

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	Sue Panzarine to Ann O'Leary (partial) (1 page)	05/18/2000	P6/b(6)
002. list	List of SSN's and DOB's (1 page)	06/21/2000	P6/b(6)
003. memo	Memo for Management and Administration re: Leave request (1 page)	08/01/2000	P6/b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Eric Morse (Subject Files)
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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

July 7, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra

SUBJECT: Office of Intergovernmental Affairs Weekly Report

GOVERNORS



Governor Tom Carper (D-DE): Governor Tom Carper called to express his support for the Bankruptcy Bill and to discourage you from vetoing it. IGA sent you a request memo to return his call yesterday.

Governor Jane Hull (R-AZ): A briefing memo responding to the concerns you discussed with Governor Hull about the Arizona-Mexico border was submitted to Staff Secretary for your information this week.

Governor Parris Glendening (D-MD): Secretary Donna Shalala notified Governor Glendening today that the Maryland request for a S-CHIP waiver has been approved by HCFA. This action will assist the State's efforts to cover 20,000 additional children.

NGA's Annual Meeting: Thirty-eight governors (14 Democrats and 24 Republicans) will be attending NGA's Annual meeting on July 8-11 at State College, PA. A special plenary session has been scheduled for your Address on Monday afternoon. Neither Governor Bush of Texas nor Governor Bush of Florida is expected to attend.

CITY/ COUNTY OFFICIALS

Los Angeles County Elected Officials Roundtable: Today, Supervisor Gloria Molina (D) of Los Angeles will host a roundtable discussion with over 40 elected officials where I will deliver the White House budget message and respond to concerns of our partners in government.

INSULAR AREAS

Puerto Rico Status: The Vice President told reporters that if he were President, he would continue your effort to clarify Puerto Rico's status options. A New York Daily News columnist noted that "During the 102 years that Puerto Rico has been a U.S. possession, no U.S. President has ever bothered to sit down with leaders of all the factions on the island."

Vieques: Senate Readiness Subcommittee Chairman James Inhofe (OK) partially relented in his opposition to your proposal to transfer the Navy's land on the western side of Vieques to local

ownership. He dropped his insistence that explosive ordnance again be used on the range on the eastern side of the island. However, he continues to insist that the land go to the Interior Department. Meanwhile, at least a dozen Puerto Rican Independence Party candidates were jailed for refusing to pay \$1000 in bail or fines for trespassing on the range.

Guam Land: Interior Secretary Babbitt agreed to review federal environmental claims on excess military land in the territory.

THE WHITE HOUSE

WASHINGTON

July 7, 2000

MEMORANDUM FOR THE PRESIDENT

FROM:

THURGOOD MARSHALL, JR. **T.M.**
KRIS M. BALDERSTON

SUBJECT:

Summary of Cabinet Weekly Reports
July 1 - 7, 2000

DEPARTMENT OF THE TREASURY

- **Estate Taxes:** On July 11, the Senate expects to begin debate on legislation repealing the estate tax, which was passed by the House in June. The first vote, probably on a cloture motion, is not expected before July 13, unless negotiations between Senator Lott and Senator Daschle reach an unexpected breakthrough. Secretary Summers and Deputy Secretary Eizenstat have placed telephone calls to key Senators, urging them to support the Democratic alternative and to oppose cloture and repeal. The Secretary has written an op-ed piece for *The Washington Post* that will likely be published next week. You have indicated that you will veto the legislation if presented to you in its current form.
- **U.S.-China Financial Dialogue:** On July 11, Assistant Secretary for International Affairs Truman and Federal Reserve Bank Governor Meyer will join Chinese Vice Minister of Finance Jin Lique in co-chairing the inaugural session of the U.S.-China Financial Dialogue in Washington, DC. The purpose of the Dialogue is to provide a forum for an in-depth discussion of key financial sector development issues, particularly in the area of capital markets, where the Chinese government proved relatively cautious in WTO negotiations. The Dialogue, an annual event rotating between Washington and Beijing, will provide an opportunity to have a positive influence financial sector developments at an important juncture in China's reform process. The delegations will be composed of banking and securities regulatory agencies.
- **Medicare Technical Panel:** On June 28-29, Treasury's Office of Economic Policy and representatives of HHS attended the first meeting of the Medicare Technical Advisory Panel. The Panel consists of seven outside experts, and was established by HHS at the request of the Medicare Board of Trustees to review the assumptions and methods used in

developing Trustee reports on Medicare. The Panel discussed Medicare expenditures, projection methodology, long-range growth assumptions in health care, and use of forecasting techniques. With regard to the key assumption that Medicare cost growth per person would eventually slow to the rate of GDP growth per capita, the Panel was skeptical given the past growth rates in Medicare, but also was unclear about how to reach consensus on an alternative assumption. Additional meetings have been scheduled in July and September, with the goal of producing a report for review at the fall Trustees meeting.

DEPARTMENT OF JUSTICE



NYC Money Laundering Ring: On June 27, seventeen defendants, many of them current and former NYC employees, were charged in separate complaints with conspiracy to launder money and making bank deposits of more than \$2M that were structured to avoid currency reporting requirements. Eleven defendants were arrested, and the others are being sought as fugitives.



- **Special Education and Juvenile Justice:** In mid-July, DOJ expects to publish *Special Education and the Juvenile Justice System*. The bulletin discusses how youth in the juvenile justice system are more likely to have previously undiscovered disabilities and analyzes the relevance of the Individuals with Disabilities Education Act to the juvenile justice process.

DEPARTMENT OF THE INTERIOR

- **CA Desert Lands:** On July 12, BLM is expected to take title to 97,800 acres of private inholdings owned by the Catellus Development Corporation spread throughout the CA Desert. This transaction, which includes an acquisition by NPS in the Mojave Preserve, was made possible using \$15M of Land and Water Conservation Fund (LWCF) appropriations and \$30M in private funds from Wildlands Conservancy of Oak Glen.

DEPARTMENT OF AGRICULTURE

- **Water 2000:** On July 10, USDA will hold the sixth annual Water 2000 project rollout. This year's project list includes 112 safe and clean water projects in 41 states. The \$312M in total funding (\$225M from USDA, and \$87M from a variety of other public sources) will serve high quality, dependable water to more than 44,000 people upon completion of construction. Approximately one-third of Water 2000 recipients are in presidentially designated Empowerment Zones and Enterprise Communities, in Hispanic communities on the nation's southwestern border, and on Native American reservations and Alaskan Native villages.

- **FY2001 Appropriations:** The House and Senate Appropriations Committees have completed markup of the FY2001 Agriculture Appropriations bill. In House deliberations, nine amendments have been adopted, including an amendment eliminating funding for the Under Secretary of Natural Resources and Environment. USDA will work with Committee staff to delete this provision. The House also passed an amendment striking a Committee prohibition on the use of funds for the American Heritage Rivers initiative. Language lifting sanctions on sales of food and medicine is in the version of the bill under consideration on the floor, but is subject to a point of order. It is expected the House will resume consideration of the bill on July 10. The bill, if passed in its present form, would draw a veto recommendation.
- **Conservation Reserve Program (CRP):** On July 6, USDA announced the approval of additional emergency haying on CRP land, helping ranchers deal with hardships imposed by the long-term drought. To be eligible, counties must have suffered a 40 percent reduction in rainfall, as well as a 40 percent loss of normal forage. Producers who hay their CRP land will have a 25 percent reduction in program rental fees. As of July 3, USDA has approved grazing of CRP acreage in counties in 11 states (AL, IA, ID, KS, MO, MT, NE, NM, OK, TX, WY), helping livestock producers cope with long-term drought.
- **Commodity Markets:** Slow farmer selling and fears of quality problems helped boost wheat prices. Widespread rain in the Corn Belt led corn and soybean prices down. Rice cash prices were unchanged, but new-crop futures rose in anticipation that USDA would show fewer acres planted in the June 30 *Acreage* report. Cotton prices fell on major exchanges due to quality concerns and improving crop conditions. Cattle and hog prices dropped as slaughter schedules for the July 4 holiday week are shortened. Cheese prices were virtually unchanged. Butter moved slightly higher as increased quantities of cream moving to ice cream and milk production slows seasonally.

DEPARTMENT OF COMMERCE

- **FY2000 Supplemental Appropriations:** On June 29, DOC's Economic Development Administration received \$55.8M for planning assistance, public works, and capitalization of revolving loan funds to assist communities impacted by Hurricane Floyd and other natural disasters. Of the amount appropriated, \$30M is designated for NJ and will be available upon your request. NOAA was appropriated \$62.7M, including: \$10.8M to assist fishermen impacted by Hurricanes Dennis, Floyd, Georges, and Mitch, assistance for the Northeast multi-species fisheries failure, and relief from the Long Island Sound Lobster Fishery disaster.

DEPARTMENT OF LABOR

- **One America:** With the goal of attracting and retaining more women and people of color on Federal contractor construction projects, DOL and GSA will formally agree to work closely in awarding and monitoring Federal construction contracts worth more than \$50M.
- **Retirement Savings:** On July 18, Secretary Herman will host an event to commemorate the fifth anniversary of the DOL's Retirement Savings Education Campaign. She will be joined by Treasury Secretary Summers, Members of Congress, and leaders of other organizations in the savings education community to announce initiatives to address the remaining challenges in helping Americans to save for a secure retirement.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Human Genome Project:** On July 10, the House Science Subcommittee on Technology will hold a Town Meeting at NIH to discuss issues regarding the Human Genome Project.
- ✱ • **HIV/AIDS:** On July 7, the Health Resources and Services Administration expects to announce first-year funding of nearly \$3M to support five community-based health-care organizations and one evaluation center for improving and evaluating early detection of HIV. The money will also fund health care services for people with HIV and AIDS living in the U.S.-Mexico border region. A total of \$14.3M will be awarded during the five-year program.
- ✱ • **Health Disparities Initiative:** An interagency agreement with CDC is currently being finalized to expand CDC's Racial and Ethnic Approaches to Community Health 2010 (REACH 2010) initiative to permit four communities to develop science-based community demonstration projects that address health disparities in elderly and racial minority populations. Disparities in the areas of cardiovascular disease, diabetes, and immunizations among African Americans, Asian American and Pacific Islanders, Hispanics, and American Indians and Alaskan Natives will be targeted.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- ✱ • **Safer Guns Coalition:** Officials from 515 state and local governments around the nation have now joined the Communities for Safer Guns Coalition, up from 411 at the end of April. Last week, the House approved an amendment that would prohibit HUD from spending funds to administer the Coalition. The Senate has yet to take up the HUD appropriations bill.

- **Honduras Hurricane Reconstruction:** \$4.1M in HUD assistance will help as many as 6,000 Honduran families move out of temporary housing, where they have been living since Hurricane Mitch struck in November 1998, and move into new housing built to withstand powerful storms. The HUD assistance will help provide long-term planning for the development of new and reconstructed communities, create local community organizations to speed planning and development activities, rebuild damaged infrastructure, provide financing for home repairs, and provide training in reconstruction and building technology.



- **Gun BuyBack:** The Prichard Housing Authority will reprogram \$5,245 of its FY1999 Public and Indian Housing Drug Elimination Program grant funding and will receive \$2,255 in matching funds from HUD for a total of \$7,500 for its Gun Buyback Initiative. The Authority seeks to remove approximately 150 guns off the street in exchange for \$50 per gun. They will achieve this goal by utilizing public service announcements, press conferences, and releases.

DEPARTMENT OF TRANSPORTATION

- **Airline Customer Service:** During the week of July 3, DOT's Inspector General reported that the airlines are at the six-month point in implementing their customer-service plans. While the airlines are making a clear and genuine effort to strengthen the attention paid to customer service, bottom-line results are mixed and the airlines have a long way to go to restore customer confidence. The commitment addresses such matters as improving communication with passengers, quoting the lowest available airfare, and timely return of misrouted or delayed baggage. However, the commitment does not directly address underlying reasons for customer dissatisfaction, such as extensive flight delays, baggage not showing up on arrival, long check-in lines, and high fares in certain markets. DOT made suggestions to the airlines to improve and strengthen customer service plans, and will issue a final report in December.



- **ABA Meeting:** On July 10, Secretary Slater will address the American Bar Association's Annual Meeting in NYC.

DEPARTMENT OF ENERGY

- **University of California Weapons Labs Contract:** On June 30, Secretary Richardson informed the University of California that its contract for managing DOE's national weapons laboratories must be restructured in order to make much-needed improvements in security and other operations. DOE will immediately begin negotiations with the University to bring into its operations specific security and management expertise to implement these improvements. Secretary Richardson will receive recommendations by September 5.

- **Oil Conference:** On July 14-15, DOE and the Spanish Ministry of Economy will sponsor a World Oil Market Data Conference in Madrid. The purpose of the Conference is to bring together policy makers of oil producing and consuming countries, oil market experts, industry representatives, traders, investors, and analysts to discuss ways to limit market volatility by improving the quality and availability of oil market data.



Summer Energy Emergency Exercises: The Northeast and Southwest Summer Energy Emergency Exercises will be held during the second week of July. The Southwest exercise is scheduled from July 10-11 in Reno, NV with representatives from state and local agencies in NM, AZ, CO, UT, NV, and CA, as well as local and regional electricity generation and transmission organizations and several Federal agencies. The Northeast exercise will be held in Newport, RI on July 13-14 with representation from NY, CT, MA, RI, NH, VT, and ME.

- **Prescribed Burns:** As a result of the wildfires at Los Alamos, DOE declared a moratorium on prescribed burns at DOE sites. DOE's Office of Environment, Safety, and Health will lead a working group to review existing DOE policies and practices on prescribed burns and provide recommendations for DOE policy and criteria. The working group consists of both DOE and contractor personnel with knowledge of prescribed burns, fire safety, ecological impacts, and resource and contingency planning.



• **Gasoline Prices Down, Stocks Up:** Gasoline futures and spot prices east of the Rockies dropped last week, again led by declines in the Midwest. Although crude oil prices gained slightly as markets continued to digest the June 21 OPEC agreement to increase production quotas, improvements in refinery operations and overall supply pulled most gasoline prices lower. Market fluctuations ahead of July NYMEX product futures expiration, as well as the extended Independence Day holiday weekend, were also factors. The New York Harbor spot price for conventional regular gasoline fell 4.81 cents from Monday, June 26 to 93.92 cents per gallon on June 30, while the Los Angeles CARB RFG spot price jumped 7.00 cents to 123.00 cents per gallon. (The spot price for West Texas Intermediate crude oil at Cushing, Oklahoma went from \$31.56 per barrel to \$32.44 per barrel during the same time period.) The U.S. average retail price of regular gasoline fell for the second straight week, dropping 3.3 cents to \$1.625 per gallon as of July 3. The average was 50.0 cents per gallon higher than a year ago. Prices declined for most regions and formulations, led by very strong decreases in the Midwest. Prices on the West Coast moved upward in response to recent increases in wholesale markets there. Total motor gasoline stocks were up 0.2 million barrels to 204.5 million barrels on June 30. Total motor gasoline stocks at the primary storage level were 12.7 million barrels below the level for the same week last year.

DEPARTMENT OF EDUCATION



- **Add Fifth Year to High School:** On July 3, *The New York Times* reported that the President of the American Federation of Teachers, worried that the new academic standards required for a diploma in many states are impossible for hundreds of thousands of students to meet, proposed that schools add an optional fifth year to high school. Her plan would call for a transitional year program, either before ninth grade or in high school, in which adult-literacy specialists would help teenagers lacking basic skills catch up so they could confront more challenging course work.

DEPARTMENT OF VETERANS AFFAIRS

- **KS Medical Center on Historic Sites List:** The National Trust for Historic Preservation has VA's Leavenworth, KS, Medical Center as second on its list of the eleven most endangered historic sites in the country. The list of private and public buildings is released annually to bring public attention and financial support to historic sites that are threatened by neglect or demolition. Local VA officials have discussed demolishing some of the facility's 39 buildings in order to transfer the land to the adjacent VA national cemetery.

ENVIRONMENTAL PROTECTION AGENCY

- **Cleaner-Burning Gasoline:** EPA has proposed a rule that would make it easier for oil refiners to use ethanol in reformulated gasoline (RFG), while maintaining the air quality benefits of the program. The action recognizes the full environmental benefits of ethanol and ensures that it will continue to play a role in the RFG program. Specifically, the proposal recognizes that the use of ethanol, more so than other oxygenates, reduces the emission of carbon monoxide, a pollutant that contributes to smog formation. Using ethanol as a gasoline additive makes the gasoline evaporate more readily. EPA's proposal would allow refiners to offset a slight increase in the evaporative property of gasoline in exchange for the carbon monoxide reductions derived from using ethanol.
- **One-Hour Ozone Standard:** On July 5, EPA issued a rule reinstating its one-hour ozone standard. EPA earlier revoked this standard after promulgating a more protective eight-hour standard in July 1997. Last summer, however, a Federal appellate court remanded the eight-hour standard to EPA. EPA has appealed that decision and the Supreme Court has agreed to hear the case. In the meantime, EPA believes that it is critical to reinstate the 1-hour standard so that there will be a minimum, enforceable Federal air quality standard in place for ozone. Several areas are concerned that they will once again be designated in "nonattainment" for the ozone standard even though their current air quality data shows that they attain the standard. The nonattainment designations are required by the Clean Air Act until the areas get a plan approved by EPA.

to ensure they will continue to attain the standard in the future. EPA is addressing this concern by providing a six-month delay in applicability for nonattainment areas that have clean air quality so that they can prepare a plan to maintain the ozone standard and then apply for an "attainment" designation.

- **Hanford Wildfires:** Last week, as the wildfires spread at DOE's nuclear reservation site in Hanford, WA, EPA's emergency response teams established an air monitoring network of 15 samplers at various likely locations for releases from the site. Multiple samples were taken, and no sample indicated radiation above background levels.
- **Annual Drinking Water Reports:** Under a new and important public right-to-know requirement for drinking water, most Americans are expected to receive an annual consumer confidence report which details the quality of their local drinking water by July 1. Approximately 253 million Americans received their first annual drinking water report on October 19, 1999, the first Federal deadline for the annual reports. Consumer Confidence Reports are the centerpiece of the Administration's public right-to-know requirements under the 1996 Safe Drinking Water Act amendment. Consumers are now provided with their first-ever snapshot of local drinking water quality, including the source of drinking water, contaminants detected and actions taken when necessary. According to new EPA data, 92 percent of the 54,000 community water systems across the country have now reported to their customers. Nearly 12 percent of the drinking water systems did not make the October 19, 1999 deadline.

U.S. MISSION TO THE UNITED NATIONS

- **Afghanistan:** On July 6, the Security Council considered the situation in Afghanistan. Fighting continues on the ground, but at a lower intensity than in previous years. Politically, the Taliban and Northern Alliance continue to jockey for position. UNSCR 1267, imposing sanctions on the Taliban for their support of terrorism and their harboring of Usama bin Ladin, has still not been fulfilled. The idea of imposing additional sanctions is in a holding pattern, due to continuing disagreement among the P-5 about the utility of the existing sanctions.
- **Scale of Assessment Issues:** Ambassador Hays returned from a successful trip to Moscow last week to discuss UN management and reform with his Russian counterparts. Russian officials, agreed that the UN's peacekeeping scale of assessments system needs to be reformed. The Russians were "pro-Zero Nominal Growth, pro-three year base, and pro-sliding gradient," and even favored a decrease in the U.S. ceiling. Hays stressed the political importance of Russia increasing its own contributions. The Russian Foreign Ministry indicated that it understood this message and would consider it carefully.

- **Sierra Leone:** On July 5, the Security Council was poised to adopt a resolution establishing sanctions on diamonds. Negotiations continue on modifying the UNAMSIL peacekeeping mission and on the creation of a war crimes tribunal.

UNITED STATES TRADE REPRESENTATIVE

- **Pre-Ministerial Talks with Japan:** On July 10, Ambassador Barshefsky will dispatch a team to Tokyo to begin pre-Ministerial talks on telecommunications and deregulation issues related to the Enhanced Deregulation Initiative. She will join the team on July 17 and continue to press Japan in the run-up to your July 20 meeting with Prime Minister Mori. In 1998, Japan agreed to lower rates charged to foreign competitors for long distance services. These high interconnection rates are a barrier to the provision of traditional phone services by foreign companies in Japan. Japan has not lived-up to its 1998 commitments and continues to insist upon a longer period of implementation for reduced rates. Japan's interconnection rates are the highest among the G-8, and their failure to live-up to their bilateral commitments raises serious questions about the efficacy of their multilateral, WTO commitments. Successful resolution to the interconnectivity issue is key to concluding the 3rd Joint Status Report under the Enhanced Deregulation Initiative. The 3rd Joint Status Report will outline Japan's deregulation commitments, including telecommunications. In addition to reaching agreement on telecommunications and concluding the 3rd Joint Status Report, the team will be seeking a commitment from Japan to extend the Enhanced Deregulation Initiative into another year.

SMALL BUSINESS ADMINISTRATION



- **Women's Business:** Beginning on July 11, successful women business owners who received SBA loans will be featured weekly in a new online series at ivillage.com, one of the largest portals for women's audiences. The series will portray a biography and photograph of the successful woman business owner along with links to SBA's home page and the Online Women's Business Center. The goal of the series is to encourage more women business owners to apply for loans through SBA.
- **Veterans:** On July 6, SBA's NY office signed an agreement with Black Veterans for Social Justice to increase access to SBA programs and resources for this group. This will be the district's second agreement signed with a veterans group.

OFFICE OF PERSONNEL MANAGEMENT

- **Welfare-to-Work:** Federal agencies are continuing to surpass the four-year hiring commitment made for hiring people off the welfare rolls. Last month alone, Federal agencies hired 7,186 people through the welfare-to-work program. Since the program started in March 1997, they have hired 48,656 individuals, 4.5 times the four-year goal.
- **Hiring People with Psychiatric Disabilities:** On July 10, OPM will publish final regulations making it easier for Federal agencies to hire individuals with psychiatric disabilities. The Presidential Task Force on Employment of Adults with Disabilities recommended that OPM look into paralleling the excepted service hiring standards of adults with psychiatric disabilities with the excepted service hiring standards of individuals with mental retardation and severe physical disabilities. After a careful review of the standards, OPM agreed. Director Lachance will announce the publication of the new regulations at an ADA Torch Relay event in Madison, WI.

cc:

The Vice President

John Podesta

Martin Baily

Sandy Berger

Sidney Blumenthal

Chuck Brain

Charles Burson

Mary Beth Cahill

Maria Echaveste

George Frampton

Mickey Ibarra

Ben Johnson

Joel Johnson

Janis Kearney

Neal Lane

Jack Lew

Joe Lockhart

Lisel Loy

Buddy MacKay

Minyon Moore

Bruce Reed

Steve Ricchetti

Gene Sperling

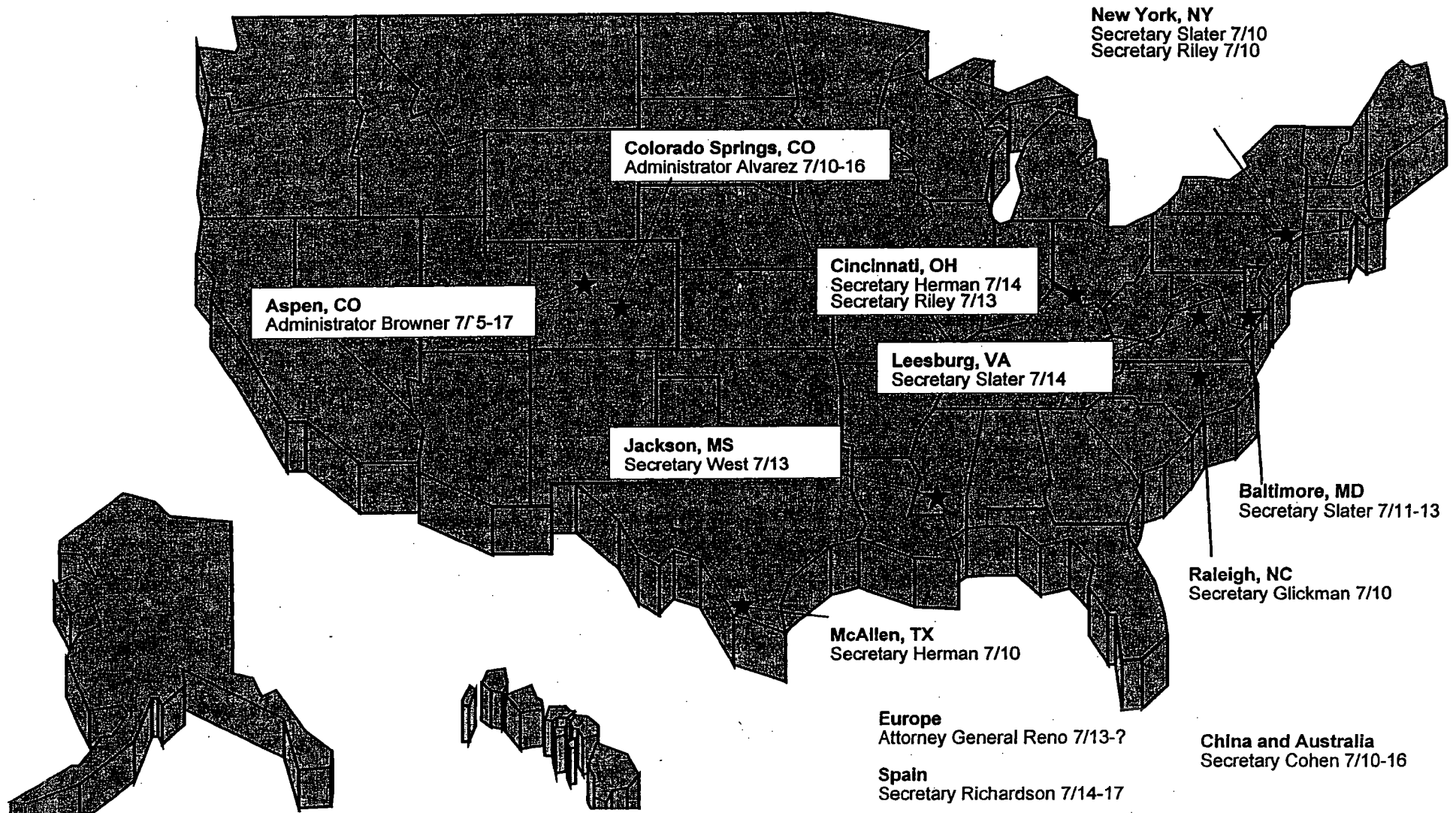
Lauren Supina

Loretta Ucelli

Melanne Verveer

Cabinet Affairs Travel

Monday, July 10 - Sunday, July 16, 2000



THE WHITE HOUSE
WASHINGTON

March 30, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: ANN O'LEARY
HEATHER HOWARD
RUBY SHAMIR

CC: MELANNE VERVEER
SHIRLEY SAGAWA
LISSA MUSCATINE
PATTI SOLIS DOYLE

SUBJECT: ISSUES UPDATE

The purpose of this memo is to provide you with brief updates on a number of national issues in which you have been involved or expressed interest.

LEGISLATIVE AND ISSUES UPDATE

EDUCATION

Education Tax Bill. Yesterday, the House Rules Committee began consideration of H.R. 7, the Education Savings Account, but postponed further consideration when Republican moderates protested the Leadership's unwillingness to consider the Johnson-Rangel school modernization amendment. The Education Savings Account, passed in the Senate with a veto threat by the President earlier this month, would increase the savings limit in ESAs from \$500 to \$2000 and would allow the savings to be spent on K-12 education. In pushing for the Johnson-Rangel amendment, the NEA released new State-by-State numbers showing the \$254 billion need nationwide for school modernization (see attached breakdown). → send cc to me

Lieberman's Public Education Reinvestment, Reinvention and Responsibility Act. On March 9th, Senator Lieberman introduced his ESEA reauthorization proposal on the floor of the Senate. ESEA is not expected to be brought up for consideration in the Senate until after the Easter recess.

Lieberman's bill would trim ESEA from fourteen titles to seven and would focus on the following proposals:

1. *Strengthening standards implementation and accountability in Title I and boosting funding for Title I by 50 percent.* The Lieberman proposal is stronger than the Administration's bill in its requirement for States to evaluate and publicly report their progress on turning around low-performing schools and improving teacher quality. It also requires that school districts be held accountable for disaggregating achievement data and improving achievement along

PHOTOCOPY
HRC HANDWRITING

lines of poverty, race/ethnicity, and limited English proficiency (LEP), thus sending a strong message on "closing the opportunity gap."

2. *Improving teacher quality.* This proposal is similar to the Administration's teacher quality proposal in that it folds together Goals 2000 and the Eisenhower professional development program into a single teacher quality fund and calls for strong teacher quality accountability by ending the practice of out-of-field and emergency certified teachers by 2005. This fund would be used for systemic long-term comprehensive professional development and for class-size reduction. Unlike the Administration's proposal, Lieberman's proposal does not include a separate funding stream for class-size reduction, but instead allows for local flexibility on spending the teacher quality funds on class-size reduction or professional development.
3. *Strong focus on English acquisition.* The Lieberman bill would replace the discretionary grant programs for bilingual education under current law with a formula grant program that would provide funds to states based on the percentage of LEP students in the state's student population. This program would require states to develop standards for development of English and would hold States accountable for meeting performance goals.
4. *Promoting public school choice.* Like the Administration's ESEA proposal, Lieberman's proposal would increase funding for charter schools and would develop a new competitive grant program for local school districts to implement innovative public school choice programs.
5. *Continuing commitment to Impact Aid with no changes to current law.*
6. *Stimulating innovative strategies for performance.* The Lieberman proposal would stimulate innovative strategies for performance by including a \$2.7 billion block grant to support four broad types of activities: innovative school improvement strategies to improve academic achievement, summer school or after-school programs, school safety and discipline measures, and technology literacy initiatives. This new fund would require a performance agreement from the state that would outline the state's performance objectives, how the state plans to meet objectives, and how the state will hold school districts accountable for meeting objectives. It would eliminate the 21st Century Community Learning Centers, the Reading Excellence programs, Safe and Drug Free Schools, and various technology initiatives.
7. *Strengthening accountability.* This bill, like the Administration's bill, would include strong measures to hold States accountable for meeting state standards and would reward States that exceed their performance goals and that successfully close the achievement gap.

Attached please find a detailed summary of Lieberman's bill (produced by his office) and a press release upon introduction of the bill.

HEALTH CARE ISSUES

Follow-up to 'Ritalin Event.' We have received considerable positive response to your 'Ritalin Event' and the Surgeon General's office has begun planning for the fall Conference on the Diagnosis and Treatment of Children with Behavioral and Mental Disorders. Later this spring, Dr. Satcher will convene a "Surgeon General's Workshop," a large meeting of all the groups that want to be involved in planning the conference. Both you and Mrs. Gore will be invited to the conference and staff will be involved in planning.

Medicare. The Medicare trustees projected that the life of the Medicare Trust Fund has been extended until 2023 – 8 years longer than have been projected last year. Please see attached fact sheet.

Births Report. This week, the CDC released 1998 U.S. births data. Highlights include:

- Does Mayan agree with them? He wouldn't dispute HHS figure - how you find out?*
- There was a 2 percent increase in the number of births from 1997, the first increase since 1990, fueled by increases in birth rates for women in their twenties and their thirties.
 - The birth rate for teens declined again, down 2 percent in 1998. The rate for 15-17 year-olds fell 5 percent, while the rate for 18-19 year-olds fell 2 percent. Overall, the teen birth rate declined by 18 percent from 1991 to 1998, with all states recording a decline in the birth rate of 15-19 year-olds between 1991 and 1998.
 - The birth rate for unmarried women increased 1 percent. The percent of all births that were to unmarried women increased from 32.4 percent in 1997 to 32.8 percent in 1998. However, the teen out-of-wedlock birth rate dropped again in 1998, down 11 percent from its high in 1994. *what is off balance?*
 - The rate of preterm births (less than 37 completed weeks of gestation) rose to 11.6 percent in 1998, and has risen 9 percent since 1990 and 23 percent since 1981. The low birthweight rate (less than 5.5 pounds) also continued to rise, increasing to 7.6 percent for 1998; it has risen quite steadily since the mid-1980s. The upswing in overall levels of preterm and low birthweight births is influenced in part by the increase in multiple births.
 - The proportion of women beginning prenatal care in the first trimester rose again for the 9th consecutive year, to 82.8 percent. After showing little change in the 1980's, the percent of women with timely care has risen 10 percent during the 1990's.
 - Cigarette smoking during pregnancy declined again in 1998, to 12.9 percent, continuing a trend observed since 1989. However, tobacco use by pregnant teenagers continued to increase in 1998, particularly for non-Hispanic black teens.

Abortion: So-called "Partial Birth" Abortion. The Solicitor General filed an amicus brief in Carhart v. Stenberg, the partial birth case being heard by the Supreme Court on April 25th. The brief focuses on all the opportunities this case provides the Court to undermine Roe. It argues that the Nebraska statute is unconstitutional because it is vague, overbroad (it bans the most commonly used 2nd trimester procedure and therefore imposes an undue burden), and lacks a health exception. DOJ and Counsel's office determined that this was consistent with the President's past veto messages on the partial birth bills. (The veto messages focused on the legislation's lack of a health exception; the 8th Circuit, in finding the Nebraska law unconstitutional, focused on the 2nd trimester issue. Other circuits have agreed with that reasoning.)

The House is scheduled to vote on partial birth legislation on April 5. Representatives Hoyer and Greenwood may offer, as the motion to recommit, a substitute that is not procedure-specific,

but rather bans all third trimester abortions and has an exception for "serious adverse health consequences." The last time the House considered partial birth legislation, in 1997, the President sent a letter to Hoyer supporting his bill, and may do so again.

Abortion: Alleged Sale of Fetal Tissue. The news program "20/20" recently ran a story purporting to expose a widespread black market in fetal tissue. If true, the allegations on "20/20" are clearly illegal. On March 9, the House Commerce Committee held a hearing on the alleged for-profit sale of fetal tissue, but the witnesses cited by "20/20" proved unreliable. The first refused to testify altogether, and the second recanted many of his initial charges. Nonetheless, NIH contacted all the 150 institutions currently receiving federal funds for fetal tissue research to reiterate their legal obligations regarding the use and acquisition of fetal tissue. NIH has also begun a series of random record audits.

Antitrust Health Care Legislation. Today, the House Judiciary Committee approved H.R. 1304, the Quality Health Care Coalition Act of 1999. The legislation, introduced by Representative Tom Campbell, has over 200 House cosponsors and is strongly supported by the AMA. It would exempt physicians from antitrust laws that bar collective bargaining by independent contractors. Proponents claim that consolidation by health plans has given insurers unfair leverage in the marketplace, threatening access and quality of care. They argue that H.R. 1304 levels the playing field. Opponents, including the Consumer Federation of America, headed by former Senator Metzenbaum, the Justice Department and the FTC, argue this legislation would simply allow physicians to fix prices, which would raise health care costs without guaranteeing any consumer benefit. DOJ points out that under current law, providers can already enhance their bargaining power by increasing the size of their group practices and forming provider-hospital organizations, provider-service organizations, and independent practice associations. The AMA, however, argues that DOJ has not been aggressive enough in enforcing antitrust laws in the face of health plan consolidation. The full House will likely pass the bill, but there appears to be little interest in the Senate (there is no Senate bill).

CHILD SUPPORT

Child Support Waivers. On Wednesday, the Vice President and Secretary Shalala announced the approval of waiver demonstrations in 10 states to improve the opportunities of young, unmarried fathers to support their children both financially and emotionally. The projects will test new ways for state-run child support enforcement programs and community-based organizations, including many faith-based organizations, to work together to help young fathers obtain employment, make child support payments and learn parenting skills. The projects will test approaches to serving young, never-married, non-custodial parents who do not have a child support court order in place and may face obstacles to employment. Some of the projects will provide direct services for custodial parents, and all will provide for referral of custodial parents to child support services and other services as needed. The demonstrations will also test a new cooperative working relationship between child support enforcement and non-governmental agencies. The demonstrations will total \$15 million in combined federal and private funding over a three-year period. This initiative will be piloted in Baltimore, MD; Boston, MA; Chester County, PA; Chicago, IL; Denver, CO; Indianapolis, IN; Los Angeles, CA; Milwaukee/Racine, WI; Minneapolis, MN; and New York City, NY.

Whitling?

CABINET REPORT

DEPARTMENT OF TREASURY

CRA: During the week of April 10, Treasury will release the first phase of the CRA study required by the Gramm-Leach-Bliley Act. In order to meet the requirements of the Act, Treasury staff proposed that the second phase of the CRA study include: 1) detailed case studies of up to 10 large financial institutions concerning their changes in CRA lending, service, and investment practices in low- to moderate-income areas since the Act was passed; and 2) metropolitan case studies that examine the variation in CRA lending and performance and the reasons behind this variation.

DEPARTMENT OF JUSTICE

Computer Hacker Interferes with Stock Trade: On March 15, an individual was arrested and charged with coordinating a series of "denial of service" attacks against the computer systems of Internet Trading Technologies, Inc. (ITTI), the largest provider of inter-broker dealer trade execution services for NASDAQ broker dealers. The denial of service attacks caused significant interruption of ITTI trading activities over three business days. He launched his attacks from a computer at a Manhattan Kinko's and a computer at Queens College in Flushing, NY.

Juvenile Justice Publications: This week, OJJDP is expected to release *The Community Assessment Center Concept*, which discusses a system for consolidating services for juveniles who come to the attention of juvenile justice authorities. OJJDP has also released *Violent Neighborhoods*, *Violent Kids*, which looks at the delinquent behavior of boys living in the three most violent neighborhoods in Washington, DC, and the role of basic institutions, such as families, schools, churches, and youth-serving organizations. The bulletin finds that a majority of boys in the study have basic needs that are unmet, and proposes specific steps to intervene with this at-risk population [this report is attached].

Juvenile Firearm Prosecutions: This week, the Office of Juvenile Justice and Delinquency Prevention (OJJDP) released *Seattle's Effective Strategy for Prosecuting Juvenile Firearm Offenders*, which reports on the Seattle Youth Handgun Violence Initiative funded by the Office of Community Oriented Policing Services and OJJDP. The program devoted resources to prosecution of juvenile firearm offenders, which improved how police, the courts, and probation department handled these cases.

UNITED STATES DEPARTMENT OF AGRICULTURE

Food Assistance and Nutrition Report: On April 3, USDA's Economic Research Service will release *Food Assistance and Nutrition Research Report No. 5*, finding that participation in the WIC program has a significant positive effect on children's intakes of iron, folate, and vitamin B-6. The data set used reflects a dramatic increase in program enrollment during the 1990s.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Communities for Safer Guns Coalition: Officials from 29 cities and counties, and three state attorneys general have joined the Administration in forming the Communities for Safer Guns Coalition, which will support purchase preferences by government law enforcement agencies for guns made by companies that have adopted new gun safety and dealer responsibility standards.

PHOTOCOPY
HRC HANDWRITING

Task Force to Fight Cyber-Hate and Discrimination: Secretary Cuomo announced the creation of a national task force to fight hate and discrimination on the Internet, and reopened a housing discrimination investigation of the United Klans of America.

Public Housing Survey: Secretary Cuomo announced that a new nationwide survey of public housing residents shows that 87 percent are satisfied or very satisfied with the services and overall living conditions that public housing authorities provide, up from 75 percent last year.

Health Care for Low-Income Families: Low-income adults, seniors and children at selected HUD Neighborhood Networks centers nationwide will gain access to dental care, health screenings, and other preventive health care services and education. Uninsured children also can sign-up for health insurance. These services will be provided by health care professionals and trained volunteers.

Are they exempt from mortgage? insured? by whom?

LEGISLATIVE CALENDAR

Senate

The Senate will be in session next week and is likely to take up Budget issues and possibly mark up the Supplemental package on which the House has completed work.

House of Representatives

The House will be in session next week. Bills that are likely to come up include HR 3671 - Wildlife And Sport Fish Restoration Programs Improvement Act; HR 2418 - Organ Procurement And Transplantation Network Act; HR 3660 - Late Term Abortion Ban Act; HR 1776 - American Homeownership And Economic Opportunity act

UPCOMING POTUS SCHEDULE

Friday, Mar. 31	ABC News Interview Topic: Earth Day Location: White House NOTE: This will air on Earth Day in April.
Saturday, Apr. 1	Radio Address (taped Fri. 3/31) on Census Day
Sunday, Apr. 2	Travel to Las Vegas, NV and Silicon Valley, CA
Monday, Apr. 3	DLC Speech and Roundtable on China/New Economy Location: San Jose, CA
Tuesday, Apr. 4	Digital Divide Kickoff Event Location: White House

Wednesday, Apr. 5	Economic Summit Location: White House Travel to NY
Thursday, Apr. 6	Possible Arrival Statement on Procurement Location: White House One America Corporate Event Location: White House
Friday, Apr. 7	Women's Health Event Location: White House Possible Retirement Earnings Bill Signing Location: White House
Saturday, Apr. 8	Radio Address (taped 4/7); possible topic: 3rd World Debt Relief Travel to Louisiana
Monday, Apr. 10 - Tuesday, Apr. 11	New Markets/Digital Divide Tour
Wednesday, Apr. 12	Possible Gun Rally Location: Denver, CO Possible MSNBC Gun Town Hall Location: Denver, CO
Thursday, Apr. 13	Address American Society of Newspaper Editors Location: Washington, DC
Friday, Apr. 14	Address Education Writers Conference Location: Atlanta, GA
Saturday, Apr. 15	Radio Address (taped Fri. 4/14); possible topics: privacy or youth violence/guns Earth Day Event Location: City, State TBD
Monday, Apr. 17	Earth Day/Service Event Location: Washington, DC

Tuesday, Apr. 18	Possible Departure Statement; Possible Topic: Prescription Drug Report Location: White House
Wednesday, Apr. 19	Possible Events: Oklahoma City Memorial Event or Youth Violence Event
Thursday, Apr. 20	Possible Interviews TBD Location: White House
Friday, Apr. 21	No Message Event
Saturday, Apr. 22	Radio Address (taped Fri. 4/21); Topic: TBD
Monday, Apr. 24	Easter Egg Roll Location: White House
Tuesday, Apr. 25	Possible Grassroots Gun Strategy Session Location: White House
Wednesday, Apr. 26	Message Event TBD
Thursday, Apr. 27	Daisy Bates Memorial Service Location: Arkansas
Friday, Apr. 28	Possible Hate Crimes Strategy Session Location: White House
Saturday, Apr. 29	Radio Address (taped Fri. 4/28); Topic: TBD

Representatives –

Your State Needs School Modernization Assistance!

\$254 Billion of Need Nationwide:

State	School Infrastructure Needs	State	School Infrastructure Needs
Alabama	1,519,210,061	Nebraska	1,608,849,896
Alaska	727,014,291	Nevada	5,256,000,000
Arizona	4,748,568,494	New Hampshire	409,511,478
Arkansas	1,761,701,495	New Jersey	20,709,650,065
California	22,000,000,000	New Mexico	1,410,624,747
Colorado	3,805,239,627	New York	47,640,000,000
Connecticut	5,000,000,000	North Carolina	6,210,938,727
Delaware	1,046,354,648	North Dakota	420,000,000
Florida	3,300,000,000	Ohio	8,615,116,800
Georgia	7,061,967,931	Oklahoma	2,204,070,041
Hawaii	752,533,936	Oregon	2,407,425,974
Idaho	699,469,537	Pennsylvania	8,465,134,387
Illinois	9,213,000,000	Rhode Island	1,420,952,603
Indiana	2,477,797,613	South Carolina	2,574,018,400
Iowa	3,359,129,953	South Dakota	498,604,766
Kansas	1,793,250,000	Tennessee	2,273,702,904
Kentucky	2,441,607,196	Texas	9,467,620,774
Louisiana	3,104,098,619	Utah	8,490,336,757
Maine	452,064,540	Vermont	220,090,007
Maryland	3,891,926,876	Virginia	5,701,313,528
Massachusetts	8,919,014,500	Washington	5,478,902,777
Michigan	8,071,127,040	West Virginia	1,000,000,000
Minnesota	4,517,232,516	Wisconsin	4,762,337,059
Mississippi	1,038,890,864	Wyoming	530,888,665
Missouri	3,475,160,989		
Montana	901,492,663		
Total			\$253,853,943,744

March 9, 2000

The Three R's Bill: A Detailed Summary

OVERVIEW

This plan aims to refocus our national education policy on helping states and local school districts raise academic achievement for all children, putting the priority for federal programs on performance instead of process, on delivering results instead of developing rules, and on actively encouraging bold reforms instead of passively tolerating failure.

In broad terms, it calls on states and local districts to enter into a new compact with the federal government to work together to strengthen standards and improve educational opportunities, particularly for America's poorest children. It would provide states and local educators with significantly more federal funding and significantly more flexibility in targeting that aid to meet their specific needs. In exchange, it would demand real accountability, and for the first time impose consequences on schools that continually fail to show progress.

In doing so, it would:

- REINVEST in our public education system, by increasing federal funding by \$35 billion over the next five years, and by driving most of those additional dollars to the most disadvantaged communities;
- REINVENT our federal education system, by consolidating the many different programs and funding streams into five goal-oriented titles, and by pegging these largely string-free grants to specific performance standards;
- Reconnect our public schools to the common core values that have long sustained them, by making clear our first RESPONSIBILITY is to educating children, not perpetuating a system.

Each title would call on states to set their own goals and demonstrate annual progress toward meeting them—for raising academic achievement, for closing the gap between poor minority students and their better-off peers, for helping immigrant children to master English and achieve at a high level in all subjects, and for improving the quality of their teachers. These new performance-oriented programs would be tied to a new “accountability” title, which would reward states that exceed their standards and penalize those that continually fail to show improvement.

What follows is a summary of how each of these titles would work.

~~CLOSING THE ACHIEVEMENT GAP~~

This title would reform and strengthen the existing Title I program for disadvantaged students, by providing the biggest one-time funding increase in the program's history and by better targeting that aid to the schools with the highest concentrations of poor children.

Specifically, it would:

- Increase overall annual funding by more than 50 percent, from \$7.9 billion to \$12 billion, to help states meet their new performance goals;

- Drive most of this additional aid down to the poorest schools, by requiring 75 percent of the new funding be sent to the states through a more targeted formula, and requiring 75 percent of all state grants to be sent to local districts through the same targeted formula;
- Call on each state to develop and implement plans to ensure all children reach proficiency in math and reading within 10 years, and hold local districts accountable for showing annual progress toward meeting those goals;
- Require states to set aside 2.5 percent of their grant for helping local districts turn around underachieving schools and, if necessary, taking corrective actions, such as replacing curriculums, redesigning or reconstituting schools, or in extreme cases closing schools down and allowing their students to transfer to a higher-performing public school;
- Require states to set performance goals for increasing overall academic achievement at least in math and reading, as well as for closing the gap between high- and low-income students, minority and non-minority students, and LEP and non-LEP students.

RAISING TEACHER QUALITY

This title would consolidate several professional development and teacher training initiatives into a single formula grant for improving the quality of public school teachers, principals and administrators.

Specifically, it would:

- Increase overall annual professional development funding by more than 100 percent, from \$620 million to \$1.6 billion, to help states meet their new performance goals;
- Distribute funding to states through a formula based 50 percent on poverty and 50 percent on student population;
- Requires states to distribute 60 percent of the funding to local districts based on the number of children in poverty and 40 percent based on school-aged population;
- Require states to have all teachers "fully-qualified" by the year 2005, with fully-qualified defined as being state certified, and either having a bachelor's degree in the area they teach or demonstrating a high level of competency;
- Require local educational agencies to provide high-quality professional development for teachers, principals and administrators so that they are better prepared to raise student academic achievement and meet state performance standards;
- Require states to set annual performance objectives aimed at reducing the percentage of out-of-field teachers and increasing the percentage of core classes taught by teachers qualified in that subject area;
- Encourage innovative training and mentoring partnerships between local school districts and universities, non-profit groups, corporations and business organizations, by setting aside 10 percent of each state's funding to underwrite these cooperative initiatives;
- Preserve the President's program to reduce class size in the early grades and continue funding at \$1.4 billion annually;

- Hold states accountable for increasing the percentage of fully-qualified teachers and the number of teachers and principals receiving high-quality professional development.

FOSTERING ENGLISH PROFICIENCY

This title would streamline the existing bilingual education programs and clarify their purpose. It would create a single performance-based grant, provide the biggest one-time funding increase for English acquisition, and require those dollars to be used explicitly for helping immigrant children to become proficient in English and achieve high levels of learning in all subjects.

Specifically, it would:

- Increase overall annual aid for English acquisition by more than 250 percent, from \$380 million to \$1 billion;
- Create a new funding formula to target aid to the states with the highest concentrations of limited English proficiency (LEP) students;
- Require states to A) develop standards for English language development and implement assessments for measuring English proficiency in speaking, listening, writing and reading; B) set specific annual performance goals for increasing the proficiency of each student from the previous year; C) develop a system for holding local school districts accountable for meeting those goals; and D) hold districts and schools accountable for meeting adequate yearly progress for LEP student performance in core academic subjects as established in Title I;
- Provide states and local school districts with broad flexibility in choosing methods of instruction, provided that they are grounded in strong scientific research, in return for a commitment to improving individual student proficiency in reading, writing and speaking English.

PROMOTING PUBLIC SCHOOL CHOICE

This title would strengthen the Federal commitment to expanding the range of educational opportunities and options available to all students within the public school framework. It would provide additional dollars to the existing charter school and magnet programs, and pair them with a new initiative to encourage broader choice programs at the local level.

Specifically, it would:

- Provide \$100 million in funding for a new competitive grant program to help local school districts develop public school choice initiatives;
- Call on states to publish and widely disseminate annual school report cards, providing parents with information about school districts and individual schools in the areas of student achievement and teacher qualifications;
- Increase funding for the charter school program, which helps defray the cost of starting new schools from scratch, from \$145 million to \$200 million;
- Require states to hold accountable any charter or non-traditional school receiving funds under this title to the same content and student performance standards as any other public school.

STIMULATING HIGH PERFORMANCE INITIATIVES

This title consolidates the remainder of all other existing programs into a new funding stream that will enable states and local school districts to target additional resources to locally-identified needs, and also will encourage them to test bold new ideas and approaches to raising student achievement.

Specifically, it would:

- Provide \$2.7 billion in funding, which first would be distributed to states through a formula based 50 percent on poverty and 50 percent on student enrollment, and then be passed on to local districts through a more targeted formula based 60 percent on poverty and 40 percent on student enrollment;
- Give local districts broad flexibility in determining local objectives, but require them to devote a share of their grants to pursuing each of the following four priorities: 1) developing innovative school improvement strategies; 2) expanding access to summer school, after-school programs and other academic enrichment opportunities; 3) improving school safety and discipline; and 4) developing technological literacy;
- Require states to develop a plan with annual performance goals, describing A) how the state and its local districts plan to use the funding; B) what the performance objectives are for the state and the local districts; C) how the state will measure those objectives; D) the extent to which these programs will help raise student achievement; and E) how the state will hold the local districts accountable for meeting performance objectives;
- Reward local districts that meet or exceed their performance goals with even greater flexibility in commingling their funding under this Title to meet their specific priorities.

DEMANDING ACCOUNTABILITY

This title is the linchpin of the Three R's plan. It creates a new comprehensive accountability system that for the first time would directly link federal funding to the performance of schools in meeting specific goals -- raising overall academic achievement, closing the gap between high- and low- performing groups, helping LEP students achieve proficiency in English, and expanding the supply of fully qualified teachers.

Specifically, it would:

- Establish a transition period of three years to allow states to implement their own accountability systems, provide technical assistance to local districts and take necessary corrective actions to ensure that performance objectives in each title are being met;
- Require states to impose sanctions on local school districts that fail to meet their annual performance targets;
- Penalize states that fail to meet its performance objectives in any title after three years by cutting its administrative funding by 50 percent, and after four years by also cutting its High Performance and Quality Education Initiatives (Title VI) funding by 30 percent;
- Establish a new fund to reward high-performing states for A) exceeding their overall performance goals for at least three consecutive years; B) exceeding their goals for closing the gap between poor and better-off students; and C) meeting the standard of having all teachers fully-qualified within four years;

- Require states to pass along 75 percent of their bonus funding to high-performing districts that meet the same criteria;
- Call on states and local districts to develop a system for recognizing and rewarding high-performing schools that are successful in raising overall student achievement, closing the gap between groups, improving teacher quality, and fostering English proficiency;
- Supplement the reward funding pool by distributing funds that are withheld from low-performing states to high-achieving states;
- Authorize \$150 million for the Secretary of Education to help states and localities turn around low-performing schools, disseminate information on model programs, provide technical assistance for carrying out new requirements of this act, highlight exemplary instructional materials, and develop model native language tests for limited English proficient students.

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March 9, 2000

Senate New Democrat Coalition Introduces Legislation to Reinvent Federal Education Policy

“Three R’s” plan would consolidate bureaucracy and concentrate on producing results

WASHINGTON -- Seven members of the newly-formed Senate New Democrat Coalition (SNDC) today introduced groundbreaking legislation that would radically revamp federal education policy and refocus it on raising academic achievement for all students.

The Public Education Reinvestment, Reinvention, and Responsibility Act -- Three R’s for short -- would significantly streamline the mass of federal education programs, provide public schools with much more funding and flexibility, and ultimately hold states and school districts accountable for producing results.

Overall it would increase federal investment in public education by \$35 billion over the next five years, the single largest increase in the 35-year history of the Elementary and Secondary Education Act. And it would target most of those new dollars to the nation’s most disadvantaged school districts and toward the critical goal of closing the persistent achievement gap between poor minority students and their suburban white peers.

To help all kids succeed, the bill would engage the states in a new, performance-based partnership. State and local leaders would be given broad latitude in deciding how to allocate their federal aid to meet their specific needs. In return, they would be expected to show annual progress toward tangible performance goals, and suffer real consequences for failing to do so.

The lead sponsors of the Three R’s bill are Senators Joe Lieberman (D-CT), chairman of the Democratic Leadership Council, and Evan Bayh (D-IN). Joining them as original cosponsors are SNDC members Mary Landrieu (D-LA), Blanche Lincoln (D-AR), John Breaux (D-LA), Bob Graham (D-FL), and Chuck Robb (D-VA), as well as Senator Herb Kohl (D-WI).

A companion bill was introduced in the House today by Rep. Joe Hoeffel (D-PA) and House New Democrat Coalition Co-Chair Cal Dooley (D-CA). In touting this bold new blueprint today, Lieberman said it represented a “third way” approach to education reform, offering a middle ground between the Democratic agenda of more spending and programs and the Republican agenda of more block grants and vouchers.

“We as New Democrats believe there is a better way, a third way, that synthesizes the best ideas of both sides into a progressive, practical blueprint for real change,” Lieberman said. “A way to reinvent our public education system without retreating from our common commitment to the common school. A way to refocus our priorities to help every child in every state learn at a high level. And ultimately a way to restore public faith and a sense of public responsibility in our public schools.”

“The consequences of any of our children not receiving a quality education are far greater than ever before,” Bayh said. “For the first time in our nation’s history, the growing gap between the ‘haves’ and ‘have nots’ threatens to create a permanent underclass. If we do not address these shortcomings, the knowledge and information gap will lock many of our

citizens out of the marketplace and prevent them from accessing opportunity in the New Economy.”

The Three R’s bill is based on the policy recommendations outlined in a paper by the Progressive Policy Institute, the DLC’s in-house think tank. That paper called for replacing the Elementary and Secondary Education Act (ESEA) with a streamlined, performance-based alternative that would shift the role of Washington from “a passive enabler of failure to a catalyst for success” and help local schools meet the new challenges of the new century.

To bring about this shift, the Three R’s bill would:

- Consolidate the mass of federal education programs into five goal-oriented titles, focusing on 1) closing the achievement gap between minority and white children; 2) helping immigrant students master English and meet high standards in all subjects, 3) improving teacher quality, 4) promoting public school choice, and 5) stimulating high performance education initiatives;
- Create a tough new accountability system that pegs program funding to academic performance standards set by the states, and demands demonstrable progress each year in meeting those goals;
- Reward states that exceed their standards, and for the first time ever penalize those states that chronically fail to show improvements by cutting 50 percent of their administrative funds after three years and 30 percent of their program funds under the bill’s new “high performance” title;
- Increase funding for the Title I program for disadvantaged students by 50 percent, to \$12 billion annually, and drive most of those dollars down to the nation’s poorest schools through a more targeted formula;
- Increase funding for English acquisition by 250 percent, to \$1 billion annually, and create a new formula to concentrate aid in the states with the highest population of immigrant children;
- Increase funding for teacher quality by more than 100 percent, up to \$1.6 billion annually, and call on states to meet the goal of having all teachers “fully qualified” by the year 2005;
- Continue the President’s program to reduce class sizes in the early grades;
- Authorize \$100 million for a new public school choice program to expand competition and opportunities for children within the public framework;
- Blend funding from the remaining programs into a single “high performance” title, which would provide \$2.7 billion to states and local districts to meet their particular needs and encourage them to pursue bold reforms.

The Senate New Democrats said they plan to offer the Three R’s plan as an amendment to the ESEA reauthorization bill that is expected to reach the Senate floor in the coming weeks. In the meantime, they pledged to work actively to build bipartisan support for the bill.

“Making this a viable successor to the existing ESEA won’t be easy -- we are proposing some dramatic changes that will shake up the status quo and its defenders,” Lieberman said.

“But we believe in this approach are the seeds of a common-ground solution.”

- [Lieberman's Statement On the New Democrats' Education Reform Plan - 3.9.00](#)
- [Detailed Summary of Public Education Reinvestment, Reinvention, and Responsibility Act - 3.9.00](#)
- [Explaining How Three Rs Bill Targets Funding To Help Children Most In Need - 3.9.00](#)

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THE WHITE HOUSE
WASHINGTON

March 30, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: ANN O'LEARY
HEATHER HOWARD
RUBY SHAMIR

CC: MELANNE VERVEER
SHIRLEY SAGAWA
LISSA MUSCATINE
PATTI SOLIS DOYLE

SUBJECT: ISSUES UPDATE

The purpose of this memo is to provide you with brief updates on a number of national issues in which you have been involved or expressed interest.

LEGISLATIVE AND ISSUES UPDATE

EDUCATION

Education Tax Bill. Yesterday, the House Rules Committee began consideration of H.R. 7, the Education Savings Account, but postponed further consideration when Republican moderates protested the Leadership's unwillingness to consider the Johnson-Rangel school modernization amendment. The Education Savings Account, passed in the Senate with a veto threat by the President earlier this month, would increase the savings limit in ESAs from \$500 to \$2000 and would allow the savings to be spent on K-12 education. In pushing for the Johnson-Rangel amendment, the NEA released new State-by-State numbers showing the \$254 billion need nationwide for school modernization (see attached breakdown). → send cc to me

Lieberman's Public Education Reinvestment, Reinvention and Responsibility Act. On March 9th, Senator Lieberman introduced his ESEA reauthorization proposal on the floor of the Senate. ESEA is not expected to be brought up for consideration in the Senate until after the Easter recess.

Lieberman's bill would trim ESEA from fourteen titles to seven and would focus on the following proposals:

1. *Strengthening standards implementation and accountability in Title I and boosting funding for Title I by 50 percent.* The Lieberman proposal is stronger than the Administration's bill in its requirement for States to evaluate and publicly report their progress on turning around low-performing schools and improving teacher quality. It also requires that school districts be held accountable for disaggregating achievement data and improving achievement along

lines of poverty, race/ethnicity, and limited English proficiency (LEP), thus sending a strong message on "closing the opportunity gap."

2. *Improving teacher quality.* This proposal is similar to the Administration's teacher quality proposal in that it folds together Goals 2000 and the Eisenhower professional development program into a single teacher quality fund and calls for strong teacher quality accountability by ending the practice of out-of-field and emergency certified teachers by 2005. This fund would be used for systemic long-term comprehensive professional development and for class-size reduction. Unlike the Administration's proposal, Lieberman's proposal does not include a separate funding stream for class-size reduction, but instead allows for local flexibility on spending the teacher quality funds on class-size reduction or professional development.
3. *Strong focus on English acquisition.* The Lieberman bill would replace the discretionary grant programs for bilingual education under current law with a formula grant program that would provide funds to states based on the percentage of LEP students in the state's student population. This program would require states to develop standards for development of English and would hold States accountable for meeting performance goals.
4. *Promoting public school choice.* Like the Administration's ESEA proposal, Lieberman's proposal would increase funding for charter schools and would develop a new competitive grant program for local school districts to implement innovative public school choice programs.
5. *Continuing commitment to Impact Aid with no changes to current law.*
6. *Stimulating innovative strategies for performance.* The Lieberman proposal would stimulate innovative strategies for performance by including a \$2.7 billion block grant to support four broad types of activities: innovative school improvement strategies to improve academic achievement, summer school or after-school programs, school safety and discipline measures, and technology literacy initiatives. This new fund would require a performance agreement from the state that would outline the state's performance objectives, how the state plans to meet objectives, and how the state will hold school districts accountable for meeting objectives. It would eliminate the 21st Century Community Learning Centers, the Reading Excellence programs, Safe and Drug Free Schools, and various technology initiatives.
7. *Strengthening accountability.* This bill, like the Administration's bill, would include strong measures to hold States accountable for meeting state standards and would reward States that exceed their performance goals and that successfully close the achievement gap.

Attached please find a detailed summary of Lieberman's bill (produced by his office) and a press release upon introduction of the bill.

HEALTH CARE ISSUES

Follow-up to 'Ritalin Event.' We have received considerable positive response to your 'Ritalin Event' and the Surgeon General's office has begun planning for the fall Conference on the Diagnosis and Treatment of Children with Behavioral and Mental Disorders. Later this spring, Dr. Satcher will convene a "Surgeon General's Workshop," a large meeting of all the groups that want to be involved in planning the conference. Both you and Mrs. Gore will be invited to the conference and staff will be involved in planning.

Medicare. The Medicare trustees projected that the life of the Medicare Trust Fund has been extended until 2023 – 8 years longer than have been projected last year. Please see attached fact sheet.

Births Report. This week, the CDC released 1998 U.S. births data. Highlights include:

- Does anyone agree with this? He never disputes HHS figures - like you had out?*
- There was a 2 percent increase in the number of births from 1997, the first increase since 1990, fueled by increases in birth rates for women in their twenties and their thirties.
 - The birth rate for teens declined again, down 2 percent in 1998. The rate for 15-17 year-olds fell 5 percent, while the rate for 18-19 year-olds fell 2 percent. Overall, the teen birth rate declined by 18 percent from 1991 to 1998, with all states recording a decline in the birth rate of 15-19 year-olds between 1991 and 1998.
 - *what is age breakdown?*
The birth rate for unmarried women increased 1 percent. The percent of all births that were to unmarried women increased from 32.4 percent in 1997 to 32.8 percent in 1998. However, the teen out-of-wedlock birth rate dropped again in 1998, down 11 percent from its high in 1994.
 - The rate of preterm births (less than 37 completed weeks of gestation) rose to 11.6 percent in 1998, and has risen 9 percent since 1990 and 23 percent since 1981. The low birthweight rate (less than 5.5 pounds) also continued to rise, increasing to 7.6 percent for 1998; it has risen quite steadily since the mid-1980s. The upswing in overall levels of preterm and low birthweight births is influenced in part by the increase in multiple births.
 - The proportion of women beginning prenatal care in the first trimester rose again for the 9th consecutive year, to 82.8 percent. After showing little change in the 1980's, the percent of women with timely care has risen 10 percent during the 1990's.
 - Cigarette smoking during pregnancy declined again in 1998, to 12.9 percent, continuing a trend observed since 1989. However, tobacco use by pregnant teenagers continued to increase in 1998, particularly for non-Hispanic black teens.

Abortion: So-called "Partial Birth" Abortion. The Solicitor General filed an amicus brief in Carhart v. Stenberg, the partial birth case being heard by the Supreme Court on April 25th. The brief focuses on all the opportunities this case provides the Court to undermine Roe. It argues that the Nebraska statute is unconstitutional because it is vague, overbroad (it bans the most commonly used 2nd trimester procedure and therefore imposes an undue burden), and lacks a health exception. DOJ and Counsel's office determined that this was consistent with the President's past veto messages on the partial birth bills. (The veto messages focused on the legislation's lack of a health exception; the 8th Circuit, in finding the Nebraska law unconstitutional, focused on the 2nd trimester issue. Other circuits have agreed with that reasoning.)

The House is scheduled to vote on partial birth legislation on April 5. Representatives Hoyer and Greenwood may offer, as the motion to recommit, a substitute that is not procedure-specific,

but rather bans all third trimester abortions and has an exception for "serious adverse health consequences." The last time the House considered partial birth legislation, in 1997, the President sent a letter to Hoyer supporting his bill, and may do so again.

Abortion: Alleged Sale of Fetal Tissue. The news program "20/20" recently ran a story purporting to expose a widespread black market in fetal tissue. If true, the allegations on "20/20" are clearly illegal. On March 9, the House Commerce Committee held a hearing on the alleged for-profit sale of fetal tissue, but the witnesses cited by "20/20" proved unreliable. The first refused to testify altogether, and the second recanted many of his initial charges. Nonetheless, NIH contacted all the 150 institutions currently receiving federal funds for fetal tissue research to reiterate their legal obligations regarding the use and acquisition of fetal tissue. NIH has also begun a series of random record audits.

Antitrust Health Care Legislation. Today, the House Judiciary Committee approved H.R. 1304, the Quality Health Care Coalition Act of 1999. The legislation, introduced by Representative Tom Campbell, has over 200 House cosponsors and is strongly supported by the AMA. It would exempt physicians from antitrust laws that bar collective bargaining by independent contractors. Proponents claim that consolidation by health plans has given insurers unfair leverage in the marketplace, threatening access and quality of care. They argue that H.R. 1304 levels the playing field. Opponents, including the Consumer Federation of America, headed by former Senator Metzenbaum, the Justice Department and the FTC, argue this legislation would simply allow physicians to fix prices, which would raise health care costs without guaranteeing any consumer benefit. DOJ points out that under current law, providers can already enhance their bargaining power by increasing the size of their group practices and forming provider-hospital organizations, provider-service organizations, and independent practice associations. The AMA, however, argues that DOJ has not been aggressive enough in enforcing antitrust laws in the face of health plan consolidation. The full House will likely pass the bill, but there appears to be little interest in the Senate (there is no Senate bill).

CHILD SUPPORT

Child Support Waivers. On Wednesday, the Vice President and Secretary Shalala announced the approval of waiver demonstrations in 10 states to improve the opportunities of young, unmarried fathers to support their children both financially and emotionally. The projects will test new ways for state-run child support enforcement programs and community-based organizations, including many faith-based organizations, to work together to help young fathers obtain employment, make child support payments and learn parenting skills. The projects will test approaches to serving young, never-married, non-custodial parents who do not have a child support court order in place and may face obstacles to employment. Some of the projects will provide direct services for custodial parents, and all will provide for referral of custodial parents to child support services and other services as needed. The demonstrations will also test a new cooperative working relationship between child support enforcement and non-governmental agencies. The demonstrations will total \$15 million in combined federal and private funding over a three-year period. This initiative will be piloted in Baltimore, MD; Boston, MA; Chester County, PA; Chicago, IL; Denver, CO; Indianapolis, IN; Los Angeles, CA; Milwaukee/Racine, WI; Minneapolis, MN; and New York City, NY.

What's doing?

*State up there
- for the Bedford - Shalala
STRIVE, Part Four once more*

CABINET REPORT

DEPARTMENT OF TREASURY

CRA: During the week of April 10, Treasury will release the first phase of the CRA study required by the Gramm-Leach-Bliley Act. In order to meet the requirements of the Act, Treasury staff proposed that the second phase of the CRA study include: 1) detailed case studies of up to 10 large financial institutions concerning their changes in CRA lending, service, and investment practices in low- to moderate-income areas since the Act was passed; and 2) metropolitan case studies that examine the variation in CRA lending and performance and the reasons behind this variation.

DEPARTMENT OF JUSTICE

Computer Hacker Interferes with Stock Trade: On March 15, an individual was arrested and charged with coordinating a series of "denial of service" attacks against the computer systems of Internet Trading Technologies, Inc. (ITTI), the largest provider of inter-broker dealer trade execution services for NASDAQ broker dealers. The denial of service attacks caused significant interruption of ITTI trading activities over three business days. He launched his attacks from a computer at a Manhattan Kinko's and a computer at Queens College in Flushing, NY.

Juvenile Justice Publications: This week, OJJDP is expected to release *The Community Assessment Center Concept*, which discusses a system for consolidating services for juveniles who come to the attention of juvenile justice authorities. OJJDP has also released *Violent Neighborhoods*, *Violent Kids*, which looks at the delinquent behavior of boys living in the three most violent neighborhoods in Washington, DC, and the role of basic institutions, such as families, schools, churches, and youth-serving organizations. The bulletin finds that a majority of boys in the study have basic needs that are unmet, and proposes specific steps to intervene with this at-risk population [this report is attached].

Juvenile Firearm Prosecutions: This week, the Office of Juvenile Justice and Delinquency Prevention (OJJDP) released *Seattle's Effective Strategy for Prosecuting Juvenile Firearm Offenders*, which reports on the Seattle Youth Handgun Violence Initiative funded by the Office of Community Oriented Policing Services and OJJDP. The program devoted resources to prosecution of juvenile firearm offenders, which improved how police, the courts, and probation department handled these cases.

UNITED STATES DEPARTMENT OF AGRICULTURE

Food Assistance and Nutrition Report: On April 3, USDA's Economic Research Service will release *Food Assistance and Nutrition Research Report No. 5*, finding that participation in the WIC program has a significant positive effect on children's intakes of iron, folate, and vitamin B-6. The data set used reflects a dramatic increase in program enrollment during the 1990s.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Communities for Safer Guns Coalition: Officials from 29 cities and counties, and three state attorneys general have joined the Administration in forming the Communities for Safer Guns Coalition, which will support purchase preferences by government law enforcement agencies for guns made by companies that have adopted new gun safety and dealer responsibility standards.

Task Force to Fight Cyber-Hate and Discrimination: Secretary Cuomo announced the creation of a national task force to fight hate and discrimination on the Internet, and reopened a housing discrimination investigation of the United Klans of America.

Public Housing Survey: Secretary Cuomo announced that a new nationwide survey of public housing residents shows that 87 percent are satisfied or very satisfied with the services and overall living conditions that public housing authorities provide, up from 75 percent last year.

Health Care for Low-Income Families: Low-income adults, seniors and children at selected HUD Neighborhood Networks centers nationwide will gain access to dental care, health screenings, and other preventive health care services and education. Uninsured children also can sign-up for health insurance. These services will be provided by health care professionals and trained volunteers.

Are they exempt from malpractice? insured by whom?

LEGISLATIVE CALENDAR

Senate

The Senate will be in session next week and is likely to take up Budget issues and possibly mark up the Supplemental package on which the House has completed work.

House of Representatives

The House will be in session next week. Bills that are likely to come up include HR 3671 - Wildlife And Sport Fish Restoration Programs Improvement Act; HR 2418 - Organ Procurement And Transplantation Network Act; HR 3660 - Late Term Abortion Ban Act; HR 1776 - American Homeownership And Economic Opportunity act

UPCOMING POTUS SCHEDULE

Friday, Mar. 31	ABC News Interview Topic: Earth Day Location: White House NOTE: This will air on Earth Day in April.
Saturday, Apr. 1	Radio Address (taped Fri. 3/31) on Census Day
Sunday, Apr. 2	Travel to Las Vegas, NV and Silicon Valley, CA
Monday, Apr. 3	DLC Speech and Roundtable on China/New Economy Location: San Jose, CA
Tuesday, Apr. 4	Digital Divide Kickoff Event Location: White House

Wednesday, Apr. 5	Economic Summit Location: White House
	Travel to NY
Thursday, Apr. 6	Possible Arrival Statement on Procurement Location: White House
	One America Corporate Event Location: White House
Friday, Apr. 7	Women's Health Event Location: White House
	Possible Retirement Earnings Bill Signing Location: White House
Saturday, Apr. 8	Radio Address (taped 4/7); possible topic: 3rd World Debt Relief
	Travel to Louisiana
Monday, Apr. 10 - Tuesday, Apr. 11	New Markets/Digital Divide Tour
Wednesday, Apr. 12	Possible Gun Rally Location: Denver, CO
	Possible MSNBC Gun Town Hall Location: Denver, CO
Thursday, Apr. 13	Address American Society of Newspaper Editors Location: Washington, DC
Friday, Apr. 14	Address Education Writers Conference Location: Atlanta, GA
Saturday, Apr. 15	Radio Address (taped Fri. 4/14); possible topics: privacy or youth violence/guns
	Earth Day Event Location: City, State TBD
Monday, Apr. 17	Earth Day/Service Event Location: Washington, DC

Tuesday, Apr. 18	Possible Departure Statement; Possible Topic: Prescription Drug Report Location: White House
Wednesday, Apr. 19	Possible Events: Oklahoma City Memorial Event or Youth Violence Event
Thursday, Apr. 20	Possible Interviews TBD Location: White House
Friday, Apr. 21	No Message Event
Saturday, Apr. 22	Radio Address (taped Fri. 4/21); Topic: TBD
Monday, Apr. 24	Easter Egg Roll Location: White House
Tuesday, Apr. 25	Possible Grassroots Gun Strategy Session Location: White House
Wednesday, Apr. 26	Message Event TBD
Thursday, Apr. 27	Daisy Bates Memorial Service Location: Arkansas
Friday, Apr. 28	Possible Hate Crimes Strategy Session Location: White House
Saturday, Apr. 29	Radio Address (taped Fri. 4/28); Topic: TBD

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	Sue Panzarine to Ann O'Leary (partial) (1 page)	05/18/2000	P6/b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Eric Morse (Subject Files)
OA/Box Number: 21191

FOLDER TITLE:

Chron [2]

2011-0619-S

rc267

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

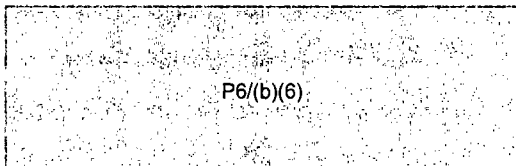
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

5/18/00



00017

Anne O'Leary
White House
Office of the First Lady
Washington, DC

Dear Ms. O'Leary:

Pls. Direct
Thank you from
me + ~~the~~ ~~main~~
for if she likes to
be involved in the // yr
feels

Dr. Angela Diaz was kind enough to tell me about your role in planning the recent White House Conference on Teenagers. I understand that the profound impact that parental involvement has on teens during this time of life was underscored in this conference. I am a professional with over twenty-five years in the field of adolescent health, the founder of a new web site for parents, www.tipson teens.com, and the author of the enclosed *A Parent's Guide to the Teen Years: Raising Your 11-to-14 Year Old in the Age of Chat Rooms and Navel Rings*. *A Parent's Guide* stresses the importance of parental involvement with teens and offers parents practical strategies on how they can stay involved in meaningful ways during this challenging time.

Early reviews of the book have this to say:

"A frank look at the emotional and physical changes adolescents go through and how parents may help 11-to-14-year old children grow and mature." – *Booklist*

"Written in an accessible question-and-answer format, *A Parent's Guide's* casual, informative style will appeal to busy parents." – *Kids Vermont*

I hope you find the book and the website useful in your efforts to support parents in their critical role during adolescence. If you need any additional information, you can contact me at the above number or email.

Sincerely,

A handwritten signature in cursive script that reads "Sue Panzarine".

Sue Panzarine, PhD

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. list	List of SSN's and DOB's (1 page)	06/21/2000	P6/b(6)

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Clinton Presidential Records
Domestic Policy Council
Eric Morse (Subject Files)
OA/Box Number: 21191

FOLDER TITLE:

Chron [2]

2011-0619-S

rc267

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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Dear Ms. Panzarine:

Thank you for sending me a copy of *A Parents Guide to the Teen Years: Raising Your 11-14 Year Olds in the Age of Chat Rooms and Navel Rings*. ~~I found both~~ ^{are very} The book and web site ~~to be~~ informative and interesting. I was especially pleased to see that the web site provides resourceful information on mental health providers. ~~This material is important and useful~~ for both parents and teens.

I am delighted to hear that you are interested in the recent White House Conference on Teenagers. The President and First Lady are deeply concerned with ensuring the successful and healthy development of all teenagers. Your contributions help to significantly elevate awareness to this imperative cause. Although we are pleased with the success of the Conference, it was only the first step in addressing critical issues involving teens. It is now time to focus our attention toward implementing the ideas discussed at the conference in ways that will benefit teens and their families.

On Thursday, May 25th, we had our first conference follow-up meeting to discuss a public education program known as "Time with Your Teens". This program is designed to encourage proactive healthy interactions between adults and teens. A diverse group of people from a number of independent organizations, many of whom were involved with the conference, attended this meeting. One objective of this meeting was to gain an understanding of the relevant initiatives and current work in which the meeting participants are engaged. In Addition, we discussed messages this campaign should be delivering and identified target audiences. Finally, we outlined and prioritized options for the campaign and next steps.

We will be planning another meeting on this issue at some point in the near future. With your extensive background and interest in adolescent health, I think you would make a terrific addition to this group. If you are interested in being involved in future meetings, please do not hesitate to contact me. Thank you again for sending me your book and for your commitment to this important issue. I look forward to hearing from you.

Sincerely,

Ann O'Leary

tell her about all the
options for being involved in
Killew up: (1) the sites
(2) at home he
O/ new media
get letter
from my kids →

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
LEGISLATIVE AFFAIRS

PHONE: 395-4790 / FAX: 395-3729

TO:

DATE:

FROM:

___ CHUCK KIEFFER

___ ELIZABETH GORE

___ TED ZEGERS

___ LISA MOLYNEUX

___ BROOKE LIVINGSTON

☒ NANCY BRANDEL

___ KATE ELTRICH

___ ANDREW ERICKSON

Comments:

Hey! Whats up!

FAX#:

6-2878

PAGES:

PHONE NUMBER:

(includes cover page)



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

July 17, 2000

THE DIRECTOR

The Honorable C. W. Bill Young
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This letter provides the Administration's view on the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 2001, H.R. 4577, as passed by the House and by the Senate. Your consideration of the Administration's views would be appreciated.

The President's FY 2001 Budget is based on a balanced approach that maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides for an appropriately sized tax cut, establishes a new voluntary Medicare prescription drug benefit in the context of broader reforms, expands health care coverage to more families, and funds critical investments for our future. An essential element of this approach is ensuring adequate funding for discretionary programs. To this end, the President has proposed new discretionary spending limits at levels that we believe are necessary to serve the American people.

Unfortunately, the FY 2001 congressional budget resolution provides inadequate resources for discretionary investments. We need realistic levels of funding for critical government functions that the American people expect their government to perform well, including education, national security, law enforcement, environmental protection, preservation of our global leadership, air safety, food safety, economic assistance for the less fortunate, research and technology, and the administration of Social Security and Medicare. Based on the inadequate budget resolution, this bill fails to address critical needs of the American people. If the bill presented to the President does not address the issues discussed below, the President would veto the bill.

The House-passed bill provides \$100 billion in program level funding, \$6 billion less than the request. A number of priority programs, including class size reduction, urgent school renovation, key health and social services programs, and worker training programs, are severely underfunded. While the Senate bill contains higher funding levels for a number of important programs compared to the House bill, the Senate-passed bill makes unacceptable funding cuts in critical programs such as the Social Services Block Grant, shifts funds from the State Children's Health Insurance Program, fails to ensure funds to reduce class size and repair crumbling schools, and includes an unacceptable "patient protection provision."

Further, the Administration has concerns with several objectionable language provisions included in both the House- and Senate-passed versions of the bill. In particular, the Administration strongly opposes the provision included in both bills that would bar the Department of Labor from finalizing its standard to protect the Nation's workers from repetitive motion injuries.

However, the Administration would welcome the opportunity to engage in a serious discussion about long overdue policy and financing commitments for health care and education.

Unfortunately, the Senate-passed bill includes a provision that falls short of a real Patients' Bill of Rights. It would: leave more than 135 million Americans without the guarantee of full protections; allow health plans to subject patients accessing emergency care to high financial penalties; fail to guarantee access to necessary health care specialists; fail to provide access to important clinical trials; and establish a wholly inadequate enforcement mechanism that prevents patients from holding health plans accountable when they make harmful decisions. Moreover, it includes poorly targeted and regressive tax policies that would do little to expand coverage, would be extremely expensive per newly insured person, and would further segment healthy from unhealthy populations.

It is imperative that we take this opportunity to work together to pass a bipartisan, real, and enforceable set of patient protections that restore public confidence in the nation's health care delivery system. In addition, we should make a strong down-payment towards expanding coverage for the currently uninsured and providing assistance to the chronically ill in need of long-term care assistance and their caregivers.

The Administration is pleased that the Senate bill responds to the Vice-President's proposal included in the Mid-Session Review to take Medicare off-budget. However, the Senate-passed bill includes two competing versions of a Medicare lockbox. The version offered by Senators Conrad and Lautenberg, which we note attracted stronger support in the Senate, would actually take the Medicare HI Trust Fund off-budget, through provisions that parallel the current treatment of Social Security. The alternative proposed by Senator Ashcroft stops short of that goal, and only places the Medicare HI Trust Fund *surpluses* off-budget, not the entire Trust Fund. The Administration urges Congress to pass legislation that takes Medicare off-budget, just as we have done for Social Security.

In order to ensure that we have a comprehensive and complementary approach to education, it is necessary to significantly enhance our discretionary investments in education in the context of our tax policy. It is hard to resolve these issues outside of the context of an overall budget framework. The President's FY 2001 budget includes a number of tax provisions that complement our funding requests, and further respond to our Nation's education needs. The President's budget proposes \$39 billion in education tax expenditures over 10 years, including tax credits for school construction and modernization bonds to help ensure that children are being taught in modern facilities, and the College Opportunity Tax Cut, which will help make college more affordable for American families.

The funding issues in this bill should be addressed in the context of an overall budget framework. Detailed discussions of the issues are provided in the enclosure. We look forward to working with the conferees to address our mutual concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Jacob J. Lew", with a long horizontal flourish extending to the right.

Jacob J. Lew
Director

Enclosure

Identical Letter Sent to The Honorable C. W. Bill Young,
The Honorable David R. Obey, The Honorable John E. Porter,
The Honorable Ted Stevens, The Honorable Robert C. Byrd,
The Honorable Arlen Specter, and The Honorable Tom Harkin

Enclosure
(Conference)

**H.R. 4577 -- DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 2001**
(As Passed by the House and by the Senate)

Department of Education

The House and Senate bills would undermine our Nation's commitment to improving our schools. While the President and Vice President's budget reflects their ongoing commitment to investing more in our schools while also demanding more from them, the House cuts \$2.9 billion from the President's overall FY 2001 request for the Department of Education. While the Senate bill is a significant improvement over the House, both bills fail to fund adequately key education priorities, including efforts to strengthen accountability and turn around failing schools, reduce class sizes, improve after-school and summer-school opportunities, increase school safety, renovate aging and neglected schools, improve teacher quality, and prepare students for college. The Administration urges the conferees to provide the requested level of funding for these vital programs. The most significant problems with the bill include the following:

- Class Size Reduction. Both the House- and Senate-passed bills fail to guarantee funding for the third installment of the President's initiative to hire 100,000 new teachers by FY 2005 to reduce class sizes to a nationwide average of 18 in the primary (K-3) grades. Both bills effectively repeal the bipartisan agreement on class size reduction, jeopardizing the Federal commitment to hire as many as 20,000 new teachers next year and to continue support for the estimated 29,000 teachers already hired. As many as 2.9 million children could be denied the benefits of smaller classes. Research demonstrates that lowering class sizes in the early grades has a lasting effect on raising student achievement, with the benefits lasting through high school. Every State applied for and received funding in FY 1999 and FY 2000, and preliminary State reports show that approximately 1.7 million children will benefit from the funding provided in the last two years. The House and Senate bills could reverse that progress, while denying even more children the opportunity to learn in smaller classes. The Administration urges the conferees to provide the President's requested funding level and authorization language for this program.
- Urgent School Renovation. Neither the House nor the Senate provides dedicated funding for the President's initiative to provide \$1.3 billion in loan subsidies and grants for emergency repairs to 5,000 of America's most aging and neglected public school buildings, including \$50 million for public schools with high concentrations of Native American students. An estimated \$127 billion is needed to bring America's schools into good overall condition. An estimated 3.5 million students attend schools that need major repairs or replacement.

- Accountability. Both the House- and the Senate-passed bills fail to focus on results and increase accountability for student success. The bills do not provide funding for the Title I Accountability Fund that helps States and districts turn around low-performing schools and increase public school choice and competition. As a result, States and districts would not receive targeted funds to turn around nearly 6,000 failing schools and improve student achievement. Also, the House bill cuts \$166 million from the President's request for Title I Grants to LEAs, reducing or eliminating services to more than 260,000 disadvantaged students. In addition, both bills fail to provide funds for the proposed Reward and Recognition program that would reward States that show significant gains in student achievement and that narrow the achievement gap between high- and low-performing students.
- 21st Century Community Learning Centers. Both the Senate and House bills cut the \$1 billion request by \$400 million, denying funding for over 3,000 centers that would provide after- and summer-school programs to over one million children. Extended learning time is an essential strategy to help all students master challenging academic material and reach high standards. The conferees should fully fund the request, which would support nearly 18,000 after-school and summer-school centers serving an estimated 2.5 million children. We also oppose the Senate amendment that makes community-based organizations (CBOs) eligible for 21st Century grants on the same basis as a school, thus eroding the link between after-school programs and in-school instruction. We prefer the Administration's proposed authorizing legislation allowing up to 10 percent of the appropriated funds to be awarded to CBOs that work with schools to create high-quality after school programs.
- Teacher Quality. The House and Senate bills fail to provide funding for the proposed \$1 billion Teaching to High Standards teacher quality programs. The House bill does not guarantee funding for professional development for teachers, and the Senate bill would cut \$255 million from the President's \$690 million professional development request. The President's overall request for Teaching to High Standards programs also includes \$310 million for teacher quality and recruitment initiatives of national significance such as Hometown Teachers, Early Childhood Educator Professional Development, the School Leadership Initiative, and Higher Standards-Higher Pay. Neither the House nor the Senate has provided any funding for these programs. Nor have they provided the requested \$25 million to continue and to expand the very successful Troops to Teachers program. The new Troops to Teachers: Transition to Teaching program will continue to offer former military personnel training in education and placement in high-need districts and subject areas, while expanding to offer more mid-career professionals the same opportunity. Finally, the Senate bill fails to provide the President's budget request of \$45 million for Special Education State Improvement. This \$10 million increase would support professional development related to the needs of children with disabilities.

- GEAR UP. The FY 2001 Budget provides \$325 million for GEAR UP, a \$125 million increase over FY 2000, to support early intervention and college preparation services for approximately 1.4 million disadvantaged youth. The House bill provides no increase in funding for GEAR UP, denying services to as many as 644,000 students. While the Senate bill provides a \$25 million increase, this level, \$100 million below the request, would deny services to more than 400,000 students.
- Hispanic Education Action Plan. The President's budget requests an increase of over \$800 million to support programs that serve large numbers of Hispanic Americans. Hispanic Americans are the fastest-growing population in America, and eliminating disproportionate gaps in their education achievement is key to America's economic success. The House underfunds this request by over \$650 million, and the Senate underfunds it by over \$200 million. Also, the House bill includes none of the \$48 million requested increase for Bilingual Education, and the Senate bill provides \$17 million less than the President's request. These cuts would deny indispensable services to this underserved population, seriously hampering the progress of Hispanic Americans in reaching the high academic standards expected of all students.
- Safer Schools. The House bill provides inadequate funding for Safe and Drug Free Schools and Communities National Programs. In addition, neither the House nor the Senate provides funding for Project SERV, which would provide critical emergency assistance and support to schools that have suffered traumatic violence such as school shootings and other crises. The Administration urges the conferees to adopt the requested level for National Programs and Project SERV.
- Small, Safe and Successful High Schools. Both the House and Senate provide inadequate funding for Small, Safe, and Successful High Schools, denying as many as 400 high schools support to establish or expand smaller learning communities of no more than 600 students. Research shows that when students are a part of a small and more intimate learning community, they are more successful both academically and socially.
- Community Technology Centers. The President's FY 2001 Budget provides funding for 1,000 new Community Technology Centers that would offer access to computers and technology, particularly educational technology, to thousands of adults and children in high-poverty areas. The House bill would not fund over 700 of these centers, and the Senate bill fails to fund over 300 of these centers.
- Technology and the Digital Divide. The FY 2001 Budget requests \$903 million for efforts to bridge the digital divide by providing technology training to teachers, and by supporting the community technology centers noted above. The House bill would eliminate training for over 100,000 teachers through Preparing Tomorrow's Teachers to Use Technology. The Senate bill would eliminate training for about 40,000 teachers. The House and Senate bills also fail to provide funding to expand cutting edge technologies to improve education through the Next Generation Technology Innovation

program. Neither the House nor the Senate bill includes the \$10 million requested by the President for technology training for teachers in the Mississippi Delta Region. This funding is critically needed to bolster the long-term economic strength of that region.

- English Literacy Civics. The budget requests \$75 million for the Adult Education English Literacy/Civics initiative. The House provides nearly \$50 million less than the request, and the Senate bill does not provide any of the requested funds. The Senate level would deny 250,000 immigrants and limited English proficient adults the literacy and civics skills necessary to become successful participants in American society.
- Reading Excellence. The House bill cuts the President's \$286 million request for Reading Excellence by \$26 million, denying 100,000 students the help they need to become successful at reading, the cornerstone of all learning.
- Comprehensive School Reform Demonstrations. The Senate bill fails to provide the \$240 million (\$190 million in Title I and \$50 million under the Fund for the Improvement of Education) requested to help schools implement comprehensive school reform programs that are based on reliable research and effective practices. As a result, support for 1,000 schools currently receiving funds would be discontinued, and 2,200 new schools would not receive support to improve student achievement through research-based school reforms.
- Technology for Individuals with Disabilities. The FY 2001 Budget requests \$100 million for the National Institute on Disability and Rehabilitation Research (NIDRR), a \$14 million increase. The increase includes \$5 million to provide technical assistance to elementary, secondary and postsecondary schools on accessible information technology for students with disabilities. The budget also requests \$41 million for Assistive Technology, a \$7 million increase, including \$15 million for alternative loan financing programs that help individuals with disabilities purchase assistive technology. The House bill fails to provide either of these requested increases. The Senate bill provides \$5 million less than the President's request for NIDRR and, while the Senate provides the budget's funding request for Assistive Technology, it targets \$8 million less toward alternative loan financing.
- Opportunities to Improve our Nation's Schools (OPTIONS). The conferees are urged to fully fund this \$20 million initiative to support innovative public school choice programs such as worksite schools and inter-district choice programs. Not funding this initiative would deny 40 States and districts support to develop and implement new models for enhancing public school choice and increasing healthy competition.
- Dual Degree Program. Both the House and Senate bills fail to provide funding for Dual Degree Programs for Minority-Serving Institutions, the President's initiative to increase academic opportunities for students at minority-serving institutions. Failure to fund Dual Degree Programs would deny up to 3,000 students the chance to earn two degrees in five years and enter professions in which minorities are underrepresented.

- American Indian Administrator Corps. The President's budget requests \$5 million to recruit, train, and provide inservice professional development for approximately 200 Native American teachers and professionals. The House bill fails to provide any funding for this purpose.
- Research and Statistics. Both the House and Senate bills fail to support the budget's requested \$30 million increase for education research and the \$16 million increase for statistics. The House bill fails to provide the \$10 million requested increase for Special Education Research and Innovation. Now, more than ever, teachers, parents, and policymakers are demanding research-based information about which education reforms work and why. The requests for the Department of Education's research investments, such as the Interagency Education Research Initiative, are vital to generating such a knowledge base for improving student performance. The conferees are urged to provide the requested levels for these programs, \$199 million for research, \$84 million for statistics, and \$74 million for Special Education Research and Innovation.
- Departmental Management. Neither the House nor the Senate provides critical increases in administrative funding requested for the Department of Education. These funds are necessary to ensure proper oversight and management of Federal education programs. The inadequate funding provided by the House and Senate for the Office for Civil Rights (OCR) would hamper the efficient resolution of complaints, threaten a return to onerous backlogs, and curtail new technical assistance activities that allow OCR to work proactively with customers to prevent discrimination before it occurs.
- America's Tests. The Administration objects not only to the lack of funding for America's Tests in the House bill, but also to the House's language limitation that would halt the President's efforts to help States and parents raise academic standards through any federally sponsored national test, including the Administration's proposed voluntary national test. The bill's language would prohibit development, pilot testing, field testing, implementation, administration, and distribution of the tests, unless explicitly authorized. This language prohibition undermines Federal efforts to promote high standards and strengthen accountability for all students.
- Department of Education One-Percent Transfer Authority. The House bill would eliminate the Department of Education's authority to transfer funds between appropriations. The Department has used its transfer authority only once, to finance the agency's financial audit. The Administration urges the Congress to maintain this authority, which the Department will continue to use prudently -- and only if necessary -- to respond to unforeseen needs.

Department of Health and Human Services

Both the Senate and House bills shortchange critical health and social services programs by cutting requested funding for the Social Services Block Grant, domestic and global HIV/AIDS prevention and treatment, mental health and substance abuse services, family planning, health care access for the uninsured, training for health professionals in children's hospitals, nursing home quality, child care and oversight of Medicare contractors. The bills also include numerous extraneous provisions that would have a detrimental effect on health policy. The Administration is concerned about the following cuts to key health and social services programs and urges the conferees to provide the requested level of funding:

- Head Start. The House provides \$600 million less than the request of \$6.3 billion for Head Start. This cut from the requested level would result in 50,000 fewer children receiving services and would severely restrict the funding of critical legislatively mandated quality assurance activities. The Administration strongly urges the conferees to fund Head Start at the requested level, as in the Senate bill.
- Child Care Development Block Grant (CCDBG). At the House level, which is \$417 million below the President's request, 80,000 fewer children would receive child care services. The Administration strongly urges the conferees to fund CCDBG at the requested level of \$2 billion, as in the Senate bill, and to include the Administration's proposed set-asides for activities to improve infants and toddler care and child care research, and for a child care services toll-free hotline.
- Social Services Block Grant (SSBG). The President's budget proposes to fund SSBG at \$1.8 billion to maintain funding at the FY 2000 level, including \$25 million for "second chance homes" for teen parents. Neither the House nor the Senate bill meets this request. The House bill provides \$1.7 billion, the level authorized for FY 2001 and a reduction of \$75 million from the FY 2000 level. The Senate bill would cut SSBG by \$1.2 billion from the FY 2000 level. At the current level, State and local programs serving vulnerable populations already make do with \$1.0 billion less in SSBG funding than they received in FY 1995. The House bill would further undermine these programs, while the magnitude of the cut in the Senate bill would guarantee reductions in child protection, foster care, and adoption services, as well as services for the elderly and the disabled across the country. The Administration strongly urges the conferees to fund SSBG at the requested level.
- State Children's Health Insurance Program (SCHIP). The Administration is concerned about the proposed funding shift in SCHIP in the Senate bill. SCHIP was enacted on a bipartisan basis in 1997 to cover millions of uninsured children. The shift included in the Senate bill has the potential to disrupt State funding and efforts to reach eligible, low-income uninsured children. The Administration opposes using unspent SCHIP funds for any other purpose.

- Tobacco Litigation. Neither the House nor the Senate includes requested Department of Health and Human Services (HHS) funding to support the Department of Justice's tobacco litigation efforts. The costs of preventing and treating tobacco-related disease exceed \$50 billion per year, and HHS pays a substantial portion of these costs. The tobacco litigation is in full accord with the HHS mission and is vital to efforts to improve the health of all Americans. We strongly urge the conferees to provide funding for the Federal Government's efforts to recover health care costs incurred as a result of tobacco-related illnesses.
- Family Caregivers. The budget requests \$125 million to support caregiver activities for 250,000 families who care for elderly relatives with chronic illness or disabilities. These funds would provide older persons with quality respite care and other support services necessary for them to remain independent in their homes and communities. Neither the House nor Senate funds this activity, which can be funded under existing legislative authority
- Ryan White HIV/AIDS Treatment. The Senate bill would reduce requested funding by \$70 million. This funding would enhance medical services, including pharmaceuticals, for people living with HIV/AIDS currently served by Ryan White funds, and provide access to services for people living with HIV/AIDS who are not receiving care. Ryan White currently serves approximately 500,000 people living with HIV/AIDS, nearly two-thirds of the individuals living with HIV/AIDS in the United States. We urge the conferees to fund Ryan White at the requested level, as in the House bill.
- Health Care Access. Both the House and Senate underfund the Community Access Program that would improve health care access for many Americans. The \$125 million request for the Community Access Program Initiative would enable the development of integrated systems of care and better coordinate health services for the uninsured and underinsured.
- Native American Program. The House level reduces funding for Native American Programs by \$5 million. The Administration's request for \$44 million includes an initiative that gives special attention to energy development and creation of tribal codes and ordinances. The conference should fully fund the Administration's request.
- Mental Health Services. The House bill reduces funding for mental health services by \$40 million and the Senate bill by \$69 million from the requested level. The Senate cut includes a \$50 million reduction to the Mental Health Block Grant that could hamper the ability of States to support comprehensive community systems of care for adults with severe mental illness and children with serious emotional disturbances. Both the House and Senate bills ignore the \$30 million request for new Targeted Capacity Expansion grants, which fund early intervention and prevention, as well as local service capacity expansion.

- Substance Abuse Prevention and Treatment. Total funding for substance abuse services is reduced from the requested level by \$54 million in the House bill and by \$23 million in the Senate bill. Funding for Targeted Capacity Expansion grants is reduced by \$30 million from this request in the House bill, and by \$44 million in the Senate bill. These cuts would reduce the ability to provide a rapid, strategic response to emerging substance abuse trends and would result in a reduction in prevention and treatment services for those struggling with substance abuse. The House bill's reductions to knowledge, development, and application grants would decrease the capacity to gain and implement new knowledge on the most effective treatments available. The House bill also eliminates funding for High Risk Youth Grants, which would end current efforts to provide science-based prevention and intervention services to prevent youth drug, tobacco, and alcohol use. In addition, the House bill does not provide \$12 million in Public Health Service evaluation funds for National Data Collection efforts as requested in the President's budget.
- Family Planning. Both the House and Senate do not include the full \$35 million increase requested for Family Planning services. This increase would provide family planning services to an additional 500,000 clients who neither are Medicaid eligible nor have health insurance.
- Children's Hospitals Graduate Medical Education/Health Professions Training. The Senate bill combines and reduces funding for health professions training by \$67 million from the request. At this level, it may not be possible to fund Children's Hospital Graduate Medical Education (GME) at the requested level of \$80 million. These funds are necessary to support medical education programs at the Nation's free-standing children's hospitals, which receive a very small share of Medicare GME dollars.
- Ricky Ray Hemophilia Relief Fund. The Senate bill does not provide requested funding for the Ricky Ray Trust Fund. The Administration urges the conferees to fully fund the FY 2001 request of \$100 million. Combined with the President's Mid-Session Review proposal, these funds will fully finance the Ricky Ray Trust Fund and ensure that each eligible hemophiliac who contracted HIV/AIDS or their families receive a \$100,000 relief payment.
- Centers for Disease Control and Prevention (CDC). The Administration strongly urges the conferees to fully fund the President's request for the Centers for Disease Control and Prevention. The House bill does not fund the requested increases for some of CDC's important activities, including: \$26 million requested for infectious diseases and food safety, \$5 million increase for vaccine safety, and the \$5 million increase for National Institute for Occupational Safety and Health.

The Senate bill reduces CDC's funding by \$67 million below the request for many critical public health programs, including domestic and global HIV prevention, infectious diseases, food safety, syphilis elimination, and tuberculosis. These reductions could impair CDC's ability to reduce the number of new HIV infections and hamper efforts to

improve surveillance for infectious diseases. It also funds race and health demonstrations at \$5 million below the request, slowing CDC's ability to understand better and address racial disparities in health. The Senate bill requires CDC to earmark funds for specific activities within CDC's existing totals for infectious diseases and environmental disease prevention. These earmarks could hinder CDC's ability to carry out its other public health activities.

- Bioterrorism. The Administration urges the conferees to provide the President's request of \$265 million for HHS to respond to chemical and biological terrorist incidents. Adversaries are expected to rely increasingly on these unconventional strategies to offset U.S. military superiority. The funds requested would improve our ability to defend against and manage the consequences of an attack.
- Agency for Healthcare Research and Quality (AHRQ). The House bill funds AHRQ at a program level of \$224 million, \$26 million below the request of \$250 million. While it includes the requested \$20 million for research on medical errors, it reduces all other research areas. Such a reduction would impair AHRQ's ability to fund important new research on worker health, health care costs and quality, and to apply advances in information technology to health care. The Administration urges the conferees to provide full funding for AHRQ through one-percent evaluation funding, as requested in the President's budget.
- Health Care Financing Administration (HCFA) Program Management. The House bill funds HCFA at a program level of \$1.9 billion, \$207 million below the FY 2000 enacted level and \$359 million below the request. The Senate bill funds HCFA at a program level of \$2.1 billion, which is \$55 million below the FY 2000 enacted level and \$207 million below the FY 2001 request of \$2.3 billion. These reductions would threaten the Administration's efforts to ensure the quality and safety of nursing homes by forcing States to scale back or eliminate facility inspections and complaint investigations, and would threaten the Administration's efforts to tighten oversight of Medicare's contractors as directed by recent General Accounting Office and Office of the Inspector General reports. Additionally, the Senate has provided only \$15 million to \$19 million of the President's request of \$150 million in Medicare+Choice user fees, which would be used to educate beneficiaries, enabling them to make informed health decisions.
- Rural Health Outreach. The House bill underfunds this important activity that would support the creation of innovative solutions to health care delivery system problems in rural America. A specific focus in FY 2001 that would be lost is the improvement of a wide range of services, including primary care, dental care, mental health care, and emergency services, to the residents of 180 rural counties in the Mississippi Delta region. The Administration urges the conferees to fully fund these activities.

- Patients' Bill of Rights. The Senate bill includes a modified version of the Senate's Patients' Bill of Rights. These provisions are unacceptable, primarily because they apply only to a subset of Americans with health insurance and provide inadequate protection for those they cover. Furthermore, these measures would eliminate some of the limited accountability provisions now in State law. In addition, the bill includes expensive, inefficient health care tax proposals like Medical Savings Accounts and a tax deduction for individually-purchased health insurance. The Administration urges Congress to pass a strong, enforceable Patients' Bill of Rights like the Dingell-Norwood bill passed by the House last year.
- Medicare Lockbox. The Administration called for taking the Medicare Hospital Insurance (HI) Trust Fund off-budget in the June Mid-Session Review and strongly supports the concept of a Medicare lockbox. Of the two proposals in the Senate-passed bill, we prefer the lockbox offered by Senators Conrad and Lautenberg, which would take the entire Medicare HI Trust Fund off-budget rather than place only the Medicare HI Trust Fund *surpluses* off-budget, as in the Ashcroft amendment. In addition, we believe the Conrad-Lautenberg amendment has a more effective enforcement mechanism. Finally, the Ashcroft amendment includes a provision prohibiting the President from proposing a budget that recommends an on-budget deficit. This section is constitutionally objectionable because it would undermine the President's ability to fulfill his constitutional duties under the Recommendations Clause.
- Genetic Discrimination. The Administration has long advocated for strong, enforceable protections against health care and employment genetic discrimination. While the Senate-passed Republican provision takes the long overdue step of prohibiting the use of predictive genetic information in health insurance plans in the individual market, it has no limitations on the disclosure of this information, allowing providers to share this information with employers and financial institutions. Beyond this serious privacy protection shortcoming, the provision also fails to provide a strong enforcement mechanism that allows Americans who have been harmed by inappropriate use of genetic information to hold health plans accountable. Moreover, this provision does not even address the issue of discrimination in the workforce, leaving millions of Americans vulnerable to adverse employment actions. Legislation currently pending, sponsored by Senator Tom Daschle, would adequately address all these shortcomings, and we would urge the Conferees to adopt it prior to final action on the Labor-HHS Appropriations Bill.
- Needle Exchange. The Administration objects to the House bill's unconditional ban on the use of funds appropriated in the bill for needle exchange programs. The Administration urges the conferees to make the use of funds for such programs contingent upon certification by the Secretary of Health and Human Services that these programs are effective in reducing the transmission of HIV and do not increase drug abuse, as proposed in the budget and included in the Senate bill.

- Abortion. The Administration urges the House and Senate to strike sections 508 and 509 of the bills, which would prohibit the use of funds for abortion. The President believes that abortion should be safe, legal, and rare. These provisions would continue to limit the range of conditions under which a woman's health would permit access to abortion services. Furthermore, section 509 would require a physician to make a legal determination that these conditions have been met. The Administration proposes to work with the Congress to address the issue of abortion funding.
- Emergency Contraception. The Administration is concerned about the restriction of public health funds for emergency contraception health care services in primary and secondary schools. Publicly funded health clinics will continue to encourage sexual abstinence and responsible contraception use among teenagers. Taking action to decrease emergency contraception services could halt or reverse the decline in adolescent pregnancy. In addition, decisions about what kinds of services should be provided in these settings are more appropriately left to local decision-makers -- who can take into consideration their community's health needs.
- Use of Restraints/Seclusion. The current Senate amendment on the rights of residents of certain health care facilities contains several inconsistencies with current HCFA regulations governing Medicare and Medicaid facilities. Most notably, the amendment takes a uniform approach, while current HCFA policy addresses the use of restraints and seclusion on a facility-by-facility basis. We would like to work with Congress to address these inconsistencies while furthering the enhanced reporting and other objectives of the proposed amendment.
- HHS One-Percent Transfer Authority. The Administration objects to the reduction in the transfer authority of HHS made by the House. The House bill would exclude the Centers for Disease Control and Prevention from this authority. This language would restrict the ability of HHS to respond to situations like the West Nile virus when \$2.3 million was transferred to CDC in FY 2000 to increase activities in response to this disease. The Administration strongly urges the conferees to maintain the Department's flexibility to address emerging issues.
- Unique Health Identifier. We urge the conferees to strike any provision limiting the ability of HHS to issue final standards required by the Health Insurance Portability and Accountability Act (HIPAA) of 1996. The House bill would effectively prohibit HHS from issuing all of the required identifier standards (including the health plan and provider and employer identifiers), which are critical elements of HIPAA's goal to increase efficiency and decrease costs. The Senate bill would prohibit HHS from promulgating a unique health identifier for individuals. This prohibition is unnecessary, as the Administration's stated policy is that the unique health identifier will not go forward until comprehensive privacy protections are in place.

- Medicare Competitive Pricing Demo Project. The Senate bill includes language that would prevent funds from being used to administer the Medicare+Choice Competitive Pricing Demonstration Project. This demonstration was passed by Congress as part of the Balanced Budget Act in order to provide valuable information regarding the use of competitive pricing methodologies in Medicare managed care. The information that could be learned from this demonstration is particularly relevant as the important task of Medicare reform is being considered. The Administration urges the conferees to remove this provision and to allow HCFA to implement the demonstration.
- Individual Development Accounts. Neither the House nor Senate fully funded the President's budget request of \$25 million to promote savings among low-income individuals for a first home, post-secondary education, to start a new business, or, under the Administration's proposal, a car that will allow them to get or keep a job. The Conference should fully fund the President's request.
- Battered Women's Shelters. The House provides \$15.8 million less than the President's request for \$116.9 million. The Administration urges the conferees to fund Battered Women's Shelters at the requested level, as in the Senate bill. Nearly 2 million American women experience domestic or sexual violence each year. The Federal investment in services proposed will help provide services for these women.

Department of Labor

The House- and Senate-passed bills cut the Labor Department by \$1.7 billion and \$0.9 billion from the request, respectively. These deep cuts would undermine worker training programs aimed at closing the skills gap, preparing workers for the 21st century, and helping employers reach out to an untapped pool of workers. These reduced levels of funding would also hamper efforts to help low-income fathers work, support their families, and stay off welfare. In addition, the levels would impair the Department's efforts to enforce domestic child labor laws and to reduce child labor in developing countries around the world. In all cases where Congress has underfunded these and other vital programs, the Administration urges the conferees to provide the requested level of funding.

The Administration strongly opposes language in the House and Senate bills that would prohibit the Occupational Safety and Health Administration (OSHA) from finalizing its standard to protect the Nation's workers from repetitive motion injuries. Each year, approximately 1.8 million American workers suffer musculoskeletal disorders (MSDs) such as carpal tunnel syndrome and lower back injury. One-third of MSDs are serious enough to require time away from work. OSHA's proposed standard would reduce the number of MSDs by an estimated 26 percent within 10 years, resulting in approximately three million fewer MSDs during this period. After more than 10 years of experience with ergonomic guidelines, exhaustive scientific study, months of public input on the proposed rule and years of public consultation before that, as well as millions of unnecessary injuries, it is time to move forward to finalize this standard.

The Administration's most significant concerns with the House- and Senate-passed versions of the bill include the following:

- Dislocated Worker Assistance. The House bill cuts the Dislocated Worker Assistance program by \$389 million below the requested level and \$207 million below the FY 2000 level. The House level would deny training, job search, and re-employment services to over 216,000 dislocated workers. The Senate bill cuts Dislocated Workers by \$181 million – denying services to over 100,000 dislocated workers.
- International Labor Activities. The FY 2001 Budget requests \$167 million, a \$97 million increase over FY 2000, to enhance several critical international labor activities aimed at improving working conditions in developing countries, eliminating and improving educational alternatives to abusive child labor abroad, and addressing HIV/AIDS in the workplace. The House bill eliminates the \$97 million increase. The Senate provides \$125 million (including a \$10 million transfer from the Department of Health and Human Services), \$42 million below the President's request. While the Senate fully funds the proposed expansion of the International Labor Organization's International Program for the Elimination of Child Labor, it funds only \$15 million of the requested \$55 million for the President's new initiative to improve educational systems abroad to help reduce exploitative child labor.
- Youth Opportunity Grants/Youth Activities. The House bill would cut the Youth Opportunity Grants program by \$200 million below the President's request and \$75 million below the FY 2000 level, denying 45,000 youth in high poverty areas access to vital education, training, and employment assistance. The Senate bill would cut Youth Opportunity Grants by \$125 million below the request, denying services to 27,000 youth. In addition, both bills cut the Youth Activities program by \$21 million below the requested level, eliminating job training and education opportunities for 13,000 disadvantaged youth.
- Fathers Work/Families Win. Both the House and Senate bills fail to support the President's new Fathers Work/Families Win initiative, for which the Administration has requested \$255 million. Building on the partnerships developed under Welfare-to-Work, this important initiative would help approximately 80,000 low-income fathers and working families get the support and skills necessary to support their families and avoid welfare.
- One-Stop Career Center/America's Labor Market Information System. The House bill provides none of the \$154 million requested for the One-Stop Career Center system, undermining the foundation of the new workforce investment system intended to ensure access to the information and services of One-Stop Career Centers for all Americans. The Senate bill fails to fund the President's requested \$44 million in enhancements for One-Stops that would improve access to these services for millions of Americans. Among these enhancements is the \$10 million requested for America's Agricultural Labor Network (AgNet), a vital tool that will link domestic farm workers with agricultural employment.

- Youth Violence. The House bill rejects the \$40 million requested to add the Department of Labor to the interagency Safe Schools/Healthy Students (SS/HS) initiative and provides only \$14 million of the \$75 million requested to bring young offenders into the workplace through job training and related services. The Senate bill includes only \$20 million of the \$40 million requested to enable the Department of Labor to join SS/HS and only \$30 million of the \$75 million requested for Responsible Reintegration of Young Offenders.
- Adult Job Training Program. The House bill would cut funding for adult training by \$93 million, or 10 percent, below the FY 2001 request and FY 2000 enacted levels, eliminating training services for over 37,000 of the 380,000 adults who would otherwise be served in FY 2001. The Administration urges the conferees to provide the requested level, as in the Senate bill.
- Re-employment Services. The Administration urges the conferees to provide the full \$50 million requested to provide job finding assistance to 222,000 unemployment insurance claimants to speed their re-entry into the work force. The House bill eliminates the \$50 million request, and the Senate provides only half of the request.
- Disability Initiative. The House bill does not fund the President's \$23 million proposal to enhance the Department's leadership in helping people with disabilities enter, re-enter, and remain in the workforce through the establishment of a new disability office. The conferees should provide the President's request, as in the Senate bill.
- Unemployment Insurance (UI) Administration. The budget requests \$2.4 billion for unemployment insurance administrative costs. Both the House and Senate adopted the President's proposal to restructure UI administrative funding to bring it in line with modern service delivery systems but provide less than necessary to administer the UI benefit entitlement program, even under continuing favorable economic conditions. The House bill cuts \$93 million from the request, holding funding at the FY 2000 level, while the Senate provides \$76 million less than necessary.
- Worker Protection Programs. The budget requests \$1.2 billion for programs that protect the safety, pensions, and wages of workers. The House bill provides \$92 million less than requested, essentially freezing these programs at the FY 2000 level. The House bill falls far short of what is needed to protect workers health and safety on the job, address serious compliance problems in low-wage industries (including the garment and agriculture industries) and expand public education on retirement savings and health plans. While the Senate fully funds the request for worker safety and health programs, it provides \$18 million less than requested for other critical worker protection programs.
- Homeless Veterans. The budget requests \$15 million for job assistance to homeless veterans. The \$5 million cut to the request in the House bill would result in over 3,000 fewer homeless veterans obtaining meaningful employment and economic security. The Senate cuts \$2.5 million from the request.

- Information Technology. The FY 2001 Budget requests \$54 million for an information technology initiative that would address information security, infrastructure and web development, and office automation needs in a more efficient and comprehensive manner. This initiative would enhance the Department's ability to implement its responsibilities and expand its Internet capacity to serve employers and the public better. The House bill denies the request, while the Senate provides only \$30 million of the \$54 million requested.
- National Economic Indicators. The House bill cuts the President's request for the Bureau of Labor Statistics by \$14 million, the Senate bill by \$7 million. Each resulting level would curtail improvements in price, output, and productivity indicators for the service sector; threaten planned enhancements in the employment and unemployment data on which State and local governments rely; and jeopardize surveying how Americans spend their time in work and non-work activities, including child and elder care.
- Pension Benefit Guaranty Corporation (PBGC). The House funds the PBGC's discretionary and mandatory operations at last year's level, \$12 million less than the President's request, while the Senate cuts \$4 million from the request. If underfunded, PBGC would be unable to expedite the determination of retirees' benefit levels, as the Senate Committee on Aging has requested, or provide proper investment management for its expanding portfolio.

Funding for Program Administration.

The Senate bill includes over \$200 million in cuts to the administrative funds of the Departments Labor, Health and Human Services, and Education. The Administration strongly objects to these across-the-board cuts because they fail to consider the effect on underlying programs and essential agency management activities. Although the House bill does not include an across-the-board cut for administrative activities, the House levels are inadequate in certain key areas.

Related Agencies

- Social Security Administration. The House and Senate have cut \$163 million and \$127 million, respectively, from the President's \$7.2 billion request for administration of Social Security programs. At the House or Senate funding levels, the Social Security Administration would not be able to hire thousands of direct service employees, resulting in longer wait times for individuals filing retirement and disability claims, and diminished service for individuals who call the agency's 1-800 phone service.
- National Labor Relations Board. The President's budget requests \$216 million for the National Labor Relations Board (NLRB). The House bill would freeze the NLRB at the FY 2000 enacted level, \$10 million, or five percent, below the President's request. As a

result, NLRB would be forced to curtail backlog reduction efforts, essential training, and information technology investments. The conferees should provide the requested level, as in the Senate bill.

- Corporation for National and Community Service. The House fails to provide the requested \$18 million increase for the Corporation for National and Community Service. The Senate provides \$302 million, \$11 million below the President's request. The request of \$313 million would enable thousands of older American the opportunity to provide service to their communities, expand AmeriCorps VISTA projects in low-income communities that focus on bridging the digital divide, supporting efforts to help more people move from welfare to work, and improving literacy.
- Corporation for Public Broadcasting. The Administration appreciates that the House and the Senate bills fully fund the Corporation for Public Broadcasting's (CPB) FY 2003 request for general programming and system support. However, the Administration is concerned that, while the Senate bill fully funds CPB's digital transition initiative in FY 2001, the House bill provides no funding. We urge the conferees to provide the requested \$20 million in FY 2001, to help ensure that the public broadcasting system can meet the federally-mandated May 2003 deadline for digital broadcasting.

Internet Access in Schools and Libraries

The Administration strongly supports efforts to ensure that schools and libraries protect minors from inappropriate materials. Currently, schools and libraries use a wide range of technology tools and monitoring techniques to ensure that children do not encounter inappropriate material and dangerous situations while online. Recent studies confirm that virtually all schools that have Internet access have acceptable use policies in place. Given the dynamically changing technology environment, the Administration believes that the Federal government should not mandate a particular type of technology, such as filtering or blocking software, or impose requirements that undermine the success of the E-rate program. For these reasons, we object to the amendments to the House and Senate bills that would mandate the use of a particular type of technology to protect minors in schools and libraries from access to inappropriate materials. The Administration continues to support language that, before mandating a technical solution, would allow E-rate recipients to first develop acceptable use plans at the local level and to certify implementation of these plans, but without a potentially burdensome requirement that each school and library hold a public hearing on the issue.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. memo	Memo for Management and Administration re: Leave request (1 page)	08/01/2000	P6/b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Eric Morse (Subject Files)
OA/Box Number: 21191

FOLDER TITLE:

Chron [2]

2011-0619-S

rc267

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

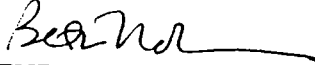
- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE WHITE HOUSE

WASHINGTON

July 18, 2000

MEMORANDUM FOR WHITE HOUSE OFFICE
 OFFICE OF THE VICE PRESIDENT
 OFFICE OF POLICY DEVELOPMENT

FROM: BETH NOLAN 
 COUNSEL TO THE PRESIDENT

SUBJECT: Convention-Related Political Activity

This memorandum outlines the applicable guidelines governing political activity on the part of White House Office, Office of Vice President and Office of Policy Development staff related to the 2000 Democratic Convention.¹

I. General Political Activity Rules in Brief

Certain employees of the Executive Office of the President (EOP) are permitted by the Hatch Act Reform Amendments to engage in political activity during business hours and in a federal building, provided that the costs of such activity are not paid for by the government. 5 C.F.R. §§ 734.502 and 734.503.² This rule applies to the following:

- White House Office employees;
- Office of the Vice President employees;
- Office of Policy Development employees;
- Certain other EOP employees (those who, by statute and regulations, are considered to have duties that continue outside normal agency hours and while away from their duty stations).

Most other EOP employees (political appointees and career employees) and employees of other agencies detailed to the EOP who are not Senate-confirmed may engage in political activity only outside of agency business hours and outside of federal buildings. 5 C.F.R. § 734.306. Employees paid from appropriations for the National Security Council (NSC), however, are prohibited by law from engaging in most forms of partisan political activity.³ In addition, employees of certain other agencies are subject

¹ For more detail concerning overall rules on engaging in political activity during the Presidential-campaign election cycle, please see the attached memorandum from Charles F.C. Ruff, Counsel to the President, dated January 4, 1999.

² Hatch Act regulations provide that costs associated with political activity are not considered paid for by the government as long as the U.S. Treasury is reimbursed within a reasonable period of time. 5 C.F.R. § 734.503.

³ For more detail, please see Memorandum for NSC Staff from James Baker, "Partisan Political Activity by NSC Staff," dated August 13, 1999.

to more restrictive laws and policies, which would continue to apply to those employees while they are detailed to the EOP. If you have any questions about your ability to participate in political activity and the restrictions that apply to your employing agency, I urge you to consult your agency ethics official prior to engaging in the activity.

Certain political activities are prohibited to all federal employees. Federal employees may not use official resources to engage in political activity. Federal employees may not personally solicit, accept, or receive a political contribution. (A very limited exception to this latter prohibition applies for certain federal multi-candidate political committees. Employees should consult their agency ethics officials prior to any solicitation.) In addition, federal employees may not intimidate, threaten, command or coerce any employee to engage or not to engage in political activity or use their official positions to coerce any other person to engage in political activity. Thus, for example, a political appointee attending the Convention on his or her own time may not direct staff members or subordinates to attend the Convention in support of that attendance.

II. Vacation Time and Leaves of Absence

- **With few exceptions, you must attend the Convention on your own time.**
 - Unless your attendance at the Convention is authorized by the President's Chief of Staff or the Vice President's Chief of Staff as part of your job responsibilities, you must attend the Convention on your own time. This rule applies even if you are otherwise allowed to engage in political activity while you are on duty.
 - All federal employees, provided they are otherwise permitted to engage in political activity, may use vacation (annual leave) or compensatory time to engage in political activity, including attending the Convention. Using vacation time or compensatory time is considered being "off-duty."
 - Although the Hatch Act Reform Amendments permit federal employees to take a leave of absence without pay to engage in political activity, political appointees (Senate-confirmed, non-career SES, Schedule Cs and other Presidential appointees) may not take a leave of absence without pay to engage in campaign activity during the Presidential election cycle. However, employees may take up to five (5) days of leave without pay to participate in Convention-related activities.
 - As with all leave requests, your department head must approve or disapprove your leave based upon the department's workload. Thus, your ability to take any particular type of leave for the week of the Convention is a matter of department-head discretion.

III. Convention Attendance and Acceptance of Travel Expenses

- **Appropriated funds may not be used to pay for Convention-related travel costs.**
 - Convention-related travel, except travel for those employees who are designated to perform official functions, is political; therefore, appropriated funds may not be used to pay these costs.
 - Employees who are permitted to engage in political activity may accept gifts of meals, lodgings, transportation and other benefits – including free attendance at events – provided they are offered

by a political organization in connection with active participation in the Convention or related political activity. Thus, a political committee (e.g., the Convention, the Democratic National Committee, Gore 2000) may pay, as appropriate, your Convention-related travel expenses. Employees whose travel is paid for by a political entity other than Gore 2000 may not work for Gore 2000 at the Convention.

- You also may pay your own travel expenses to attend the Convention. You should note, however, that federal election law limits the amount that individuals can expend for travel on behalf of a Presidential campaign. Generally, those who are travelling to work for Gore 2000 may pay for their own travel expenses up to the amount of \$1,000. If you have questions concerning this, you should contact the campaign's legal staff for more information before making an expenditure.
- You may not solicit or coerce the offering of a gift. You may not accept a gift in exchange for an official act. These prohibitions apply to acceptance of Convention-related travel expenses.

IV. Convention Positions

Under the law, federal employees who are permitted to engage in political activity may hold formal positions at the Convention. Thus, you may, for example, be a delegate, a Convention speaker, or a member of any of the standing committees. As always, a political appointee may not use his or her government position or resources for activities related to his or her Convention duties.

V. Outside Earned Income from Convention Positions

Full-time White House employees whose annual salary exceeds \$ 32,380 are prohibited from earning outside income. Thus, of full-time staff, only those whose salaries are less than \$ 32,380 may be compensated for services they render for the Convention.

VI. Official Events During the Convention

During the week of the Convention, local groups, community organizations and businesses may ask White House officials to engage in non-Convention activities in the Los Angeles area. Although some of these activities might meet the standard for an official event, out of an abundance of caution these events generally will be treated as political for the purpose of using appropriated funds. Therefore, White House staff should not fly to Los Angeles at government expense to staff or attend such events.

If you have any questions regarding these guidelines, please call Dawn Chirwa or Mary Smith in my office at 6-7903 or Lisa Brown in the Office of the Vice President at 6-9089.

Attachment

cc: Agency General Counsels
Designated Agency Ethics Officials

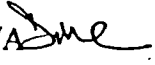
THE WHITE HOUSE
WASHINGTON

January 4, 1999

MEMORANDUM FOR WHITE HOUSE OFFICE
OFFICE OF POLICY DEVELOPMENT AND
OFFICE OF THE VICE PRESIDENT STAFF

FROM: CHARLES F.C. RUFF 
COUNSEL TO THE PRESIDENT

CHERYL MILLS 
DEPUTY COUNSEL TO PRESIDENT

DAWN M. CHIRWA 
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Presidential Campaign-Related Political Activity

This memorandum provides employees of the White House Office, the Office of Policy Development and the Office of Vice President with guidance regarding Presidential campaign-related political activity.¹ With the Vice President's formal decision to seek election to the Presidency, we wanted to review the rules governing campaign activity by federal employees.

I. Governing Principle

Under the Hatch Act Reform Amendments of 1993 (the Act), most employees² paid from appropriations for the Executive Office of the President (EOP) may engage in political activity: 1) while on duty, 2) while in a federal building, and 3) while using government vehicles, provided that "*the costs associated with that activity are not paid for by money derived from the Treasury of the United States.*" 5 U.S.C. § 7324(b)(1). Activities which incur costs include:

¹ General guidance regarding permissible political activity by federal employees under the Hatch Act Reform Amendments of 1993 is provided in the White House Staff Manual, *Legal And Ethical Regulations for White House Employees*, Section D (1997).

² Executive Office of the President (EOP) staff members whose duties continue outside normal duty hours and while away from post may engage in political activity while on duty; all other EOP staff members only may engage in political activity during non-duty hours and while not in a federal building. 5 U.S.C. § 7324(b).

faxing, copying, use of computers and printers, and long-distance phone calls.³ It is important that staff members consider this principle in relation to their activities during the Vice President's election campaign; it often will help avoid a problem before it arises.⁴

II. Distinguishing Political and Official Activity

Perhaps one of the more difficult aspects of evaluating on-duty conduct is discerning the difference between official and political activity. As a general matter, activity is political if its primary purpose involves the Vice President's role as a candidate for office or the President's and Vice President's roles as leaders of the Democratic Party (e.g., appearing at party functions, fundraising, campaigning for specific candidates). 6 O.L.C. 214, 217 (1982). Activity is official if it relates to the President's policies, programs or legislative agenda, even if it concerns matters on which opinion is politically divided. *Id.* Obviously, however, there are gray areas in between these two definitions; if you have questions regarding particular activities, you should contact the Counsel's Office or the Vice President's Counsel Office for guidance.

III. Prohibitions on Certain Political Activity

While White House staff may engage in political activity, there are still certain restrictions on such conduct. A number of criminal statutes prohibit the use of federal programs, property or employment for political purposes. Violation of these statutes is punishable by imprisonment and a substantial fine. It is therefore imperative that staff observe the prohibitions outlined below.

Federal employees, including White House employees, may not:

- (1) use their official authority or influence for the purpose of interfering with or affecting the result of a nomination or an election of any candidate;
- (2) intimidate, threaten, command or coerce any federal employee to engage in or not to engage in any political activity;

³ Certain costs are not considered to be borne by the Treasury because they are costs that the government already has incurred for official purposes in the absence of political activity, e.g., office space; employee salaries. 5 C.F.R. § 734.503. But see IV, Section D.

⁴ It is important to understand that for the purposes of this memorandum, the official responsibilities that customarily have been performed by the Political Affairs Office constitute "official" and not "political" activities. Therefore, the restraints cited herein do not in general affect the activities, office maintenance, or other costs undertaken or incurred in the discharge of such responsibilities.

- (3) ever knowingly solicit, accept or receive a political contribution from any person, including a subordinate or other federal employee;⁵
- (4) run for the nomination or as a candidate for election to a partisan political office;
- (5) knowingly solicit or discourage the participation in any political activity of any person who has an application for any compensation, grant, contract, ruling, license, permit or certificate pending before the staff member's office;
- (6) promise or withhold federal benefits (jobs, grants, contracts) based on political support or nonsupport -- including favoring or penalizing employees or withholding employment to induce someone to make a political contribution or otherwise participate in political activity; or,
- (7) knowingly solicit or discourage the participation in any political activity of any person who is the subject of, or a participant in, an ongoing investigation, audit, or enforcement action being carried out by the employee's office.

IV. Limitations on Campaign Activities By White House Staff

We have set forth below guidelines to ensure that political activity undertaken by White House staff is within the limits prescribed by law and White House policy. While these guidelines will cover many day-to-day situations that arise, the simplest rule to follow is the "common-sense" practice that anything obviously political that involves the use of resources should be done by the campaign, even if doing it here can be "legally" justified.

A. Campaign Meetings on Government Property

1. Small meetings involving campaign or political officials and White House staff members may be held in a White House staff member's office, the West Wing or the Old Executive Office Building, or, if it is a luncheon or breakfast meeting, in the White House Mess, provided that such meetings do not interfere with the conduct of Government business. Such gatherings must be organized by White House staff members who are permitted to engage in political activity in a federal building. Government buildings, including White House offices and meeting rooms, should not be used for meetings or events organized by a campaign or political committee.
2. Campaign fundraising activities of any kind are prohibited in or from government buildings. In addition, federal employees are prohibited from soliciting or accepting

⁵ The sole exception to this prohibition is for federal labor or employee organizations. Please consult our Office before undertaking any action implicating this exception.

campaign contributions. This means that fundraising events may not be held in the White House; also, no fundraising phone calls or mail may emanate from the White House or any other federal building.

3. Campaign-sponsored or other political activities (receptions, dinners, meetings, but not fundraisers) may be held in the Executive Residence, provided that the President, First Lady or some other family member attends the event. Similarly, campaign or other political events (other than fundraisers) also may be held at the Vice President's Residence as long as the Vice President, Mrs. Gore, or some other family member attends the event. The costs of such events at either residence must be paid by the proper campaign or political committee.

B. Campaign Contributions by Executive Branch Employees

Under 18 U.S.C. § 603, as amended, civilian Executive Branch employees are no longer prohibited from giving a political contribution to the authorized election campaign of their "employer or employing authority," which was previously interpreted as potentially including election campaigns of the President or Vice President. While White House and other Executive Branch employees may now make voluntary contributions to such campaigns, their political activity continues to be governed by the limitations imposed by the Hatch Act, as amended.

C. Receipt of Campaign Contributions at the White House

Federal law prohibits the receipt and acceptance of campaign contributions in federal buildings. Occasionally, contributions intended for a campaign committee may be addressed to the White House and delivered with other mail. Such contributions that come to the White House Office should be taken to Dan Burkhardt in the Correspondence Department in the Old Executive Office Building, Room 94; those that come to the Office of Vice President should be taken to Bill Mason in the Correspondence Department in the Old Executive Office Building, Room 263.

There should be no acknowledgment of receipt of a contribution from the White House to the contributor. If a contribution is accompanied by a letter that primarily addresses governmental issues, a response to those issues may be prepared and sent from the White House; however, there should be no reference to the contribution.

D. Use of Leave

1. Some White House staff members, as leave-earning employees, are entitled to specific amounts of annual leave. As discussed below, such leave may be used for political purposes; however, one cannot take an "advance" on annual leave to engage in political activities. Those White House staff members who are not entitled to annual leave (e.g., commissioned officers) may use a maximum of 15 days of compensatory leave (i.e., the equivalent of vacation time) for political purposes.

2. All White House staff members must perform their official duties for a minimum of 40 hours per week or 80 hours per two-week pay period in order to receive their full federal salary. If a staff member does not complete 40 hours of official duty in any week, the difference between the number of hours completed and 40 hours must be covered by annual leave, leave without pay, official holidays or made up in the second week of that pay period. The difference cannot be made up in a subsequent pay period.

3. White House staff members who complete a minimum of 40 hours of official duty during any full week (Monday-Sunday) may be absent from their official duty station for no more than one weekday (Monday-Friday) solely for the purposes of engaging in political activity without taking annual leave, compensatory leave, or leave without pay. If a staff member desires to be absent for political purposes for more than one weekday in any week, each additional weekday must be covered by annual leave or leave without pay, regardless of the number of official hours worked during that week. In other words, it is not permissible for a staff member to put in 40 hours of official duty in the first three days of the week and then take the remaining two weekdays off for campaigning without using annual leave, compensatory leave, or leave without pay.

4. Sick leave cannot be used to cover an absence from official duty for the purpose of engaging in political activity.

5. White House staff members are permitted to take leave without pay to cover absences from official duties for the purposes of engaging in political activity.

6. Staff members may use only eight hours of compensatory leave for political activity during any 7-day period unless additional leave is approved by Counsel's Office.

7. When annual leave, compensatory leave or leave without pay is used for political purposes:

(a) Staff members must submit a request for leave for political purposes in advance of the leave period to their White House department supervisor for approval.

(b) Following approval, the office supervisor should forward the request to the Counsel's Office for approval prior to the leave period.

E. USE OF GOVERNMENT VEHICLES AND MESSENGERS

Generally, government vehicles -- including White House vehicles -- may not be used for political purposes. This means that White House cars may not be used to transport staff members or materials to or from any political committee office, including the Vice President's campaign committee, or event. In addition, White House messengers may not be used to deliver

or pick up materials from the DNC or the Vice President's campaign committee. White House vehicles also may not be used to transport staff members or political materials to airports or any other locations if the purpose of the trip is political.

The only exception, excluding official use for compelling security considerations,⁶ is for travel to or from a political event in the following circumstances:

- (1) the White House staff member is the Chief of Staff or an EOP agency head; and,
- (2) the use of the vehicle will occur during the regular work week (Monday through Friday, excluding weekends and holidays); and,
- (3) the political or candidate campaign committee pays for the anticipated cost of the vehicle prior to the travel.

Because of the special requirements surrounding departures and arrivals from Andrews Air Force Base, White House vehicles may be used to transport White House staff members to that facility when they are accompanying the President, Vice President, First Lady or Mrs. Gore on a campaign trip. The campaign committee must reimburse the government for the costs of a large rental vehicle for the President or Vice President, as well as for the costs of any other vehicles that are not solely related to the security of the principal traveler (e.g., staff vans).

When the President or Vice President is participating in a campaign event in the Washington, D.C., area or another location where White House cars are available for official purposes, White House cars may be used for the Presidential motorcade, with appropriate reimbursement for all vehicles -- including the amount for a large rental vehicle for the President or Vice President -- except those vehicles essential to the security of the President or Vice President (e.g., Secret Service vehicles).

F. USE OF COMMUNICATIONS SYSTEMS AND COPYING MACHINES

Generally, official White House resources should not be used for campaign purposes. In certain instances where official resources are used for purposes that may be considered campaign-related, there must be prompt reimbursement for the costs incurred by the government. To ensure that White House resources are not used to support campaign activity, White House staff should use only that equipment that has not been paid for from appropriated funds for political

⁶ Compelling security considerations requiring use of a government vehicle include, for example, a threat to the life or safety of a staff member or overriding national security concerns. Specific approval must be requested from and provided by the Counsel's Office prior to the use of a government vehicle for compelling security considerations.

activity; if no such equipment is available, the campaign committee should undertake the activity in question.

1. In those limited circumstances in which government communications systems -- telephone, telegraph, telecopy or radio -- are used for campaign-related purposes, appropriate reimbursement or payment at the "usual or normal charge," 15 C.F.R. § 100.7(a)(1)(B), must be made by the proper political campaign committee.

2. Because of the need for liaison between limited numbers of White House staff members and various political committees, telephones may be used for local calls. However, White House telephones must not be used, even locally, for regular committee activities such as recruiting volunteers or fundraising.

3. Government credit cards must not be used for campaign-related or other political calls, whether made from inside or outside the White House.

4. Government operators should not be used by ~~staff~~ members to place campaign-related or other political long distance calls.

5. Campaign-related long distance telephone calls made from the White House may be made only if charged to a credit card issued by the proper campaign or political committee (or on telephones installed and maintained by such committees for exclusive use in dealing with campaign or political matters).

6. The incoming WATS System (800 # or 888#) should not be used to call into the White House on campaign or political matters.

7. White House Communications Agency (WHCA) facilities provided outside the White House in connection with travel may continue to be used during mixed and wholly political trips. The facilities must be used exclusively for communications relating to trip planning and arrangements and not for direct political purposes such as campaign fundraising and crowd-building.

8. Government copying machines also should not be used to reproduce materials for transmittal to a campaign or political committee.

G. USE OF PHOTOGRAPHS

1. White House photographers may continue to photograph all Presidential, First Lady, Vice Presidential and Mrs. Gore activities for the purpose of creating an archival record of this Administration. However, as a general rule, photographs taken by White House photographers at political events should not be used for distribution to individuals attending such events or for any other political or campaign purpose.

2. Photographs taken at events in the Executive Residence or the Vice President's residence (other than politically-sponsored events), at West Wing and East Wing meetings, and at non-political events outside the White House may be distributed consistent with regular practices.

3. A campaign or political committee will be expected to provide a photographer at all campaign and political events for which it desires to distribute photographs to the participants. White House photographers will not photograph receiving lines or greetings at campaign or political events, except to the extent necessary for archival purposes.

4. A campaign or political committee may purchase, for its use, photographs taken by White House photographers in those limited circumstances where those photographs provide the only source for a particular picture. All photograph purchase requests from the campaign or political committee must be directed to the Director of the White House Photo Office. A record of all campaign photo requests will be maintained by the Director of the Photo Office, who will be responsible for billing the campaign or political committee for all photo orders on a monthly basis at the normal rate and according to the procedures established by the Government for the purchase of such pictures.

H. CORRESPONDENCE

1. Campaign and political correspondence should not be produced at the White House using White House resources, nor can White House stationery, stamps or related supplies be used in the preparation of such correspondence at another location.

2. As stated earlier, federal law prohibits the receipt of contributions in Federal buildings. Occasionally, contributions intended for a campaign committee may be addressed to the White House and delivered with other mail. Such contributions should be taken to Dan Burkhardt, OEOB Room 94 for the White House Office; for the Office of Vice President they should be taken to Bill Mason, OEOB Room 263. There should be no acknowledgment of receipt of a contribution from the White House to the contributor. If the contribution is accompanied by a letter that deals primarily with governmental issues, a response dealing with those issues may be prepared and sent from the White House; however, there must be no reference to the contribution.

VI. CONCLUSION

These guidelines are designed to address many of the issues that you may confront during the Vice President's election campaign. Staff members are encouraged to contact our Office -- or the Vice President's Counsel's Office for OVP staff -- for guidance if you have any questions about appropriate activity by White House employees.

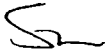
THE WHITE HOUSE

WASHINGTON

July 18, 2000

**The following memoranda
are being forwarded to agency
General Counsels and DAEO's
For information purposes**

MEMORANDUM FOR WHITE HOUSE OFFICE
 OFFICE OF THE VICE PRESIDENT
 OFFICE OF POLICY DEVELOPMENT

FROM: STEVEN RICCHETTI 
 DEPUTY CHIEF OF STAFF TO THE PRESIDENT

SUBJECT: 2000 Democratic National Convention

This memorandum outlines the White House's policy with respect to the attendance of White House staff at the upcoming 2000 Democratic National Convention to be held from August 14 through August 17.

Before deciding to attend the Convention, staff should review the legal requirements for participating in political activity outlined in the attached memorandum, dated July 18, 2000, from Beth Nolan, Counsel to the President. In addition, the White House must be staffed during the week of the Convention to ensure the ongoing conduct of government business. Therefore, in order to attend the Convention, all staff must follow the procedure outlined below.

First, as discussed in the attached memorandum, unless your attendance at the Convention is authorized by the President's Chief of Staff's office or the Vice President's Chief of Staff's office as part of your job responsibilities, you must attend the Convention on your own time. This policy applies whether or not you are asked to attend the Convention by the Convention Committee, Gore 2000 or another political entity. You may take vacation time and/or up to five (5) days of leave without pay to attend the Convention.

Second, individuals who wish to attend the Convention on their own time must submit a leave request in writing for approval by their department head. A copy of the leave request form is attached. Each department head is instructed to ensure that the operation of his or her department can and will continue during the Convention. Approved leave requests should be sent to Management and Administration, attention: Michelle Salinas, Room 145 EEOB, and a copy should be sent to the Counsel's Office, attention: Mary Smith, Room 126 ½ EEOB.

Please contact Minyon Moore, Director of Political Affairs, if you have any questions.

Attachment

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR MANAGEMENT AND ADMINISTRATION
ATTN: Michelle Salinas

FROM:

SUBJECT: Convention Leave Request

I plan to attend the Convention from _____ to _____. I have discussed this with my supervisor to make sure that my office will have enough staff coverage during this period.

I plan on taking _____ hours of _____
(Annual Leave or Leave Without Pay)

Please review the following if you plan to work at the Convention while on leave:

- 1. If you make more than \$32,380 you cannot accept compensation for Convention work.**
- 2. If you make less than \$32,380 and expect to be paid while at the Convention, you must contact Dave Apol of White House Counsel's Office at x6-6629 before beginning outside employment.**

If you are taking leave without pay, please contact Management & Administration for information on what happens with your benefits while in a leave without pay status.

Employee Signature: _____ **Date:** _____

SUPERVISOR AUTHORIZATION

I authorize _____ to take leave for the period outlined above.

Supervisor Signature: _____ **Date:** _____

This memorandum serves as the official document for processing your leave. Once this form is completed, send the original copy to Michelle Salinas in Room 145 EEOB, and give your timekeeper a copy. Your timekeeper is responsible for recording the leave in the timekeeping system.

Attachment

cc: Mary Smith, Room 126 ½ EEOB, White House Counsel's Office

7-31-00

THE WHITE HOUSE

WASHINGTON

July 28, 2000

Reed
Chow
Podesta

MEMORANDUM TO THE PRESIDENT

FROM: Bruce Reed
Barbara Chow

SUBJECT: DPC Weekly Report

1. Health Care -- Patients' Bill of Rights: On Thursday evening Senator Kennedy and Congressman Dingell reported that a compromise agreement on the Patients' Bill of Rights had been worked out with Speaker Hastert. Senator Daschle and Congressman Gephardt advised caution, and by Friday afternoon, Hastert's office was already backing away from the compromise. Although the compromise is at least temporarily on hold, it may still serve as the foundation for a future agreement, and we are reviewing it to finalize a recommendation to you. The compromise appears promising in many respects; the major outstanding question on may be whether we would accept a \$5 million cap on non-economic damages for violations of administrative protections that would fall under Federal jurisdiction. Under the proposed compromise, the jurisdiction over health plans is split between Federal and state courts, with the states being responsible for any dispute requiring an evaluation of medical facts and Federal courts having jurisdiction over administrative disputes. Senator Kennedy, Congressman Dingell, and the Departments of Labor and Health and Human Services believe that this provision is acceptable because it does not impose caps on any state laws, explicitly affirms that state laws have jurisdiction over disputes dealing with medical decisions (the great preponderance of cases), and provides for an expansion under Federal law for administrative disputes. Your advisors within the White House have made no final determinations on this or any other part of the legislation, but will be doing so in the near future.

2. Education -- RAND Report on NAEP Tests and State Reforms: On Tuesday, the RAND Corp. released an analysis of state scores from the National Assessment of Educational Progress (NAEP). The RAND report concludes that education reforms are working, but that progress is not uniform among the states. The report affirms your "invest more, demand more" education agenda with its conclusion that money matters to student success, and that accountability systems recently put in place will only benefit students if they are accompanied by significant investment. The report specifically cites smaller classes, access to preschool and resources for teachers and teacher working conditions as the most effective investments for improving student performance. High-performing states tend to invest in these priorities and target funding to disadvantaged students. The study also found that master's degrees, teaching experience and teacher salary all

seemed to have comparatively little effect on student achievement scores. Texas ranks at or near the top in almost every measure of progress, but the report credited reforms adopted in the late '80's and early 90's. Governor Bush highlighted the report as support for his success in Texas and his educational agenda for the country. The Vice President noted that the report confirmed the importance of his education agenda, smaller classes, universal preschool, and enhancing teacher quality.

3. Education -- New York City Seeks to Turn Failing Schools Into Charters: New York City Schools Chancellor Harold Levy announced plans this week to convert some of the City's worst-performing public schools into charter schools and hand them over to private companies or nonprofit agencies beginning in the fall of 2001. Of the approximately 50 schools designated as failing, the Board plans to focus on 5-7 schools next year and as many as 20 in 2002. Mayor Guiliani has pushed for privatizing the management of the city's worst performing schools. The United Federation of Teachers opposed the move, calling it an unproven strategy for turning around schools. School privatization experiments have had mixed results. Large-scale efforts in Baltimore and Hartford failed decisively, while efforts where private companies have managed a few schools in a district have proved workable and relatively successful.

4. Education -- University of Georgia Affirmative Action Policy Ruled Unconstitutional: A federal judge ruled Tuesday that the University of Georgia's admissions program is unconstitutional because it discriminates in order to admit more black students. UGA admitted approximately 90% of its students based strictly on academic achievement. The rest were accepted on a combination of up to 12 characteristics, including race and gender. US District Judge Avant Edenfield, a Carter appointee, wrote that "to base racial preferences upon an amorphous, unquantifiable and temporarily unlimited goal is to engage in naked racial balancing." He ruled in favor of three white women who were denied admission in 1999. He ordered the university to offer the women admission and to compensate them for having to pay more money to attend other schools. UGA is considering an appeal of the decision to the 11th Circuit Court of Appeals. This decision joins the Hopwood case in Texas and Proposition 209 in California in undermining the ability of institutions of higher education to use race as a tool in making admissions decisions.

5. Crime -- Brady Law Studies: Next Wednesday, the Journal of the American Medical Association will publish a study indicating that the Brady Law has had no impact on the reduction in gun homicides. The study compares gun homicide totals in the 18 states that had background checks systems prior to the Brady Law with those in the 32 States that adopted background checks systems as a result of the Brady Law ("Brady States."). While the study found no difference in homicide reductions in Brady versus non-Brady States, it does conclude that the law helped to reduce gun suicides among the elderly. An important caveat is that the study does not evaluate whether the Brady Law affected the overall homicide rate by reducing illegal gun trafficking between States – an important measure of its impact on crime according to Handgun Control's prior research. Yesterday, in an attempt to blunt the JAMA study, Handgun Control released a new report which links passage of the Brady Law to a reduction in gun deaths. The report shows that since passage of the Brady Law, the gun-related crime rate has dropped faster than the overall violent crime rate. From 1994-98, an estimated 9,368 fewer people were

murdered with guns because the percentage of robberies and assaults committed with guns fell each year after passage of the Brady Law.

6. Crime -- Bulletproof Vest Legislation: On Wednesday, the House passed legislation (413-3) to extend the bulletproof vest grant program through FY 2004, and to double the currently authorized funding level to \$50 million per year. You announced your support for this bipartisan legislation at this year's Peace Officers' Memorial on May 15. The legislation has the strong support of all of the major law enforcement organizations. The Senate Judiciary Committee has passed companion legislation but there is a Republican hold on the bill.

7. Welfare Reform -- Evaluation of Welfare-to-Work Strategies: Next week, Los Angeles County will release the final evaluation of its Jobs-First GAIN program, conducted by the Manpower Demonstration Research Corporation and partially funded by HHS. Jobs-First operated from 1995-98 with a strong work-first message and tough enforcement of sanctions. After two years, the program led to a 17 % increase in employment and significantly higher earnings across single and two-parent families and various racial/ethnic groups, including families with limited English proficiency. The current CalWORKs program has added time limits and more comprehensive supports for families moving from welfare to work. HHS will release a statement highlighting the Los Angeles findings, along with its own report compiling previously-released results from 20 large city welfare-to-work programs. Like the LA study, the results show clear increases in employment and earnings and reductions in welfare costs for a wide range of welfare families, with impressive gains for the most disadvantaged families. The programs that focused on employment had better results-- particularly for the most disadvantaged families -- than those that primarily focused on education.

8. Welfare Reform -- California Welfare Caseloads: The Public Policy Institute of California recently released a report analyzing welfare caseload trends in California. The report notes that the state's 30% caseload decline since 1994 was smaller than the national average of 47%, in part due to the high level of child-only cases in the State. Two key factors appear to be responsible for the increase in child-only cases: (1) immigration trends in the early nineties increasing the number of recipients who are citizen children of undocumented immigrants and (2) state policy that allows children to continue receiving assistance even if their parents are sanctioned for failing to meet work requirements. California also has a disproportionate number of two-parent cases. If child-only and two-parent cases are removed, California caseload trends closely track national trends. The report also highlights significant regional differences within the state.

9. Welfare Reform -- New York City Court Case: On July 24, a New York district court judge ruled on two motions in a year and a half old lawsuit, *Reynolds v. Giuliani*, in which New York Legal Services charged the City with illegally deterring eligible people from accessing needed cash, food, and medical assistance. The judge: (1) found no reliable evidence that the City's welfare-to-work job centers had corrected the problems raised in the suit and therefore continued the injunction prohibiting the conversion of additional welfare offices to job centers and (2) granted the case class-action status, allowing the plaintiffs to sue both the city and state for violations of their civil rights on behalf of all poor New Yorkers who have sought or will seek aid at job centers. In late 1998, USDA conducted a formal investigation of the City's food

stamps policy and instituted a corrective action plan. As you know, both USDA and HHS have also taken a number of steps to enforce existing laws, provide guidance to states on how to improve practices, and propose bonuses to states that improve participation of eligible families in food stamps and Medicaid.

10. Housing -- HUD Fair Market Rents Proposal: Secretary Cuomo plans to send you a memo recommending raising the Fair Market Rent (FMR) used to determine the limit on Section 8 rental assistance. HUD believes that in certain markets, raising the FMR will increase the number of people who are able to find housing with a Section 8 voucher. A recent Washington Post story highlighted difficulties with using Section 8 vouchers in booming markets such as Northern Virginia. Where local conditions limit voucher holders' success in finding an apartment, HUD proposes automatically approving a Public Housing Authority's request to increase the FMR from the 40th to the 50th percentile of local rent levels. (Currently, HUD requires PHAs to develop substantial justification to raise their payment standards). The announcement would be an opportunity to press Congress to fund the \$50 million Voucher Success Fund included in your FY 2001 budget that PHAs could use to help address these issues. The memo may also present HUD's proposal on how to spend FHA surplus funds. As you directed in March, we've been working closely with OMB and HUD to assess available funds and develop proposals for using these funds to expand affordable housing; however, we have not yet reached a final consensus.

Wrote letter
to Secretary
on 10/20/00
ASRA -
Housing letter



Ann -
FYI
-BR

July 17, 2000

MEMORANDUM FOR THURGOOD MARSHALL, JR. *Brody*

Forwarded herewith is a Memorandum for the President, signed by Secretary Shalala, which transmits stories collected by the Assistant Secretary for Children and Families, Olivia Golden, from parents about the importance of the Administration's Child Care Initiative.

Should you have questions or if I can assist in any other way, please do not hesitate of contact me at 202/690-7431.

Mary Beth Donahue
Mary Beth Donahue

cc: Bruce Reed
Melanne Verveer

Encl -
Pls. make
copy for
Mary from me.
-AOL



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

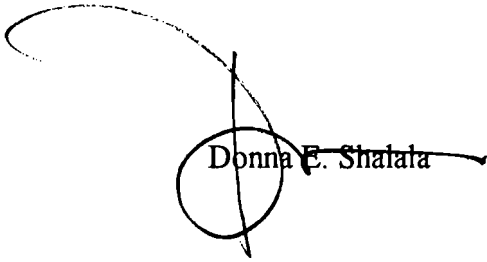
JUL 14 2000

MEMORANDUM TO THE PRESIDENT

The Assistant Secretary for Children and Families, Olivia A. Golden, has been traveling around the country talking to parents about child care. In her travels, she has collected stories that reinforce the urgency and the message of your Child Care Initiative. These stories illustrate that without affordable, high quality child care, parents have to make devastating choices between keeping a job that allows them to cover their bills and ensuring that their children are in safe and nurturing care.

I thought that you would appreciate reading their stories and seeing the power and importance of our child care agenda through their eyes. These stories underscore what our data already tell us: that the lack of affordable, high quality child care in the country is one of the most pressing issues facing America's families today.

I appreciate your commitment to this agenda and believe that this Administration could leave no better legacy than the enactment of your child care initiative.



Donna E. Shalala

Enclosures

Des Moines Focus Group 7/8/99

On Thursday, July 8th 1999, Assistant Secretary for the Administration For Children and Families, Olivia Golden, participated in a focus group on child care in Des Moines, Iowa. She started by asking a few questions: What did it take to find child care while you worked? Are there subsidies for you? What happens if you can't get subsidies?

- Rhonda Rhonda is a single parent who has not been able to find a job which pays enough for her to afford quality daycare. She was working nights in order to support her family, but couldn't find night time care. When she did finally find child care she could afford, all seemed that it would work out, but later she was deeply disturbed to find marijuana in the location, and sewage in the basement of the provider. Rhonda quickly changed providers, but found that the new provider was taking care of too many children to provide adequate care for her child. In order to care for her child she had to quit her night job and take a part time position. That way she would be able to work while her kids were in school and yet be there for them when school let out. There was good child care but without subsidies she couldn't afford it.
- Rafaela She had gotten her child in a child care center, however the director of the center resigned and the board members didn't know how to run the center so it closed. She had to find another daycare provider. When she finally found another daycare provider she nearly cried with relief. It was in a church and things were going well but later on the church said it was losing money on the day care operation and so it shut it down.
- Carmen She is a mom who brings home less than \$13,000.00 per year. She has the ability to earn more money but she finds that without a subsidy she can not afford the child care that she desperately needs. She works from 2:00 PM to 10:00 PM. She couldn't find a center operating at those hours so she chose an in-home child care provider for her children. Even though she doesn't think that there is enough regulation for in-home care, she feels she has no choice. She has had 5 in-home child care provider placements in the last two years. The first one ended up being abusive. She had gotten their names from a child care referral center, but Iowa is one of the few states that doesn't have mandatory registration for in-home child care providers. She feels that five child care providers is a lot of instability for a 2-year-old to have to handle.
- Stephanie She works two jobs, but she has to watch what she makes. If she earns \$1 more she will lose her entire child care subsidy. Without it she couldn't afford child care. She would like to advance in her career and earn more but feels she can't because then she wouldn't be able to afford child care. She

would be worse off than she is now. So she feels stuck.

Belle She feels that the system doesn't encourage you to get ahead. It's a Catch – 22, because as soon as you earn more you lose your child care subsidies and you can't afford child care so you work less, earn less and then you get child care subsidies again.

Kellie She is a mom who works 40 hours a week. The father of her children abandoned her and therefore she suffered a grave loss in income. She now makes \$94 too much a month to qualify for a child care subsidy. She earns only \$450 every two weeks. After she pays her rent and her child's daycare she has virtually no money left. Her bills are juggled every month. One month she can pay electric, the next month she can pay for the phone. Collection agencies call all of the time. It makes her question the merits of working. She asks herself sometimes, "Why not go on welfare?"

Audrey Her daughter has a night job and can't afford child care, so Audrey, who works days, takes care of her granddaughter at night.

Olivia asked about participant's experiences with care provided by family members. Do people have family nearby? Are they willing & able to provide care? Is that care safe and reliable?

Tasha Tasha is a single parent of four. She works from 3:00 PM to 11:30 PM. Tasha's mom cared for the children after she [Tasha's mom] got home from work. As soon as Tasha's mom got home Tasha would rush to leave for work. If her mom was caught in a traffic jam on the way home Tasha would be late for her job. She would have loved to stay at home with her kids, but she couldn't afford to because she's a single mom. Tasha also has a minor disability, which makes it hard for her to work. She didn't necessarily feel that her mom was providing a safe place for the kids, so she found a provider. She has children that have special needs. She has found it very hard to find appropriate care for children with special needs. Her supervisor at work is losing patience with her having to leave to deal with day care issues. As of now she has to pay half of her earnings to cover the cost of child care, although she receives a subsidy.

Unknown #1 Her youngest child has apnea and her oldest needs a nebulizer so she can't find a daycare provider who will take them. So she has to stay at home, though she would like to work.

Unknown #2 She doesn't have family here [Iowa], and she can't afford daycare. So she is home with the kids.

Unknown #3 She was doing split shifts with her husband but then her husband and she separated. The split shifts were very stressful. My husband and I spent our whole lives running past each other with the car keys, dropping the kids and

the keys off. Now she is a single mom with three kids. She works nights as the night manager for Taco Johns. It is a good paying job, but it is not easy to afford child care on her own.

Stacey

Nations Bank is her employer and it reimburses her for some of her child care costs. Nations Bank decided to do this because employees were having trouble with child care. Nations Bank gives her \$300.00 per child being reimbursed.

The Assistant Secretary, Olivia Golden, made her closing remarks:

The fact that you came out after a long hard days work speaks to how important our children are to all of us. Let me try to summarize what I heard.

- I heard about issues of quality. You shouldn't feel alone in dealing with these quality issues. It is our problem as a nation if your child gets to kindergarten unready to learn. And I have heard about the importance of investment in quality through salaries and training
- I've heard a lot about the ability of people to afford care and people stuck in the middle. I've heard stories about choices to not advance in your career, or juggle bills in a way that makes you feel insecure, struggling with split shifts, and kids with disabilities.
- We all have a role to play in addressing this issue: state government, federal government, business, and parents.

Thank you for taking the time to talk to me.

I will remember your stories to tell to others. I will take away with me respect for your guts and courage. I applaud what you're accomplishing.

Note: Karen King of Child Care Resource and Referral of Central Iowa, organized the focus group. Her phone number is (515) 286-3536

Lincoln, Nebraska Focus Group 7/9/99

On Friday, July 9th 1999, Assistant Secretary for the Administration for Children and Families, Olivia Golden, participated in a focus group on child care in Lincoln, Nebraska. She started by asking a few questions: How did you find quality child care that you can afford? Are there child care subsidies for you? What happens if you can't find child care? What do you do?

- Mary She is a mother of four children, 17,15,13 and a three-year old. Her three-year-old is a special needs child. She can't find child care centers equipped enough to meet the needs of her child. Her child needs sign language, but most care providers do not know it. She didn't have trouble placing her other three children in child care. Now her other children alternate between times when they take turns watching the three-year-old. Those paying the highest price for this lack of child care are our children. What can we do?
- Carrie She got a list of care providers from her state agency and when she went to the various locations she found that the child care providers weren't very good. The houses were dirty or they had large animals. "People assume that since we're low-income we don't expect the same quality of child care as others." Luckily she was able to rearrange her work hours so she could be there when her children got out of school.
- Amber She is a single mother of three children, two of whom are infants. She works full time and goes to school at night. She works in a factory and often has trouble with her hours. She can't find child care providers available late or early enough.
- Heather She is a single parent. She is a police officer. She works from 8pm-4am. She got married so that solved her child care problems, but had she not gotten married she couldn't have the job she went to school for. "Our children are just as important as Donald Trump's children. We all want quality, but we don't want to give our entire check to day care."
- Melissa She is a grandmother, she lives with her son and watches his children while he is at work, she works nights and he works days. They never see each other.
- Unknown She is still in high school and people look down on her because she has day care at Lincoln high school
- Todd He has two children. His current provider lets him know about any concerns they have with his kids. The last day care provider did not want to work with him to address the problems his kids were having
- Troy His provider doesn't take care of his infant very well. When he goes there he always hears babies crying, he is unsure about the quality.

- Unknown # 2 She is a young mother. She chose in-home day care. It cost \$7.15 an hour for 30 hours/week. She had title XX cut, so couldn't afford to work without help so she quit her job. After having her second child she went back to work. She is very tired. She and her husband have experimented with all different kinds of shift arrangements. She doesn't want to go back on the system [welfare], but she hands over $\frac{3}{4}$ of her paycheck over to daycare. She and her husband try to juggle shifts but they still find that they need some child care, as there are some hours when they're both at work.
- Clarissa She pays more in daycare then in rent. She is a single mom and all her family members work, so family members can't care for her children. She is really in trouble if her child gets sick. Sometimes her grandmother takes vacation leave to care for Clarissa's child. She is scared by in-home providers she visited. Works any overtime possible to meet her financial needs. Her employer is wonderful at letting her take off work to be with her children when they're ill. Her boss has kids too and she understands. Clarissa uses all her vacation and sick days for her daughter's illnesses.
- Adonna She is a single parent. Her grandmother watched her child until her grandmother had a massive heart attack. Her other family members all work. She has no back up child care. She makes too much money to get subsidies. When she asks for help she is turned away, because she earns too much. She was pulled aside at work and told to find a better doctor or an under the weather service for when the kids are ill, or else she may be let go.
- Sue She lost her job over the winter because her kids were sick so much. And she had to miss work. She is required to work, but she can't get help with her children. Her big issue is back up daycare when her kids are sick.
- Mary She would love to work more hours, but she can't find quality child care for her kids.
- Shannon She doesn't have family nearby. She is married. She can go to where she can find a job but she has no family to watch the kids. She is looking for a multicultural daycare center. She found daycare that she is okay with, but it is not her first choice. She loses her pay when her kids are sick, and she has to stay home with them.
- Karie She is a single working mother of a four year old little boy. She enrolls him in daycare while she works. One day when she went to pick up her child after work she noticed that something was disturbing him. From talking later that night she learned that her son had been hit in the face by one of the child care providers. She confronted the child care provider but they denied it. However, others witnessed the abuse. They say that the child care provider simply snapped due to having too many children and too little patience at the time.

Karie was appalled by what had happened and her son was terrified and did not want to ever go back. Unfortunately, Karie had to take him back to that child care provider until she could find a replacement because all her family members worked so she had no backup care, and she could not take off from work. It broke her heart to have to take him back to that place. She was determined to get him out of there. It took eight weeks before she found daycare she could afford and felt comfortable with. Her son is now in the new day care center but she doesn't think he will ever be comfortable in daycare again.

Unknown #3 She has been through 6 different daycare providers since her 5 year old was born. She is still looking for good quality.

Assistant Secretary Olivia Golden closed by thanking everyone for taking the time from their hectic lives to be present at the focus group. She told the parents that she would remember their stories to share with others and that participating in the focus groups was an important way of focusing attention on the issue of affordable child care. Putting the issue front and center is an important step in working to address it.

Note: Beatty Brasch of the Lincoln Action Program organized the focus group. Her phone # is (402) 471-4515

THE WHITE HOUSE

WASHINGTON

August 3, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: ANN O'LEARY
HEATHER HOWARD
ERIC MORSE

CC: MELANNE VERVEER
SHIRLEY SAGAWA
LISSA MUSCATINE
PATTI SOLIS DOYLE

SUBJECT: ISSUES UPDATE

The purpose of this memo is to provide you with brief updates on a number of national issues in which you have been involved or expressed interest.

LEGISLATIVE AND ISSUES UPDATE

• **Labor-H Appropriations bill:** The Labor-HHS-Education conferees did not finish their work before Congress adjourned for the August recess. The Conferees, however, did complete a draft report that has not yet been filed, but is expected to be used to finish their work when Congress returns in September. Under this draft, we believe we are in good shape in the following areas:

- Child Care Development Block Grant (the \$817 million increase to meet the full \$2 billion Administration request);
- Head Start (slightly more than the \$6.27 billion requested)
- NIH (\$1.7 billion above the Administration request)
- GME at children's hospitals (the full \$80 million requested)
- Battered Women's Shelters (the full \$117 million requested)
- CDC West Nile (\$10 million more than the Administration's \$5 million request)
- Ryan White (slightly more than the full \$1.72 billion requested)
- Immunizations (\$12 million more than the \$530 requested)

We are concerned, however, with the funding levels of:

- Title X family planning (flat funded at \$239 million; the Administration had requested an additional \$35 million);
- Teacher Quality (\$527 million less than the \$1 billion requested)

- School Renovation (zeroed out)
 - Class Size (zeroed out)
 - 21st Century Learning Centers (\$400 million less than the \$1 billion requested)
 - GEAR-UP (level funded at \$200 million, \$125 million below Administration's request)
- **Authorizing Legislation:** In addition to these appropriations issues, there are several remaining legislative matters that we will be following closely: reauthorization of the Violence Against Women Act, reauthorization of the Corporation for National Service, the Breast and Cervical Cancer Treatment Act, and Hate Crimes.

DPC issues update: Please see attached memo to the President.

CABINET UPDATE

Below are selected Cabinet reports:

Amplification of Presidential Initiatives

- **ADA 10th Anniversary Celebration:** Last week, members of the Cabinet and sub-Cabinet participated in events and media outreach to highlight Administration disability rights accomplishments and to amplify the President's and your message commemorating the 10th anniversary of the ADA. Fifteen Cabinet and sub-Cabinet members will have participated in the Spirit of ADA Torch Relay, reaffirming the Administration's commitment to principles of the ADA and the Individuals with Disabilities Act by the time the torch reaches its destination in NY next week. Cabinet Affairs and the White House Press Office coordinated with the agencies to reach out to more than fifty media markets for amplification following the President's and your ADA Anniversary event on July 26. In addition to outreach via radio and print media, the following Cabinet members hosted or attended ADA anniversary events across the country this week: Secretaries Glickman, Shalala, Slater and Richardson, Administrator Alvarez, Director Lachance, and Commissioner Apfel. The agencies also worked closely with DPC and OMB to develop deliverables related to disability rights for announcement during the ADA anniversary celebration.

Department of the Treasury

- **New Markets:** On July 25, by a vote of 394-27, the House passed the Community Renewal and New Markets Act. The legislation includes: the New Markets Tax Credit (NMTC), a tax incentive for investments in low-income areas; America's Private Investment Companies and New Markets Venture Capital Firms, which will be structured as private investment companies that will provide equity and long-term debt to businesses in low-income areas; Renewal Communities, Federally designated communities that will receive tax benefits and regulatory relief; and nine new Empowerment Zones. There are several issues which must be addressed in the Senate, such as whether the low-income housing tax credit will be phased in immediately, whether the DC Zone incentives will be extended to 2009, and whether technical corrections to the NMTC and other provisions will be included in the final legislation.

Department of Justice

- **Internet Safety Workshops:** The U.S. Attorney's Office in MD, in response to the potential dangers faced by children using the Internet, developed an Internet Safety Education program for parents, school administrators, and other interested parties. The program is currently offered to parent-teacher associations. Topics include parental safeguarding of home computers, the need for parents to become actively involved in children's usage of the Internet, and the reporting of computer crimes to the appropriate law enforcement authorities.

Department of Agriculture

- **Africa Trip:** From July 29 to August 7, Secretary Glickman will lead a mission to Africa, highlighting opportunities for international cooperation on hunger, nutrition, and health-care issues. He will discuss the President's \$300M Global Food for Education (GFE) pilot program, hold meetings with government officials and international business executives on joint aid programs, and tour agricultural production and international aid facilities in Nigeria, Kenya, and South Africa. On July 26, Glickman met with representatives of private voluntary organizations and the World Food Program to brief them on the GFE program and to seek their support and input. On July 27, he testified on GFE before the Senate Agriculture Committee. Last week, Glickman announced that USDA will donate to drought-afflicted and war-torn African countries an additional 350,000 metric tons of farm commodities, worth some \$145M. This will bring total donations to Africa for the year to one million metric tons of food, nearly tripling last year's total.
- **International School Lunch Program:** On July 27, Secretary Glickman testified before the Senate Agriculture Committee on the international school lunch program, amplifying the President's global food for education announcement during the G-8 summit. This initiative designates \$300 million which will provide school lunches and breakfasts in the poorest countries for the poorest children.
- **Nutrition and Health Promotion Center:** On July 28, during his commencement address to the school, Secretary Glickman announced the creation of a USDA-sponsored Center of Excellence in the area of food, nutrition, and health promotion at Southern University and A&M College in Baton Rouge, LA. The Center will design and test culturally appropriate nutrition intervention strategies to reduce hunger among poor children and families in the lower Mississippi Delta area.

Department of Commerce

- **Census Office Fraud Allegations:** An investigation of fraudulent activity in a Bronx, NY Local Census Office (LCO) does not support claims made by four former enumerators to a local ABC television affiliate in NY. The employees alleged that LCO managers ordered more than 2,000 enumerators to falsify data on census forms, and to alter data entries in administrative computer logs to cover up the falsification. Senior Census Bureau staff members conducted an investigation at the Census Bureau LCO, including a review of payroll records, administrative

logs, data records, and interviews with more than two dozen staff, and found the allegations to be unsubstantiated.

Department of Health and Human Services

- **International Tobacco Conference:** On August 6-10, Secretary Shalala, Surgeon General Satcher, and other senior HHS officials will participate in various sessions of the 11th International World Conference on Tobacco or Health in Chicago, IL. The Conference is aimed at developing strong international, regional, national, and community-based efforts and strategies to significantly impact tobacco use globally. Ministers of Health, WHO officials, and other multilateral organizations will participate. On August 9, Dr. Satcher will release the 25th Surgeon General's Report on Tobacco. The report, "Reducing Tobacco Use" will provide a comprehensive review of the various methods used to reduce and prevent tobacco use.
- **West Nile Virus:** Monitoring systems to detect the presence of West Nile Virus (WNV) continue to function well. The virus has now been detected in birds in three NJ counties (Bergen, Hudson, Middlesex) and six NY counties (Nassau, Rockland, Suffolk, Westchester, Queens, and Staten Island). The virus has also been detected in mosquitoes in NY and CT. The number of specimens (mosquito pools, submitted birds) being processed in these states is increasing. In response to these findings, focused ground spraying of synthetic pyrethroids has been taking place in NY and CT. On July 31, Dr. Ostroff, HHS's WNV coordinator, participated in a roundtable symposium hosted by Representative Gejdensen in New London, CT, on international aspects of emerging infectious diseases, using WNV as an example. On August 1, Ostroff participated in two symposia in NY to discuss the clinical aspects of WNV: one at New York University Medical Center in Manhattan, the other in Nassau County, NY. The Symposia are being hosted by Senator Charles Schumer; Representative Nita Lowey and Representative Joseph Crowley will participate. Other participants will include representatives from the State and local health departments and clinicians who treated WNV patients last year.
- **Nursing Home Medicare Payments:** On July 25, HCFA announced that Medicare will increase payment rates to nursing homes substantially starting October 1 when payment rates for skilled nursing facilities take effect. The increased payment rates for Medicare's prospective payment system will help ensure that Medicare pays appropriately for the care of elderly and disabled beneficiaries requiring skilled nursing care. HCFA published a final rule including the new rates in the July 31 *Federal Register*.
- **1998 National Vital Statistics Report:** On July 24, the CDC published a report on final death data for 1998, which includes latest infant mortality, life expectancy, leading causes of death by age, race, and sex, and detailed data on firearm mortality. These data are based on death records provided by states through the National Vital Statistics Cooperative Program. Life expectancy at birth increased to a record high of 76.7 years in 1998, up from 76.5 in 1997, and the infant mortality rate remained unchanged in 1998 at 7.2 infant deaths per 1,000 live births. The infant mortality rates for black infants continued to be more than twice that of white infants. Firearm deaths for children and adolescents ages 19 and under dropped ten percent between 1997 and 1998, from 4,223 in 1997 to 3,792 in 1998.

- **Health Services for Minorities:** On July 19, HHS announced the availability of up to \$1.6M to help improve local access to substance abuse prevention, addiction treatment, and mental health services by racial/ethnic minority communities. Grants will be awarded to four or five national or regional non-profit organizations to establish and work in formal partnership with local community-based organizations to improve access to high-quality, culturally relevant, gender-sensitive, and age-appropriate mental health and substance abuse services for ethnic/minority populations. Project results provide information on the most effective ways in which collaboration between national and community-based organizations can help reduce disparities not only in access to services for substance abuse and mental illnesses, but also in rates of these health problems among selected populations.
- **Section 1115 Demonstration Projects:** Last week, HCFA announced guidance to states on section 1115 demonstration projects in the State Children's Health Insurance Program, offering states new ways to advance the goal of providing health care coverage to low-income children. Among other new provisions, the department will now consider demonstration requests to use SCHIP funds to provide coverage to populations other than children such as parents of SCHIP funded children as well as parents of children covered under traditional Medicaid.
- **ARKids Announcement:** On July 21, HCFA notified AR that it cannot place children who are eligible for the basic Medicaid program in the state's Medicaid demonstration, ARKids First. The State's proposed change would remove important safeguards designed to assure that children receive the protections and benefits for which they are eligible.
- **West Nile Virus (WNV) Activity:** In May 2000, CDC issued guidelines to direct national surveillance, prevention, and control efforts and provided funds to support mosquito-control efforts in 19 state and local health departments where WNV transmission had occurred or where transmission would probably occur based on known bird migration patterns. CDC's July 21 *Morbidity and Mortality Weekly Report* presents the findings of surveillance activities.

Department of Housing and Urban Development

- **Racial Discrimination Judgment:** An administrative law judge awarded more than \$1.1M in damages to a fair housing advocate who received death threats by a hate group leader on his web site. The decision stems from threats made by a Philadelphia neo-Nazi group against Bonnie Jouhari and her teenage daughter. Jouhari's job was to promote fair housing, including helping housing discrimination victims file complaints under the Fair Housing Act. HUD brought the suit against the group for violating the Act. It is one of only a few published decisions involving emotional distress damages from Internet hate.

Department of Energy

- **Rebuild Long Island Partnership:** On July 27, Rebuild America, the Long Island Power Authority, the NY Energy Research & Development Authority, and other partnership organizations officially announced the launch of the Rebuild Long Island Partnership and several projects to improve building energy efficiency. The launch will be held at the future home of the

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New Cassel Technical Learning Center, a 30,000-square-foot state-of-the-art facility which will offer residents of an economically depressed neighborhood classes in computer repair, networking, light programming, and software training.

- **Village Power 2000:** On August 8, DOE, the White House Millennium Council, and the Discovery Channel have tentatively scheduled an event to celebrate the return of 17 students from Uganda and Tanzania. The students will have completed the 1000th solar installation at a school in Uganda. Other installations have been placed at orphanages, clinics, hospitals, and homes.
- **Gasoline Prices Mixed, Stocks Up:** Gasoline spot and futures price movements were mixed last week, as a rise in world crude oil prices was offset by U.S. crude and product stock builds for the week ending July 7. West Coast gasoline markets posted the greatest declines, as refinery operations continued to improve. The New York Harbor spot price for conventional regular gasoline rose 0.83 cent on July 17 to 90.63 cents per gallon, while the Los Angeles CARB RFG spot price fell 8.50 cents to 102.50 cents per gallon. (The spot price for West Texas Intermediate crude oil at Cushing, OK went from \$29.51 to \$30.71 per barrel during the same time period.) The U.S. average retail price for regular gasoline fell for the fourth straight week, dropping 4.7 cents to 154.6 cents per gallon as of July 17. The average has declined by 13.5 cents since June 19, but stands 37.7 cents per gallon higher than a year ago. Prices declined for most regions and formulations, led by further decreases of more than 10 cents per gallon in the Midwest. Total motor gasoline stocks increased for the seventh consecutive week to 205.6 million barrels on July 14, up 0.5 million barrels from the previous week, but 6.0 million barrels below the level for the same week last year.

Department of Education

- **National Education Research and Statistics Act:** On July 26, DOEd sent to Congress for consideration the National Education Research and Statistics Act, the Administration's proposal to revise and extend the statutory authority for the educational research and statistical programs of DOEd. The proposal specifies three broad priority areas for education research supported by the National Institute for Education Research: the teaching and learning of reading, writing, and mathematics to students from diverse backgrounds; improving the ability of schools, districts, and states to implement reforms successfully; and using new knowledge from research to design effective strategies and policies. The proposal also emphasizes the crucial role of the National Center for Education Statistics to provide accurate, up-to-date statistical information needed to reform the nation's education system while meeting challenges to increase diversity, improve U.S. standing in global competition, and ensure that all students learn to high standards.
- **DC College Access Program:** On July 24, the *Washington Post* reported that more than 2,400 students have signed up for the DC College Access program that helps DC students pay in-state rates at any public college or university in the country, with the Federal government making up the difference. Many area colleges and universities are expected to see a significant surge in the enrollment of DC residents this fall. Supporters of the program are trying to fend off a House GOP plan to cut some of the funding for the program. House leaders cut the program's budget

from \$17M to \$14M. Representative Tom Davis will work to restore the program to the full \$17M in conference.

- **Baby Boom Echo Report:** On August 21, Secretary Riley will release the fifth annual Baby Boom Echo Report on the impact of the baby boom echo, the 25 percent increase in the U.S. birthrate that began in the mid-1970s and reached its peak in 1990 with the birth of 4.1 million children. The report focuses on the pressures that this enrollment increase is placing on the nation's education system and the need for school construction in high growth areas. Representative Shelley Berkley will also participate.

Department of Veterans Affairs

- **Online Employee Training:** Nearly 300 professionally-related training courses will be available to VA employees under a six-month pilot program with Vcampus Corp. About 9,000 VA employees at ten locations will initially have access to the courses. The virtual campus offers material on personal development, information technology, and management skills.

Environmental Protection Agency

- **FTC Report on Gas Prices:** The Administration has initiated a number of actions to determine the cause of the precipitous increase in Midwest gasoline prices during May and June (primarily in Chicago and Milwaukee). On June 15, Secretary Richardson and Administrator Browner requested that the FTC formally investigate the pricing situation in the Midwest. In testimony before the Senate Energy Committee on July 13, the FTC estimated its investigation could take as long as a year to complete. FTC testified it would announce its initial status report concerning the investigation on July 28.

Office of National Drug Control Policy

- **Club Drugs Conference:** On August 1, Director McCaffrey gave the keynote address at the DEA's Club Drugs Conference. This conference will bring together a variety of Federal, state, and local officials, substance abuse experts, health professionals, and law enforcement officers to share information about the emerging threat of club drugs and develop a strategy for addressing this problem. The use of club drugs, such as MDMA (Ecstasy), GHB, Rohypnol, ketamine, methamphetamine, and LSD, has rapidly gained popularity among young people in recent years, especially in connection with night clubs and all-night dance parties. Recent research indicates that most users are unaware of the dangers these drugs may pose.

Office of Personnel Management

- **Employment of Individuals with Disabilities:** OPM worked with a group of human resource managers to review current Federal hiring patterns, information about the future pool of disabled job applicants, and outreach efforts, and collaboratively developed guidance to accompany and amplify the President's July 26 executive order on hiring individuals with disabilities in the Federal government.

LEGISLATIVE UPDATE

Below are selected legislative reports:

Bills Cleared for Signature

Religious Liberties bill: On Thursday, both chambers passed (by unanimous consent) S. 2869, the Religious Land Use and Institutionalized Persons Act of 2000. This bill, sponsored by Senators Kennedy (D-MA) and Hatch (R-UT) and Representative Canady (R-FL), was a narrowly-tailored and hard-fought compromise version of the Religious Liberty Protection Act (RPLA). RPLA, which passed the House last session, was intended to reinstate the "strict scrutiny" test, as it applies to the States, to laws of general applicability that infringe upon a person's or entity's free exercise rights. RPLA was necessary because in 1997 the Supreme Court struck down the Religious Freedom Restoration Act, a bill designed to achieve the same purpose. RPLA, however, was strongly opposed by the civil rights community, because they felt it could be used to override civil rights laws in certain circumstances. Senators Kennedy, Hatch, and the White House, therefore, drafted S. 2869 to affect only the most egregious areas where religious rights are being infringed -- land use/zoning and the treatment of institutionalized persons. In addition, by starkly narrowing the scope of the bill, we avoided the areas in which the protections of RPLA could conflict with the protections of the civil rights laws; thus, the civil rights community again became strong supporters of the bill. The only significant groups that still oppose the measure are the state and local governments and the historic preservation community, who believe that the strict scrutiny test will allow religious entities to circumvent their authority and endanger historic landmarks.

Conference Activity

Bankruptcy: Following up on the President's conversation with Senator Lott (R-MS), Chuck Brain met with his staff to explain how they could address the concerns the President raised in his June 29th letter. They provided them with language that would: (1) drop the Fair Debt Collection Practices Act (FDCPA) amendment; (2) include a cap on homestead exemptions of \$250,000; and (3) include a revised version of the Schumer (D-NY) amendment without specific reference to reproductive health or abortion. On Tuesday, Senator Lott's staff called to say that they were proposing to: (1) agree to drop the FDCPA amendment; (2) include a homestead cap of \$500,000; (3) drop the Schumer amendment and the Hyde (R-IL) alternative language currently in the conference report (i.e., maintain current law; this is a small step backward from even the Hyde language); and (4) include a "means test safe harbor" that would provide that below median income debtors would not be subject to the means test analysis. The safe harbor provision would make a modest difference in streamlining the bankruptcy process for these debtors (few if any of whom will be found to have sufficient income to repay any debts), but this does not address the administration's fundamental concerns with the inflexibility of the means test. However, it is a significant symbolic move. Since Senator Hatch (R-UT), the proponent of the FDCPA amendment, has made numerous press statements noting that he has not agreed to drop his amendment, we have asked the Republicans to outline their offer on paper. Until we receive such a paper offer, we do not intend to formally respond. The response to the Republican counteroffer on the Hill has been mixed. Senators Leahy (D-VT), Schumer, and Kennedy (D-MA) continue to urge the President to oppose the bankruptcy bill, because the

Republicans have not addressed the clinic violence issue. On the other hand, Senator Johnson (D-SD) is circulating a letter for his colleagues' signature urging the Congress and the President to support the counteroffer. Senator Johnson's staff claims that they have five Senators who have thus far signed that letter.

THE WHITE HOUSE

WASHINGTON

August 23, 2000

MEMORANDUM FOR MARK LINDSAY

FROM: ERIC MORSE

**CC: KELLI MCCLURE
LAUREN SKRYZOWSKI
JP TETI
JENNIFER MCGEE**

SUBJECT: Permission to conduct a large tour

Betsy McFadden, Erskine Bowles assistant at Forstman Little, recently contacted me to inform me that Erskine had requested that we arrange a West Wing tour for 37 members of his church from Charlotte, NC. The group will be coming to the White House at 1:30 on Saturday, August 26th. I am requesting permission for three passholders in addition to myself, to conduct this tour. I can be reached at 6-0122, please contact me if you need any additional information. Thank you for your consideration.

THE WHITE HOUSE
WASHINGTON

June 2, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: ANN O'LEARY *A.O.L.*
HEATHER HOWARD *HHH*
ERIC MORSE *EM*

CC: MELANNE VERVEER
SHIRLEY SAGAWA
LISSA MUSCATINE
PATTI SOLIS DOYLE

SUBJECT: ISSUES UPDATE

The purpose of this memo is to provide you with brief updates on a number of national issues in which you have been involved or expressed interest.

LEGISLATIVE AND ISSUES UPDATE

ECONOMY

Bankruptcy Bill. In an informal conference, Republican and Democratic House Members and Senators continue to narrow down their issues of disagreement. Currently, the most contentious issue of disagreement is the Schumer clinic-violence amendment. Schumer is working directly with Hyde to try to develop a compromise on this issue. Hyde's counter proposal on this issue, however, sets a very high standard that would prohibit discharge of debts only if perpetrators had an "intent" to harm and were "willful and malicious" in their actions. If these standards could not be proved, perpetrators would continue to be able to discharge their debts related to clinic-violence. This issue is proving to be the most difficult to resolve and the Administration would consider vetoing over this issue. Currently, Senator Lott is considering attaching the bankruptcy bill to the electronic signature bill that is expected to move to the Senate floor in the next two weeks.

EDUCATION

Hispanic Education. As a follow-up to your Hispanic Convening, Maria Echaveste has planned a White House Strategy Session on Hispanic Education. This event will take place on June 15th and is intended to bring together the public and private sectors to improve education for Hispanics. Originally, this meeting was intended to be a small working group, but it is now a large meeting in the East Room. At the meeting, five goals will be presented to help focus the group on improving education from early childhood to college access and completion (see

attached goals and agenda). At the event, the President will release a report from the Council of Economic Advisors on the state of Hispanic Education and a report card produced by the Department of Education.

WOMEN

Reauthorization of the Violence Against Women Act (VAWA). Two weeks ago, in U.S. v. Morrison (also known as Brzonkala), the Supreme Court invalidated the civil remedy provision in VAWA that allowed victims of gender-motivated violence to sue their attackers. Although the decision does not affect other provisions of VAWA, such as the federal criminal provisions and grants to law enforcement and battered women shelters, it has provided momentum for efforts to reauthorize VAWA ("VAWA II"). In addition, a report recently released by the Bureau of Justice Statistics demonstrated that domestic violence has declined since 1993 and that VAWA programs are working. In 1998, for example, women experienced 20.3% fewer violent offenses at the hands of an intimate partner than in 1993. In 1996, 1997, and 1998, intimate partners committed fewer murders than in any other years since 1976. A copy of the report is attached.

VAWA II is an opportunity not only to reauthorize the critical funding programs, but also to make improvements to existing law. These include technical fixes that ensure that Native American women are protected, as well as substantive improvements that would protect immigrant women and children, facilitate filing and service of protection orders, improve the enforcement of protection orders, and enhance the ability of victims fleeing from abuse with their children to obtain custody orders without returning to the dangerous jurisdiction. The most controversial provision in VAWA II would expand both the grant programs and criminal provisions to cover "dating relationships." Current law only covers couples who are or have been married, have a child together, or who are or have lived together; amending the definition of domestic violence to include dating relationships is important because data suggest that domestic violence occurs at the highest rates among young persons aged 16-24, who tend not to be married or living together and thus are not covered under VAWA.

VAWA II is currently stalled in Congress. Rep. Connie Morella's bill was marked up in subcommittee but has not been scheduled for a full Committee mark-up. At the insistence of Senator Hatch's staff, "dating relationships" was removed from the bill, but Rep. Morella has vowed to try to put it back in at full Committee. In the Senate, Senator Biden is close to reaching a compromise with Senator Hatch, but they are looking for legislative vehicles. (One possibility is the Trafficking bill). Their compromise, however, would probably not include the dating relationships language.

We have been working to increase the pressure for reauthorization and to signal that it is a top Administration priority. Several weeks ago, senior Administration officials met and strategized with women's groups, and last week we met with members of the law enforcement community to broaden the coalition. This weekend, the board of the International Association of Chiefs of Police will meet and is expected to endorse VAWA II, and the National Conference of Mayors may do so as well at their conference.

We are planning a White House event to highlight the need for reauthorization and the importance of the issue to you and the Vice President. In addition, DOJ and HHS will be working VAWA II into principals' speeches and highlighting successful programs at the local level when they travel.

HEALTH

Children's Health Bill. On May 9th, the House passed "The Children's Health Research and Prevention Amendments of 1999" (Rep. Bilirakis) with broad bipartisan support. The bill is a "catch-all" bill with numerous children's health research, prevention and treatment initiatives. It would:

- 1) establish a pediatric research initiative at NIH;
- 2) establish a National Center on Birth Defects and Developmental Disabilities within the CDC;
- 3) authorize programs to promote the use of folic acid to prevent birth defects;
- 4) establish a safe motherhood monitoring initiative, to monitor deaths and severe complications from pregnancy and increase research strategies to ensure safe motherhood; and
- 5) authorize additional federal funding targeted at: autism, fragile X, birth defects, early hearing loss, poison prevention, epilepsy, asthma, juvenile arthritis, skeletal malignancies, and juvenile diabetes.

The Senate has no plans for action at this time.

Breast and Cervical Cancer Treatment Act. As you know, earlier this year the President announced a new initiative to help cover uninsured women who have breast and cervical cancer. The FY 2001 budget invests \$200 million over five years in a new Medicaid option that allows states to provide low income, uninsured women who were diagnosed with breast or cervical cancer through the National Breast and Cervical Cancer Early Detection Program with the full Medicaid benefits package for the duration of their treatment. On May 9, 2000, the House passed a version of this proposal overwhelmingly. That legislation, H.R. 4386 (Reps. Danner, Lazio, and Myrick), is similar to the Administration's proposal except that it contains an additional incentive for states to adopt the option, in the form of an enhanced 80/20 match. The Senate bill is languishing in the Finance Committee, where Senator Roth has not scheduled a markup and is apparently not enthusiastic about the enhanced match because of the additional costs it imposes. The National Breast Cancer Coalition is urging the White House to endorse the enhanced match.

Mental Health Parity. In Mid-May, the General Accounting Office released a report to the Senate HELP Committee on the Mental Health Parity Act entitled "Despite New Federal Standards, Mental Health Benefits Remain Limited." The report found that 86% of responding employers are complying with the federal parity requirement that annual and lifetime dollar limits for mental health benefits be no more restrictive than those for all medical and surgical benefits. In contrast, in 1996 before the parity law was enacted, only about 55 % of responding employers reported offering parity in dollar limits.

The report found, however, that compliance may have had little effect on employees' access to mental health services, because of the narrow scope of the law and reductions in mental health benefits that employers have made to offset the required enhancements. 87% of those that

comply contain at least one other plan design feature that is more restrictive for mental health benefits than for medical and surgical benefits, such as restrictions on the number of covered outpatient office visits or hospital. In addition, many employers may have adopted newly restrictive mental health benefit features specifically to offset the more generous dollar limits they adopted as a result of the federal law -- two-thirds of these newly compliant employers changed at least one other mental health benefit design feature to a more restrictive one.

The good news is that the parity law appears to have had a negligible effect on claims costs. Only three percent of employers responded that compliance increased their claims costs, and virtually no employers have dropped their mental health benefits or health coverage altogether, as had been feared. According to the report, estimates of the cost of federal parity are typically less than one percent; more comprehensive parity laws as enacted by some states are estimated to have higher but still modest cost increases of about two to four percent.

Unless reauthorized, the law sunsets on September 30, 2001. A copy of the Congressional testimony summarizing the report is attached.

INTERGOVERNMENTAL AFFAIRS UPDATE

INSULAR AREAS

FBI Puerto Rico Files. Director Freeh released to Representative Jose Serrano (D-NY) 8,600 pages of files of a former LFBI program that watched Puerto Rican nationalists and leaders and disrupted nationalist efforts. Earlier, Freeh reportedly acknowledged destructive and illegal acts to Serrano. That statement came after Governor Pedro Rossello (D)) released Puerto Rican police files on hundreds of thousands of people and proposed compensation for them.

Lazio on Puerto Rico. Representative Rick Lazio (R-NY) stated his support for a referendum on Puerto Rican statehood and closing the Vieques bombing range.

Vieques Outreach. Maria Echaveste, Jeff Farrow and Mickey Ibarra updated elected officials of Puerto Rican descent living in the States and U.S. religious leaders about the Administration's solution to the Vieques issue. Several national Hispanic groups that had earlier said the President's proposal did not go far enough began to lobby the Senate in favor of the land transfer legislation the solution proposed.

CABINET UPDATE

Below are selected Cabinet reports:

DEPARTMENT OF TREASURY

Digital Signatures. During the week of May 22, staff from the Office of Domestic Finance participated with DOC in extensive bipartisan negotiations with conferees on electronic signature legislation. The legislation removes unintended barriers to electronic commerce and clarifies the legality of certain electronic transactions by stating that such transactions may not be denied legal effect, validity, or enforceability solely because they are in electronic form. Treasury is

working to ensure that the legislation includes the same consumer protections for electronic transactions as for transactions conducted on paper.

Estate and Gift Taxes. On May 25, the House Ways and Means Committee voted to approve legislation sponsored by Chairman Archer that would repeal estate and gift taxes. The legislation calls for reductions in the estate and gift tax rates over the next several years, followed by a complete repeal of these taxes in 2009. House Democrats intend to offer a substitute, which would include broadening the estate tax base but lowering rates and expanding the unified credit to \$1.5 M. On May 25, Secretary Summers and Chief of Staff Podesta sent a letter to Chairman Archer and Ranking Member Rangel stating that the Administration opposes the legislation because it would reduce the overall fairness and progressivity of the tax system, would be fiscally unwise, and would harm charitable giving, and that the President would veto the legislation if it were presented to him.

DEPARTMENT OF JUSTICE

Union Officers Indicted on Embezzlement Charges. On May 17th, a couple was charged in an 8-count indictment with embezzlement and other crimes committed while both were high-ranking officers of Buffalo's AFL-CIO Hospital and Nursing Home Council. The indictment accuses the defendants with systematically embezzling thousands of dollars in "severance" pay from the council and its pension fund. The stolen funds totaled approximately \$235,000.

Court Strikes Down Telecommunications Act Provision. On May 22, the Supreme Court ruled that section 505 of the Telecommunications Act of 1996 violates the First Amendment. Section 505 requires a cable operator providing sexually explicit adult programming either to scramble the signal or to limit the programming to evening hours. In a 5-4 decision, the Supreme Court held that section 505 is a content-based regulation that singles out particular programmers for regulation. In applying strict scrutiny, and finding that the statute did not survive that standard, the majority emphasized two factors. First, it noted that another section of the Act provides for blocking particular channels by subscriber request and is thus more narrowly tailored to the government's goal of supporting parents who want sexually explicit channels blocked. Second, the majority concluded that there is no proof as to how likely any child is to view a discernible explicit image, and that the First Amendment requires a more careful assessment in order to justify a regulation as sweeping as this.

UNITED STATES DEPARTMENT OF AGRICULTURE

Crop Insurance Reform. On May 24, the joint House and Senate Conference Committee met and approved the Conference Report for the Agricultural Risk Protection Act of 2000. The Conference Report now goes to the House and Senate floors along with the \$7.1B package to strengthen the farm safety net for producers, most of which will be distributed by September 30.

Freedom to E-file Act. On May 18, the Senate passed the Freedom to E-file Act by unanimous consent. It is anticipated that the House will act this week on the bill, as amended by the Senate. The bill requires USDA to establish an Internet based filing system enabling farmers to complete and submit forms electronically. To ensure speedy and effective implementation of the bill,

USDA Service Center agencies will require full funding for the Common Computing Environment initiative.

Gulf War Illness. The Director of the Presidential Commission for Gulf War Illness has requested that NOAA provide satellite images of the Persian Gulf region in January and February 1991. The Satellite Services Group of the National Climatic Data Center compiled 38 cloud free, or almost cloud free, NOAA Polar Orbiter Satellite scenes.

E-Commerce Small Business Summit. On June 23, DOC, USDA, and SBA will sponsor the E-Commerce Small Business Summit. This conference will provide small business owners with information necessary to assess the impact of electronic commerce on their industries, to develop a strategic framework for participating in the new digital economy, and to evaluate potential solutions. Secretaries Daley and Glickman are expected to speak.

National Nutrition Summit. HHS and USDA sponsored the National Nutrition Summit on May 30-31 in Washington, DC. Among other things, the Departments announced a year 2000 edition of *Dietary Guidelines for Americans* – the Federal Government's most basic guidance on healthful eating patterns; and new Pediatric Growth Charts – which show average height, weight, and body mass index by age and sex for children and teens, and are widely used in clinical practice, epidemiologic research, and program development.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

New Home Sales. The nation's housing sector is on pace for a record year in new-home sales after registering first quarter increases in building permits, housing starts and completions, according to a report released by Secretary Cuomo. HUD's *U.S. Housing Market Conditions 1st Quarter Report* shows that in March new home sales were at the second-highest monthly level ever recorded and the first quarter level was the second highest quarterly value. If this level continues throughout the year, 2000 will be the best year ever for new home sales.

DEPARTMENT OF TRANSPORTATION

Proposal to Include Auto Safety Rollover Ratings. On May 25, responding to growing public interest in safety information, Secretary Slater will propose a rating program to provide consumers with a measure of a vehicle's likelihood to rollover. The program would provide star ratings for rollover performance, the same approach currently used for providing information about performance in frontal and side crashes in the New Car Assessment Program. A key component of the DOT rollover information campaign will be to continue educating the public about the importance of always using seat belts and age appropriate child restraints. DOT will open a 90-day comment period to solicit public comment on its proposed rollover rating program. Final decisions on the rollover rating program, which is set to begin with 2001 model vehicles, will be made this summer.

ENVIRONMENTAL PROTECTION AGENCY

Supreme Court Review of Ruling on Clean Air Rules. Earlier this week, the Supreme Court accepted EPA and DOJ's petition to review the DC Circuit Court of Appeals ruling that blocked EPA from enforcing tightened smog and particulate matter standards. The Supreme Court left pending additional petitions for review of the decision from MA, NJ, and the American Lung association, as well as a cross-appeal by an industry group fighting the petition for review. EPA expects oral arguments to be heard on the case later this year, with a decision from the Supreme Court in 2001.

Dioxin Exposure. EPA is progressing toward completion of its reassessment of dioxin exposure and human health effects which began in 1991. As part of the planned internal government review, EPA conducted a series of briefings for its federal partners beginning on April 25. On or about June 9, EPA expects to provide copies of these external review drafts for an independent scientific peer review and will also begin the process of public review. Based on the comments received, the documents will be revised and submitted to EPA's Science Advisory Board for final peer review scheduled for October.

SOCIAL SECURITY ADMINISTRATION

Annual Report on the SSI Program. By May 30 of each year, the Commissioner of Social Security is required to submit a report to the President and Congress on the SSI program. The report provides estimates of program participation and costs over a 25-year period, as follows: By 2024, the Federal SSI recipient population is estimated to reach 7.7 million (from 6.3 million in 1999); growth in SSI program outlays during the next 25 years is projected to remain relatively modest; and Federal expenditures for SSI payments in calendar year 2000 are estimated to total \$29.4B, an increase of roughly \$1.2B from 1999 levels.

LEGISLATIVE CALENDAR

House

The House is expected to begin work on the following appropriations bills next week: Defense, Labor-IHHS, Agriculture, and Legislative Branch. In addition, they may consider the Estate Tax Elimination Act.

Senate

The Senate may begin consideration of the Agriculture appropriations bill.

August 23, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: ANN O'LEARY *A.O.*

CC: MELANNE VERVEER
SHIRLEY SAGAWA
LISSA MUSCATINE
HEATHER HOWARD

SUBJECT: Federal Trade Commission Report on Media and Violence

In June 1999, the President called on the Federal Trade Commission (FTC) and the Justice Department to jointly study the marketing of violence to children and, specifically, to evaluate the effectiveness and enforceability of the various rating systems (movies, television, video games, and music). The FTC is in the final stages of completing their report and would like to release it between September 7-12th.

Yesterday, Chairman Robert Pitofsky came to the White House to brief us on the findings of the upcoming report. While we do not have a copy of the draft report, Chairman Pitofsky indicated that the final report would include the following findings:

- The report set out to answer two central questions: Does the media and entertainment industry inappropriately advertise given the rating, e.g. are "R" movies being advertised to children under 17 years of age? And, if so, do they do it intentionally? The answer to both of these questions was a resounding "YES" supported by extensive and explicit documentation where industry leaders have documented advertising strategies to young children.
- Movies – The report found that 2/3 of movies are targeted to audiences that are inappropriate given the rating – "PG-13" movies are often targeted to young children and "R" movies are targeted to pre-teens and young teens. In addition, the report concludes from a "shopper survey" that 50 percent of movie theaters do not ask for evidence of age when young people buy movie tickets. They also found that for the movies that do ask for proof of age, young people have found ways around the barrier, e.g. buying a ticket to a "G" rated movie and sneaking in to the "R" rated movie. [Note: The movie industry claims that they have a right to advertise and target younger children because "PG-13" and "R" rated movies do not prohibit children from watching, the rating only requires that the young person is accompanied by an adult. The report points out that without the check at the theater for the age or the company of an adult, this argument is very weak.]
- Television - Similarly, 80 percent of television shows are inappropriately marketed and heavily targeted to children who are younger than the suggested viewing age.
- Videos – The video industry trade association (Interactive Digital Software Association) is the only industry that has explicitly set guidelines and standards prohibiting the industry members from advertising violent video games to young children. However, the report found that the industry members largely ignore these guidelines. In addition, 85 percent of retailers will sell mature video games to young children.

- **Use of Ratings** – The report concludes that parents find these ratings very confusing. In addition, the report cites that consumer and parent advocates would like one system for the entire industry.
- **Causal Connection** – The report does not include any original research on the question of whether there is a causal connection between watching or participating in violence through the media and committing real-life acts of violence, but it does include a section citing all of the recent studies on this topic. [Note: Recently, four national health associations released a statement directly linking violence in television, music, video games and movies to increasing violence among children. The joint statement by the American Medical Association, the American Academy of Pediatrics, the American Psychological Association and the American Academy of Child and Adolescent Psychiatry stated, “The conclusion of the public health community, based on over 30 years of research, is that viewing entertainment violence can lead to increases in aggressive attitudes, values and behaviors, particularly in children.”]
- The FTC has not yet determined if they will include specific recommendations in their report, but will highlight the need for the industry to more effectively use and enforce the current rating systems. The report will also suggest the need to eliminate the discrepancies between ratings and targeted age groups of advertising and it will conclude that retailers need to do more to enforce ratings and parental guidelines in selling products.

Currently, the President and Vice President’s advisors are discussing possible rollout strategy for this event. The FTC informed us that they would be willing to do a rollout event at the White House if it can happen between September 7-11th. Bruce Reed is recommending that the President release the report at the White House on Monday, September 11th in an event that would include both Senators McCain* and Lieberman. This recommendation is currently being vetted through the President’s schedulers and advisors.

Melanne suggested that I check with you on your interest in releasing this report. The following options offer you several scenarios:

- (1) Participate in a White House Event with the President if an event is held. At the event, you could focus on the report’s findings that parents are confused by the current rating systems and are calling for clarity and for one system.
- (2) Issue a statement on the day of the release. (If there is not a White House event, the FTC will hold its own press conference.)
- (3) Following the official release of the report, you could do an event in New York. At this event, you could use the findings of the report as a testimonial to your call for a voluntary uniform rating system.

Please let me know which, if any, of these options you think is best.

*NOTE: Senator McCain plans to hold at least two hearings on this report in front of the Commerce Committee. His first hearing will be on September 12th where he will ask the FTC Chairman and other validators of the report to share their findings with Congress. Later, he is expected to call industry leaders to the table and take them to task in a manner similar to the tobacco hearings.

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HEADLINE: No Rise in Child Abuse Seen in **Welfare** Shift

BYLINE: By SOMINI SENGUPTA

BODY:

When Congress abolished **welfare** as a permanent safety net four years ago, there were alarming predictions about the prospect of an already overwhelmed **foster care** system's being flooded by a new wave of abused children. But according to the early findings of two studies, the changes do not appear to have had such dire effects across the country.

Confirmed cases of child abuse and neglect have fallen since 1996, the researchers involved in the studies say. Their conclusions are confirmed by federal statistics released yesterday reporting that there were 903,000 cases of child maltreatment in 1998, compared with 969,000 in 1996 and 1,019,000 in the peak year of 1993.

One study notes, too, that while data is limited, the number of children entering **foster care** has been stable or falling slightly in recent years, continuing the national decline that began slightly more than five years ago, after the worst period of crack cocaine addiction. In 1999, 3.30 children out of every 1,000 entered **foster care**, according to one study, down from 3.87 in 1994.

Perhaps no other forecast to stem from the 1996 **welfare** overhaul was as chilling as the predictions regarding **foster care**. At the time, some advocates for the poor and child **welfare** officials feared that the stress of losing benefits or the pressures of having to work for a **welfare** check would lead to a rise in child abuse and neglect.

But the latest findings suggest that since President Clinton signed the 1996 legislation placing strict time limits and work obligations on much of the country's **welfare** recipients, their children do not seem to have flooded into **foster care**.

That somewhat heartening picture comes at a time when children's overall well-being has improved slightly. Child poverty, infant mortality and birth rates for teenagers declined noticeably in the 1990's, a study released last month by the Federal Interagency Forum on Child and Family Statistics found.

"I don't think the picture is entirely rosy, but there is little evidence, if any, to suggest that there's a large population negatively affected," said Rob Geen, a senior research associate with the Urban Institute, a research organization based in Washington that is conducting a study of the impact of the **welfare** changes.

Researchers and policy analysts caution, however, that certain states and certain families show signs of trouble that deserve closer attention. There are, after all, many much less blunt ways of measuring possible damage to children other than **foster care** admissions -- from health conditions to juvenile delinquency.

"The concerns come in when you speak to individual workers and hear stories about specific families that have been affected by **welfare** reform," Mr. Geen said. "There are many of them, but they are not large enough or well documented enough to show up in the aggregate numbers."

The full and lasting impact of **welfare** changes on children and family well-being will most likely play out over the next several years, because different states are on different schedules for putting the law's changes into effect.

Some states imposed work requirements or time limits on **welfare** recipients before the 1996 federal laws took effect. In other states, time limits have not kicked in. Officials with the Urban Institute, as well as those with the Chapin Hall Center for Children at the University of Chicago, who have conducted a study of **welfare** families in Illinois, consequently warn that the snapshot they have so far developed is an early one.

For now, even if the most dire predictions do not appear to have been realized, how much of that can be attributed to the success of an overhaul of **welfare** remains imprecise. Other trends -- chiefly, the general economic health of the country, declining rates of child poverty, and unrelated changes in child **welfare** policies -- could also be responsible. Nor is it clear what would have happened to **foster care** caseloads in the absence of changes in **welfare**.

Some children, the researchers contend, may be getting by without **welfare** because their parents have found work. Some children who are being neglected may not show up on the radar of child **welfare** workers because their families are no longer on government assistance. Other at-risk families may be temporarily shielded by relatives and friends.

In raising concerns that **foster care** systems would be burdened by an influx of vulnerable children, advocates noted that poverty is the greatest single ingredient in the mistreatment or neglect of children. Many experts wondered, then, whether under a **welfare** overhaul more children would land in **foster care** and whether more of them would languish there for longer because judges might be reluctant to return children to homes with empty pantries.

"Nearly everyone we spoke with expected to see significant negative effects from **welfare** reform on child **welfare**," Mr. Geen said. "There's no evidence to suggest that there has been a substantial impact."

He adds, however, that there is scattered evidence of trouble that merits close examination. In some states, like Michigan, child neglect reports based on lack of supervision have spiked sharply. Mr. Geen said state child **welfare** workers told him they believed that the increase reflected, in part, new **welfare**-to-work requirements, with mothers now having to leave their children unattended. But the increase, Mr. Geen said, could be due to other changes.

Mr. Geen's report is based on aggregate data and interviews with 500 policymakers, **welfare** office workers, child **welfare** caseworkers, advocates and other experts in 12 states: Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, New Jersey, New York, Texas, Washington and Wisconsin.

State by state figures will not be released until Mr. Geen's report is published later this year.

In Michigan, New Jersey, Texas and Washington, the number of child abuse and neglect investigations increased significantly from 1996 through 1998, the most recent year for which figures are available. Mr. Geen said state officials attributed those increases not to **welfare** changes, but to other factors in child **welfare** policies, like changes in screening policies. He said the number of substantiated cases declined in all but one of the 12 states in that same period.

In more than half of the 12, **welfare** workers filed more child neglect reports than in the past. But case workers who investigate those reports noted that many of the referrals were inappropriate, Mr. Geen said.

Meanwhile, the Chapin Hall study similarly concluded that child **welfare** indicators had not taken a turn for the worse since the **welfare** law changed. Neither abuse and neglect reports, nor the number of children coming into **foster care**, has gone up in Illinois since 1996, it found.

"That's not entirely due to the success of **welfare** reform," said Robert Goerge, associate director of Chapin Hall. "We have a very strong economy and that generally results in fewer reports of abuse and neglect and fewer children going into **foster care**."

At the same time, Illinois embarked on a major overhaul of its child **welfare** system, seeking to get more children into permanent homes and trying to prevent children from coming into the formal **foster care** system.

Therein lies the difficulty of understanding the impact of **welfare** policy changes on children's lives. The ebb and flow of **foster care** numbers is driven by everything from widely publicized incidents of child fatalities, like the Elisa Izquierdo case in New York City, which significantly drove up abuse reports, to crack cocaine addiction, which drove up **foster care** numbers to record levels in the early 1990's.

"We still don't have full information on whether requiring parents to go to work and threatening to cut off their aid actually improves the **welfare** of their children or prevents abuse and neglect," Mr. Goerge said. "But it is certainly the case that **welfare** reform hasn't made things worse."

The number of families on **welfare** has dropped by 50 percent since 1993, to 2,453,000 in September 1999, according to figures released recently by the federal Department of Health and Human Services. So far, many single mothers on **welfare** have found jobs and have seen some increase in their income, according to a study by the Center on Budget and Policy Priorities, a research organization in Washington. But since the new **welfare** laws took effect, the incomes of 1.8 million families have declined, to \$8,400 a year on average, compared with \$8,760 in 1995. The center has not specifically inquired what has happened to their children.

According to federal data, in New York State the **welfare** caseload has shrunk by one-third since 1993, to 279,692 families in September 1999, most of them in New York City. Of those who have left the rolls, city officials cannot say how many have found work. Nor is much known about the general well-being of their families, including their encounters with the city's child **welfare** agency.

Those who are left on the rolls, some social policy analysts say, may be the ones who are the most ill-prepared to make it on their own. They may be impeded by mental illness or substance abuse, or they may be victims of domestic violence -- the same conditions that may also place their children at greater risk of abuse and neglect. Their prospects may not be discerned until a year or two from now.

"People want to know the answers now," Mr. Geen said. "But everyone we spoke to said, 'Please come back in two years and we'll have a different story to tell you.'"

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THIRD ANNUAL REPORT TO CONGRESS

Introduction and Executive Summary

On August 22, 1996, President Clinton signed the bipartisan welfare reform plan that is dramatically changing the nation's welfare system. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 replaced the old welfare system (AFDC) with Temporary Assistance for Needy Families (TANF), to focus on work and responsibility and to provide States with flexibility to create the best approaches for their individual circumstances. Even before the Personal Responsibility Act became law, many States were well on their way to changing their welfare programs into jobs programs. By granting Federal waivers, the Clinton Administration allowed 43 States -- more than all previous Administrations combined -- to require work, time limit assistance, make work pay, improve child support enforcement, and encourage parental responsibility.

These strategies of requiring work and responsibility and rewarding families who have gone to work are paying off. Since welfare reform there has been a dramatic increase in work participation (including employment, community service, and work experience) among welfare recipients. The percentage of recipients who were working reached an all-time high, 33 percent, compared to less than 7 percent in 1992 and 11 percent in 1996.

This report compiles emerging data about welfare caseloads, family employment and earnings, marriage and two-parent families, out-of-wedlock births, and State policy choices, to give a picture of these first four years of welfare reform. Below are some more extensive highlights describing the information available to date as well as the research underway to learn more.

EMPLOYMENT AND EARNINGS OF NEEDY FAMILIES

There has been a dramatic increase in employment of current welfare recipients. A key measure of the success of welfare reform is its effect on employment. Analysis of all available sources of information shows that the employment rate of current and former TANF recipients has increased significantly.

The percentage of working recipients reached an all-time high in FY99 at 33 percent, compared to less than 7 percent in 1992 and 11 percent in 1996. Thus, over one in three recipients was working in a typical month, the highest level ever recorded and nearly a fivefold increase since 1992. The vast majority of recipients who were working were in paid employment (28% of the total or 85 percent of those working); others were engaged in work experience and community service.

All States met the all-families participation rate standard in FY99, as did the District of Columbia and Puerto Rico. The national participation rate for all families increased to 38.3 percent for FY 1999 from 35.3 percent in FY 1998, even while caseloads continued to decline by 18 percent over the same period.

Of the thirty-six States, the District of Columbia, and Guam that had two-parent family programs subject to a work participation rate, twenty-eight met the FY 1999 two-parent participation standard.

The national rate for two-parent families increased to 54.7 percent in FY 1999 up from 42.4 percent in FY 1998.

TANF administrative data just for welfare recipients who remain on the rolls indicate that the average monthly earnings of those employed increased. Earnings increased from about \$466 per month in FY 1996 to \$533 in 1998 and \$598 in FY 1999, increases of 19 and 28 percent respectively.

Although welfare reform is having a positive effect, early data tell an earnings story somewhat more complicated than the employment story. Studies of welfare reform in Connecticut and Minnesota suggest that those programs achieved annual earnings gains in the range of \$700-\$800 for long-term recipients. However, both programs had no effect on the earnings of recent applicants who were likely to earn more than long-term recipients. The Urban Institute has found the average earnings of those who have left welfare are well above minimum wage – with studies showing hourly wages of \$6.60 - \$6.80.

MAKING WORK PAY

New research illustrates that a strong commitment to augmenting programs that strongly push parents to work with well-implemented approaches to making work pay can succeed in producing a broad range of improved outcomes for families and children. In general, research on the impacts of welfare reform on family income, food security and hunger, health insurance status, child outcomes, and other family experiences is not providing a definitive picture at this point. However, preliminary reports are promising. The first systematic and rigorous findings on these issues have just been released in an evaluation of a pilot program, the Minnesota Family Investment Plan (MFIP), on which the State's TANF program is based. MFIP produced increased income across a broad range of families. It also produced other consistently positive effects, especially for families headed by long-term recipients, including a reduction in children's behavior problems, and an increase in children's attachment to, and performance in, school. In addition, it dramatically reduced the incidence of domestic violence, a finding that has never been observed in any other rigorously evaluated welfare program. It also increased families' access to child care and health insurance. Finally, it significantly increased the proportion of children living in two-parent families.

TRENDS IN EXPENDITURES AND CASELOADS

States are making significant new investments in the TANF program. The total TANF expenditures (combined Federal funds and State MOE funds) for FY 1999 were \$22.6 billion, the same as last year. This level spending seems to indicate that States are making significant new investments in work supports for TANF recipients, since welfare caseloads were declining over the same period and the associated spending on cash assistance was also going down. In FY 1999 the total spending on cash assistance was \$13.4 billion compared to \$14.6 billion in FY 1998. Total spending on work activities increased 17 % over the \$1.5 billion spent in FY 1998. In FY 1998 States spent \$1.259 billion of Federal and State funds on child care. In FY 1999 they spent \$1.98 billion. By the end of FY 1999 States have expended, transferred or obligated 95% of their TANF funds for fiscal years 1997 – 1999.

There continue to be dramatic declines in welfare caseloads. Overall, the welfare caseload has fallen by 7.8 million recipients, from 14.1 million recipients in January 1993 to 6.3 million in December 1999, a drop of 56 percent since President Clinton took office. This is the largest welfare caseload decline in history and the lowest percentage of the population on welfare since 1965. Caseloads have fallen 49 percent since the enactment of the welfare reform law – 73.2 percent of the entire decline has occurred since August 1996. The percentage of the population on welfare has fallen by nearly half since 1993, dropping from 5.5 percent in FY1993 to 2.3 percent in December 1999. An August 1999 report by the Council of Economic Advisers (CEA) found that the implementation of welfare reform is the single most important factor contributing to the widespread and continuous caseload declines from 1996 to 1998. CEA estimates that the program changes implemented as a result of welfare reform account for

approximately one-third of the caseload reduction from 1996 to 1998. The strong economy has also played an important role, accounting for approximately 10 percent of the decline between 1996 and 1998.

<i>Fiscal years</i>	<i>Estimated U.S. Population (000's)</i>	<i>AFDC/TANF Recipients</i>	<i>Percent of U.S. Population</i>
1992	254,462	13,625,342	5.4
1993	257,379	14,142,710	5.5
1994	259,935	14,225,651	5.5
1995	262,392	13,660,192	5.2
1996	264,827	12,644,915	4.8
1997	267,346	10,823,002	4.0
1998	269,845	8,778,815	3.3
1999	272,286	7,187,753	2.6
December 1999	274,076	6,274,555	2.3

HIGH PERFORMANCE BONUS

Twenty-seven States were awarded the FY 1999 high performance bonuses. The overall national results were very impressive. Based on the data from the 46 States that competed for the bonus, more than 1.3 million adults on welfare went to work between October 1, 1997, and September 30, 1998. Retention rates were also promising: 80 percent of those who had jobs were still working in the subsequent three month period. The States also reported an average earnings increase of 23 percent for current and former welfare recipients from \$2,088 in the first quarter of employment to \$2,571 in the third quarter.

FORMATION OF TWO-PARENT FAMILIES

The recently released final report on the Minnesota Family Investment Plan (MFIP) evaluation has produced the first clear evidence of how a welfare reform strategy can have substantial positive effects on the maintenance and formation of two-parent families. MFIP, which combined strong work requirements for long-term recipients plus generous financial work incentives, increased both the formation and maintenance of two-parent families. Three years after entering the program, almost 11 percent of single parents who were long-term recipients were married compared to 7 percent of a control group who received AFDC. Even more dramatically, 67 percent of two-parent families who entered MFIP were married at the end of three years compared to 49 percent of the AFDC control group, a 38-percent increase.

OUT-OF-WEDLOCK BIRTHS

Five States were awarded bonuses to reward reduction in out-of-wedlock births. On September 13, 1999, DHHS Secretary Shalala announced the award of \$100 million in new bonuses to five awardees for achieving the nation's largest decreases in out-of-wedlock births between 1994 and 1997. The awardees were Alabama, California, the District of Columbia, Massachusetts, and Michigan. Each jurisdiction received \$20 million.

During the 1991-1998 period, teenage birth rates fell in all States and the District of Columbia and the Virgin Islands. Nationally, teen birth rates continued an eight year decline, falling 20 percent from 1991 to 1999 to the lowest levels on record. Declines in the teen birth rate are seen among younger and older teens, married and unmarried teens, all States and all racial and ethnic groups.

The Office of Child Support Enforcement has a preliminary total of 1.5 million paternities established and acknowledged for fiscal year 1999. This is triple the number in 1992 and reflects the same total as reported in fiscal year 1998. The numbers may appear stable due to the new reporting requirements.

INCOME AND CHILD POVERTY

Child poverty has declined from 22.7 percent in 1993 to 18.9 percent in 1998 – the biggest five-year drop in nearly 30 years. The poverty rate for female-headed families with children has declined from 41.5 percent in 1995 to 38.7 percent in 1998, the most recent year available. This is an all-time low. And the overall poverty rate has also fallen from 15.1 percent in 1993 to 12.7 percent in 1998 -- that's the lowest poverty rate since 1979 and the largest five-year drop in poverty in nearly 30 years.

DEMOGRAPHIC AND FINANCIAL CHARACTERISTICS OF FAMILIES RECEIVING ASSISTANCE

Examining demographic trends over the decade suggests that certain aspects of the caseload have been changing and that most of these changes were larger since 1996. The caseload is now made up of a greater proportion of minorities (most of this mirrors the growing proportion of the overall population that is Hispanic), somewhat older parents with somewhat older children, and a substantially higher proportion of cases where no adult receives assistance. A new report by the Brookings Institution tracks welfare caseloads in the 89 counties that contain the 100 largest U.S. cities. It finds that, over the last five years, welfare caseloads have become predominantly urban. In 1994, when national welfare rolls hit a historic high, 48 percent of welfare recipients lived in the 89 counties. By contrast, in 1999, these counties were home to 58 percent of the nation's welfare recipients.

The average number of persons in TANF families was 2.8 persons. The TANF families averaged 2 recipient children, which remained unchanged. Forty percent of TANF families had only one child. Ten percent had more than three children.

About 29 percent of TANF families had no adult recipients, up about 6 percentage points for the 49 States that reported child-only cases for the October 1997 – September 1998 period. Two-thirds of TANF families had only one adult recipient, and five percent included two or more adult recipients. Fifteen States did not include two-parent family cases in the TANF data reporting system because they placed two-parent families in separate State programs. Between FY 1998 and FY 1999 the number of child-only cases increased, the first such increase since FY 1996.

Ninety eight percent of TANF families received cash and cash equivalents assistance with a monthly average amount of \$357 under the State TANF program. Of such TANF families, 81 percent received

Food Stamp assistance, which is consistent with previous levels. Also, almost every TANF family was enrolled in medical assistance under an approved State Medicaid plan.

STATE POLICY CHOICES

States are promoting work in their TANF programs through a combination of requirements, incentives, and other policy changes. Under the TANF program, parents or caretakers receiving assistance must engage in work (as defined by the State) within 24 months or less at the State's option. Twenty-eight States require families to begin participating immediately, and 9 other States require participation within 6 months of receipt of cash assistance. Twenty-two States have either no exemption for parents with infants or an exemption that is substantially shorter than the one-year period provided for under Federal law (i.e., 3, 4, or 6 months). In addition, every State has adopted the option to develop Individual Responsibility Plans for recipients.

States have also made a number of policy changes that help to make work pay. The majority of States have changed their policies on the treatment of recipient earnings, by expanding the amount of earnings recipients can keep and/or the period for which earnings disregards are available. Also, the majority of States (33) have removed the additional categorical eligibility requirements that applied to two-parent families under prior law; these changes make it easier for two-parent families to retain benefits when they go to work. Here, we note that many States have focused their benefit expansions on working families; few States have substantially raised their maximum benefit levels (i.e., the amount paid to families with no countable income).

Every State has raised its vehicle asset limit, making it easier for families to own a car that is reliable and can get them to work. In addition, most States have raised their general resource limits. For example, 21 States raised the general resource limit for both applicants and recipients to \$2000. More generally, 40 States raised the general resource limit for both applicants and recipients, 4 States raised the resource limit for recipients only, and Ohio no longer has a specified resource limit. Thirty-one States took the option to expand categorical eligibility for food stamps, allowing them to apply more generous TANF asset limits to the Food Stamps program as well. In addition, 30 States have implemented Individual Development Account programs that enable individuals to accrue assets for specified purposes such as purchasing a house or post-secondary education. Several States also allow these accounts to be used to save for a car.

State policies to limit the time that families may receive TANF assistance vary. Currently, 38 States apply a 60-month lifetime time limit; 4 States have a 24-month or shorter lifetime limit (1 of which continues benefits to the children), 3 States have a general 36-month or 48-month lifetime limit. Three States are continuing waivers and do not currently apply a lifetime limit and a few non-waiver States also indicate that they intend to provide benefits beyond 60 months (e.g., by using State funds).

Thirteen States have "intermittent" time limits that deny (or reduce) benefits for a period of time for families that have accrued a certain number of months of assistance. These policies take one of two forms. Some States restrict the number of months a family can accrue during a fixed period of time (e.g., 24 months in a 60-month period). Others make the family ineligible for a fixed number of months once it has accrued a certain number of months of assistance (e.g., a family is ineligible for 12 months once it has accrued 24 months).

Most States provide exemptions to their State time limits that "stop the clock" for categories of families that are not exempt under the Federal statute. The most common State exemptions include: families that have adults or children with disabilities; victims of domestic violence; families with an elderly head of household; and families in which the adult is caring for a small child.

Among the families that most typically receive extensions of their time limits under State policies are: victims of domestic violence, families with adults or children with disabilities, and families that have made a good faith effort to become self-sufficient.

Most State TANF programs have implemented office procedures to assess or screen individuals for barriers to employment such as domestic violence, learning disabilities, physical disabilities, alcohol dependence, drug dependence, depression, and other mental health issues. Thirty-seven States assess or screen for at least four of these barriers. Twenty-four States offer intensive services targeted to meet at least four of these barriers. One State leaves both matters to county discretion.

Most States are offering up-front payments or services to divert families from entering the welfare rolls. To date, 34 States have opted to offer diversion payments or services to families applying for TANF benefits. Most of these States provide lump-sum payments designed to address emergencies and keep families from coming on assistance. States typically restrict such payments to families who agree not to seek additional assistance for a specified period of time. In other States, the diversion program includes job search and related services designed to help the family go directly to work.

The majority of States have certified that they have adopted the "Family Violence Option" to screen and identify victims of domestic violence, refer them to counseling and supportive services, and provide appropriate waivers of program requirements. To date, 38 States have certified that they adopted this provision to assist victims of domestic violence. All other States are providing related services for victims of domestic violence, but have not yet adopted the Family Violence Option.

A number of States have taken steps to devolve program responsibilities to the counties. However, most State programs are still State-administered, and most States have uniform Statewide provisions on matters such as eligibility standards, benefit amounts, and available services.

States are engaging in forums to share information and lessons learned. The Department has sponsored a variety of forums to support these efforts. For example, the Welfare Peer Technical Assistance Network Project gives States an opportunity to link up and share information, as well as to cross-train each other on emerging best practices. Activities sponsored in 1999 covered subject areas such as culture change, diversion, transportation, one-stop centers, service integration, substance abuse, rural partnership building and economic development, and job retention.

CHILD SUPPORT

In 1999, nearly 16 billion was collected for children by the child support enforcement program, an increase of 10 percent from 1998, and double the amount collected in 1992; the federal government collected a record \$1.3 billion in overdue child support from federal tax refunds alone. A new program to match delinquent parents with financial records found nearly 900,000 accounts since August 1999 with a total value of about \$3 billion. Nearly 1.5 million men acknowledged paternity in 1998, an increase of 12 percent in one year alone and three times as many as in 1992. The Passport Denial Program has collected more than \$4 million in lump sum child support payments, and is currently denying 30 to 40 passports to delinquent parents per day in an effort to collect financial support for their children.

Of the \$3 billion authorized under the Department of Labor's WtW program, about \$350 million has been invested in projects to help unemployed or underemployed non-custodial parents find and keep jobs and increase their earnings. In addition, some States, including California and Idaho, use TANF funds for services to this population. The Clinton-Gore Administration's FY 2001 budget proposes \$255 million for the first year of a new "Fathers Work/Families Win" initiative to promote responsible fatherhood and support working families, critical next steps in reforming welfare and reducing child poverty. These competitive grants will help at least 40,000 low-income fathers and 40,000 low-income working families work and support their children.

TRIBAL TANF

By September 1999, Tribal TANF programs were serving approximately four thousand families per month. About 40,000 American Indian families were also served by State governments in Fiscal Year 1999. Some Tribes also operate Native Employment Works (NEW) programs either independently or in conjunction with their TANF programs. Currently, there are 24 approved Tribal TANF plans, with some of them from multi-Tribe consortia.

CHILD CARE

In FY 1999, States transferred a total of \$2.43 billion of Federal funds from the TANF program to the Child Care Development Fund (CCDF), which is nearly triple the \$914 million transferred in all of FY 1998. In addition, direct State spending through the TANF program on child care services totaled \$1.98 billion. The combined amount from transfers and direct TANF program spending on child care was \$4.41 billion. Eleven percent of FY 1999 TANF funds were transferred to the child care block grant.

Despite our investments in child care (including an additional \$4 billion over 6 years for child care in the welfare reform law), there is still a large unmet need. Recent data show that States across the country are serving only a small percentage of eligible families and report extensive waiting lists and unmet need. *Access to Child Care for Low-Income Working Families*, a study issued by HHS in October 1999, indicates that in an average month in FY 1998, only 10% of the 14.8 million children eligible for child care subsidies under Federal regulations received such assistance through the Child Care Development Fund. One analysis, *Child Care After Leaving Welfare: Early Evidence from State Studies*, finds that 50 to 70% of families who have left welfare are now working, but that only about 30% are receiving assistance in paying for child care.

RESEARCH AGENDA

HHS is committed to ensuring that the nation has the answers to major questions regarding welfare reform. These questions can only be answered through rigorous and systematic studies. HHS's welfare reform research agenda has two broad goals: to increase the probability of success of welfare reform by providing timely, reliable data to inform policy and program design, especially at the State and local level where decision making has devolved; and to inform the nation of policies chosen and their effects on children, families, communities and social well-being.

CHANGE IN WELFARE CASELOADS SINCE ENACTMENT OF NEW WELFARE LAW

Total TANF families and recipients

(in thousands)

	<u>Aug-96</u>	<u>Dec-99</u>	<u>Percent (96-99)</u>
Families	4,415	2,358	-47%
	2,057,000 fewer families		
Recipients	12,241	6,275	-49%
	5,966,000 fewer recipients		

Total TANF recipients by State

STATE	<u>Aug-96</u>	<u>Dec-99</u>	<u>Percent (96-99)</u>
Alabama	100,662	58,352	-42%
Alaska	35,544	23,303	-34%
Arizona	169,442	87,909	-48%
Arkansas	56,343	30,912	-45%
California	2,581,948	1,333,820	-48%
Colorado	95,788	30,263	-68%
Connecticut	159,246	69,214	-57%
Delaware	23,654	18,471	-22%
Dist. of Col.	69,292	48,442	-30%
Florida	533,801	171,874	-68%
Georgia	330,302	137,241	-58%
Guam	8,314	11,003	32%
Hawaii	66,482	42,239	-36%
Idaho	21,780	2,523	-88%
Illinois	642,644	288,609	-55%
Indiana	142,604	98,410	-31%
Iowa	86,146	51,892	-40%
Kansas	63,783	37,421	-41%
Kentucky	172,193	90,806	-47%
Louisiana	228,115	95,176	-58%
Maine	53,873	30,838	-43%
Maryland	194,127	75,549	-61%
Massachusetts	226,030	107,542	-52%
Michigan	502,354	218,055	-57%
Minnesota	169,744	114,311	-33%
Mississippi	123,828	34,412	-72%
Missouri	222,820	126,723	-43%
Montana	29,130	14,479	-50%
Nebraska	38,592	28,294	-27%
Nevada	34,261	15,117	-56%
New Hampshire	22,937	14,287	-38%
New Jersey	275,637	139,308	-49%
New Mexico	99,661	79,071	-21%
New York	1,143,962	760,931	-33%
North Carolina	267,326	106,836	-60%
North Dakota	13,146	7,589	-42%

STATE	<u>Aug-96</u>	<u>Dec-99</u>	Percent <u>(96-99)</u>
Ohio	549,312	254,440	-54%
Oklahoma	96,201	38,995	-59%
Oregon	78,419	58,600	-25%
Pennsylvania	531,059	267,891	-50%
Puerto Rico	151,023	96,219	-36%
Rhode Island	56,560	47,225	-17%
South Carolina	114,273	39,188	-66%
South Dakota	15,896	7,005	-56%
Tennessee	254,818	163,839	-36%
Texas	649,018	342,810	-47%
Utah	39,073	26,074	-33%
Vermont	24,331	16,695	-31%
Virgin Islands	4,898	3,370	-31%
Virginia	152,845	78,182	-49%
Washington	268,927	158,062	-41%
West Virginia	89,039	28,850	-68%
Wisconsin	148,888	44,600	-70%
Wyoming	11,398	1,288	-89%
U.S. Total	12,241,489	6,274,555	-49%

Note: Several states made changes in the definitions of their caseloads -- California removed two parent families, Texas added families enrolled during a month, Wisconsin added child only cases.

Source:

U.S. Dept. of Health & Human Services

Administration for Children and Families

Aug-00

CHANGE IN TANF CASELOADS

Total TANF families and recipients

(in thousands)

	<u>Jan-93</u>	<u>Jan-94</u>	<u>Jan-95</u>	<u>Jan-96</u>	<u>Jan-97</u>	<u>Jan-98</u>	<u>Jan-99</u>	<u>Dec-99</u>	<u>Percent (93-99)</u>
Families	4,963	5,053	4,963	4,628	4,114	3,305	2,734	2,358	-52%
2,605,000 fewer families									
Recipients	14,115	14,276	13,931	12,877	11,423	9,132	7,455	6,275	-56%
7,840,000 fewer recipients									

Total TANF recipients by State

STATE	<u>Jan-93</u>	<u>Jan-94</u>	<u>Jan-95</u>	<u>Jan-96</u>	<u>Jan-97</u>	<u>Jan-98</u>	<u>Jan-99</u>	<u>Dec-99</u>	<u>Percent (93-99)</u>
Alabama	141,746	135,096	121,837	108,269	91,723	61,809	48,459	58,352	-59%
Alaska	34,951	37,505	37,264	35,432	36,189	31,689	26,883	23,303	-33%
Arizona	194,119	202,350	195,082	171,617	151,526	113,209	88,456	87,909	-55%
Arkansas	73,982	70,563	65,325	59,223	54,879	36,704	29,284	30,912	-58%
California	2,415,121	2,621,383	2,692,202	2,648,772	2,476,564	2,144,495	1,845,919	1,333,820	-45%
Colorado	123,308	118,081	110,742	99,739	87,434	55,352	40,799	30,263	-75%
Connecticut	160,102	164,265	170,719	161,736	155,701	138,666	88,304	69,214	-57%
Delaware	27,652	29,286	26,314	23,153	23,141	18,504	15,891	18,471	-33%
Dist. of Col.	65,860	72,330	72,330	70,082	67,871	56,128	52,957	48,442	-26%
Florida	701,842	689,135	657,313	575,553	478,329	320,886	220,216	171,874	-76%
Georgia	402,228	396,736	388,913	367,656	306,625	220,070	167,400	137,241	-66%
Guam	5,087	6,651	7,630	7,634	7,370	7,461	8,270	11,003	116%
Hawaii	54,511	60,975	65,207	66,690	65,312	75,817	45,582	42,239	-23%
Idaho	21,116	23,342	24,050	23,547	19,812	4,446	3,061	2,523	-88%
Illinois	685,508	709,969	710,032	663,212	601,854	526,851	388,334	288,609	-58%
Indiana	209,882	218,061	197,225	147,083	121,974	95,665	105,069	98,410	-53%
Iowa	100,943	110,639	103,108	91,727	78,275	69,504	60,380	51,892	-49%
Kansas	87,525	87,433	81,504	70,758	57,528	38,462	33,376	37,241	-57%
Kentucky	227,879	208,710	193,722	176,601	162,730	132,388	102,370	90,806	-60%
Louisiana	263,338	252,860	258,180	239,247	206,582	118,404	115,791	95,176	-64%
Maine	67,836	65,006	60,973	56,319	51,178	41,265	36,812	30,838	-55%
Maryland	221,338	219,863	227,887	207,800	169,723	130,196	92,711	75,549	-66%
Massachusetts	332,044	311,732	286,175	242,572	214,014	181,729	131,139	107,542	-68%
Michigan	686,356	672,760	612,224	535,704	462,231	376,985	267,749	218,055	-68%
Minnesota	191,526	189,615	180,490	171,916	160,167	141,064	124,659	114,311	-40%
Mississippi	174,093	161,724	146,319	133,029	109,097	66,030	42,651	34,412	-80%
Missouri	259,039	262,073	259,595	238,052	208,132	162,950	136,782	126,723	-51%
Montana	34,848	35,415	34,313	32,557	28,138	20,137	16,152	14,479	-58%
Nebraska	48,055	46,034	42,038	38,653	36,535	38,090	35,057	28,294	-41%
Nevada	34,943	37,908	41,846	40,491	28,973	29,262	21,753	15,117	-57%
New Hampshire	28,972	30,386	28,671	24,519	20,627	15,947	15,130	14,287	-51%
New Jersey	349,902	334,780	321,151	293,833	256,064	217,320	164,815	139,308	-60%
New Mexico	94,836	101,676	105,114	102,648	89,814	64,759	80,828	79,071	-17%
New York	1,179,522	1,241,639	1,266,350	1,200,847	1,074,189	941,714	822,970	760,931	-35%
North Carolina	331,633	334,451	317,836	282,086	253,286	192,172	145,596	106,836	-68%
North Dakota	18,774	16,785	14,920	13,652	11,964	8,884	8,260	7,589	-60%
Ohio	720,476	691,099	629,719	552,304	518,595	386,239	311,872	254,550	-65%
Oklahoma	146,454	133,152	127,336	110,498	87,312	69,630	61,894	38,995	-73%
Oregon	117,656	116,390	107,610	92,182	66,919	48,561	44,219	58,600	-50%
Pennsylvania	604,701	615,581	611,215	553,148	484,321	395,107	313,821	267,891	-56%
Puerto Rico	191,261	184,626	171,932	156,805	145,749	130,283	111,361	96,219	-50%
Rhode Island	61,116	62,737	62,407	60,654	54,809	54,537	50,632	47,225	-23%
South Carolina	151,026	143,883	133,567	121,703	98,077	73,179	45,648	39,188	-74%
South Dakota	20,254	19,413	17,652	16,821	14,091	10,514	8,759	7,005	-65%
Tennessee	320,709	302,608	281,982	265,320	195,891	139,022	148,781	163,839	-49%
Texas	785,271	796,348	765,460	714,523	626,617	439,824	325,766	342,810	-56%

STATE	<u>Jan-93</u>	<u>Jan-94</u>	<u>Jan-95</u>	<u>Jan-96</u>	<u>Jan-97</u>	<u>Jan-98</u>	<u>Jan-99</u>	<u>Dec-99</u>	Percent (93-99)
Utah	53,172	50,657	47,472	41,145	35,493	29,868	30,276	26,074	-51%
Vermont	28,961	28,095	27,716	25,865	23,570	21,013	18,324	16,695	-42%
Virgin Islands	3,763	3,767	4,345	5,075	4,712	4,129	3,541	3,370	-10%
Virginia	194,212	194,959	189,493	166,012	136,053	107,192	91,544	78,182	-60%
Washington	286,258	292,608	290,940	276,018	263,792	228,723	177,611	158,062	-45%
West Virginia	119,916	115,376	107,668	98,439	98,690	51,348	32,161	28,850	-76%
Wisconsin	241,098	230,621	214,404	184,209	132,383	44,630	47,336	44,600	-82%
Wyoming	18,271	16,740	15,434	13,531	10,322	2,903	1,886	1,288	-93%
U.S. Total	14,114,992	14,275,877	13,930,953	12,876,661	11,423,007	9,131,716	7,455,297	6,274,555	-56%

Note: Several states made changes in the definitions of their caseloads – California removed two parent families, Texas added families enrolled during a month, Wisconsin added child only cases.

Source:

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