary responsibility for fulfilling the vision of the Dayton Accords.

War Crimes Verdict

- We welcome the historic verdict by the International Criminal Tribunal convicting Dusan Tadic of crimes against humanity. There can be no peace without justice in Bosnia and this conviction is an important step toward that goal.
- With this conviction and the recent delivery of indicted war criminal Zlatko Aleksovski to the Hague, it is clear we are making slow progress on war crimes. We will not be satisfied, however, until all indicted war criminals stand trial at the Hague.

War Criminals

- We continue to remain deeply concerned with the slow progress on war crimes front in Bosnia. We continue to press the parties to fulfill their obligations to turn over indicted war criminals. We are also examining a variety of ways we can help the Tribunal to bring indicted war criminals to justice. We have made no decisions on how to assist the Tribunal. We are reviewing many different options.

If pressed about sending teams of special police or commandos to arrest war criminals:

- We have been examining several options to assist and enhance the ability of the Tribunal to bring indicted war criminals into custody. One option may be to establish some sort of capability to execute the court's arrest warrants. We are studying the feasibility of these options but have made no decisions yet.

Radovan Karadzic

- Karadzic was removed from office and remains banned from any public or political role as agreed by Republika Srpska. We continue to monitor the situation and will insist that Republika Srpska live up to their agreement. We remain concerned about his potential influence and will not be satisfied until he is brought to justice in the Hague.

Supplemental Amendment for Date Certain Withdrawal from Bosnia (passed by Senate)

- We strongly urge that this legislation not be further pursued. President's senior advisors would recommend a veto to the bill if an amendment is adopted that would mandate a date certain for withdrawal of U.S. forces from Bosnia — even a date of June 1998, when SFOR's mission is scheduled to end.
- An amendment requiring a withdrawal by a date certain — with no regard for the situation on the ground or prospects for self-sustaining peace — would seriously restrict the flexibility of our military commanders in completing their mission and jeopardize the secure environment needed for civilian implementation.

- We continue to believe SFOR's mission (18 months) should provide sufficient time to establish the conditions to maintain security and stability without an outside military presence. We have no desire or plan to extend the mission beyond mid-1998, but we should not set an arbitrary deadline that would call into question our commitment to implementation of the Dayton Accords, our reliability as a NATO ally, and our commitment to peace and stability in Europe.

SFOR Mission Duration

- We continue to believe that SFOR's mission should be completed in 18 months. 18 months should give sufficient extra time needed to establish conditions to maintain security and stability without an outside military presence.

NORTHERN IRELAND

IRA Approved Off-Duty Policeman's Murder?

- Do not have any official confirmation of this press report.
- Understood that different group, INLA, claimed responsibility for this brutal murder.

BRITISH ELECTION -NI RESULTS

Background: Clear that Gerry Adams has won back the West Belfast seat he lost to the SDLP in 1992. That was expected. The biggest news is that Sinn Fein strategist Martin McGuinness has won a seat too, defeating hard-line unionist and DUP candidate Willy McCrea in spite of splitting the nationalist vote with an SDLP candidate. It looks like the UUP (mainstream unionists) will either keep 9 seats or get 10.

- Important election in Northern Ireland, fought on completely different issues than in rest of UK.
- If asked reaction to SF seats: Hope party leaders will conclude that democracy works, offers only way forward to just and lasting settlement in Northern Ireland. Time to take gun out of Irish politics forever and get down to work.

PEARSON DEPORTATION

Background: DOJ has decided to appeal the lower court's ruling that Brian Pearson is eligible to stay in the U.S. Pearson served time for an IRA bombing (of a military/ policy barracks--no one injured) before coming to the U.S.

- This decision was made by the Department of Justice on legal grounds. Questions concerning the case should be referred to DOJ.
- If asked: This is a deportation case; our policy toward Northern Ireland was not at issue. That policy is clear --we strongly condemn IRA terrorism and will continue to support efforts to achieve a just and lasting peace in Northern Ireland.

MITCHELL RESIGNATION AS SAPASS FOR ECONOMIC INITIATIVES IN IRELAND

[Background: It has not been made public yet but Senator Mitchell has submitted a letter to POTUS resigning his position as Special Advisor to the President and Secretary of State for Economic Initiatives in Ireland -- a position he has held since late 1994. Ideally, we would prefer to announce it at same time his successor is named, which will take a few weeks.]

- Yes, Senator Mitchell has decided to give up position as Special Advisor to President and Secretary of State for Economic Initiatives in Northern Ireland. Will of course continue as chair of Belfast peace talks; in fact, understand his decision to resign the economic job based on need to devote his time to the talks.
- We are moving to select a successor to Senator Mitchell to oversee Administration support for economic initiatives. Creating jobs through investment and trade is key to underpinning Northern Ireland peace process over long term.

CONTINUED IRA VIOLENCE

- Strongly condemn continued IRA violence in Northern Ireland and in Britain, urge immediate, unequivocal cease-fire.
- Belfast peace talks (now in recess until June) have best chance of long-term success if they are inclusive (that is, if Sinn Fein participates) but that can only happen after IRA cease-fire.

ON WHETHER IRA NEEDS TO DISARM BEFORE JOINING TALKS

- U.S., like British and Irish governments, have accepted the report issued last year by Senator Mitchell and his colleagues, which suggested decommissioning of arms in parallel with talks.

GULF WAR ILLNESSES

What is your reaction to the findings in the Presidential Advisory Committee (PAC) interim letter report that (1) there was information even prior to the Gulf War raising cause for concern about chemical weapons storage at Khamisiyah; and (2) that there was “substantial mismanagement and lack of communication” between the military and intelligence community on this information?

- Important here at the outset to note that we are where we are today -- with all of the recent and continuing document releases -- because of the President's direction to get out all of the facts, and DOD and CIA's commitment to carry out that direction...
- DOD and CIA have already stated for the record that their handling of Khamisiyah-related information should have been better, and they are both committed to capturing the appropriate “lessons learned”...
- Moreover, both agencies currently have their IG staffs investigating the related issues, and their reports are expected this summer...

Why was there, in the PAC's words, “no serious [executive branch] effort to examine the possibility of chemical warfare agent exposure of U.S. troops at Khamisiyah until late 1995” when there were documents available raising this concern by December 1991?

- No question that the recently-released documents should have been identified and released much earlier; this figured prominently in the President's decision in JAN 97 to extend the PAC he established in MAY 95 in order to provide independent oversight of the ongoing process...
- These documents are being identified and released now in response to the President's direction to get out all of the facts...
- As to why these documents did not come to light earlier, the various ongoing IG and other investigations at DOD and CIA should help us to understand what happened...

The PAC found that there is no single entity integrating the data for a comprehensive assessment of the government-wide response to Khamisiyah; the PAC also questioned how individual accountability will be addressed. What is the White House view?

- First, the PAC's recommendation that a “presidential-level” entity to integrate intelligence community “lessons learned” is consistent with the Administration's commitment to take full advantage of the Gulf War experience to improve our preparedness and planning for future deployments -- this recommendation will be carefully considered when the President receives the PAC's interim letter report and the accompanying agency responses...
- DOD and CIA have asked former SEN Warren Rudman to advise both agencies on the GWI problem. SEN Rudman is well-qualified to undertake a review of all investigative findings, and his efforts will enhance our ability to integrate the intelligence “lessons learned”...
- With respect to accountability, our understanding is that there is no evidence to date of individual misconduct. If and when any such evidence comes to light, the DOD and CIA IG and other investigators tackling the many issues involved would document and refer that evidence to their respective agency heads as a matter of course...

The PAC believes that an EPA-type approach would be appropriate for the long-delayed Khamisiyah modeling effort and that veterans deserve to learn the results of a full-range of modeling scenarios (including worst-case events). What is your reaction?

- DOD and CIA recently formed a joint modeling team to take this work forward to conclusion as rapidly as possible, with the projected completion date of 21 JUL 97...
- The PAC's assessment that EPA-type modeling may be useful or even more appropriate will need to be evaluated by the joint DOD/CIA team...
- In terms of targeted notification letters, DOD has already sent out letters to those personnel within 50 kilometers of Khamisiyah, and will conduct additional notifications if necessary...
- Most important here is that the issue of notification has no bearing on the eligibility of veterans for physical examinations, health care, and compensation -- and DOD and VA have strongly encouraged all Gulf War veterans to take full advantage of the available programs...

Is DOD using the Privacy Act as a "shield" to block the PAC's "unfettered access" to the critical information they need?

- Our understanding is that earlier this year DOD lawyers noted Privacy Act legal concerns about certain information being provided to the PAC in response to their requests...
- We have confirmed that the Privacy Act does have application and have been informed that the required legal steps are being taken to obtain the consent of individuals providing information for release of that information to the PAC...

Is the PAC likely to be extended again given the many problems still remaining?

- The PAC has a critical role to play -- the White House is relying on the PAC's expertise and independent assessments to enhance program quality across the full spectrum of government activity related to Gulf War illnesses...
- Any discussion of extending the PAC would be premature at this juncture given the many initiatives currently underway and the amount of time remaining before the end of the initial extension period (31 OCT 97)...

What about the statement in the recent CIA white paper that the CIA briefed the NSC staff in JAN 96 on the Khamisiyah evidence?

- The CIA white paper (and one of the accompanying documents containing briefing slides) reflects the classified CIA brief the NSC staff received in JAN 96.
- During the briefing -- which focused on the CIA's declassification initiative and ongoing study of potential exposures -- the staff was told that information had come to light about the possibility of chemical munitions storage and agent release at the Khamisiyah facility. This was briefed as preliminary information, and the NSC staff noted at the close of the brief that CIA needed to pursue this possibility aggressively together with DOD.
- Subsequent CIA and DOD efforts to investigate this concern eventually led to the JUN 96 DOD announcement of Khamisiyah.

The intelligence community admits making mistakes in its handling of the Gulf War illnesses investigation, and the many recently-declassified documents clearly should have come out much sooner. With much of the related activity occurring during George Tenet's tenure at CIA, does the Director-designate retain the President's full confidence?

- Absolutely.
- The CIA has contributed a tremendous amount to our knowledge about chemical weapons in the Gulf War theater and specifically about exposure incidents that might be related to undiagnosed Gulf War illnesses.
- George Tenet is fully supportive of the President's commitment to get out all the facts, and has increased the level of resources devoted to the Gulf War illnesses problem when new information indicated the need to do so.

What has the Administration done for Gulf War veterans who are sick?

- Through the dedicated efforts of DOD and VA personnel, veterans are receiving the care they need for Gulf War illnesses, whether diagnosed or undiagnosed.
- Overall, to date -- (1) DOD & VA toll-free help lines; (2) 80,000+ free medical exams; (3) 26,000+ compensation claims approved; (4) special legislation paying disability for Gulf veterans with undiagnosed illnesses, with an extension of the presumptive period for undiagnosed illness compensation forthcoming soon; (5) thousands of pages declassified; and (6) 90+ federally-sponsored research projects completed or underway.

FAST TRACK

- Committed to getting fast track through the Congress.
- Will continue to work with Congress to pass fast track authority.
- High level Administration officials have been meeting with key members on both sides of the aisle to push this legislation forward.
- Hopeful that we will succeed.

Q: It has been reported that the President is planning to delay his request for fast track authority to accommodate the budget process. Is that true? Does this signal Administration retreat on fast track? Has Gephardt scared the President off?

A: Not at all. The President is still firmly committed to seeking fast track authority to open foreign markets. It is critical if we want to continue creating good jobs for American workers.

Every President since Ford has had fast track authority for key periods, and the reasons for it now are more compelling than ever. Over 11 million U.S. jobs now depend on exports, and these jobs pay 13-16 percent more than the average U.S. job. Today, 95 percent of the world's consumers live outside the U.S., and the vast majority of those consumers live in the emerging and fastest growing markets of Latin America and Asia. We simply must continue to open these markets for U.S. exports if we are to succeed in the global economy.

We cannot afford inaction. If we are not seizing opportunities to break down trade barriers and open foreign markets, we can be sure other countries will act -- to the benefit of their companies and their workers.

The United States has nothing to fear. We are the most competitive large economy in the world as judged by independent experts. But our ability to define the nature of our trade relationships will in significant measure determine our leadership role in the next century. Fast track authority is the most important factor determining these relationships.

As you know, we have been consulting with Congress to develop bipartisan support for this legislation. We think that is the best way to build a strong foundation for this effort. We will continue to consult with Congress as to the substance, tactics and timing of the fast track initiative.

Q: It has been reported that the Administration is weighing the dropping of labor and environmental goals from fast track trade authority legislation, a move certain to infuriate labor unions. Is this true?

A: As we have stated before, our goal is to build the broadest possible support for the fast track legislation. To that end, Ambassador Barshefsky and others have been consulting actively with members of Congress representing all points of view on this subject, and with all interested parties, including organized labor. We will continue to do so with the goal of enacting legislation that receives broad support.

TURKISH INCURSION INTO IRAQ

Q: What is your reaction to the incursion of Turkish forces into northern Iraq today to attack PKK strongholds?

A: We understand that the Turkish military has launched an operation against PKK forces in northern Iraq. Based on information available so far, this action appears similar to Turkish operations that have taken place in the past.

The U.S. supports the right of Turkey to defend itself against the terrorist PKK, which uses northern Iraq as a staging ground to mount attacks into Turkey.

At the same time, we have repeatedly stressed that operations of this sort must be limited in scope and duration, and that adequate safeguards must be taken to protect the lives and property of the civilian population.

This message was repeated today in Ankara and we have been assured by the Turkish government that this operation will be conducted with these concerns in mind.