

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. outline	re: political event (7 pages)	08/24/2000	Personal Misfile
002a. memo	Howard et al. to Mrs. Clinton re: Tonight Show (1 page)	n.d.	Personal Misfile
002b. outline	re: LA Convention Host Committee Dinner (2 pages)	10/11/2000	Personal Misfile
002c. memo	Minyone Morre and Ann Marie Wallace to the President (11 pages)	08/09/2000	Personal Misfile
003. memo	Ann O'Leary et al. to Hillary Rodham Clinton re: political (5 pages)	06/02/2000	Personal Misfile

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Ann O'Leary
OA/Box Number: 20223

FOLDER TITLE:

Hillary Rodham Clinton Memorandums [1]

2013-0436-S

rc1311

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

March 7, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: ANN O'LEARY
RUBY SHAMIR

CC: MELANNE VERVEER
SHIRLEY SAGAWA
LISSA MUSCATINE
PATTI SOLIS DOYLE

SUBJECT: ISSUES UPDATE

LEGISLATIVE AND ISSUES UPDATE

EDUCATION

Education Savings Accounts. Last Thursday, the Senate passed (61-39) S. 1134, the bill containing Education Savings Accounts. The President has vetoed this bill twice and Secretaries Summers and Riley have recommended that he veto S. 1134. The bill was made more objectionable after the adoption of a Roth (R-DE) amendment making the increase from \$500 to \$2000 in the annual contribution limit to the educational savings account permanent. It also eliminated \$5.5 billion in budgetary offsets provided in the underlying bill. The House has not yet considered this legislation and has no plans to do so in the immediate future.

The Senate Democrats offered a number of their education message amendments, including class size, teacher quality, and accountability, which were all defeated, largely along party lines. Senator Boxer's (D-CA) amendment expressing the Sense of the Senate that Congress implement policies to reduce the threat of gun violence in schools before April 20th, 2000 failed (49-49) in a tie vote. There was no advance notice that the vote would be a tie. The Senate then considered an amendment by Senator Durbin (D-IL) providing \$7 million in grants for violence reduction programs and funding for public notices and school programs on the dangers associated with guns. Vice President Gore came to the Senate to break a tie on this vote had it been necessary. In order to prevent this from happening, Republicans supported the amendment, which passed easily (91-7).

Elementary and Secondary Education Mark-up: The Senate Health, Education, Labor, and Pensions (HELP) Committee began marking up Senator Jeffords' (R-VT) Elementary and Secondary Education Act reauthorization bill on Wednesday, March 1st. Committee Democrats oppose the Jeffords bill because it does not incorporate any new Democratic initiatives, including those put forward by the Administration, and it contains a version of "Straight As" legislation

passed by the House which would allow States to block grant most of their Federal education dollars with no accountability. Committee Republicans dislike the bill because it does not sufficiently block grant programs. The markup reconvened today and the Committee considered a number of amendments, including:

- **Senator Kennedy** offered an amendment to **improve teacher quality** that was voted down along party lines. The amendment included a major **teacher recruitment** component that would have authorized \$270 million for a national teacher corps, supported a \$75 million initiative to recruit and retain “hometown” teachers in high-need areas, and supported alternative routes to certification through the expansion of Troops to Teachers. This amendment also included a strong accountability component based on the Administration’s proposals to ensure that the public has good information on teacher quality and it would have demanded progress in improving teacher quality by reducing the number of unlicensed and out-of-field teachers.
- **Senator Gregg** offered an amendment to include a slightly revised version of the “Straight As” block grant in ESEA. This amendment passed along party lines. The block grant would allow local school districts to use funds under 14 separate authorities for general education reform rather than for the purposes outlined in statute. The Democrats and the Administration have argued that the role of the Federal government in education is to set national priorities to help local communities focus on strategies that work for our neediest children, including reducing class-sizes, providing afterschool opportunities, and providing educational technology to prepare students for the 21st Century. This block grant obliterates this role and has very weak accountability measures to ensure that local school districts help children meet high academic standards.

Tomorrow the Senate HELP committee will continue marking up ESEA and is expected to consider several more amendments, including:

- **Senator Mikulski** will offer an amendment aimed at **closing the digital divide**. The amendment will create a “one-stop shop” for technology education that would include a clearinghouse for best practices, including public/private partnerships; double funding for teacher training in using technology in the classroom; expand the e-rate; create an E.Corps within AmeriCorps to support community service efforts to close the digital divide; put E.villages in public housing; and create tax incentives to encourage donations of equipment, training, and technology maintenance.

Single Sex Education. Due to the increase in public single sex schools and classrooms and a desire by the Administration to support educational reforms that offer schools and school districts more flexibility to address the diverse education needs of their students, the U.S. Department of Education has been drafting a new Title IX regulation on single sex education. The impetus for this new regulation stemmed from a case filed in Harlem. In August of 1996, the New York chapters of the National Organization for Women and the American Civil Liberties Union filed a complaint with U.S. Department of Education’s Office of Civil Rights. The complaint asserted that the Young Women’s Leadership Academy, a public single-sex school for girls located in Harlem, violates Title IX. This complaint along with several others forced the Department to re-evaluate its Title IX regulation regarding single sex education. The

major changes in the regulation include: (1) allowing school districts to provide single sex classes, programs, or activities in coeducational schools (2) clarifying that when school districts operate single-sex schools (as currently permitted), they must provide equal educational opportunity to both sexes and (3) further defining equality by explaining that equality does not mean that the programs need to be identical, but they do need to be equal in all fundamental respects.

The U.S. Department of Justice has raised Constitutional concerns about the proposed regulation arguing that it may not comport with the Equal Protection clause. Currently, the Domestic Policy Council is working with the White House Counsel, the U.S. Department of Justice, and the U.S. Department of Education to work towards agreement on a regulation that would be Constitutional and would give school districts greater flexibility to operate single-sex classrooms, programs, and schools.

In addition, this issue will come up in the context of ESEA reauthorization. Jeffords' mark includes a proposal to allow for Title VI (block grants to states for general education reform) to be used for single sex schools and classes, provided that equitable educational opportunities are provided for the excluded sex and that the proposal is Constitutionally sound. In addition, Senator Kay Bailey Hutchison is expected to offer a similar amendment on the floor allowing for the use of Title VI funds for single sex schools, classes, and programs provided that "comparable" educational opportunities are provided for the excluded sex.

In the past, women's groups have opposed Senator Hutchison's amendment on two grounds: (1) concern that we do not have the research to support single-sex education in elementary and secondary education; (2) concern that "comparability" will not be monitored or implemented effectively. Historically, the groups have also been concerned that schools would promote sex-based policies, programs, and classes based on out-dated and stereotyped notions of the differences between the sexes and of the limited abilities of girls and women.

PREVENTION OF YOUTH VIOLENCE AND CRIME

Gun Safety. As you recall, last session the Senate passed four major provisions of the Administration's gun control measures including (1) closing the gun show loophole; (2) mandating child safety locks for handguns; (3) banning the importation of large capacity ammunition clips; and (4) banning violent juveniles from owning guns for life. As you know, the House did not pass similar gun control measures as part of its companion bill. Republican Leadership teamed up with Rep. John Dingell (D-MI) and forty-nine other pro-NRA Democrats to defeat the McCarthy (D-NY) amendment. Although it is quite likely that the Conference Committee on this bill could resolve most of the discrepancies on the substantive juvenile justice measures, the committee has made no progress on the gun control provisions. Our objective has been to ensure that these four provisions, most importantly closing the gun show loophole, are included in the Juvenile Justice bill.

Today, the President met with Senators Leahy and Hatch and Representatives Conyers and Hyde to discuss the impasse over gun control. At this meeting, Chairman Hyde (R-IL) stated that he is willing to reach a compromise on gun shows, child safety locks and other issues. While Hyde

indicated a willingness to compromise, the reality is that Chairman Hyde and Senator Hatch have done very little to advance the conference, and, in fact, are trying to lay the blame for the impasse on Democrats. They claim – particularly on trigger locks – that the Republicans are willing and able to reach an agreement, but that the advocates, Democrats and the President want all or nothing. It is important to note, however, that the Hyde gun show compromise is a watered down version of a proposal Chairman Hyde (R-IL) has tried unsuccessfully to get Rep. Conyers (D-MI) to accept. The Hyde compromise is particularly ineffective in closing the gun show loophole because, among other things, it:

- Excludes events where items other than guns are sold, e.g. flea markets.
- Includes a “let’s step outside” loophole that allows an individual to advertise a gun at a gun show, but offer to sell that gun to a prohibited purchaser that same day at another location.
- Prohibits the tracing of all crime guns sold through “instant check registrants,” making gun shows a safe harbor for criminals to buy guns.
- Creates a loophole that weakens existing law by limiting the time law enforcement has under current law (from 3 business days to 24 hours) to complete background checks at gun shows when there are questions about certain “non-official” records relating to domestic violence restraining orders and mental health histories.

It is not clear whether Hyde could successfully sell his compromise to his own leadership. A full analysis of the Hyde proposal is attached.

For this meeting, the President also released *Kids and Guns*, a bulletin derived from *Juvenile Offenders and Victims: 1999 National Report*, which provides an overview of national data that show the impact the availability of guns has had on the lives and well-being of American youth. While other types of homicide remained constant between 1987 and 1993, the number of juveniles killed with a firearm increased greatly. Analysis of the data show that the rise in murders of juveniles from the mid-1980's through the 1993 peak year was all firearm related, as was the subsequent decline in juvenile murders that occurred between 1993 and 1997. The bulletin also reports on the large role guns have in juvenile suicides.

Public Trust and Integrity in Law Enforcement. This week, Representative John Conyers plans to introduce the “Law Enforcement Trust and Integrity Act” to help force a partnership between police and community groups. In his “Dear Colleague” letter, he conjures up the images of Diallo, LA’s Rampart division, and the Abner Louima case to argue for a comprehensive approach to address the issues of police accountability and trust between police and communities. This bill includes provisions to improve law enforcement management and to improve misconduct prosecution tools including: developing and refining accreditation standards for local law enforcement agencies, supporting the development of pilot programs such as civilian review boards, requiring the AG to establish a National Task Force on Law Enforcement oversight to coordinate investigations related to law enforcement misconduct, requiring Federal data collection on racial profiling, and including a whistleblower protection to protect law enforcement officers who expose police misconduct.

ECONOMIC ISSUES

Minimum Wage/Tax Cuts. On Wednesday, the President will hold a rally on Capitol Hill to boost support for the Administration's minimum wage proposal. On Thursday, the House will consider another round of tax cuts and the minimum wage. The Republican Leadership has decided to take up two bills (1) a \$110 billion, ten year unfinanced tax cut, \$80 billion of which is in high income, estate tax relief; and (2) a \$1.00, three year minimum wage measure. The Democrats will try to propose the Administration's \$1.00, two year minimum wage increase, and Representative Charlie Rangel (D-NY) will seek to offer a Democratic alternative tax proposal, which is fully paid for, is targeted at small businesses and includes school construction bonds (it also contains a number of other provisions that the Administration does not support).

Social Security Earnings Limit. This week, the Senate may consider H.R. 5, the Social Security Earnings Test Elimination bill. The bill would amend Title II of the Social Security Act to eliminate the earnings test for individuals who have reached retirement age. Last week the House voted unanimously to repeal the Social Security earnings limit. Senator Daschle (D-SD) stated that he would allow the measure to move through the Senate as a clean bill.

HEALTH CARE ISSUES

Vaccines. Last week, the President held a meeting with representatives of key pharmaceutical and biotechnology companies, foundations, and the public health community to follow up on his State of the Union challenge to develop and deliver vaccines for diseases world-wide. For the meeting, the Administration garnered significant commitments from these sectors that will boost the impact of the Administration's Millennium Vaccine Initiative. Please see attached paper from the meeting, as well as paper on the Millennium Vaccine Initiative.

Abortion: Gag Rule. As you know, one of the first Executive Orders the President signed when he took office was the revocation of the Federal gag rule which prevented medical practitioners in Title X funded facilities to offer women a full set of family planning options, including abortion. Now, Title X projects are required to provide non-directive counseling to the patient on all of her options, including abortion, but may not specifically promote or perform abortions. This rule permits clinics to provide referrals for abortion services, but prohibits additional action to secure abortion services for a patient. Although the lift of the gag rule became effective when the President signed the executive order, the final rule for its revocation has only now been submitted for final review by the OMB. Last week, we attended a meeting led by OMB to hear from pro-choice advocates who strongly recommended that we release the final rule as quickly as possible, and that we stick fairly closely to pre-gag rule (1988) language, so as not to engender a Congressional backlash, open it up to a legal challenge, and ensure that it remains strong after this Administration.

Abortion: So-called "Partial-Birth" Abortion. Tomorrow, the House Judiciary Committee will begin marking up HR 3660, the so-called "Partial-Birth" Abortion Ban. This bill is being marked-up even though the Supreme Court is set to hear arguments on April 25th regarding Nebraska's so-called "partial-birth" ban. The Supreme Court agreed to take this case after the federal court of appeals failed to agree on whether such laws are constitutional. Currently, the

Administration is determining whether we should file an *amicus* brief in the case. The women's groups have weighed-in strongly arguing that this Administration should not remain silent in the Court's first opportunity to undermine *Roe*. The question being considered by the White House Counsel is whether we could put forth a brief that is broad enough to support the argument against Nebraska's ban. Currently, the Counsel's office plans to propose to the President that we should submit a brief and that we should consider doing so on three grounds: (1) that this ban is unconstitutional in that it constitutes an "undue burden" on a woman's right to choose; (2) that it is overly vague because it is unclear to what procedures the ban applies; and (3) that the law lacks an exception to protect women's health.

MISCELLANEOUS

FAA Authorization Conference Report. Last Wednesday, Senators Lott and Domenici and Congressman Shuster (R-PA) reached an agreement on the FAA reauthorization bill's budget provisions. The Senate and House are planning to take up and pass the conference report this week. The bill provides funding increases for the FAA and the nation's airports for fiscal years 2001-2003, including a \$2.6 billion increase in FY 2001. Both the Airport Grants and Facilities (AIP) and Equipment (F&E) programs receive significant increases in funding and the President's Operations request for FY2001 is fully funded. Although all aviation funds remain on budget, the bill creates a de facto firewall around aviation taxes and interest in the Airport and Airways Trust Fund. The Department of Transportation supports the general agreement; and the Administration, while concerned about the de facto firewalls, expects to support the agreement because it contains sufficient funding levels for FAA and aviation programs. Please see attached article on FAA Reauthorization.

CABINET REPORT

Below are selected Cabinet reports:

Department of Justice

Internet Child Pornography Conference: From March 14-16, DOJ will co-sponsor an Internet Child Pornography and Child Support Investigations and Prosecutions conference in Savannah, GA. Attendees will include federal, state, and local prosecutors, investigators, and service providers. The training will focus on computer search and seizure, child sexual exploitation, international parental kidnapping, and trial presentations in Internet and child support cases.

Firearm Background Check Report: This week, DOJ's Bureau of Justice Statistics is expected to release *Survey of States Related to Firearm Sales, Midyear 1999*. The report provides an overview of the firearm check procedures in each state and interaction with the National Instant Criminal Background Check System operated by the FBI. This report continues ongoing data collection on the number of applications received the number of rejections, the reason for the rejection, and other processing information associated with each application to purchase a firearm.

Department of Agriculture

Organic Foods: On March 8, Secretary Glickman will unveil USDA's new proposal to establish a national organic foods standard. When first announced two years ago, the proposal attracted

more public comments than any other USDA proposal, over 250,000, and has since been rewritten to address concerns about the use of genetically-modified organisms, irradiation, and biosludge.

Department of Commerce

Child Online Protection Act (COPA): The COPA Commission held its first meeting today at DOC in Washington. As part of COPA, Congress established a Commission to study methods of reducing access to material that is harmful to minors on the Internet and to report its findings to Congress. DOC is working with the other ex- officio members of the Commission from DOJ and the FTC to organize this effort.

Wireless Innovations Initiative: On February 29, DOC announced the Wireless Innovations in Communications Initiative (WICI) to enable Federal agencies to promote more actively innovation in communications technologies. WICI will be led by a committee of federal experts within the Interdepartment Radio Advisory Committee, which is chaired by NTIA.

Department of Housing and Urban Development

Selling Homes to Local Governments: HUD has launched a new initiative to sell local governments thousands of HUD-owned homes for \$1 each to create housing for families in need. On February 28, Secretary Cuomo and Congressman Kasich announced the new HUD Good Neighbor Policy. Under the policy, single-family homes that are acquired in foreclosure actions by the Federal Housing Administration will be eligible for sale to local governments around the nation for \$1 each whenever FHA is unable to sell the homes for six months. About 3,000 homes will initially be eligible for sale to local governments under the initiative, with additional homes available for sale each month.

Record Home Sales: New and existing home sales reached their highest level in American history in 1999, according to a report released on March 2 by Secretary Cuomo. The report shows that in all of 1999: New home sales totaled 904,000, up 2 percent from 1998; Existing home sales totaled 5,197,000, up 5 per cent from 1998; Housing permits totaled 1,638,000, the highest since 1986; Housing starts were also at their highest level since 1986, with 1,663,000 homes started in 1999.

Housing Assistance: Secretary Cuomo and Congressman Crowley announced \$75,000 in HUD assistance to benefit residents of the Queensbridge public housing development in Queens, NY. Over 3,000 families currently live in Queensbridge, making it the largest public housing development in the nation. HUD awarded a \$50,000 Community Development Technical Assistance Grant to the development's Jacob Riis Community Center. The center will run a program with LaGuardia Community College to provide job training for young people in telecommunications and information technology. HUD also awarded a \$25,000 Drug Elimination Grant to Queensbridge.

Housing Fraud Initiative: Working with local housing and law enforcement officials, HUD's Fraud Initiative has produced theft and false claims convictions in Los Angeles, CA and Brooklyn, NY. The Initiative has also prompted arrests in Staten Island and Long Island, NY. HUD losses range from as low as \$24,000 to as much as \$6 million.

Department of Education

Annual School Safety Report: In March, the 1999 Annual Report on School Safety, produced by ED's Office of Safe and Drug-Free Schools, will be sent to every school and superintendent in the U.S. The report's findings, based on data from 1997, present an updated description of the nature and extent of crime and violence on school property. The report also describes the steps that schools have taken to prevent school violence, including 54 Safe Schools/Healthy Students sites.

Small Business Administration

Oil Price Relief: At the President's request, SBA will make government-backed loans available to small businesses struggling under the financial burden of rapidly rising oil prices. The 7(a) program loans would be available to qualified businesses that need funds to weather current problems caused by high oil prices. SBA will be able to meet the expected demand for funds using existing loan products under the business loan guaranty program. SBA has several short-term revolving loan programs which are especially suitable for helping small businesses get through this temporary crisis. On February 8, Administrator Alvarez directed SBA field offices to alert affected companies in the fuel oil business of SBA loan programs available to help them.

General Services Administration

African Burial Ground: On February 29, GSA awarded the African Burial Ground Interpretive Center Design and Fabrication contract to IDI Construction Company, Inc. of New York. The firm will have approximately four months to design the center and present the product to GSA.

Success of Afterschool Website: Since the launch of *www.afterschool.gov* by Vice President Gore a few months ago, the website's popularity has soared. More than 5,000 pages on the site are viewed each week. The website is the product of an interagency partnership initiative among GSA, NPR, and 15 other agencies, and is housed on the GSA server. It is a "one-stop" location to learn about Federal resources, programs and best practices to support out-of-school time programs and is the top-rated afterschool website on AOL.

Good Neighbor Efforts: Recently, GSA met with Utica city officials and congressional staff to discuss a new partnership to revitalize the downtown federal courthouse plaza and city park in Utica, NY. Currently the historically significant courthouse and federal building are adjacent to a city-owned park and parking lot. GSA is reaching out to the community to link its improvements to the federal plaza to these two properties in an effort to draw federal employees and building users out into the community and attract new local development.

LEGISLATIVE CALENDAR

Senate

Senate is in town this week, with no recorded votes until Tuesday evening because of Super Tuesday. Next week, the Senate is expected to take a recess.

Senate Committee Hearings

In addition to FY 2001 Appropriations Hearings, some other Senate hearings include:

- Senate Energy and Natural Resources Committee (Chairman Murkowski, R-Alaska) will hold a hearing on Wednesday to examine energy supply and demand issues relating to crude oil, heating oil and transportation fuels.
- Senate Small Business (Chairman Bond, R-Mo.) will hold a hearing on the ability of small businesses to protect themselves from cybercrime.

House of Representatives

Following "Super Tuesday," the House reconvenes on Wednesday, March 8th for legislative business. Recorded votes are expected in the afternoon. In addition to considering several measures under suspension of the rules, the House will consider four measures subject to a rule. The last vote of the week is expected by 2:00 PM on Friday.

House of Representatives: Committee Hearings

Some House Committee Hearings include:

- The Full Judiciary Committee has placed HR 3660, the so-called "partial-birth" abortion ban, on the Committee calendar for March 8 at 2pm.
- The House Commerce Subcommittee on Health and the Environment will hold a hearing on the alleged illegal sale of fetal tissue for research on March 9 at 2pm.

UPCOMING POTUS SCHEDULE

Wednesday, Mar. 8

China "Framing" Speech

Location: Johns Hopkins University, Washington, DC site

Minimum Wage Event

Location: White House

Thursday, Mar. 9

Congressional/Prescription Drug Departure Statement

Location: White House

One America Religious Leaders Event

Location: White House

Child Abuse Prevention Act Signing Ceremony

(small signing ceremony in Oval with Members-- not message event)

Friday, Mar. 10	Possible FAA/Summer Delay Event Location: TBD
Saturday, Mar. 11	Live Radio Address Topic: TBD (possibly education)
Monday, Mar. 13	Prescription Drug Pricing Report Event Location: TBD, Cleveland, OH Travel to Chicago, IL
Tuesday, Mar. 14	Medals of Science and Technology Ceremony Location: White House
Wednesday, Mar. 15	Possible Press Conference Location: White House
Thursday, Mar. 16	Possible Digital Divide Event Location: TBD Speaker's St. Patrick's Day Luncheon Location: Capitol Hill
Friday, Mar. 17	Message Event TBD
Saturday, Mar. 18	Radio Address (taped Fri. 3/17) Topic: TBD Depart for Foreign Travel
Saturday, Mar. 18 - Sunday, Mar. 26	Travel to India and Bangladesh

**THE HYDE PROPOSAL:
GUN SHOW LOOPHOLES AND
A MEANINGLESS CLIP BAN**

HOW S. 254 CLOSES THE GUN SHOW LOOPHOLE	HOW THE HYDE PROPOSAL REOPENS THE GUN SHOW LOOPHOLE	WHY IT MAKES A DIFFERENCE.
Defines "gun show" to cover <i>all</i> events where a large number of guns are for sale.	The Hyde proposal resurrects language from the failed Hatch-Craig amendment that applies background checking requirements only to events that are both "sponsored to foster the collecting, competitive use, sporting use, or any other legal use of firearms."	<u>The Hyde proposal creates a "gun runner" loophole.</u> Under the Hyde proposal, there would still be lots of flea markets, sport shows and gun shows where hundreds of guns are being sold without background checks. Under the Hyde proposal, if the event is not "sponsored" for a reason set out in the bill, background checks would not be required at the event, no matter how many guns are for sale. A gun show organizer could simply recast the purpose of his gun show by selling items other than guns and could then argue that his event was sponsored for another purpose such as promoting home security or for making a profit and thereby circumvent background checking requirements. Indeed, the vast majority of flea markets, sport shows and gun shows sell items other than guns, such as knives, books or survival gear.
Prohibits evasion of the Brady Law by requiring background checks on all gun show transactions.	The Hyde proposal applies only to transactions where the purchaser sells, transfers or exchanges a gun while the gun is accessible at the gun show or the curtilage area of the gun show.	<u>The Hyde proposal creates a "let's step outside" loophole,</u> allowing a gun seller to offer to sell a gun at a gun show, the purchaser to accept the offer and the transaction to be completed at another location without a background check.

HOW S. 254 CLOSES THE GUN SHOW LOOPHOLE	HOW THE HYDE PROPOSAL REOPENS THE GUN SHOW LOOPHOLE	WHY IT MAKES A DIFFERENCE.
Applies the current Brady Law to all transfers of guns at gun shows.	The Hyde proposal would allow prohibited purchasers such as wife beaters and mentally disturbed persons to buy guns at gun show if the NICS system does not respond within 24 hours and there is no "official record" which indicates the individual is a prohibited purchaser. This significantly shortens the up to three business days allowed under current law to investigate any potentially disqualifying information.	<u>The Hyde proposal creates a "convicted felon" loophole.</u> Under the Hyde proposal, felons, fugitives, and other prohibited persons will get guns at gun shows, even though they could not get guns at gun stores. Although more than 70% of all Brady checks are completed within minutes, some checks require a few days and we know that those purchasers who require additional time to investigate are <u>20 times more likely to be a prohibited purchaser.</u> Non- "official" records, currently used by the background checking system, such as non-finalized domestic violence restraining orders, letters from courts and communications from law enforcement officials could not be investigated for more than 24 hours and - consequently - a gun would have to be transferred to a possible wife beater or mentally disturbed person at the expiration of that time period.
Requires everyone who wants to sell a gun at a gun show to verify their identity to the gun show promoter, and to be notified that they understand they must have a background check done on their buyer.	The Hyde proposal does not require that anyone notify ALL sellers of background check requirements and exempts all gun sellers who do not rent a table as a "vendor" -- but instead walk around selling guns at the gun show -- from verifying their identity.	<u>The Hyde proposal creates a "roving vendor" loophole</u> allowing gun vendors at gun shows to sell firearms with no background checks if they are simply walking the premises and not fixed at an assigned location. This loophole complicates what is otherwise a very simple rule: if you intend to sell a gun at a gun show, you must check in with the promoter and be notified of your obligations to have a background check done on your buyer.

HOW S. 254 CLOSES THE GUN SHOW LOOPHOLE	HOW THE HYDE PROPOSAL REOPENS THE GUN SHOW LOOPHOLE	WHY IT MAKES A DIFFERENCE.
Enhances law enforcement's ability to trace used guns if those guns are used in crimes.	The Hyde proposal prevents tracing of <i>all</i> crime guns sold through "instant check registrants" at gun shows and does nothing to improve tracing of used guns sold by licensed dealers.	<u>Under the Hyde proposal, gun shows remain a safe harbor for criminals</u> , who know that there are no recordkeeping requirements on unlicensed sales at gun shows and, therefore, law enforcement will be unable to trace used guns bought and sold at gun shows.
Uses existing framework of federally-licensed firearms licensees to do background checks on behalf of unlicensed sellers at gun shows. Protects privacy of gun buyers who get their backgrounds checked by using licensed professional dealers – who are subject to strict recordkeeping and inspection – to do background checks.	The Hyde proposal adds new layer of bureaucracy to federal firearms regulation by resurrecting the "special registrants" (now called "instant check registrants") from the repudiated Craig Amendment to the Senate bill. Allows anyone to get an "instant check registration" that will allow them to do background checks and transfer guns, even if they don't know anything about guns or the firearms business.	<u>The Hyde proposal opens up a "fly-by-night background checker" loophole</u> . Creation of "instant check registrants" invites fraudulent transactions by creating a fly-by-night background checker with no vested interest in the integrity of the background checking system. Licensed professional firearms dealers already have experience filling out the appropriate paperwork and using the NICS, and will make entries with fewer errors than non-professionals, assuring more accurate background checks and crime gun tracing information. Licensed dealers also stand to lose their business if they engage in fraud while "instant check registrants" do not.

HOW S. 254 CLOSES THE GUN SHOW LOOPHOLE	HOW THE HYDE PROPOSAL REOPENS THE GUN SHOW LOOPHOLE	WHY IT MAKES A DIFFERENCE.
Allows States with instant check system to continue to operate under their existing framework.	The Hyde proposal forbids anyone doing background checks as points of contact for the instant check system – even states with their own instant check systems – from retaining records or charging a fee.	Keeping States in the Brady check system assures the most thorough background checks, because States often have access to records that the federal government cannot access. The Hyde proposal will drive States away from doing background checks.
Does not create any new immunities.	The Hyde proposal gives gun sellers and "registrants" at gun shows potentially sweeping immunity.	<u>The purpose of gun show legislation is to increase the personal responsibility of those who engage in gun transactions.</u> The Hyde proposal works to minimize this needed accountability.

HOW S. 254 CLOSES THE AMMUNITION CLIP LOOPHOLE	THE HYDE PROPOSAL REOPENS THE AMMUNITION CLIP LOOPHOLE	WHY IT MAKES A DIFFERENCE
When Congress banned the importation of high capacity ammunition clips in 1994, a loophole was created that allowed the importation of high capacity ammunition clips manufactured before 1994. S. 254, and the amendment Chairman Hyde offered on the floor in June, both contained essential language amending the definition of high capacity ammunition clip to include clips manufactured before 1994.	The Hyde proposal fails to amend the definition of high capacity ammunition clip to include those manufactured before 1994 and, consequently, is a meaningless restatement of current law.	<u>The Hyde proposal does NOTHING to close the loophole.</u> A strong bipartisan majority of both Houses of Congress voted to close the loophole that allows the importation of clips that fire ten or more rounds and serve no function other than to kill quickly. The language amending the definition of clips is the essence of this loophole. Without it, this proposal is a meaningless restatement of current law that merely rennumbers and reletters sections of the United States Code. Chairman Hyde stated it himself on the floor on June 17, 1999: "Current law prohibits the transfer or possession of large capacity ammunition feeding devices, such as clips and other types of magazines. <u>But current law also provides a major exception. It permits the possession and transfer of any such device lawfully possessed on or before the date of enactment of the Violent Crime Control and Law Enforcement Act of 1994.</u> That is September 13, 1994. The world is awash in high-capacity ammo clips manufactured before the effective date of the 1994 Act, and such devices have been approved for importation into the United States if importers submit evidence establishing that the devices were manufactured on or before September 13, 1994. <u>Our proposal would amend the definition of a 'large capacity ammunition feeding device' to delete the language limiting the definition to devices manufactured after September 13, 1994."</u>

THE CLINTON-GORE ADMINISTRATION: NEW PARTNERSHIPS TO DEVELOP & DELIVER VACCINE TO DEVELOPING COUNTRIES

March 2, 2000

Today, President Clinton Will Meet With Leaders of Industry, Foundations, and International Organizations to Announce New Partnerships to Develop and Deliver Vaccines For Diseases -- Including HIV/AIDS, Malaria, and Tuberculosis -- For Developing Countries. In his State of the Union Address, the President said, *"I ask the private sector and our partners around the world to join us in embracing this cause. We can save millions of lives together, and we ought to do it."* At this meeting, key leaders of pharmaceutical and biotechnology companies, international organizations, foundations, and the public health community will endorse the President's Millennium Vaccine Initiative, released last month, and announce new commitments to develop and deliver vaccines to developing countries. The President will also call upon Secretary Shalala to convene a meeting of experts from industry, government, and academia to address impediments to vaccine development in the private sector and to strengthen public-private partnerships.

The President And The CEOs Of The Four Largest Vaccine Manufacturers Will Announce Unprecedented Levels Of Corporate Support To Vaccinate The World's Children. Today, industry will respond to the President's call with important new steps as CEOs of the four largest vaccines manufacturers -- Merck and Co., Inc., American Home Products Corporation, Glaxo SmithKline Beecham, and Aventis Pharma AG -- will announce that they will donate millions of doses of state-of-the-art vaccines -- worth more than \$150 million -- to those in the developing world and make a renewed commitment to step up research and development on vaccines for HIV/AIDS and malaria.

- Merck and Co. will donate one million doses, worth \$100 million, of RECOMBIVAX -- HB -- a vaccine to prevent Hepatitis B;
- American Home Products Corp. will announce a donation of 10 million doses of Haemophilus influenza type-B (Hib) conjugate vaccine to GAVI to protect more than 3 million children in developing nations;
- SmithKline Beecham will announce expansion of its malaria vaccine program and also renewed its pledge to donate \$1 billion to eliminate lymphatic filariasis (elephantiasis);
- Aventis Pharma announced a donation of 50 million doses of polio vaccine to Africa.

These Private Sector Commitments Build On The Administration's Millennium Vaccine Initiative, Announced by the President In His State of the Union Address. The major components of the Millennium Vaccine Initiative include:

- \$50 million in the President's FY2001 budget as a contribution to the vaccine purchase fund of the Global Alliance for Vaccines and Immunization (GAVI);
- Presidential leadership to ensure that the World Bank and other multilateral development banks dedicate an additional \$400 million to \$900 million annually of their low-interest rate loans to health care services;
- Significant increases in federally funded basic research on diseases that affect developing nations;
- A new tax credit for sales of vaccines for infectious diseases to accelerate their invention and production;
- A call to our G-7 partners to join our efforts to ensure a future market for these vaccines.

The President Will Also Recognize the Unprecedented Contributions From The Philanthropic Community. This includes a \$750 million contribution from The Bill and Melinda Gates Foundation to the vaccine purchase fund of the Global Alliance for Vaccines and Immunization. The President also praised new models for public-private partnerships, including the International AIDS Vaccine Initiative, which announced that it will invest more than \$10 million this year to triple the number of AIDS vaccine candidates moving toward trials.

The Scope Of The Problem of Infectious Disease In Developing Countries:

- While sub-Saharan Africa accounts for only 1/10 of the global population, over 70% of individuals infected with AIDS globally live there. There is a 60% chance that a 15-year old in Zambia will die of AIDS today. Thirteen million sub-Saharan African children have now lost one or both of their parents to AIDS.
- One-fourth of all deaths each year worldwide -- 13 million people -- are the result of infectious diseases.
- Over 8 million children die each year of centuries-old diseases -- and more than 3 million of these deaths could be prevented by existing vaccines.

- Immunization is one of the most cost effective health interventions. It costs only \$15 to immunize a child, yet in developing countries, children remain 10 times more likely to die of a vaccine-preventable disease than those in the industrialized world. Twenty percent of children worldwide lack access to basic immunization services.
- Only 2% of all global biomedical research is devoted to the major killers in the developing world.

Details of the Corporate Commitments Include:

- Merck will donate one million doses, worth \$100 million, of RECOMBIVAX – HB – a vaccine to prevent Hepatitis B – over five years. Merck will collaborate with the GAVI to identify countries that will most benefit from this vaccine. Merck also reaffirmed its commitment to the discovery of new vaccines for diseases of global significance, including HIV/AIDS. Merck committed to developing AIDS vaccines for strains of the virus found not only in the industrialized world, but in the poorest countries as well.
- American Home Products Corp. announced a donation of 10 million doses of Haemophilus influenza type-B (Hib) conjugate vaccine to GAVI. As a result, more than 3 million children in developing nations will be protected from one of the leading causes of deadly pneumonia and meningitis.
- SmithKline Beecham announced a commitment to expand its malaria vaccine program and will begin malaria vaccine trials in Africa for the most critical population – children. The trial would begin in the Gambia as early as this autumn. SB also renewed its pledge to donate \$1 billion to eliminate lymphatic filariasis (elephantiasis), which destroys lives in 80 countries.
- Aventis Pharma announced a donation of 50 million doses of polio vaccine to Africa. This donation will support the WHO and UNICEF-led drive to end polio in five war-torn African nations. Aventis also reaffirmed its commitment to maintain the largest private AIDS vaccine research program and is moving forward with clinical trials in Africa, Asia, the United States, Europe, and soon, the Caribbean.

The President's Millennium Vaccine Initiative:

In his State of the Union address, President Clinton called for concerted international action to combat infectious diseases, which kill more than eight million children worldwide and orphan millions more. Recognizing that vaccines are a critical, cost-effective weapon in the fight against these diseases, the President announced a multi-part Millennium Vaccine Initiative:

- A new financial commitment to purchase and deliver existing vaccines in poor countries. As Vice President Gore told the U. N. Security Council earlier this month, the Administration's FY 2001 budget includes a proposed \$50 million contribution to the vaccine purchase fund of the GAVI.
- Increased investments in health in developing countries. The President is calling on the World Bank and other multilateral development banks to dedicate an additional \$400 million to \$900 million annually of their low-interest-rate loans to expand immunization, prevent and treat infectious diseases, and build effective delivery systems for other basic health services. These investments are as central to economic progress as investments in education and physical infrastructure, and they would build on the new focus on basic health services that we have supported as part of the Highly Indebted Poor Countries (HIPC) debt initiative. This proposed shift in existing resources does not require additional U.S. budget expenditures.
- A significant increase in basic research on diseases that affect developing nations. The Administration's FY 2001 budget for the National Institutes of Health includes a sharp step-up in research critical to the development of vaccines for malaria, tuberculosis, and HIV/AIDS.
- A new tax credit for sales of vaccines for malaria, tuberculosis, and HIV/AIDS to accelerate the invention and production of these vaccines. Because developing countries often cannot afford to buy vaccines, the market provides little incentive for pharmaceutical companies to develop vaccines for diseases that disproportionately affect those countries. This tax credit would provide such an incentive, because every dollar paid by a qualifying organization to buy a qualifying vaccine would be matched by a dollar of tax credits – representing up to \$1 billion of additional funding for future vaccine purchases.
- A call to the G-7. This summer in Okinawa, the President will work with our G-7 partners to ensure a future market for critically needed vaccines.

President Clinton Unveils Millennium Initiative to Promote Delivery of Existing Vaccines in Developing Countries and Accelerate Development of New Vaccines

February 10, 2000

In his State of the Union address, President Clinton called for concerted international action to combat infectious diseases in developing countries. These diseases cause almost half of all deaths worldwide of people under age 45, killing over eight million children each year and orphaning millions more.

The President committed the United States to addressing this terrible problem in his September speech to the United Nations General Assembly. Now the President is asking for foundations, pharmaceutical companies, international agencies, and other governments to join us in this task, and he is announcing these specific elements of his Millennium Initiative:

- **A new financial commitment to purchase and deliver existing vaccines in poor countries.** As Vice President Gore told the U. N. Security Council, the Administration's FY 2001 budget will include a **proposed \$50 million contribution to the vaccine purchase fund of the Global Alliance for Vaccines and Immunization (GAVI).**
- **Increased investments in health in developing countries.** The President is calling on the World Bank and other multilateral development banks to dedicate an additional \$400 million to \$900 million annually of their low-interest-rate loans to expand immunization, prevent and treat infectious diseases, and build effective delivery systems for other basic health services. These investments are as central to economic progress as investments in education and physical infrastructure, and they would build on the new focus on basic health services that we have supported as part of the Highly Indebted Poor Countries (HIPC) debt initiative. This proposed shift in existing resources does not require additional U.S. budget expenditures.
- **A significant increase in basic research on diseases that affect developing nations.** The Administration's FY 2001 budget for the National Institutes of Health includes a sharp step-up in research critical to the development of vaccines for malaria, tuberculosis, and HIV/AIDS.
- **A new tax credit for sales of vaccines for malaria, tuberculosis, HIV/AIDS, and any infectious disease that causes over 1 million deaths annually worldwide, in order to accelerate the development of these vaccines.** Because developing countries often cannot afford to buy vaccines, the market provides little incentive for pharmaceutical companies to develop vaccines for diseases that disproportionately affect those countries. This tax credit would provide such an incentive, because every dollar paid by a qualifying organization to buy a qualifying vaccine would be matched by a dollar of tax credits – representing up to \$1 billion of additional funding for future vaccine purchases. The President is calling on other governments to make similar purchase commitments, so that we can ensure a future market for these critically needed vaccines.

ADDITIONAL EXPLANATION

Infectious Diseases Pose a Mounting Social and Economic Burden on Developing Countries – And a Threat to Our Health As Well.

- More than eight million children die each year of centuries-old diseases like malaria, tuberculosis, and respiratory and diarrheal diseases. Deaths from the modern scourge of AIDS are climbing rapidly. Altogether, as many children die of infectious diseases each year as the total number of combatants who perished in World War I.
- In an interconnected and highly mobile world, health crises in other countries are a threat to everyone. We have seen this with HIV/AIDS, with the resurfacing of tuberculosis, and with the outbreak last year of West Nile encephalitis in New York. According to the Global Health Council, during the past 50 years, at least five times as many Americans have died from communicable diseases that have come from the developing world than have died in military conflicts.

Vaccines Are One of the Most Cost-Effective Ways to Improve the Well-Being and Productivity of the Poorest Countries – And Medicines and Other Basic Health Services Are a Necessary Complement.

- It costs about \$17 to immunize a child, but millions of children die each year of diseases that could be prevented by existing vaccines. Indeed, children in developing nations are 10 times more likely to die of a vaccine-preventable disease than children in developed nations. And these tragedies occur in spite of the enormous efforts of UNICEF and others to vaccinate children, which save 3 million lives each year.
- Highly effective vaccines do not yet exist for malaria, TB and AIDS, which take over 5 million lives each year. But developed nations have the scientific and technological capacity to make new vaccines possible. For example, recent work on genetic sequencing, including the human genome, will open vast possibilities.
- Another health investment with very high returns is simple preventive and curative services. Providing this basic health care together with vaccines would save millions of lives each year.

A \$50 Million Contribution to GAVI to Buy Vaccines For Children – Which Will Save Lives Now and Create Confidence that a Market for New Vaccines Will Exist in the Future.

- GAVI, the Global Alliance for Vaccines and Immunization, was formed as a collaborative effort of UNICEF, the World Health Organization (WHO), the World Bank, private foundations, bilateral aid agencies (including the U.S. Agency for International Development), industry representatives, and developing countries. GAVI established the

"Global Fund for Children's Vaccines" with an initial grant of \$750 million over 5 years from the Bill and Melinda Gates Foundation.

- A U.S. contribution will help to purchase vaccines for Hepatitis B, Haemophilus Influenzae B (Hib), and Yellow Fever, along with related safe delivery equipment such as auto-destruct syringes. To ensure that GAVI's vaccine purchases complement, rather than replace, existing vaccination efforts, they will be conditional on a country achieving 50 percent coverage of the DTP (diphtheria-tetanus-pertussis) vaccine, which is included along with measles and polio in the existing EPI (Expanded Program for Immunization).
- A U.S. contribution will hopefully catalyze significant contributions from other countries and foundations. It will also add crucial credibility to the international community's commitment to provide a market for new vaccines when they are developed.

We Must Shift Existing International Resources Toward Building Health Infrastructure in Poor Countries That Can Deliver Vaccines and Medicines and Provide Essential Basic Health Services.

- The World Bank and other multilateral development banks (MDBs, such as the African Development Fund) lend money on highly favorable terms to the world's poorest countries. Today, roughly \$1 billion to \$1-1/2 billion of this so-called "concessional funding" is devoted to health care each year. The Administration proposes to increase that amount by \$400 million to \$900 million per year, with a focus on:
 - immunization;
 - prevention of diseases using basic measures such as information and condoms for AIDS, treated bed nets for malaria, and stronger systems for containing TB;
 - treatment of diseases, including common respiratory and diarrheal infections; and
 - more effective provision of basic health care.
- The Administration is exploring ways to use the HIPC debt reform to support this part of the Millennium Initiative. One possibility is to make an increase in vaccination rates one of the performance targets monitored in the HIPC progress reports. This could be accompanied by debtor countries' agreements to include specific improvements in vaccine delivery systems as priority uses of debt relief proceeds. We also expect that all Poverty Reduction Strategy Papers that are prepared for HIPC candidates will discuss the adequacy of budget resources and suggested policy reforms devoted to basic health care.
- This re-direction of resources supports the Administration's overall strategy for global development, which emphasizes poverty reduction and gives a central role to "global public goods" – like health or the environment – in which positive actions taken in one country benefit other countries as well. To meet this objective, these funds should not come from spending on other basic social programs, such as education and health care.

- This aspect of the Millennium Initiative does not require a new budgetary commitment by the United States (or other donor countries). However, the U.S. ability to influence the direction of MDB lending and the use of HIPC proceeds depends crucially on meeting our existing commitments to these aid programs. We will work with other G-8 finance and development ministries to refine this proposal.
- A conservative estimate suggests that if basic health care including immunization were made broadly available, up to 2 million children's lives could be saved each year.

Higher Funding for Basic Scientific Research Through the National Institutes of Health (NIH) and Elsewhere Will Hasten the Development of Vaccines for Malaria, TB, and AIDS.

- The Administration's FY 2001 budget for NIH includes a significant increase in research critical to creating vaccines for these diseases. For malaria and TB, this increase will build on recent advances in the genetic sequencing of these diseases, which have set the stage for major breakthroughs in vaccine development.
- Funding for NIH malaria vaccine research will increase more than 10 percent over the FY 2000 level. Future research will range from pre-clinical studies aimed at improving our understanding of the malaria parasite, through the development of vaccine candidates, to clinical trials judging vaccine efficacy and safety. NIH will also expand its collaboration with scientists in malaria-endemic regions, especially in Africa, to strengthen those regions' capacity for conducting clinical trials of malaria vaccines in the future.
- NIH research on a tuberculosis vaccine will receive over 40 percent more funding than in FY 2000 and more than double the FY 1999 level. NIH will focus on studying the body's defense mechanisms against TB, and developing and studying vaccine candidates. Through its Tuberculosis Research Unit, NIH supports an international multi-disciplinary team to translate advances in basic research into new tools for fighting TB.
- NIH funding for AIDS vaccine research will increase substantially in FY 2001 and will have more than doubled since FY 1997. These additional resources will allow NIH to accelerate basic research on developing vaccine candidates and to significantly expand testing of potential vaccine candidates in both developing and developed countries. The new Vaccine Research Center on the NIH campus, which will be occupied this summer, will receive a sizeable increase in funding for the development and pre-clinical testing of HIV vaccine candidates.
- The Administration is providing strong support for the path-breaking research on infectious diseases being conducted by U.S. military scientists, including the opening (in October 1999) of the Walter Reed Army Institute of Research/Naval Medical Research Center. Working in close collaboration with scientists worldwide, military scientists have developed and tested successful vaccines against Japanese encephalitis and hepatitis A – and they are working to create vaccines and medicines to protect service people, travelers, and millions of others from malaria, HIV/AIDS, and other infectious diseases.

A New Tax Credit Would Effectively Provide Up to \$1 Billion for Future Vaccine Purchases, Speeding the Invention and Production of New Vaccines.

- Current tax law provides substantial incentives for pharmaceutical research and development, including the research and experimentation (R&E) tax credit, the orphan drug tax credit, and an enhanced deduction for charitable contributions of certain products. Nonetheless, pharmaceutical companies may be reluctant to invest in developing vaccines for diseases that primarily afflict people in poor countries, because little or no paying market exists in those countries.
- Under the proposal, the seller of a qualified vaccine could claim a tax credit equal to 100 percent of the amount paid by a qualifying organization that received a "credit allocation" by the U.S. Agency for International Development (AID). The tax credit would match the qualified organizations' expenditures dollar-for-dollar, thereby doubling their purchasing power. A qualifying vaccine would be a new vaccine that received FDA approval for use against malaria, tuberculosis, HIV/AIDS, or any infectious disease that causes over 1 million deaths annually worldwide.
- For 2002 through 2010, AID could designate up to \$1 billion of vaccine sales as eligible for the credit. This tax credit would be limited to new vaccines developed to fight these terrible diseases. The credit would provide a specific and credible commitment to purchase future vaccines at reasonable prices. Together with similar commitments from foundations and other governments, it would provide a critical and powerful incentive to accelerate vaccine research and development.

FAA Deal Casts A Long Shadow

TRANSPORTATION

THE LONG-AWAITED deal struck on the FAA reauthorization bill last week not only will reroute the operation of airports and the entire U.S. aviation industry, but could force a rough landing for the federal budget and appropriations process.

Both House and Senate negotiators hoped to take the conference report up on the floor early this week, ending months of struggle over how best to fund aviation to keep up with projected increases in air travel and demands for more modern facilities, new technology and increased safety.

While last-minute details and a possible parliamentary glitch were still being worked out Friday, the conference agreement would essentially guarantee that the aviation trust fund, funded by airline ticket taxes, would be used primarily for airport construction. It is similar in structure to how **House Transportation and Infrastructure Chairman Shuster** negotiated the highway trust fund deal two years ago.

In the next decade, air travel is ex-

pected to approach 1 billion passengers, up from about 600 million today. Shuster repeatedly stressed throughout the debate that these needs must be met, or "We are hurtling toward gridlock and potential tragedy in the skies."

However, Shuster had wanted a guarantee on a contribution from the general fund for aviation, which **Senate Budget Chairman Domenici** adamantly opposed.

Domenici offered a compromise last fall that would guarantee the trust fund and the interest would go toward aviation, but Shuster and Domenici could not agree on the language. Last week, **Senate Majority Leader Lott** stepped in and a compromise was reached.

The dealmakers seem to be fairly pleased with the compromise.

One aviation lobbyist said it was split. "Shuster won on money, and Domenici won on process," he said. While Shuster technically did not get the firewall for aviation and the general fund guarantees he wanted, he did get guaranteed money for airport improvement.

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He was seeking to achieve the right to raise budget points of order, which would essentially allow Congress to send an FAA appropriations bill back if it did not reach the levels suggested by the conferees.

While Domenici may have won the war on spin, "Shuster's laughing all the way to the bank," the lobbyist said.

Airport Funding Takes Off

■ CLEARLY, the biggest winners are the airports. Aside from the budget increases, the conference report is expected to contain language allowing a \$1.50 increase on passenger facility charges — the tax that airports collect when passengers pass through their hubs. Combined with an agreement on the trust fund that includes a 64 percent increase in airport improvement grants and a 37 percent increase for facilities and equipment going into next year, airports are expected to build new runways and gates to attract more airline competition.

Todd Hauptli, senior vice president for policy and government affairs at the American Association of Airport Executives, said the increase will give airports \$1.2 billion or \$1.3 billion more a year.

Plus, with the PFC increase, it could increase another \$700 million, bringing the total to about \$9 billion from the current level of about \$7 billion for airports. "That gets us \$2 billion more a year. ... We need money for all the construction projects out there," Hauptli said.

David Plavin, North America president of the Airports Council International, said the increases would address the funding deficiencies airports have experienced for some time.

"These funding improvements will narrow the enormous funding gap that has existed for years," he said.

But David A. Fuscus, spokesman for the Air Transport Association, an industry trade group representing the major airlines, said: "We are unhappy with the increase in the passenger facility charge. That is an additional \$2 billion tax increase on the traveling public."

Senate Commerce Chairman McCain had opposed the PFC increase. Originally a major force in the aviation negotiations, he has taken a back seat since running for the Republican presidential nomination.

House and Senate Democrats are generally supportive of the PFC increase.

More Slots May Mean More Competition

■ EVEN MORE SIGNIFICANT IN CONGRESS' efforts to increase competition may be the agreement the negotiators reached on slots. "It was unthinkable that we'd reach a deal on this 18 months ago," said Kevin Mitchell of the Business Travel Coalition, a business travel advocate who sees increased airline competition as the key to lowering fares.

Slots, or times airlines are allotted to fly in and out of major airports, were implemented decades ago as a way to control air traffic, but with modern technology, they are increasingly seen as a way for one or two major airlines to control flights going in and out of certain airports. This has resulted in the current system of near monopolies in some regions.

The conference agreement is expected to allow 12 more slots to be added at Reagan National Airport — a major issue of contention for communities surrounding the area, but pushed by some senators such as McCain, who see it as necessary to increase competition.

The agreement is expected to phase out restrictions at Chicago's O'Hare to allow seven more slots to be added by 2002. It also will loosen restrictions at John F. Kennedy and LaGuardia Airports, but allow some exceptions for regional carriers that face extreme competition already from national airlines, congressional sources said.

Rep. Louise Slaughter, D-N.Y., who represents Rochester, has been a key behind-the-scenes negotiator on increasing the slots and getting more competition for her district, which she said is plagued by high airfares.

While generally pleased with the deal, she said she in a phone interview that she would love to get the slot con-

trols lifted at Reagan National, rather than just a 12 slot increase.

"Frankly, I still think airports lost some construction money and planning time," Slaughter said, due to the fact that it took so long to cut a deal.

Small airlines are pleased, saying that the new slots are a starting point.

Ed Faberman, executive director at the Air Carrier Association of America, a group representing the small airline carriers, said 12 slots are better than none. "Twelve is certainly an opportunity. I think it's now up to the Department of Transportation to look at other options to accommodate new entry," Faberman said.

Large airlines have fought slot changes, and many sources characterized the deal as a major defeat for the airlines. But Fuscus said the airlines are generally happy with the funding levels in the bill.

FAA Operations Could Take the Fall

■ THE AUTHORIZATION PROVIDES THE FAA \$40 billion over three years. Of that amount, \$33 billion would be guaranteed from the trust fund and \$6.7 billion would be "available to be appropriated" from the general fund.

"The final agreement also permits the use of general funds for aviation programs subject to the normal appropriation process," Domenici said last week.

But the way the trust fund agreement is structured, appropriators may have a tough time going against the negotiators' recommendation for the general fund.

Because the agreement includes specific percentage increases for airport facilities and equipment, airport operations could come up short because operations alone would have to rely on a contribution from the general fund.

This could force the operations budget to actually go down, said one Senate staffer, who expressed surprise that airlines were not more concerned about this.

Appropriators are already grumbling because it will be difficult to cut operations funding that includes air traffic controller and safety officer salaries, but the op-

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erations will be the only part of the aviation budget that is negotiable, congressional sources said.

But opponents are not likely to generate enough support to derail the deal.

Likewise, the administration does not appear to be overjoyed with the deal, but the president is not likely to veto it because it does not take the trust fund off budget. The president had requested a 12 percent increase

in the FAA operations budget for next year.

Transportation Secretary Slater issued a statement last week, saying he was pleased the conferees are making progress. "However, it is most important that any final legislation fully fund Federal Aviation Administration operations at the level requested in the president's budget for FY2001," Slater said.

At least one congressional staffer said the FAA deal's impact on the budget was less than expected. "I expected it to be an awful lot worse. This is man-

ageable. This is something that [Senate Appropriations Chairman] Stevens and [Senate Appropriations Transportation Subcommittee Chairman Richard] Shelby [R-Ala.] said they could work with. They believe this is manageable."

While the staffer acknowledged the challenge facing the administration to get more funds into FAA's operations budget, the staffer noted Shuster could have pushed much further and disrupted Amtrak or Coast Guard funding.

— BY APRIL FULTON, WITH MARK MURRAY
CONTRIBUTING

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).

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:

- 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.
- 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.

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.

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

September 17, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: HEATHER HOWARD

CC: MELANNE VERVEER
ANN O'LEARY

SUBJECT: SURGEON GENERAL'S CONFERENCE

Attached for your review is a statement for submission tomorrow to the Surgeon General's Conference on Children's Mental Health: Developing a National Action Agenda. Please let me know if you have any questions or edits.

Everyone – from the campaign to OFL staff to Chris Jennings – has signed off.

September 18, 2000

STATEMENT BY FIRST LADY HILLARY RODHAM CLINTON TO
THE SURGEON GENERAL'S CONFERENCE ON CHILDREN'S MENTAL HEALTH:
DEVELOPING A NATIONAL ACTION AGENDA

I want to applaud Surgeon General David Satcher for bringing together so many advocates and experts today for the Surgeon General's Conference on Children's Mental Health: Developing a National Action Agenda. The work you are doing today and tomorrow has the potential to bring more health and hope to our nation's children -- and more peace of mind to their parents.

Six months ago at the White House, I joined with Health and Human Services Secretary Donna Shalala, Surgeon General Satcher, National Institute of Mental Health Director Steve Hyman, FDA Commissioner Jane Henney, and Assistant Secretary of Education Judith Heumann to launch an unprecedented public-private effort to improve the diagnosis and treatment of children with emotional and behavioral conditions. We came together to address recent troubling reports about the increasing number of young children taking psychotropic drugs, and to help parents concerned about how to best help treat their children.

According to a report in the Journal of the American Medical Association, the number of preschoolers taking psychotropic drugs increased dramatically from 1991 to 1995. The increase for Ritalin alone was 150 percent, and the use of anti-depressants increased over 200 percent. The number of children under the age of five taking clonidine, which is used to treat insomnia in children with attention deficit disorders, tripled. Unfortunately, many of the drugs being prescribed to our youngest children have never been tested on them. None of them have been tested on children under 6, and many have not been tested on children under 16.

As a parent and longtime children's advocate, these findings concern me a great deal, as they do Federal health officials and countless other experts. But, let me be very clear: Our goal has never been to attack these medicines. They have literally been a Godsend for countless adults and young people with behavioral and emotional problems. We know that when children are left untreated, they may fail to reach their God-given potential later in their lives. That's why these efforts to improve the diagnosis and treatment of children with behavioral and emotional conditions are so important. We want the best information for every parent, every doctor, every teacher -- every single person who cares for our children.

At the White House that day, we met with representatives from many of the groups working on the frontlines on behalf of our children. We talked about what more we could do to ensure that children with emotional and behavioral problems get the right

care at the right time. And we discussed many of the difficult questions, which the participants in this conference will be addressing as they help the Surgeon General develop an action plan for the future.

We asked, for example, how are we diagnosing, treating and caring for children with behavioral and emotional conditions? Do we have the best tools to make the most accurate diagnoses? When it comes to drug treatments for children, why are we seeing such great variations by community and race? And what effects do overuse and underuse of these medications have on our children? We also began to ask, why aren't we doing a better job of combining drugs, when necessary, with family therapy and other behavioral modifications? And what are the potential effects on our very youngest children who have not been tested for these prescription drugs and whose brains are in their most critical stage of development?

At this White House meeting, we announced some immediate steps to ensure that children with behavioral and emotional problems get the care they need. I am pleased that we are already making progress in meeting that goal. We know that more research is necessary to ensure that we make more informed decisions about treatments for our children. To address the gap in knowledge, we announced that NIMH would dedicate \$5 million to conduct a landmark study examining ADHD and Ritalin use in preschoolers. This five-year study, which NIMH has already begun funding, will shed much needed light on the safety and effectiveness of Ritalin in young children.

Second, we announced that the FDA would look at some common psychotropic drugs and begin determining what dosage levels are appropriate for very young children. The goal is to put this critical information right on the drug labels. But, these studies will also address the obvious ethical issues that arise when you examine the use of prescription drugs in such a vulnerable group. The FDA's Pediatric Advisory Subcommittee has already begun meeting to discuss these ethical issues, and to develop protocols for making the best diagnosis in young children. In addition, in October, the FDA and NIMH are holding a joint research meeting: "Psychopharmacology for Young Children: Clinical Needs and Research Opportunities."

Third, information about proper diagnosis and treatment of children with mental health problems has not reached many of the people who need it most -- including parents, teachers, school nurses, social workers, pediatricians and family physicians. Therefore, at our White House meeting, NIMH released a new, easy to understand fact sheet to help parents make the right decisions about their children's treatment. The American Academy of Pediatrics announced it would develop new guidelines to treat and diagnose ADHD. Since then, those treatment guidelines have been issued, and they are already giving vital assistance to health professionals everywhere.

Despite the progress already made, we know there are still many questions we must confront. We must ask whether children diagnosed with emotional and behavioral conditions are provided appropriate care in today's health care system. More specifically, are they receiving the full range of services they require? Are these services being

managed appropriately? And does insurance cover the types of services necessary to provide optimal care?

We also should look at the concerns that have been raised by physicians, patient advocates, and other experts about the extraordinary increase in marketing expenditures for a whole range of medications, including Ritalin. We need to determine whether such marketing has encouraged excessive and inappropriate use of pharmaceutical products or has been constructive in making the public more aware of available treatment options. Moreover, we need to determine the implications of the increased use of these medications in very young populations given the lack of knowledge about their long-term effects.

We need to develop long-term strategies for addressing our children's mental health needs, and your work today and tomorrow will play a large role in making that happen. With your input, the Surgeon General will develop recommendations to improve the way we diagnose, treat, and care for children with emotional disorders.

This week's conference is a very important step, but it is certainly not the last step. I look forward to your recommendations and to working with all of you to ensure that young people get the care they need to have the childhoods and futures they deserve.

THE WHITE HOUSE

WASHINGTON

October 20, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

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

CC: MELANNE VERVEER
SHIRLEY SAGAWA
LISSA MUSCATINE

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

Children and Families

Early Learning Opportunities Act: Senators Stevens and Kennedy have agreed with Representative Goodling to attach a five year authorization of S. 2866, the Early Learning Opportunities Act to the Labor-H appropriations bill. The bipartisan Early Learning Opportunities Act, introduced in July of 2000, is a direct successor to the Administration's Early Learning Fund proposed as part of the Child Care initiative in the 1998 State of the Union. This bill would allow the Secretary of HHS to award grants to States, who in turn would award grants to local collaborative early learning councils, for the purposes of improving the quality of child care and providing quality early learning opportunities to children under five year of age. This bill differs from the Administration's proposal in two major areas: 1) it authorizes funds on the discretionary side whereas the Administration proposed funds on the mandatory side and 2) the allowable uses of funds are more broadly defined and allow for grantees to use funds to provide additional child care or early learning services to more children rather than only allowing the funds to be spent on improving the quality of existing services. The concern in these two areas is that in later years this fund could compete with funding for the Child Care Development Block Grant and Head Start, particularly given that the funding can be used to provide additional child care slots. Nonetheless, your advisors feel strongly that given the desperate need for funding to improve the quality of child care and need for local flexibility to provide additional child care services for low-income families, it is important for the Administration to support this bipartisan bill. The improvement of early learning and child care quality is the last piece of unfinished business from the 1998 Child Care initiative. Your office is strongly advocating for the

Administration to support funding for this bill during the final 2001 budget negotiations on Labor-H.

Economic

Bankruptcy: On Thursday, October 12, the House took up H.R. 2415, the State Department reauthorization bill, which was a conference report awaiting action, and stripped all of its language to replace it with the Senate version of the bankruptcy bill, S. 3186. The House passed HR 2415 by voice vote, but the bill failed to incorporate a limit on homestead exemptions, a key provision that had been agreed upon in pre-conference negotiations. The bankruptcy bill was previously considered by the House on May 5, 2000, and passed 313-108. In reaction to the October 12th vote, the White House sent a letter from John Podesta to the Congressional Leadership noting that the President would veto HR 2415 both because it does not include the homestead cap and because it does not include the Schumer amendment to ensure that perpetrators of clinic violence do not escape their financial liability through loopholes in the bankruptcy law (see attached letter). Yesterday, the Senate voted unanimously to take up the House-passed version of the bankruptcy reform bill. Senator Lott has indicated that he plans to file a cloture motion to limit the debate on the bill, but he wants to time the motion so that the bankruptcy measure is the final item the Senate considers before adjourning for the year. Yesterday afternoon, Senators Wellstone, Kennedy, Boxer, and Schumer held a press conference vowing an all-out battle to prevent Senate passage and criticizing the GOP leadership for the unusual process they used to bring this bill to the Senate floor.

Women's Health

Breast and Cervical Cancer: On Thursday, the House passed (voice) H.R. 4386, the Breast and Cervical Cancer Prevention and Treatment Act of 2000. The Republican Leadership attempted to add troublesome language authored by Representative Coburn (R-OK) requiring the labeling of contraceptives regarding the effectiveness of condoms in preventing Human Papillomavirus (HPV). The provision has drawn considerable concern among public health and family planning groups as well as the Center for Disease Control. The National Breast Cancer Coalition, supporters of the underlying bill, organized opposition to this language. The Republican Leadership, fearing they would lose, abandoned Mr. Coburn's efforts and allowed a clean bill to go to the floor. It is possible that Representative Coburn will pursue his HPV provision as a rider in the Labor/HHS bill. The White House just received the Breast and Cervical Cancer bill last night, but we do not plan on holding a signing ceremony due to the heavy schedule of the President.

Violence Against Women Act/Sex Trafficking: On Wednesday, the Senate passed (95-0) the Conference Report to H.R. 3244, the Sex Trafficking Victims Protection Act. The underlying bill provides the Department of Justice with enhanced prosecutorial tools to combat, establishes an interagency task force to fight, and directs the Secretary of State to monitor and report on international sex trafficking. In addition, the Democrats, led largely by Senator Joe Biden (D-DE), were able to add the Violence Against Women Act (VAWA) to the Conference Report. This version of VAWA reauthorizes the program for another five years and provides important

protections for battered immigrants and partners in dating relationships who are victims of domestic violence. The Conference Report contains: (1) the Hatch Internet Alcohol bill, which provides a state with long-arm personal jurisdiction over out of state Internet alcohol distributors; (2) the Mack-Lautenberg Victims of International Terrorism bill, which amends the federal definition of jurisdictional immunity for a foreign state to allow a plaintiff to seek money damages against a foreign state for personal injury or death that was caused by an act of terrorism sanctioned by a foreign government; and (3) Aimee's Law, a Santorum bill which provides that if State A releases a person who was convicted of a sexual offense or murder, and that person commits a similar crime in State B, the US Attorney General must reallocate State A's criminal justice funds to State B in an amount equal to State B's cost for prosecuting and incarcerating that person. The White House received this bill last night and, while the President's schedule is tight, we are pushing for a signing ceremony for these two major legislative victories for women.

CABINET REPORT

Below are selected Cabinet Reports:

Department of Treasury

- **School Violence:** On October 15, Treasury released the Secret Service National Threat Assessment Center's (NTAC) Safe School Initiative study. The 14-month study, conducted in conjunction with DoEd and the National Institute of Justice, analyzes 37 school shootings over the past 25 years in order to obtain information about the thinking, planning, communications, and relevant behaviors of school shooters. The study is intended to assist school administrators, teachers, law enforcement professionals, and others in preventing this type of violence in schools in the future.
- **Firearms and Domestic Violence:** Treasury and ATF are developing a pilot program aimed at reducing firearms-related domestic violence. The program, to be implemented in three cities, will provide for the forfeiture of firearms retrieved from domestic violence offenders in those instances where local law enforcement has authority to seize guns when responding to a domestic violence situation, but no authority to keep and destroy them. These forfeitures are permitted under current Federal law. The pilot program will include an education outreach component to promote awareness of the role of Federal law enforcement in keeping guns out of the hands of domestic violence abusers. Treasury is working with DOJ and local law enforcement to develop this program and select pilot sites. In addition to this program, ATF is working with the Center for State Court Judges and Justices to help state judges draft protective orders that will be enforceable under the Gun Control Act to prevent domestic violence offenders from possessing guns.
- **H-1B Visa:** On October 3, the Senate voted 96-1 to pass the Hatch-Abraham H-1B visa bill, which would increase the number of H-1B visas available to 195,000 for FY2001—FY2003. Under current law, the number of H-1B visas would fall to 107,500 for FY2001 and to 65,000 for FY2002 and FY2003. The bill does not increase the current \$500 fee, since amending the bill in the Senate to increase the fee is prohibited by the Constitutional requirement that tax

measures originate in the House. However, the Administration still strongly supports an increase in fees to \$2000, with the fees going for training programs for U.S. workers, increased funding for math and science education, and improved H-1B administration. Last week, a Democratic effort to include an Administration-supported amendment granting equitable treatment to certain Central American and Haitian immigrants failed on a largely party-line vote. Treasury hopes to reach a compromise with House leaders on a bill that would increase the number of H-1B visas, increase the fee, and contain the immigrant provisions.

- **Heavily Indebted Poor Countries (HIPC):** The Annual Meetings of the World Bank and IMF closed in Prague last week with a commitment by the creditors to do everything possible to bring 20 countries into the enhanced HIPC program by the end of 2000. In the communique, the finance ministers also reiterated the importance of linking debt relief to poverty reduction and fully financing the initiative. Last week, Secretary Summers began another round of meetings with Congressional Members, including Senator Gramm and Representatives Callahan, Pelosi, Obey, and Armev, which indicates some movement closer to agreement on full funding of \$435M for bilateral and multilateral relief, as well as authorization necessary for the IMF to fund its share of HIPC. Secretary Summers will soon call Senator Gramm to outline the significant progress made on the types of reforms that Senator Gramm is seeking in return for his support for authorization of the IMF provisions of the HIPC program.

Department of Justice

- **Supreme Court ADA Case:** During the week of October 10, DOJ participated in oral arguments in a case presenting the question of whether private suits against states under the Americans with Disabilities Act (ADA) are constitutional. DOJ intervened to defend the statute. The ADA expressly abrogates the states' Eleventh Amendment immunity to private suits in Federal courts and DOJ urged the Court to affirm the Eleventh Circuit's holding that this abrogation was a proper exercise of Congress's power under the Fourteenth Amendment.
- **Violence Against Women Case:** On September 28, the Supreme Court granted DOJ certiorari in cases raising the issue whether the provision of the Violence Against Women Act of 1994 that creates a private right of action for victims of gender-motivated violence is a valid exercise of Congress's power under the Commerce Clause of the Constitution, and under the Enforcement Clause of the Fourteenth Amendment. An appellate court answered both questions in the negative.
- **DOT Affirmative Action Case:** On September 25, a Federal appeals court issued its opinion in Adarand Constructors, Inc. v. Slater upholding the constitutionality of DOT's Disadvantaged Business Enterprise (DBE) program. The case challenged the provision in the "TEA-21" statute in which Congress directs DOT to ensure that at least 10 percent of Federal highway construction funds should be spent for DBE. Following remand from the Supreme Court, the appeals court held that there was significant evidence to support Congress's decision that DBEs, which primarily include businesses owned by minorities or women, have suffered the effects of discrimination in contracting and other economic activities.

- **Puerto Rican Clemency Hearing:** The Senate Judiciary Committee had a hearing on October 7 on the decision to grant clemency to members of the FALN. DOJ's Deputy Attorney General and Pardon Attorney were invited to testify.

Department of Agriculture

- **New York:** On October 16, Secretary Glickman addressed the UN World Food Prize Millennium Laureate Award Luncheon, in New York, NY, and also addressed the Long Island Foreign Affairs Forum, in New York, NY.

Department of Health and Human Services

- **Youth Tobacco Surveillance:** CDC's *Morbidity and Mortality Weekly Report* reported that tobacco use is the single leading preventable cause of death in the U.S., accounting for approximately 430,000 deaths each year. The prevalence of cigarette smoking nationwide among high school students increased during the 1990s, peaked in 1996 and 1997, then began a gradual decline. Approximately 80 percent of tobacco users initiate use before the age of 18. The economic liability associated with tobacco use ranges from \$50B to \$73B per year in medical expenses alone. Because of these health and economic consequences, the CDC has recommended that states establish and maintain comprehensive tobacco control programs to reduce tobacco use among youth. To assist states in doing so, CDC developed the Youth Tobacco Surveillance and Evaluation System, which includes international, national, and state school-based surveys of middle-school and high-school students.
- **West Nile Virus (WNV):** On October 13, Dr. Stephen M. Ostroff from CDC, along with staff from the USDA, USGS, NPS, and EPA updated Congressional offices on WNV activity. This is one in a series of Congressional briefings on the WNV outbreak. On September 28, the New York City Department of Health announced plans to conduct a door-to-door survey of households in several neighborhoods on Staten Island to help determine the percentage of people in those areas who may have been exposed to WNV and what actions may have put those people at risk. The survey is being conducted over two to three weeks. Households will be selected at random and participation in the survey is voluntary. Participants will complete a questionnaire and provide a blood specimen. In contrast to last year's survey, this one will not be anonymous and test results will be given to survey participants. CDC is assisting NYC in conducting this survey and will provide confirmatory testing for any blood samples that test positive for WNV antibodies.
- **Nonmarital Childbearing Report:** On October 13, CDC released the chartbook, *Nonmarital Childbearing in the United States, 1940-99*. The chartbook tracks long-term and recent trends and patterns of nonmarital childbearing, with an emphasis on data for the 1990s. It also provides comparisons with other industrialized countries. The report, co-authored by staff from the National Institute on Child Health and Human Development, is based primarily on data from the National Vital Statistics System and serves as a comprehensive resource on demographic and other factors associated with nonmarital childbearing.

- **Mental Health Grants:** On October 4, HHS's Center for Mental Health Services (CMHS) recognized Mental Illness Awareness Week (October 1-7) by announcing more than \$30M in mental health services grants and contracts to communities across the country. The new grants will promote the best practices in effective parenting and family strengthening programs, fund a community assessment and intervention referral center for mental health and substance abuse services for youth and their families, and implement youth violence and suicide prevention programs in communities across the country.

Department of Housing and Urban Development

- **Gun Buyback in Newark, NJ:** The Newark, NJ, Housing Authority will reprogram \$500,000 of its FY1999 Public and Indian Housing Drug Elimination Program grant funding and will receive \$215,000 in matching funds from HUD for a total of \$715,000 for its Gun BuyBack Initiative. The Authority seeks to take approximately 500 to 1000 guns off the street in exchange for \$50 and \$150 for each gun depending on the type of weapon.
- **Housing Assistance for Low-Income Elderly:** Secretary Cuomo awarded \$597M to non-profit groups in 42 states around the country to create more than 6,500 Federally subsidized apartments for almost 8,150 low-income seniors. In addition to funding construction and rehabilitation projects to create the apartments, the HUD grants will subsidize rents on the apartments for five years so that residents will pay only 30 percent of their incomes as rent. To be eligible for the assistance a household must be classified as "very low income," which means an income less than 50 percent of the area median. Nationally, this means an income of less than \$17,570 a year.
- **High School Dropout Training Grants:** Nearly 3,000 high school dropouts between the ages of 16 and 24 will be trained this year as construction workers while building and renovating low-income housing, as a result of approximately \$40M in Youthbuild Program grants. The grants will fund 78 organizations in 34 states. The grants are expected to attract another \$28.5M from outside sources in cash and in-kind resources. The grants will fund classes to help the individuals receive high school equivalency diplomas and provide on-the-job training in homebuilding skills that will qualify them for careers as construction workers. Youthbuild participants acquire their construction skills by building and renovating single-family homes, town homes, and residential housing units. The units are then sold to low- and moderate-income families, providing much needed affordable housing.
- **Civil Rights Action:** Secretary Cuomo has announced that he has sent a ten-person team to begin the takeover of the Beaumont Housing Authority in Beaumont, TX. On September 28, a federal court issued an order permitting the takeover, which is a result of chronic violations of civil rights laws dating back several decades. The latest actions, which triggered the takeover, were uncovered by HUD in January during a review of actions taken by the Beaumont Housing Authority to address ongoing problems. Those problems included the improper sales of public housing properties; failure to use public housing fund to benefit low-income families; failure to conduct proper annual audits; and failure to keep records required to assess compliance with civil laws. Secretary Cuomo also announced the national release of \$17M in grants to groups in 57 cities to help fight against housing discrimination.

Department of Energy

- **Weatherization Day:** DOE will celebrate October 30 as Weatherization Day, in an effort to raise public awareness of the importance of weatherization in reducing the burden of utility bills on low-income households. This theme is particularly significant with the projected increase in heating oil and natural gas prices this winter. Weatherization Day will also recognize state and local agencies throughout the country for their hard work and diligence in helping more than five million families conserve energy and reduce costs for heating, cooling, and electricity. Weatherization reduced energy bills by 20 percent or more, saving each family almost \$200 annually.
- **National Laboratory Pumps Shut Down:** On September 29, after lengthy negotiations with EPA, the NY Department of Environmental Conservation, and the Suffolk County Department of Health Services, the Brooklyn National Laboratory tritium pump-and-treat system was placed on standby. This treatment system was operated in response to the High Flux Beam Reactor spent fuel pool leak detected in 1997. Brookhaven will continue to monitor the plume and treat it through other treatment systems.

Department of Education

- **Gun-Related School Expulsions Drop:** On October 4, the *Associated Press* reported that DOEd's report, *Gun-Free Schools Act Data -- 1998-1999 School Year*, found that the number of expulsions is down four percent from 3,658 the previous school year. The report, which gathers data for the 1998-1999 school year concerning reported school district compliance with the Gun-Free Schools Act, also found that more than half of the expulsions occurred in high schools, a third in junior high schools, and a tenth in elementary schools.

Office of Personnel Management

- **Children's Health Equity Legislation:** On September 27, the Senate Governmental Affairs Committee reported the Children's Health Benefits Equity Act, a bill that authorizes Federal agencies to enroll an employee in family health insurance coverage if such action is necessary to enforce compliance with a court order requiring the employee to provide such coverage for a child. On the Administration's behalf, Senator Levin introduced this OPM-drafted bill as a companion measure to the House version, which passed the House on September 19. The Senate is expected to consider the bill soon.

THE WHITE HOUSE
WASHINGTON

September 29, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: HEATHER HOWARD ^{WST}

CC: MELANNE VERVEER
SHIRLEY SAGAWA
LISSA MUSCATINE
ANN O'LEARY

SUBJECT: RU-486

Attached please find guidance from the FDA and HHS on yesterday's RU-486 (mifepristone) decision. You asked whether the restrictions imposed by the FDA were comparable to those women face in Europe. Although the restrictions vary by country and health care system, I am told by advocates that they are comparable. For example, like the FDA plan, many countries require three visits to the physician's office.

Medicaid Coverage

Medicaid coverage of mifepristone should be similar to Medicaid coverage of surgical abortions. Thus, in the 16 states that cover abortion with their own state Medicaid funds (California, Connecticut, Hawaii, Idaho, Illinois, Maryland, Massachusetts, Minnesota, Montana, New Jersey, New Mexico, New York, Oregon, Vermont, Washington, and West Virginia), mifepristone should be covered, but in the other states, Medicaid would only cover under Hyde amendment situations: in case of rape or incest or life endangerment. HHS is currently in the process of determining whether to classify mifepristone a physician service or a drug.

Legal and Legislative Responses to the Decision

Opponents of mifepristone will respond in two ways to the decision. First, they have suggested they will sue the FDA, arguing that the approval process was flawed and political. If there is a more sympathetic FDA commissioner, they may also wait until women have been using the drug and sue on behalf of women who claim they were injured by it, and ask the FDA to reconsider the safety and efficacy.

Second, opponents are already contemplating a legislative response. Rep. Tom Coburn, who for the last three years has led the unsuccessful fight to prevent the FDA from approving mifepristone through Agriculture Appropriations riders, is planning to introduce legislation that would sharply curtail access to the drug. His proposed legislation would impose the following "patient protections:"

- 1) Only licensed physicians could distribute mifepristone. (Under the FDA plan, mid-level providers such as nurse-practitioners could dispense mifepristone under physician supervision, as allowed by state law.)

- 2) The physician must be trained and authorized by law to provide surgical abortions. This is clearly intended to limit the pool of providers.
- 3) The physician must be certified to provide ultrasound. Again, this would limit the pool of possible providers.
- 4) Distributing physicians must be certified to provide mifepristone through a curriculum approved by the FDA. This would require physicians to go through an FDA training program– creating hurdles for doctors and probably discouraging them from providing mifepristone.

Rep. Coburn, who is retiring this year, may try to attach these restrictions to an appropriations bill before the end of the session. The Republican leadership may prevent him, however, in order to keep the appropriations bills moving.

THE WHITE HOUSE
WASHINGTON

October 6, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: ANN O'LEARY A.O.L.
HEATHER HOWARD Htt
ERIC MORSE Em

CC: MELANNE VERVEER
SHIRLEY SAGAWA
LISSA MUSCATINE

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

Women's Health

- **Breast and Cervical Cancer Treatment Act:** As you know, H.R. 4386 passed the House overwhelmingly on May 9, 2000 (421-1). This legislation is similar to a proposal included in the Administration's budget except for a few provisions: 1) the House version contained an enhanced Medicaid match of 75/25 (the Administration's budget did not include any enhanced match), a one year delayed enactment date, and troublesome language inserted by Rep. Tom Coburn regarding the human papillomavirus (HPV). The HPV provision, which is opposed by family planning and public health groups, would require that condom labels contain a warning statement that condoms do not protect against HPV and that HPV can cause cervical cancer.

On October 4, 2000, the Senate took up the House bill (H.R. 4386), struck the language, and inserted the Senate provisions. H.R. 4386, with the Senate provisions, then passed the Senate by unanimous consent and was sent back to the House. The Senate provisions differ from the House bill in several ways: 1) it contains the CHIP enhanced match. Thus, instead of 72/25, the match ranges from 65-82%/35-18% (this match is more favorable to poorer states, but slightly less favorable to those states with lower Medicaid match rates); 2) the Senate bill has an immediate enactment date; and 3) the Senate bill does not have the troublesome HPV language. The National Breast Cancer Coalition (NBCC) generally likes the Senate bill better, because of the immediate enactment date and the lack of the HPV language. Although they originally pushed for the 75/25 match, they are comfortable with the CHIP match because their number one priority has been to secure an enhanced match, which would encourage states to adopt the

program, and the CHIP match is still a very favorable match. NBCC wants to get this bill enacted as soon as possible so that it does not get caught up in the legislative end game. Thus, NBCC wants to avoid having to conference the House and Senate bills, and is pushing hard to have the House take up the Senate-passed bill as soon as possible and send it to the President for his signature. Yesterday, the President spoke to Speaker Hastert, who said the House would take it up immediately, but no plans have yet been made for floor consideration.

- **Violence Against Women Act (VAWA):** On September 26, 2000, a day after the President highlighted the importance of reauthorizing VAWA at an event in New Mexico, the House overwhelmingly passed VAWA (415-3). Because it was clear that Lott would not allow VAWA to go to the floor in the Senate for a freestanding vote, and might even try to attach it to an objectionable bill, supporters pursued the strategy of adding it to the Sexual Trafficking bill, which has been in conference committee. Yesterday the conferees agreed to add VAWA to Trafficking, and the conference report was filed in the House. It is expected to be taken up in the House today and in the Senate either today or early next week.

HIV/AIDS

- **Ryan White Reauthorization:** Yesterday, the House and Senate reauthorized the Ryan White CARE Act for the next five years, providing more than \$1.5 billion for Americans living with HIV and AIDS. The CARE Act has served as the primary source of medical care and support services to people living with HIV and AIDS in the U.S. since 1991. The reauthorization will expand access to essential services, by creating a stronger link with prevention activities, and works to reduce disparities in care provided to historically underserved groups, including women, children, and racial and ethnic minorities. In addition, the legislation will improve the quality of services through new performance measurement activities. The bill also includes a new supplemental grant program to target funds to additional cities with emerging HIV/AIDS epidemics, and allows States greater flexibility in the use of pharmaceutical funds to increase the number of people receiving access to appropriate and effective, life-saving drug regimens.

Children and Youth

- **Intercountry Adoption Act of 2000:** Last week, the House and Senate both passed the Intercountry Adoption Act by unanimous consent and the President plans to sign the bill today in a small signing ceremony in the Oval Office. The Intercountry Adoption Act of 2000 ratifies the Hague Convention on Intercountry Adoption and provides for the implementation of the treaty by agreeing to provide a central authority, the State Department's Office of Children's Issues, to supervise intercountry adoptions for the United States. This important bipartisan bill will enhance protection for internationally adopted children, as well as their birth parents and adopted parents. Last year alone, more than 16,000 children were adopted internationally by U.S. citizens. This number has been increasing in recent years and the trend is expected to continue upward. The Intercountry Adoption Act will provide the needed protection for children and parents in international adoptions.

Background: On May 29, 1993 the United States and 65 other countries came together to negotiate and sign the Hague Convention on Protection of Children and Co-operation in Respect of Intercountry Adoption. This convention was in response to abuses in the intercountry adoption process, including illegal child trafficking.

- **Reauthorization of the Corporation for National Service:** The Corporation for National Service reauthorization bill, S. 2794, was marked-up and passed out of the Senate HELP Committee on Friday, July 21, 2000. Currently, there is an effort to try to get the bill passed in the Senate by unanimous consent and sent to the House to be considered under suspension of rules. The governors are actively supporting and pushing for the reauthorization of the national service bill. Governor Racicot of Montana, who serves on the Board of the Corporation for National Service, spearheaded an effort to have all governors sign a letter to the Congressional Leadership calling for the reauthorization of the Corporation for National Service. Last week, he released the letter with signatures from 49 governors, including Governor George W. Bush of Texas (Governor Owens of Colorado was the only governor not to sign). In addition to this letter, the Corporation for National Service has commissioned an independent study showing that AmeriCorps reading tutors have been effective in helping children improve their reading skills. The President plans to highlight the governors' letter and the reading study as part of a large AmeriCorps rally in Philadelphia next week where he will urge Congress to get the reauthorization done. In addition, today the President spoke with Speaker Hastert and asked for his help. He also plans to call Senator Lott to do the same.

CABINET REPORT

Below are selected Cabinet Reports:

Department of Treasury

- **HIPC:** On September 24 and 25, at the Annual Meetings of the IMF and the World Bank in Prague, the G-7 and the international financial community took stock of the enhanced Heavily Indebted Poor Countries (HIPC) debt relief initiative. Ten countries have received debt relief thus far under the Initiative, and as many as ten more countries are expected to begin receiving debt relief by the end of the year. It was noted that for debt relief to be effective, the implementation of successful economic and social reform is imperative. Most countries reiterated the importance, mainly aimed at the U.S., of fully financing the HIPC initiative. Without a significant U.S. contribution, it is likely that the HIPC initiative will come to a halt late this year or early next year.

Department of Justice

- **Illegal Alien Smuggling:** On September 20, a Manhattan immigration lawyer and five other defendants were charged with participating in a racketeering enterprise that aided alien smugglers in bringing illegal Chinese aliens into the U.S., typically by filing fraudulent applications for political asylum. The government is seeking forfeiture of \$13.5M, the alleged illicit proceeds of the law firm's criminal activities. The Chinese aliens, who could not otherwise lawfully enter the country, paid the smugglers approximately \$50,000 in return for passage.

- **Organized Crime Figures Charged:** On September 6, an indictment was unsealed charging six defendants, including the three members of the Luchese Organized Crime Family's "Construction Panel," in connection with criminal activities of the Luchese Family in the NYC construction industry. The charges in the six-count indictment include conspiracy to commit extortion, wire fraud, and loan sharking. The Construction Panel's purpose was to oversee family interests in the NYC construction industry since at least the mid-1990s. The indictment also alleges that two others assisted the Construction Panel in the supervision of the illicit labor peace arrangements and extortionate demands in the construction industry.

Department of Interior

- **West Nile Virus (WNV):** USGS has expressed concern that the WNV outbreak area may spread along Atlantic and Gulf coast states as millions of migratory birds move south this fall and winter. Not only have more wild bird species tested positive for the virus this year, but the outbreak is much more geographically widespread than last year. WNV has been isolated from 48 species of birds, including 42 free-ranging species. In addition to birds, three bat species have tested positive for the virus in the New York City area. Should the virus move southward to states where mosquitoes are active all year, it could dramatically change the impact of the virus. The current outbreak area is about 500 miles wide, extending from NY's Canadian border to southern NJ. MD officials recently reported their first cases of the year from birds found in Howard and Baltimore counties.

Department of Agriculture

- **Distance Learning and Telemedicine Funds:** USDA is prepared to announce over \$18M in loans and grants for 84 Distance Learning and Telemedicine projects in 34 states. Under the program, high quality education and health care are made available to rural residents through improved communications technology. Since its inception in 1993, the program has provided over \$83M for more than 300 projects in rural areas of 44 states and two U.S. territories, benefiting over 1,000 rural schools and libraries, and over 800 hospitals and health-care facilities. This amount has also leveraged tens of millions of dollars in state, local, and private dollars. The new loans and grants to be announced will bring new educational opportunities to over 65,000 K-12 students, while the telemedicine funding will be used for new communications technologies helping patients in 37 rural health clinics to be examined, diagnosed, and treated by doctors working in distant medical centers.

Department of Health and Human Services

- **Racial and Ethnic Health Disparities:** On October 6, the Inaugural Meeting of the Steering Committee to Eliminate Racial and Ethnic Disparities in Health will be held at the White House. The purpose of the meeting is to issue a "Call to the Nation to Eliminate Racial and Ethnic Disparities in Health," and to establish a national, broad-based coalition to develop and implement a national strategy to eliminate these disparities.

- **Graduate Medical Education:** This week, HHS's Health Resources and Services Administration expects to announce \$40M in grants to children's teaching hospitals.
- **State Planning Grants:** On September 22, HHS announced that eleven states have received one-year Federal grants totaling \$13.6M to develop plans for providing their uninsured citizens access to affordable health insurance. Under the new State Planning Grants program, administered by HHS's Health Resources and Services Administration, grantees from state agencies first will conduct studies to better identify the characteristics of uninsured citizens. The grantees -- AR, DE, IL, IA, KS, MA, MN, NH, OR, VT, and WI -- will then use that data to determine the most effective methods to provide high-quality, affordable health insurance similar to plans that cover government employees or other benchmark plans.
- **HIV Prevention Report:** On September 27, HHS's Institute of Medicine (IOM) released a report that provides an assessment of current, multi-sectorial HIV prevention activities in the U.S., the role of the media, and the involvement of the medical community and other social organizations, such as schools and faith communities. The IOM will develop a national vision for HIV prevention in the next five years consistent with advances in biomedical and behavioral sciences.
- **Child Care Research Grants:** During the week of September 25, Secretary Shalala announced \$10M in FY2000 discretionary grants and contracts for childcare research to develop critically needed information on childcare and its effects on child development and family well being. This new research will help develop innovative strategies to meet the needs of low-income families struggling to afford quality care for their children.
- **Early Head Start Grants:** On September 19, Secretary Shalala announced \$42M in Early Head Start grants to provide comprehensive child development and family support services to low-income families with pregnant women and children under three. Grants were made to 110 recipients, adding 5,000 new children to the Early Head Start program. With the awarding of these grants, 44,000 children will be served by Early Head Start. The programs will provide services that create an environment that builds upon and responds to the unique strengths and needs of each child and family, including: high quality early education, home visits, parent education, comprehensive health services, nutrition, and ongoing support to parents through case management and peer support groups.
- **Antibacterial Drug Products:** During the week of September 18, FDA published a proposal to require additional labeling information about emerging drug-resistant bacteria. The proposal reflects a growing concern that over-prescription and other inappropriate use of antibacterial drug products has contributed to a dramatic increase in drug-resistant bacterial infections. The proposal encourages doctors to prescribe these products more judiciously and only when clinically necessary. It also encourages physicians to counsel patients about proper use and the importance of taking these products exactly as directed.

Department of Energy

- **Gasoline Prices Down, Stocks Up:** Gasoline spot and futures prices dropped sharply on September 25 largely due to a rapid decline in crude oil prices before and after the DOE's announcement of a 30-million-barrel crude oil release from the Strategic Petroleum Reserve. The swap will add crude oil to U.S. markets in October and November, for repayment at a later date, and is expected to help relieve concerns over heating oil supplies this winter. The U.S. average retail price for regular gasoline fell for the first time since mid-August, dropping 1.4 cents to 154.8 cents per gallon as of September 25. The average stands 28.6 cents per gallon higher than a year ago. Price changes were mixed across regions and formulations, with significant decreases in the Midwest. Total motor gasoline stocks rose 3.0 million barrels on September 22 to 190.6 million barrels. Stocks of reformulated gasoline increased 2.4 million barrels to 39.7 million barrels as stocks of other finished gasoline were up 1.1 million barrels to 108.5 million barrels.

Department of Housing and Urban Development

- **Healthy Hospitals Plan:** Secretary Cuomo unveiled two initiatives at a conference of hospital executives in NY that will provide hospitals more than \$1B in savings and new working capital over the next five years. The HUD Healthy Hospitals Plan will permit hospitals throughout the country to realize significant savings of more than \$850M over the next five years through HUD-insured mortgage refinancings. It will allow hospitals already insured by HUD to reduce excess mortgage reserves, estimated at about \$165M.
- **Section 8:** Secretary Cuomo has unveiled a new program that makes the dream of homeownership achievable for more than one million working families now receiving HUD Section 8 rental assistance vouchers. Under the program, Section 8 rental assistance vouchers can be used to purchase homes. The new homeowner program reflects years of work by the Administration, and the program received favorable marks when it was tested last fall in more than a dozen locations. Once the program goes into effect in October, vouchers may be used to purchase a new home, an existing single-family home, a home under construction, or shares in a cooperative. The nation's 2,700 public housing agencies oversee the program.

Department of Education

- **Student Loan Default Rates:** This week, the President announced that the national student loan default rate is 6.9 percent—the lowest rate ever and one-third the 22.4 percent rate when he took office. Lower default rates and better loan collections have saved taxpayers more than \$14 billion since the start of this Administration. In addition, other student loan reforms have saved taxpayers \$4 billion and students \$9 billion, for a total of \$27 billion in savings since 1993.
- **Charter Schools Report:** DOE will soon release the report, *Charter Schools and Student Achievement*, which provides case studies of 32 charter schools with particular emphasis on student achievement.

- **School-to-Work Conference:** On October 10-13, DOEd will host a school-to-work conference in Washington, DC, to recognize accomplishments, motivate participants to persist with successful practices, and continue to innovate, foster networking, and shape the future school-to work agenda.
- **Math and Science Report:** On September 27, the National Commission on Mathematics and Science Teaching for the 21st Century (Glenn Commission) submitted its final report to Secretary Riley at a press conference in Washington, DC. The yearlong Commission was charged with developing a strategy to raise the quality of mathematics and science teaching.
- **Gun-Free Schools Report:** DOEd will soon release the report, *Gun-Free Schools Act Data - 1998-1999 School Year*, which gathers data for the 1998-1999 school year concerning reported school district compliance with the Gun-Free Schools Act.

LEGISLATIVE CALENDAR

House of Representatives

- **Labor-HHS Appropriations:** On Tuesday, September 19th, the House passed (250-170) a Coburn (R-OK) motion to instruct the conferees on H.R. 4577, the FY 2001 Labor-HHS-Education Appropriations Act, to adopt Senate language prohibiting the distribution of emergency contraception on the premises or in the facilities of any elementary or secondary school.

On Wednesday, the House passed by voice an Obey (D-MI) motion to instruct, requiring that the conferees insist on the highest funding level possible for the Department of Education, and by 222-201 a second Obey motion requiring the conferees to restore the President's \$3 billion request for funding to reduce class size and provide for school construction.

- **Marriage Penalty:** In its second veto override attempt in two weeks, the House sustained the President's veto of H.R. 4810, the Marriage Penalty Tax Relief Act (270-158). Five Democrats (Abercrombie (HI), Blagojevich (IL), Clyburn (SC) Kaptur (OH) and Thompson (MS)) switched their votes to sustain the President's veto.

- **Hate Crimes:** On Wednesday, September 13th, the House passed (232-192) a Conyers (D-MI) motion to instruct conferees on H.R. 4205, the FY 2001 National Defense Authorization Act. The non-binding resolution urges conferees to accept the Senate-passed language on hate crimes (41 Republicans joined 191 Democrats to support the motion). A Graham (R-SC) motion implying that the Hate Crimes Protection Act is unconstitutional was defeated, 196-227.

- **Sexual Trafficking:** The House is scheduled to consider the Conference Report to H.R. 3244, the Sexual Trafficking Victims Protection Act today (which includes VAWA, Amy's Law, provisions to aid victims of terrorism, recover judgements against countries that sponsor terrorism, and a ban on the internet sale of alcohol).

United States Senate

- **China PNTR:** On Tuesday, September 26th, the Senate passed (83-15) H.R. 4444, the China PNTR Act. Senators Bunning (R-KY), Byrd (D-WV), Campbell (R-CO), Feingold (D-WI), Helms (R-NC), Hollings (D-SC), Hutchinson (R-AK), Inhofe (R-OK), Jeffords (R-VT), Mikulski (D-MD), Reid (D-NV), Sarbanes (D-MD), Smith (R-NH), Specter (R-PA), and Wellstone (D-MN) voted against the bill. A signing ceremony will take place on Thursday, Oct 28th.
- **H-1B Visas:** On Tuesday October 3 the Senate resumed consideration of S. 2045, H-1B Visa legislation, and passed the bill, 96-1. Senator Hollings (D-SC) voted against the bill. Senators Feinstein (D-CA), Kennedy (D-MA), and Lieberman (D-CT) did not vote.

THE WHITE HOUSE

WASHINGTON

August 23, 2000

MEMORANDUM TO HILLARY RODHAM CLINTON

**FROM: ANN O'LEARY
 HEATHER HOWARD
 ERIC MORSE**

SUBJECT: BRIEFING FOR THURSDAY AUGUST 23, 2000

The following is your briefing for tomorrow's events:

- I. Atlanta Reception**
 - a. Briefing
 - b. General Reception Attendees
 - c. Desert Reception Guests

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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]

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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]

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.

THE WHITE HOUSE

WASHINGTON

August 23, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

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

CC: MELANNE VERVEER
SHIRLEY SAGAWA
LISSA MUSCATINE

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

- **Workforce Investment Act:** On August 11th, the President called on Congress to fully fund the Workforce Investment Act (WIA). This initiative was first proposed in 1992 and the President signed the legislation in 1998 as a way to streamline and bring greater accountability to our nation's job training system. As a result of WIA's reforms, states now have established 1,200 One-Stop Career Centers to provide job seekers and employers in each community with a single customer-focused point of entry to a wide range of employment services. WIA provides broad access to employment opportunities, often for people with disabilities or others who have been excluded. Current proposed Congressional funding for workforce development programs falls short of the amount needed both by American businesses to meet the growing demand for skilled workers and by working families to gain access to lifelong learning.
- **CDC Birth Report:** CDC recently released a report showing that the teen birth rate is down 20 percent from the most recent high in 1991. The report also found a drop in the number of births to unmarried teens and record high levels of women getting early prenatal care. During the 1990's, teen birth rates declined for white, black, American Indian, Asian or Pacific Islander and Hispanic women aged 15-19, with the largest decline a 30-percent drop for black teens. Hispanic teens reported the smallest decline of 13-percent. Between 1998 and 1999, the sharpest decline (six percent) was for American Indian teenagers followed closely by a five-percent drop for black teens. The drop in teen births was more pronounced for young teens 15-17, who registered a decline of six percent between 1998 and 1999. In addition, the number of births for the youngest teenage group, ages 10-14, dropped by four percent to just over 9,000 births, the lowest level in 30 years. Birth rates for women in their thirties and forties continued their increase. The report also shows that prenatal care continues to improve, with a slight increase in

the percent of women who received early prenatal care, up from 82.8 percent in 1998 to 83.2 percent in 1999. This measure of prenatal care has shown steady progress during the 1990's, rising 10 percent since 1989.

• **Child Care Report:** Today, Public Agenda released a new report entitled, "Necessary Compromises: How Parents, Employers and Children's Advocates View Child Care Today." Unfortunately, the report frames the child care debate along the tired lines of stay-at-home moms v. working mothers rather than focusing on providing parents with a range of good choices from staying at home to accessing quality, affordable child care while they are at work. The report, focused on parents of very young children, is centered on one of their major findings – that twice as many mothers would prefer to have policy makers make it easier for them to stay at home with their children rather than make professional child care more affordable.

The major findings include:

- (1) Parent's Responsibility – 60 percent of parents say its the responsibility of parents to make sure they have child care not the government's or their employer's responsibility.
- (2) Parents at home – 70 percent of parents say that the "best" arrangement for the care of their young children is to have one parent at home full-time.
- (3) Professional Child Care – Parents are most worried about the quality of child care rather than the affordability. Parents were most concerned that children could suffer abuse in child care centers.
- (4) Positive aspects of child care outside the home – Parents did recognize the value of high-quality child care. In fact, 60 percent thought that child care centers did a good job of teaching children the basics, such as their ABCs and their colors. Parents and child care advocates agreed that low-income children need child care to help them get ready for school.
- (5) Recognition that staying at home is not an option for many parents – 68 percent of parents saw staying at home as an unrealistic option.
- (6) Policy recommendations: (a) given an either/or scenario, parents would rather have a tax break for one parent who stays at home rather than a tax break for two-working parents using child care (b) improving the quality of child care should be a top priority so that child care is a safe and realistic option (c) parents support helping those who most need it - Head Start funding has strong support, as does after-school funding.
- (7) Employer support for childcare – Parents were split on whether employers have an obligation to help parents balance work and family, but did have concrete suggestions on how employers could help: employers could provide on-site child care (73 percent support) and employers could give employees up to 6 months paid parental leave (61 percent support); most employers (61 percent) thought that they were already doing the best they could.

We have offered the following guidance for response to the report: Parents are the most important people in a child's life and should have the tools to make the best decisions for the care of their children. Government can support parents by ensuring that all parents have real options. That is why the Clinton-Gore Administration has fought for expanding the Child and Dependent Care Tax Credit to reach more working families and to offer stay-at-home parents a tax break to

care for their young children. It is also why the Clinton-Gore Administration has more than doubled funding for flexible child care subsidies that allow working parents to choose the best option for their child - whether it is family care or center-based care. This Administration has also nearly doubled investment in Head Start to ensure that more and more of our most disadvantaged children have the opportunity to receive quality child care and started Early Head Start to reach our youngest children.

- **HHS Report on Child Welfare Outcomes:** Earlier this month, Secretary Shalala released a new report showing that fewer children are in the child welfare system today than at the start of the Clinton Administration. The report – compiling national and state data on children who are abused and neglected, in foster care, adopted, or waiting to be adopted – showed positive signs with fewer incidence of child abuse and neglect and an increase in the number of adoptions. The data collected for the report and required by the Adoption and Safe Families Act that the President signed in 1997, will be used to hold states accountable for services to at-risk children. Specifically, data will be used for a new monitoring process that will subject states to tough new penalties if they fail to protect children adequately. Measures used for monitoring include: recurrence of child abuse and neglect, incidence of child abuse and neglect in foster care, time to reunification, re-entries into foster care, time in foster care to adoption, and stability of foster care placements. The *New York Times*, reported that this data demonstrated a stark contrast to the prediction of child advocates at the time of the welfare reform debate who believed that the pressures of moving welfare to work would drive up child abuse and increase the number of children entering foster care (see attached article). The Urban Institute is expected to release a report later this year regarding the impact of welfare changes on children and families, but initial indicators suggest that children have not been negatively impacted.

- **Paid Leave:** At the end of July, prior to end of the final legislative cycle in Massachusetts, their State Legislature passed a supplemental budget that included a pilot program for allowing unemployment insurance to be used to provide paid leave after the birth or adoption of a child. Massachusetts is the first state to pass such a proposal. This pilot program, approved as a two-year pilot, would allow parents caring for an infant or newly adopted child to collect up to 12 weeks of unemployment benefits. The estimate cost of the Massachusetts proposal is between \$30 million and \$40 million annually and it is estimated to provide qualifying working parents with benefits checks of \$431 a week for 12 weeks. Unfortunately, Governor Celluci vetoed this important legislation today through his power to issue line-item vetoes. In vetoing the legislation, Celluci indicated his willingness to support paid leave as long as it was not through the unemployment insurance system. He sent the bill back to the legislature with an amendment that would provide a 50 percent tax credit to employers who willingly provide their employees with paid leave after the birth or adoption of a child; thus, shifting the funding source from the UI system directly to the employer. This tax credit is estimated to cost \$30 million.

- **World Health Organization Conference on Tobacco:** On August 9th in Chicago, the American Cancer Society, American Medical Association, Robert Wood Johnson Foundation, and the World Health Organization (WHO) hosted the 11th World Conference on Tobacco and Health. Secretary Shalala addressed the conference. Conference attendees received a

presidential message congratulating them on their commitment to tobacco control and highlighting the Administration's accomplishments and FY 2001 initiatives. DPC also prepared for a meeting of the WHO in Geneva this October, where negotiations will begin on the framework convention on tobacco control, the first international health treaty sought by the WHO. Additionally, at the conference, the Surgeon General Dr. David Satcher outlined several key actions to reduce tobacco use including: Implementing effective school-based programs, combined with community and media-based activities, which can prevent or postpone smoking onset in 20-40 percent of U.S. adolescents. Changing physician behavior, medical system procedures, and insurance coverage to encourage widespread use of state-of-the-art treatment of nicotine addiction. Passing and enforcing strong clean indoor air regulations. Improving tobacco warning labels in the U.S. Increasing tobacco prices and excise taxes. Changing many facets of the social environment to reduce the broad cultural acceptability of tobacco use. The Administration is committed to securing a strong, effective, ratifiable agreement that helps national governments take coordinated steps to reduce the harmful effects of tobacco use.

- **Welfare Reform:** Yesterday, the President announced that welfare rolls are just half of what they were four years ago and, of those remaining on welfare, nearly five times as many are working than when he took office. The Administration also transmitted a report to Congress showing that for the third year in a row, all states subject to the welfare reform law's overall work requirements, met them (see attached executive summary and state-by-state tables). The percentage of Americans on welfare has fallen from 5.5 percent in 1993 to 2.3 percent in 1999 and is now at its lowest level since 1965. The welfare rolls have fallen from 14.1 million in January 1993 to 6.3 million in December 1999 – a drop of 56 percent, or 7.8 million. Nearly three-quarters of this overall decline has occurred since the welfare reform law was enacted, with 1999 caseloads roughly half of what they were in 1996.

- **National Women's Law Center Report Card on Women's Health.** Yesterday, the Law Center released "Making the Grade on Women's Health," a national and state report card on women's health. (A copy is attached.) The report card establishes a comprehensive series of benchmarks for assessing women's health -- 32 health status indicators and 32 health policy indicators. The report card ranks the states based on the health status of women (no state received a grade of "Satisfactory" and eight states and D.C. received failing grades), and the nation overall was given an "Unsatisfactory." For example, the nation received an Unsatisfactory for the percentage of women receiving first trimester prenatal care (81.9%) the percentage of women receiving key screenings (pap smears: 84.9%; colorectal cancer: 37.7%), the infant mortality rate (7.6 per 1,000), and life expectancy (78.81). The nation received Failing grades for the percentage of women without health insurance (14%), the percentage of women in poverty (13.3%), the percentage of women in counties without abortion providers (32%), the percentage of pregnancies that are unintended (49.2%), the maternal mortality ratio (7.7 per 100,000) and the percentage of women who are overweight (31.4%), smoke (20.8%), have high blood pressure (23.6%), have diabetes (5.3%), or osteoporosis (20%). Of the states, Texas was ranked last in the number of women without health insurance (28%), compared to top-ranked Hawaii (7.5%). Life expectancy is 81.3 years for a woman living in top-ranked Hawaii, and only 76.9 for bottom-ranked Louisiana. In addition, the report found that fewer than half the states require private insurers to cover Pap smears and cervical cancer screening, and only four states require mental health parity.

The report emphasizes the need to expand access to health insurance, place a stronger emphasis on prevention, and invest in more research. Although the report unfortunately does not credit the Administration for its significant accomplishments on women's health, many of the indicators on which the report grades the states are the areas in which the Administration has achieved successes: expanding health coverage (through Kennedy-Kassebaum and CHIP), enacting mental health parity, enacting legislation to ban drive-through deliveries, and providing contraceptive coverage (for federal employees). In fact, the report card's national policy agenda reads like the Administration's health care agenda: the need for prescription drug coverage and managed care patient protections, the importance of providing long-term care and increased access to coverage, and the value of expanded family and medical leave.

Also attached is a women's health accomplishments document from the Office on Women's Health at HHS.

- **New Guidelines for Stem Cell Research.** The final version of guidelines governing human stem cell research was released today. As you know, Stem cells are cells that have the potential to form a wide variety of cell types and are candidates for treating or even curing almost any medical condition that requires replacement of missing or defective cells. Included in the list of such conditions are Parkinson's disease, Alzheimer's, diabetes, stroke, arthritis, multiple sclerosis, spinal cord injury, burns, and heart disease. Stem cell research is controversial because the cells are derived from embryos, which are destroyed in the process. Appropriations language prohibits NIH funding for any research that would harm or destroy embryos. The HHS General Counsel has determined that Federal funds may be used to support research in which stem cells are used, provided that the actual derivation is conducted *without* public funds.

The NIH Guidelines prescribe the conditions under which NIH can ensure that stem cell research is conducted in an ethical and legal manner. NIH will require investigators to document that the cells were obtained from frozen embryos that were created for the purpose of fertility treatment and were in excess of clinical need. Embryos may not be created for research purposes, in accordance with the President's 1994 ban. Informed consent of embryo donors must be obtained, with a clear separation between the fertility treatment and the decision to donate embryos for research. Donors may not be induced to donate for financial rewards or to procure treatment for a potential stem cell recipient. The new guidelines have already drawn a strong reaction from anti-abortion groups, and there will likely be a fight in the House and Senate over the new rules during consideration of the Labor-HHS conference report or during an omnibus appropriations bill.

CABINET UPDATE

Below are selected Cabinet reports:

Department of Justice

- **Campaign Finance Case:** On August 3, the DOJ filed a *certiorari* petition in a case presenting the issue of whether a political party has a First Amendment right to make unlimited

campaign expenditures in coordination with the party's congressional candidates, notwithstanding the limits on such coordinated expenditures imposed by the Federal Election Campaign act of 1971. The case arises out of an FEC enforcement action against the Colorado Republican Campaign Committee, the gravamen of which was that the Committee's payment for an advertisement attacking the voting record of a candidate for the Democratic nomination to the Senate was an "expenditure" within the meaning of FECA. The committee contested the enforcement action, and asserted in a counterclaim that FECA violates the First Amendment.

- **Americans with Disabilities Act (ADA):** On August 11, the Office of the Solicitor General filed a brief defending the constitutionality of private suits against States under the ADA. The ADA expressly abrogates the States' Eleventh Amendment immunity to private suits in Federal courts and the brief urges the Court to affirm the Eleventh Circuit's holding that this abrogation was a proper exercise of Congress's power under Section 5 of the Fourteenth Amendment. The brief highlights that Congress exhaustively studied the history of discrimination against persons with disabilities and found enduring discrimination by state and local governments in employment, education, voting, public transportation, law enforcement, institutionalization, and many other public services.

Department of Treasury

- **Heavily Indebted Poor Countries (HIPC):** As the President departs for Africa, more countries are moving forward in the HIPC process. During the week of August 21, the Executive Boards of the World Bank and IMF will have preliminary discussions on Malawi's eligibility for HIPC debt reduction. In addition, the Boards are scheduled to make a decision on the start of enhanced HIPC debt reduction for Mali in early September. Mali would represent the eighth African country, and the tenth overall, to qualify for enhanced HIPC debt reduction this year. As many as six to eight additional African countries could qualify before the end of the year, including Rwanda, Guinea, and Cameroon.

Department of Health and Human Services

- **Covering Kids:** On August 8th, Secretary Shalala spoke at the Robert Wood Johnson Foundation's Covering Kids public education campaign event kicking-off the back-to-school health-care coverage enrollment effort. Secretary Shalala also appeared on *Fox Morning News* and MSNBC to highlight the education campaign.
- **West Nile Virus (WNV):** From July 1 to August 7, avian morbidity and mortality surveillance has identified 188 WNV-infected birds from 34 counties in four northeastern states. WNV also has been detected in 38 mosquito pools collected in NY and one mosquito pool from Fairfield County, CT. A cooperative effort between USGS, CDC, and Federal, State and local government agencies in the 19 surveillance jurisdictions has resulted in the production of interactive, web-based maps to track the spread of WNV. These maps, with data from the WNV surveillance system, are updated weekly on the USGS website.
- **Health Disparities Grants:** In late August, HHS will issue a press release to announce the funding of ten new health disparities research projects. Project titles include: Access and

Quality of Care for Vulnerable Black Population; Understanding and Reducing Native Elderly Health Disparities; and Improving the Delivery of Effective Care to Minorities.

- **Findings on Drug Abuse:** During the week of August 28, HHS's Substance Abuse and Mental Health Services Administration released the findings from the 1999 National Household Survey on Drug Abuse. This annual report provides national estimates of rates of use, number of users, and other measures of illicit drugs, alcohol, cigarettes and other forms of tobacco by the population twelve years and older. The report includes national estimates on the trends in the new use of substances and the extent of drug dependence and drug treatment in the country. For the first time the report also contains estimates of illicit drug, alcohol and cigarette use by age group and by state. SAMHSA also plans to release findings from the 1999 Drug Abuse Warning Network (DAWN) survey of hospital emergency departments. The survey provides data on emergency department visits that are induced by or related to the use of an illegal drug or the non-medical use of a legal drug.

- **Elderly Health Report:** On August 10, the Interagency Forum on Aging-Related Statistics (Forum) released its first report on the status of the Nation's older population, entitled *Older Americans 2000: Key indicators of Well-Being*. The report presents 31 indicators on important aspects of the lives of older Americans and their families, grouped in five broad areas (population, economics, health status, health risks and behavior, and health care). *Older Americans 2000* is the first in a continuing series planned by the Forum. It is modeled after the highly acclaimed *America's Children: Key National Indicators of Well-Being reports*. The report indicates that older Americans are living longer and enjoying greater prosperity than any previous generation. Despite these advances, persistent inequalities between the sexes, income classes, and racial and ethnic groups continue to exist. The older population of the United States is expected to double from the current 35 million to 70 million over the next 30 years with the population age 85 and older growing faster than any other age group. There are large disparities in net worth for older Americans. For instance, households headed by older black persons had median net worth of about \$13,000 in 1999, compared with \$181,000 among households headed by older white persons. The leading causes of death for older Americans are heart disease, cancer, and stroke (respectively). Mortality rates for heart disease and stroke have declined by about a third since 1980. The mortality rates for cancer have risen slightly over the same period. The majority of persons age 70 or older reported engaging in some form of social activity during a two-week period. In 1996, the average annual expenditure on health care (both out-of-pocket expenditures and expenditures covered by insurance) was \$5,864 among persons ages 65 to 69, compared with \$16,465 among persons age 85 or older.

Department of Housing and Urban Development

- **AR Landlords Racially Discriminating:** HUD has charged the owners and managers of a North Little Rock, AR, apartment complex with housing discrimination for refusing to rent to a biracial couple. The complaint was filed by the couple against the owners and managers of a high-rise complex. The woman, who is white, said that she called the Lakewood House Apartments' rental office in July 1998 and was told that a three-bedroom unit was available. When she and her spouse, who is African-American, went to see the apartment the next day, however, they were told that there were no such units available. With her suspicions raised, the

woman called the rental office a few hours later without identifying herself and was told that a three-bedroom apartment was available.

Department of Energy

- **Gasoline Prices Down, Stocks Lower:** Price changes in gasoline spot and futures prices rose strongly last week, closely following a similar gain in crude oil prices driven by low stocks and continued delays in promised production increases. Apparent OPEC support for current price levels, along with a tropical storm approaching the TX coast were seen as factors. The New York Harbor spot price for conventional regular gasoline rose 8.43 cents on August 14 to 86.18 cents per gallon, while the Los Angeles CARB RFG spot price increased 9.50 cents to 119.50 cents per gallon. (The spot price for West Texas Intermediate crude oil at Cushing, OK went from \$28.93 per barrel to \$31.92 per barrel during the same time period.) The U.S. average retail price for regular gasoline fell for the eighth straight week, dropping 1.5 cent to 144.7 cents per gallon as of August 14. The average has declined by 23.4 cents per gallon since June 19, to its lowest level since May 1, but stands 21.1 cents per gallon higher than a year ago. Prices declined for most regions, but showed slight increases on the West Coast and for RFG in the Midwest.

Department of Education

- **Building Better Schools Week:** From August 21-26, DOEd launched its first-ever Building Better Schools Week, a new initiative to promote safe, healthy, and modern schools for America's children. This initiative supports the Administration's Plan to Modernize America's Schools by helping communities respond to the challenges of modernizing their schools. To highlight the need for school modernization, renovation, and repair, DOEd will work with local schools and educators, parents and community leaders to bring attention to the unique needs facing many school districts as they accommodate growing numbers of students.

- **Baby Boom Echo Report:** On August 21, as part of Building Better Schools Week, Secretary Riley released the fifth annual Baby Boom Echo Report on the impact of the baby boom echo, the 25 percent increase in the nation'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 the resulting enrollment increase is placing on the nation's education system and the need for school construction in high growth areas, highlighting the needs of six metropolitan areas: Atlanta, GA; Los Angeles, CA; Chicago, IL; Miami, FL; Washington, DC; and Las Vegas, NV.

- **NAEP Report:** On August 24, Secretary Riley will announce the release of the *National Assessment of Educational Progress 1999: Trends in Academic Progress* report. The report provides a broad examination of 9, 13, and 17-year-olds' performance in reading, mathematics, and science. Data show that for mathematics, since 1973, students in all age groups assessed achieved consistent gains. Reading scores have also improved, but showed less improvement than mathematics scores. Student performance in science has varied by age group. Scores for 9-year olds were higher in 1999 than in 1970, while scores for 13-year-olds remained unchanged. For 17-year-olds, scores were lower in 1999 than in the first assessment, administered in 1969.

The report also provides data related to the nation's ongoing concerns about the educational gap between minorities and whites and males and females. While scores for whites have consistently been higher than for blacks and Hispanics for all three ages in all three subjects, some gaps have narrowed for some age groups in all three subjects since the early 1970s. In reading females continued to outperform males in all three age groups. In mathematics, males had outperformed females at age 17 in previous long-term trend assessments, but in 1999 this gap disappeared, resulting in similar performance for males and females for all three age groups.

- **Making College More Affordable:** The President announced new steps to make college more affordable for students and parents, and to ease college debt for teachers in high-need communities. First, he announced that the Department of Education will lower interest rates on direct student loans for students who repay their loans on time, saving students and parents \$600 million and taxpayers \$5 million over the next five years. Second, he announced a new proposal to ease college debt for teachers in lower-income areas. The President called on Congress to enact his proposals to strengthen education and make college more affordable, including the College Opportunity Tax Cut. Today's announcement builds on the Administration's eight years of efforts to reform the student loan program and create more opportunities for college.

Office of National Drug Control Policy

- **Breaking the Cycle Program:** ONDCP and DOJ created the Breaking the Cycle program to demonstrate the effectiveness of a system-wide approach in addressing the problem of treating drug addicts in the criminal justice system. The programs feature four components: drug testing of all defendants at the time of arrest; placing all drug-using defendants in appropriate treatment programs; judicial oversight and monitoring for compliance with court-imposed treatment conditions; and imposition of graduated sanctions against defendants who violate treatment conditions. There are three Breaking the Cycle sites serving adult offenders (Birmingham, AL; Tacoma, WA; and Jacksonville, FL) and one serving juvenile offenders (Eugene, OR).

Small Business Administration

- **New Markets/Digital Divide:** Associate Deputy Administrator for Entrepreneurial Development Darryl Dennis met with Wesley R. Buford, Founder, Chairman & CEO of Freedom Card, Inc. (FCI). FCI is a minority business enterprise that offers quality financial services targeted to several key markets: urban consumers, multi-ethnic populations, large financial institutions interested in fulfilling their Community Reinvestment Act requirements and commitments, and minority institutions lacking capital. The purpose of the FreedomCard is to improve and enhance the quality of life for the urban consumer and small business owner in need of credit services. FreedomCard offers credit products for the non-traditional market and low- to moderate-income urban consumer and will help to establish new credit for previously non-creditworthy consumers and restore good credit for credit-troubled consumers from one credit line to another.

Department of Transportation

- **Airline Service Concerns:** During the week of August 7, DOT contacted representatives from major airlines and airline labor groups to address the growing problem with airline delays. The effort is part of an active outreach strategy intended to address the factors contributing to delays and educate the general public about the causes of delays, particularly severe weather and substantial increases in passenger air travel driven by a healthy and growing economy. FAA continues to provide media tours of the Air Traffic Control Center in Herndon, VA, to help educate the public about the issue. In addition to collaborating with airlines and airports, FAA is using the following three-pronged approach to address growing delays: renewing and modernizing infrastructure, using new tools to increase capacity, and ongoing implementation of their Spring/Summer plan.

Environmental Protection Agency

- **School Air Quality:** Two weeks ago, EPA sponsored the first National symposium about the need for clean indoor air in our nation's schools, and launched a national drive to increase awareness of this issue. At the event, EPA honored ten schools for their outstanding efforts to create healthier indoor environments for students and staff. These schools have adopted the low-cost techniques and suggestions of EPA's *Tools for Schools* kit that is designed to help educators and administrators improve air quality in schools. EPA's goal is to encourage school officials nationwide to protect the health of students and staff and to create more productive learning environments. According to a 1995 GAO report, over 50 percent of our nation's schools have poor ventilation and significant sources of pollution in their buildings. This situation especially affects children with asthma, which is responsible for ten million missed school days per year and is the leading cause of long-term illness in children. About one in 13 school-age children has asthma, a figure that is increasing.

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>	<u>Percent</u> <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:

U.S. Dept. of Health & Human Services
Administration for Children and Families
Aug-00

Achievements in Women's Health under the Clinton Administration

STRENGTHENING POLICY

- **Expansion of Research on Women's Health at the National Institutes of Health.** The National Institutes of Health Revitalization Act, signed into law by President Clinton in 1993, included the permanent establishment of the Office of Research on Women's Health, and required the appropriate inclusion of women and minorities in all clinical studies and trials. This led to the adoption of similar inclusion policies at the Food and Drug Administration and the Centers for Disease Control and Prevention. It also expanded research on women's health in areas such as osteoporosis, breast cancer and ovarian cancer, and contraception and infertility. A recent follow up GAO report concluded that the NIH has made significant and rapid progress in the inclusion of women in clinical studies and trials. More work is needed to ensure the analysis of data by gender.
- Other Agencies established **Offices of Women's Health**, including the Food and Drug Administration, the Centers for Disease Control and Prevention, and the Substance Abuse and Mental Health Services Administration; the Department of Health and Human Services created a **Deputy Assistant Secretary for Women's Health** to direct the Office on Women's Health that would serve to coordinate and stimulate women's health research, service delivery, and education activities across HHS agencies.

ACCESS TO INFORMATION

- **National Women's Health Information Center.** The National Women's Health Information Center (NWHIC), sponsored by the Office on Women's Health in the Department of Health and Human Services, is the only combined comprehensive health web site (www.4woman.gov) and toll-free service (1-800-994-WOMAN or TDD 1-800-220-5446). The NWHIC web site provides links to more than 3,000 publications and 2,000 reputable organizations on women's health. NWHIC also provides answers to frequently asked questions on top health issues of concern to American women. Since its launch in November 1998, the NWHIC web site has received over 35 million hits.
- **Women's Health: Take Time to Care.** The Food and Drug Administration initiated a major national public awareness program, "Women's Health: Take Time To Care," in October 1999 to bring important health promotion messages to women. With women as primary care givers in the family, "Use Medicines Wisely" seeks to bring attention to better health practices among women and their families, in order to reduce the annual cost of \$75 billion in doctors' visits, hospitalizations, and lost wages resulting from improper use of medicines.
- **GIRL POWER!** Girl Power! is a multiphase, national public education campaign sponsored by the Department of Health and Human Services to help encourage and empower 9- to 14-year-old girls to make the most of their lives. Girl Power! combines strong "no-use" messages about tobacco, alcohol, and illicit drugs with an emphasis on

providing opportunities for girls to build skills and self-confidence in academics, arts, sports, and other endeavors. It also addresses related issues such as physical activity, nutrition, and mental health.

BREAST CANCER ACTIVITIES

- In the past 5 years alone, we have committed over **\$2.9 billion to breast cancer research, treatment, services, and prevention**. Annual funding at Health and Human Services has more than doubled under the Clinton administration, increasing from \$283 million in FY 1993 to a projected \$660 million in FY 2001.
- In October 1993, President Clinton directed Secretary Shalala to establish a comprehensive strategy to fight breast cancer. Two months later, the Secretary convened a historic conference to develop a **National Action Plan on Breast Cancer**. The result is a major public-private partnership that is working to improve research, treatment, prevention, and public and health care professional education on breast cancer.
- **Mammography Quality Standards.** The Food and Drug Administration final regulations, effective April of 1999, expanded and strengthened protections that will improve the quality of mammography at facilities in the United States.
- **New Mammography Benefit.** President Clinton proposed, and Congress adopted, the expansion of Medicare coverage to help pay for annual mammograms for all Medicare beneficiaries age 40 and over. Under this new benefit, Medicare waives the Part B deductible for screening mammograms.
- The **National Breast and Cervical Cancer Early Detection Program (NBCCEDP)** is a landmark program that was developed to offer free or low-cost critical breast and cervical cancer screening services to underserved women, including older women, women with low income, and women of racial and ethnic minority groups, including American Indian/Alaska Native women. On October 1, 1996, Health and Human Services Secretary Donna Shalala announced expansion of this program to all 50 states. It is now also operating in five U.S. territories, the District of Columbia, and 15 American Indian/Alaska Native organizations.
- New knowledge about the genetic basis of many forms of breast cancer holds great promise for improved prevention and treatment of this devastating disease. The discovery of **BRCA1** and **BRCA2**, the genes that cause inherited forms of breast cancer, ranks among the greatest scientific breakthroughs in medical research and in the war against cancer.

DOMESTIC VIOLENCE

- We have also spent over **\$752 million working to eradicate domestic violence** from our Nation's homes, which reflects a steady increase in domestic violence funding each year.

Much of this funding has gone towards an increase in shelters for battered women and increased support for community-based interventions.

- **National Domestic Violence Hotline.** In February 1996, President Bill Clinton announced the opening of the 24-hour, toll-free National Domestic Violence Hotline to provide crisis assistance and local shelter referrals to victims of domestic violence throughout the country. The hotline number is 1-800-799-SAFE; the TDD number for the hearing impaired is 1-800-787-3224.
- **The National Advisory Council on Violence Against Women,** created in 1995, convenes domestic violence and sexual assault experts to provide co-chairs Attorney General Janet Reno and Secretary of Health and Human Services Donna Shalala with practical and general policy advice concerning the implementation of the Violence Against Women Act. The Council has worked to develop the *Agenda for the Nation on Violence Against Women*, which will be presented to the Nation later this year.
- **The Violence Against Women Act (VAWA),** signed into law by President Clinton as part of the Crime Act of 1994, combines tough new penalties with programs to prosecute offenders and help victims of violence. VAWA authorizes \$1.6 billion over five years to the Departments of Justice and Health and Human Services to hire more prosecutors and improve domestic violence training for prosecutors, police officers and health and social services professionals. It provides for more shelters, counseling services, and research into causes of violence against women, as well as public education campaigns.

REPRODUCTIVE HEALTH

- Reproductive health research and services has totaled over \$6.8 billion for the same time period, of which over \$4 billion were targeted at pregnancy prevention, including Medicare and Medicaid funding. The teen pregnancy rate for the country has fallen sharply during Clinton's presidency, down 20% from its 20-year high in 1991, to 49.6 births per 1,000 in 1999, demonstrating the success of these programs. In addition, at least 35 percent of U.S. communities now have teen pregnancy prevention programs in place, funded by the Department of Health and Human Services.
- **Improved Access to Reproductive Health Information.** The federal government took steps, beginning in 1993, to ensure that all women cared for through federal family planning programs have access to complete and accurate information, including pregnancy options counseling when requested, by suspending a 1988 rule preventing federally funded clinics from providing full information.
- **Availability of emergency contraception.** Since September 1998, the Food and Drug Administration has approved two oral contraceptive products that are safe and effective for use as postcoital emergency contraceptives.

- **Topical Microbicide Initiative.** At the 11th International Conference on AIDS in 1996, the Secretary of Health and Human Services announced a new Department-wide effort to develop safe and effective topical microbicides to help women protect themselves against HIV infection and STDs. The initiative included a \$100 million commitment to research and development at the National Institutes of Health and the Centers for Disease Control and Prevention over four years. Nearly 60 candidate microbicides (to prevent HIV and STDs among women) have gone through preliminary pre-clinical and safety testing, and new clinical trials to test at least two of these products for effectiveness against HIV are occurring right now.
- **Perinatal Transmission of HIV.** In 1994, the National Institutes of Health released clinical trial findings that a treatment regime of AZT to women during pregnancy, during delivery and after delivery can reduce the risk of transmitting HIV from mother to infant from 25% to 8.3%.

LOOKING TO THE FUTURE

We are proud to be working toward a more comprehensive and coordinated approach to ensuring the health and quality of life of our Nation's women of all ages. As we look into the new millennium, we see a growing population of older women; by the year 2030, 1 in 4 women in the United States will be 65 or older. Women in this country will also be increasingly diverse. Ensuring that women reach old age healthier than ever is as critical to the well-being of this nation as it is to the women themselves.

The Department of Health and Human Services has developed **Women Living Long, Living Well**, a framework for women's health that seeks to address the major causes of death and disability among women in the United States of all racial, ethnic and socioeconomic backgrounds. During 17 public listening sessions held across the country to identify women's health needs and gaps, we heard that women's health should shift from a body part- and disease-specific approach to a more comprehensive and integrated one. These public comments indicated a great need for coordination among the layers of the public health system; partnerships involving community organizations, universities, and health providers; program evaluation and technical support; and improved information dissemination and involvement of communities.

In response to these demands, we are putting forward a package of new women's health proposals. These proposals advance a multidisciplinary, comprehensive approach to women's health through research, service delivery, and improved programs targeting the ever-changing population of America's women, and are supported by activities at the Agency for Healthcare Research and Quality, the Administration on Aging, the Centers for Disease Control and Prevention, the Food and Drug Administration, the Health Resources and Services Administration, the Indian Health Service, the National Institutes of Health, the Substance Abuse and Mental Health Services Administration, and the Office on Women's Health at the Department of Health and Human Services.

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

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, DOE 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 DOE. 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 10, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: ANN O'LEARY
HEATHER HOWARD
ERIC MORSE

CC: MELANNE VERVEER
LISSA MUSCATINE
HUMA ABEDIN
MARYELLEN MCGUIRE

SUBJECT: TABLE OF CONTENTS FOR BRIEFING FOR AUGUST 11, 2000

The following is your briefing for tomorrow's events:

- I. Tonight Show with Jay Leno Taping*
- II. Memo to the President re: LA Convention Host Committee Dinner*
 - a. Dinner guest list*
- III. California Political Affairs Memo to the President*

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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002a. memo	Howard et al. to Mrs. Clinton re: Tonight Show (1 page)	n.d.	Personal Misfile
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COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Ann O'Leary
OA/Box Number: 20223

FOLDER TITLE:

Hillary Rodham Clinton Memorandums [1]

2013-0436-S

rc1311

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]

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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002b. outline	re: LA Convention Host Committee Dinner (2 pages)	10/11/2000	Personal Misfile
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COLLECTION:

Clinton Presidential Records
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- 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]

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002c. memo	Minyone Morre and Ann Marie Wallace to the President (11 pages)	08/09/2000	Personal Misfile
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COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Ann O'Leary
OA/Box Number: 20223

FOLDER TITLE:

Hillary Rodham Clinton Memorandums [1]

2013-0436-S

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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]
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June 2, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

**FROM: ANN O'LEARY
HEATHER HOWARD**

**CC: MELANNE VERVEER
NEERA TANDEN
PATTI SOLIS-DOYLE**

SUBJECT: LEGACY EVENTS

As part of your effort to demonstrate your solid record of accomplishments for children, youth and families and how these accomplishments have specifically benefited New Yorkers, we are proposing a series of legacy events in New York. These events would allow you to expand upon the record set out in your campaign video, demonstrate how these accomplishments have benefited New Yorkers, set out next steps on these important issue, and contrast your family-women-youth friendly record with that of your opponent. This list is not intended to be exhaustive, but to highlight several events that could begin a series of children, youth, and family accomplishment events.

Suggested Events:

SUPPORTING WORKING FAMILIES WHILE PROVIDING ENRICHING OPPORTUNITIES FOR CHILDREN AND YOUTH

You could do a series of events laying out your record on supporting working families by establishing your record on after-school, childcare and family and medical leave while calling for next steps. Below are several examples:

Afterschool Opportunities

Accomplishments: The great success of expanding funding for after-school opportunities can be directly attributed to your call to action at the White House Conference on Childcare in October of 1997 on working together "to make successful after-school programs more widely available." At that time, the 21st Century Community Learning Centers were only funded at \$1 million and you and the President called for a major increase in funding. Thanks to your hard work, funding for afterschool opportunities went from \$1 million in 1997 to \$453 million this year (and a proposed \$1 billion in FY '01). The program is currently serving 850,000 students Nationwide.

Benefit to New Yorkers: This year alone, New York is receiving nearly \$18 million in new grants to fund 22 new after-school programs to keep New York's children safe and engaged in the after-school hours (total grants received by New York to come).

Next Steps:

- (1) Expand child-care tax credit to help families pay for after-school care for older children. This suggestion was raised during preparation for the White House Conference on Teenagers. Currently, the CDCTC only allows families to take advantage of a tax credit for child care expenses of their children under age 13. At the time of the conference, the Administration was not able to announce such an expansion due to limited resources, but recently we have learned that we may have some flexibility to offer new tax initiatives.

Last week, drawing on the idea from the teen conference, Gore called for a new refundable After-School Tax Credit (ASTC) for families with children age six to 16. This new tax credit would build upon CDCTC by providing up to a 50% tax credit for after-school expenses and would help the parents of five million youth ages 13 to 16 pay for quality after-school care.

- (2) Call for a further expansion of the 21st Century after-school program to specifically reach older student –middle school and high school students.
- (3) Come out for a High School Community Service Proposal. Research shows that students engaged in service to their community are more likely to do well in school and to be safe in the after school hours. This initiative would expand AmeriCorps to 10,000 high schools students serving full time in the summer and part-time during the school year to keep students engaged in the non-school hours.

Childcare

Accomplishments: Your record is clear that you have worked tirelessly to improve access to safe, affordable, high quality child care for America's working families and to ensure that children enter school ready to learn. The Administration's proposal for substantial and historic new investments in child care, Head Start, and other programs serving young children can be directly tied to the results of the White House conferences on Child Care and on Early Learning and Brain Development. In fact, funding for Head Start has nearly doubled since 1993 and is on track to reach the goal of serving 1 million children by 2001.

Benefit to New Yorkers: Over 45,000 New York Children were enrolled in Head Start in 1999 alone. And, this year, New York will receive \$344.6 million in Head Start funding, an increase of \$162.5 million over 1993. This year, New York also received more than \$245 million in federal funds to provide New York's low-income working families with greater access to affordable child care.

Next Steps: With roughly 76 percent of children under five with employed parents in some form of non-parental care (and the numbers continuing to rise), parents need even greater access to high quality childcare. Much more needs to be done and New Yorkers need to know that you would be the strongest advocate for child care:

- (1) Access – A continued commitment to the Administration's child care access proposals and a commitment to continue to support and expand such proposals. As you know, this year's childcare budget includes a \$30 billion (over 10 years) proposal to broaden the

June 6, 2000

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From
T. Freedman

MEMORANDUM FOR HILLARY RODHAM CLINTON

**FROM: ANN O'LEARY
HEATHER HOWARD**

**CC: MELANNE VERVEER
TOM FREEDMAN
PATTI SOLIS DOYLE**

SUBJECT: EVENT OPTIONS

On Monday, June 12th, there appears to be time on your schedule for an event in Washington. Below, please find four ideas for possible events:

1) TOOLS FOR PARENTS TO BETTER MONITOR MEDIA USAGE BY CHILDREN

You could do an umbrella event both congratulating the media and entertainment industry for stepping up to the plate and urging them to do more:

- **Announce Ratings Web-Site:** As part of the White House Conference on Teenagers, the media and entertainment industry agreed to come together to develop one web site for parents where they could find information about all of the various rating systems. This message is one of universal access to information about the current rating systems as a short-term step to a longer-term goal of developing one voluntary uniform ratings system for the entire industry. This web site has been designed and could be ready to be released on Monday.
- **Push Television Broadcasters to Improve Standards and Quality of Programming.** Senator Lieberman, with Senators McCain, Byrd, and Browback, sent a letter to the FCC last week expressing concern on behalf of parents for the increase in sexual depictions, vulgar dialogue, and violent content in television programming. Their letter documents this increase and calls for the FCC to reexamine the public interest standard and the license renewal process and to examine whether the FCC would recommend that television broadcasters reinstitute a voluntary code of conduct to better protect the public interest. You could applaud the Senators for their action and join their voices in a call to action by television broadcasters to do more to improve the quality of programming. In doing so, you could cite examples, as cited in the letter, of television shows that touch on difficult

subjects, but do so in a responsible manner (e.g. “ER,” “NYPD Blue,” or “Law & Order”). See attached letter.

- **Cite “G-Ratings” Study as Example of Movie Industry Needing to Do More to Warn Parents of Violent Content.** Last week, a new study documenting the increase in violence in G-Rated movies by researchers at the Harvard School of Public Health was published in the Journal of the American Medical Association. This study documented the increase in violent acts in G-rated movies over a period of sixty years. The researchers point out that all G-rated movies are created equal and, therefore, the burden is on the parents to find out more about the movie to know if it contains violence. This study could be cited as another piece in your case for a uniform rating system that provides parents with good information about appropriateness and content of programming. See attached article.
- **Express Disappointment in Supreme Court Decision in *USA v. Playboy*.** As you pointed out to Tom Freedman last week, this case does indeed put the burden on parents to actively seek out ways to block inappropriate programming from their children. Instead of being assured that programming is blocked during the hours of 6:00 a.m. to 10:00 p.m., parents will now have to pro-actively call their cable companies to ask that images be blocked or request a lock box from their cable company to block certain channels (see attached Q&A). You could cite this example as another burden on parents in trying to navigate the media that confronts their children.

2) **CALL FOR REAUTHORIZATION OF VIOLENCE AGAINST WOMEN ACT**

You could do a big rally with women’s groups, law enforcement, and Members of Congress, to call for reauthorization of VAWA, which is stalled in Congress. You would emphasize that, as shown by the recent decline in domestic violence statistics, VAWA has been effective in decreasing domestic violence, but there is still much more to be done. You could highlight a few successful programs receiving VAWA grant support, such as a battered women’s shelter, a domestic violence prosecutor’s unit and law enforcement training program. The hook to this event would be a strong voice of law enforcement with an endorsement by the Chiefs of Police Association, a strong call from Campus-based law enforcement, and a call by the State Attorneys General to make sure that VAWA is reauthorized this year.

3) **CALL FOR SENATE TO RESTORE THE \$1.175 BILLION CUT FROM THE SOCIAL SERVICES BLOCK GRANT**

The Senate Appropriations mark-up for Labor-H cut the Social Services Block Grant by \$1.175 billion, or two-thirds from last year’s level. This cut provides a good platform for you to talk about the important children and family services provided with this funding, including home-based services for the elderly and disabled, foster care services, child

protective services, and child care. It would be a good event to talk about how much we have gotten done in these areas and the need to continue to support such services. In addition, the United Way of America has a report on the importance of SSBG that could be released at the event.

4) **CALL FOR AN EDUCATION BUDGET THAT SUPPORTS SMALLER CLASSES, MORE AFTER-SCHOOL OPPROTUNITIES, AND BETTER ACCESS TO COLLEGE**

The House Appropriations Committee passed a Labor-H bill out of committee that would cut the President's education budget by \$2.9 billion. The bill specifically cuts \$1.75 billion for class-size reduction, \$690 million to improve teacher quality, and \$426 million to help students in Title I schools meet high standards. It also rejects increases in after-school programming and GEAR-UP to help low-income students realize the dream of attending college. See attached fact sheet and example of how these cuts would effect a particular State. You could do an event surrounded by teachers and students lauding the success of class-size reduction, the importance of improving teacher quality, the critical need for more investment in after school, and the importance of helping students prepare for college.

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United States Senate
WASHINGTON, DC 20510

May 25, 2000

William Kennard
Chairman
Federal Communications Commission
445 12th Street SW
Room 8-B201
Washington, DC 20554

Dear Chairman Kennard:

We are writing to express our serious concern about the rapidly declining standards of broadcast television, the impact this decline is having on our children and our country, and the meaning of the pledge that broadcasters take to serve the public interest.

As you well know, frustration and anger about falling standards have been voiced for some time by millions of American parents, who are fed up with the rising tide of glorified violence and increasingly explicit sexual content flooding into their homes through their televisions. In response to this outcry, the broadcast industry has taken modest steps to diminish the threat of television violence, reducing the amount of gratuitous murder and mayhem aired during primetime, as well as implementing a content rating system to work in concert with the V-chip and help parents block out the excessive displays of violence that can be seen at all times of the day. However, the enclosed study by the Center on Media and Public Affairs documents just how excessive the violence still is, particularly in first-run syndicated programs, which averaged 37 violent acts per episode during the 1998-99 season.

At the same time, there has been a gross inflation of sex and vulgarity on free, over-the-air television, particularly in the early hours of primetime. This trend is readily apparent to even the most casual viewer, and has been confirmed in detail by a number of analyses. In its study "Sex on TV," the most extensive survey of sexual messages on television ever conducted, the Kaiser Family Foundation found that: 1) 67 percent of all network primetime shows aired during the 1997-98 season contained talk about sex or sexual behavior, with those shows averaging 5.3 scenes with sex per hour, and nearly one in 10 shows depicted or strongly implied copulation; 2) 77 percent of all primetime sitcoms contained sexual content, with those shows averaging nearly 6.7 scenes with sex per hour; and 3) 85 percent of all soap opera episodes contained sexual content, with an average of 4.4 scenes with sex per hour. Looking more narrowly at the first hour of primetime, the traditional "family hour," the Parents Television Council (PTC)

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found an average of 3.69 sexual references an hour in network programming reviewed over a two week period during the May 1999 sweeps -- a 77 percent increase in just the past year and a half. The Fox Network topped all of its competitors, averaging 6.8 sexual references an hour. Copies of both reports are enclosed for your reference.

To put this trend in historical perspective, the PTC issued another study earlier this year comparing four weeks of primetime network programming from the fall of 1989 to four weeks in 1999. The PTC found that the sheer amount of vulgar and sexual content had grown almost exponentially -- the amount of sexual material increased by more than 300 percent, while the use of crude language increased by more than 500 percent, to nearly five instances for every hour of programming. The study also showed that the quality of these messages had changed just as dramatically as the quantity, with the dialogue and sexual depictions becoming far more explicit. A copy of this report, "What a Difference a Decade Makes," is enclosed.

Much of this content is clearly unsuitable for children, millions of whom are watching during the hours these programs are regularly broadcast. In fact, a case could be made that portions of some programs are so offensive that they meet the Commission's legal standard for indecency -- "language or material that, in context, depicts or describes, in terms patently offensive as measured by contemporary community standards for the broadcast medium, sexual or excretory organs or activities."

Regardless of whether these programs crossed that line, their boundary-pushing content should remind us why that line was drawn in the first place. Congress passed a law limiting the broadcast of indecent programming to certain hours to advance a compelling public policy interest -- protecting children from sexual messages that we as a society agree may be harmful to their moral, emotional, and physical development, the same reason we prohibit the sale of pornographic magazines to minors. Several major court rulings upholding the indecency standard have cited this compelling interest, *FCC v. Pacifica Foundation*, 438 U.S. 726 (1978), *Action for Children's Television v. FCC*, 852 F.2d 1332 (D.C. Cir. 1988), *Action for Children's Television v. FCC*, 932 F.2d 1504 (D.C. Cir. 1991), *Action for Children's Television v. FCC*, 58 F.3d 654 (D.C. Cir. 1995) ("*ACT III*"), along with another compelling interest of "supporting parental supervision of what children see and hear on the public airwaves." *ACT III*, at 661.

Since then, as sexual content on television has grown more and more graphic and prurient, a number of leading child development experts have voiced concern about the way in which television, in conjunction with the rest of the sex-saturated electronic media, is contributing to the sexualization of children at a younger and younger age. The research community is particularly concerned about the context of the sexual messages many children are receiving from television, in which sex is often treated as a recreational activity with little if any consideration of consequences or connection to love or marriage. The Kaiser Family Foundation's "Sex on TV" study found that only 1 in 9 primetime network shows with sexual content include any reference to risk or responsibility, and that only *three percent* of the primetime sitcoms, which have the heaviest concentration of sexual content, include a risk/responsibility reference.

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Scientific research regarding the influence of television's sexual messages on children is more limited than the research regarding the effects of violent programming. But as far back as 1982, the National Institutes of Health declared television to be an "important sex educator," and since then, the studies that have been done, according to University of North Carolina Professor Jane Brown, a leading expert in this field, confirm the NIH's determination. After performing a survey of the available research, Dr. Brown testified at a Senate hearing that these studies "consistently point to a relationship between exposure to sexual content and sexual beliefs, attitudes and behaviors." And last fall, the University of Michigan released a study showing that young women who watch as little as 22 hours of prime time television a month are more likely to endorse a "recreational view of sex" than those who watch less. The lead researcher, Professor L. Monique Ward, concluded from this finding that TV's countless verbal and visual references to sexual relationships clearly influence sexual attitudes, expectations, and therefore behavior.

These findings were reinforced by an eye-opening article published by *The New York Times* on April 2nd under the headline "The Face of Teenage Sex Grows Younger." The Times cited several studies, leading experts, and interviews with children themselves to show that a disturbingly high number of pre-adolescents are engaging in sexual activity today. According to one study published in the Journal of the American Medical Association, 17 percent of a national sample of thousands of seventh and eighth graders reported having had sexual relations; other smaller studies put the percentage even higher. In explaining this phenomenon, the experts quoted in the article most frequently pointed to the alluring sexual messages the culture is raining down on children. Just as revealing were the comments from a 13-year-old Manhattan boy, who traced his desire to have sex to watching Fox's "Beverly Hills 90210" on television as a third-grader. "I was interested," he said. "The people were cool. I wanted to try what they were doing on the show." A copy of the Times article is enclosed for your reference.

The connection demonstrated in the research is intuitively apparent. The Supreme Court, as noted in *Bethel School District v. Fraser*, has long recognized "the obvious concern on the part of parents" [emphasis added] to protect children from exposure to "sexually explicit, indecent, or lewd speech." *Bethel School District 403 v. Fraser*, 478 U.S. 675, 684 (1986). That concern is especially obvious as it relates to the medium of television, which, as the Court declared in the *Pacifica* redaction, is "uniquely pervasive" in American society and "uniquely accessible" to young children. *Pacifica*, 438 U.S. at 748, 749. We cite these cases not to argue for more government restrictions on television content, but simply to point out that our highest court, not to mention most parents and child development experts, have long concluded that hypersexual messages can be harmful to young children.

The only people who seem to question this are broadcast industry executives. Critics have repeatedly asked the networks to recognize the enormous influence they wield and tone down the sexual content of the programming they air when large numbers of children are in the audience. The industry has for the most part responded by denying there is any problem. In fact, some network officials have admitted that their programming strategy is to increase the sex and vulgarity quotient in order to compete with the racier fare on HBO and other cable networks and to attract their desired younger and ideally male audience -- a strategy that is often euphemistically referred to as "pushing the envelope." One network leader explained it this way:

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"We're trying to be relevant and entertaining to our audience, young adults, 18 to 49." The problem is, of course, that these shows are being broadcast when millions of children well below the age of 18 are watching.

This "anything-goes" attitude is a far cry from the profession of responsibility made by broadcasters through the old National Association of Broadcasters TV Code, which, as you know, was the industry's vehicle for self-regulation for three decades. The NAB Code acknowledged that television requires "exceptional awareness of considerations peculiar to the medium. . . [I]n selecting program subjects and themes, great care must be exercised to be sure that the treatment and presentation are made in good faith and not for the purpose of sensationalism or to shock or exploit the audience or appeal to prurient interests or morbid curiosity." The Code went on to state that broadcasters have a "special responsibility" to children. "In the course of a child's development, numerous social factors and forces, *including television*, [emphasis added] affect the ability of the child to make the transition to adult society . . . Because children are allowed to watch programs designed primarily for adults, broadcasters should take this practice into account in the presentation of material in such programs when children may constitute a substantial segment of the audience."

The denials and excuses we routinely hear today from the industry raise serious questions about the commitment of many broadcasters to serving the public interest, as they are obligated to do by law. We must remember that broadcasters are trustees of a public resource worth billions of dollars, which they get access to for free, in return for a pledge to act as responsible stewards of the airwaves. The license they receive is a legally-binding contract, an especially important one given television's immense influence on our children and our culture. And much to our dismay, the evidence presented in this letter strongly suggests that many licensees, along with their network parents, are breaching this public trust, and harming rather than serving the public interest.

Consequently, we feel that the time has come for the Commission to engage in a broad reexamination of the public interest standard and the license renewal process, to determine if in fact the broadcasters are serving "the public interest, convenience and necessity," and whether the public interest standard of broadcasters needs to be clarified. The Commission recently took the first step toward such a reexamination in December by issuing a notice of inquiry regarding the public interest obligations of broadcasters during and after the transition to digital transmission. We applaud your initiative, and strongly urge the Commission to use this inquiry to study the issues we have raised in this letter. The apportionment of the digital spectrum, which the Commission estimated to be worth as much as \$70 billion, will enable licensees to transmit as many as six channels in the near future where there was previously only one. We believe it is more than appropriate to ask them how they plan to utilize this new capability to serve the public interest.

As part of this review, we would ask you to comment on the advisability of resurrecting an industry-adopted code of conduct to protect against the further erosion of broadcasting standards and to provide a broader platform for self-regulation. This idea, beyond having a longstanding and practical precedent, enjoys broad bipartisan support. The President's Advisory

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Committee on Public Interest Obligations of Digital Television Broadcasters, as part of its final report, unanimously called for a re-adoption of a voluntary common code, and last year both the House and Senate overwhelmingly approved legislation strongly encouraging the industry to do the same. The Advisory Committee also recommended requiring licensees to make "enhanced disclosures" of their public interest programming and activities and thereby strengthen their accountability to the communities they serve. We believe this requirement would be a worthy complement to a new code and we would encourage the Commission to consider adopting it.

In addition, we would ask you to review and rearticulate the Commission's indecency standard. In light of the increasingly salacious content now being aired, and the fact that the Commission has not to our knowledge issued an indecency ruling related to television in more than a decade, we think it would be constructive for the Commission to clarify the meaning of this standard at this time and thus help the public and the industry understand just where that line is drawn under the law. If the law is to have any meaning, it must be enforced, and if it is to be enforced, it must first be clearly understood.

In making these requests, we do not want to paint with too broad a brush. Many broadcasters ably and dutifully serve their communities. And there is some brilliant programming on television today. Series such as "ER," "NYPD Blue," "Law & Order," "The Practice," and the recently-canceled "Homicide," are among the finest written and acted shows in television history. Even when they touch on difficult or disturbing issues, they usually manage to put them into a responsible context, and in the end enlighten us. They have proven that broadcasters can air sophisticated, adult-oriented programming without violating the old NAB code's admonition against appealing to "prurient interests or morbid curiosity." And they have shown that they can do so while being sensitive to concerns about audience makeup -- the networks have typically broadcast all five of the dramas mentioned above at 10 p.m., when fewer children are watching. The networks also deserve praise for broadcasting some new family-friendly programming in recent years, such as the much-heralded and much-watched "Touched By An Angel" on CBS and "Who Wants To Be A Millionaire" on ABC.

Sadly, those select programs, along with much of what broadcasters honorably do in their programming, are being overshadowed and overwhelmed by the media abundance of gratuitous sex and violence. The threat posed by the accumulated impact of these messages would be consequential at any moment, but they are especially so now, when children are gunning down their classmates and teachers, and our country is plagued by an epidemic of teen pregnancy and sexually-transmitted diseases. These are extremely complicated problems of public policy we in Congress and families and communities across America are grappling with, and we are convinced that we have little hope of solving them if the most powerful force in our culture continues to encourage the very behaviors that we are trying to deter.

The evidence is so compelling, and the risks to our children so serious, that we are obliged to ask whether the broadcasters are fulfilling their public trust. Ultimately it is the responsibility of the Congress to make such an important decision and to implement any significant change in the public interest obligations of broadcasters in this area by statute. But we hope the Commission's inquiry will help begin that process, by gathering information and

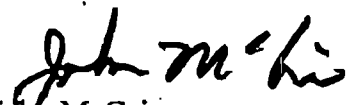
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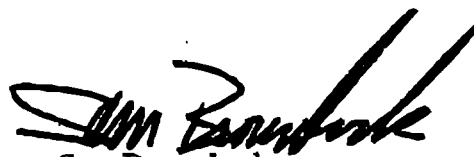
providing recommendations, and ideally engage the television industry in an honest dialogue about its legal and societal responsibilities. Thank you for your consideration on this critical matter; we look forward to your response.

Sincerely,


John McCain
Chairman
Senate Commerce Committee


Joe Lieberman
Ranking Minority Member
Senate Governmental Affairs Committee


Robert C. Byrd
Ranking Minority Member
Senate Appropriations Committee


Sam Brownback
Member
Senate Commerce Committee

cc: Commissioner Harold Furchtgott-Roth
Commissioner Susan Ness
Commissioner Michael Powell
Commissioner Gloria Tristani

Cartoons That Aren't for Kids

Harvard Researchers Recommend Ratings Warn Parents of Violent Content

By PAUL FARHI
Washington Post Staff Writer

G-rated, animated movies like "Aladdin" and "The Lion King" have grown more violent during the 1990s, exposing young children to "significant" amounts of mayhem, according to a new study in the *Journal of the American Medical Association*.

The amount of cinematic violence—ranging from body blows to swordplay to gunshots—so alarmed researchers at the Harvard School of Public Health that they

recommended that the Motion Picture Association of America consider changing its age-based rating system to one that provides specific warnings about a movie's content.

"A G rating does not automatically signify a level of violence acceptable for very young viewers," wrote the study's authors, Fumie Yokota and Kimberly M. Thompson, both of Harvard, in today's issue of *JAMA*.

Social researchers have studied violence in movies and on TV for decades, but the Harvard study was the first systematic attempt to document violent acts in animated films over more than 60 years. The Harvard

study team reviewed 74 animated movies released since 1937 that had received a G rating—meaning a movie is suitable for general audiences. These movies are widely viewed by young children, particularly on videotape.

The authors defined violence as "intentional acts . . . where the aggressor makes some physical contact that has potential to inflict injury or harm." This includes everything from premeditated murder—the villain Scar killing Simba's father in "The Lion King"—to slapstick comedy, such as

VIOLENCE, From C1

Tigger playfully bowling over his friends in "The Many Adventures of Winnie the Pooh" (1977).

Every movie in the survey contained at least one instance of violence, and 46 featured injuries or depictions of death, such as the scene in "Bambi" in which a hunter kills the fawn's mother.

The study also found that the amount of violence and its duration onscreen has steadily increased since the first animated feature film, Disney's "Snow White and the Seven Dwarfs," was released in 1937.

By far, the greatest amount of violence in G-rated films was found in those released during the 1990s, which suggests that the standards for the movie ratings have become more lax over time. Of the 10 most violent G-rated features made since 1937, nine were released in 1990 or thereafter.

"Quest for Camelot," a knights-and-dragons epic released by Warner Bros. in 1998, contained the most violent scenes, with a little more than 24 minutes total. This was about 30 percent more than the second-ranking movie, Disney's "A Bug's Life," which had 18.3 minutes of imagery classified as violent. The average for all 74 films was 9.5 minutes.

Recent Disney summer releases such as "Aladdin," "Mulan," "Hercules" and "The Hunchback of Notre Dame" all ranked among the most violent films. Disney spokeswoman Jodi Dreyer declined to comment after reviewing the *JAMA* article.

The authors declined to speculate about what effect watching G-rated animated movies might have on children. Decades of research into this question have raised the possibility that heavy doses of media violence can lead to violent or aggressive behavior in young viewers, although the precise link is unknown and the effects vary widely. "Unfortunately, it depends on how a child interprets images," Yokota said in an interview. "It's not clear how a child incorporates a video into his thinking."

Children aged 3 to 6 are more likely to be frightened by the kind of violence depicted in G-rated films than to imitate it, said Joanne Cantor, an emeritus professor of com-

munication arts at the University of Wisconsin, who has researched media influence on children.

"If it were transitory, it wouldn't be a problem," she said, "but the research I've done shows that the nightmares can last for weeks and months and years." She added, "I've yet to see one of these features be for all audiences." I'd urge caution for any child under 6 for any movie that has violence in it."

The Harvard findings indicate that the G rating encompasses a wide range of onscreen images and behaviors. In contrast to "Quest for Camelot," for example, the animated "My Neighbor Totoro," released in 1993, contained only six seconds of noninjurious violence and "The Many Adventures of Winnie the Pooh" had just over one minute of slapstick play.

"Not all animated G films are created equal," said Thompson. "That puts the burden on parents to get information about a movie. Unfortunately, the rating system doesn't provide enough information" about a film's content.

The MPAA's movie-rating system has come under attack from many different directions since it was introduced 31 years ago, but it has endured with only occasional modifications. In his State of the Union speech in January, President Clinton called the current ratings for movies, TV shows and video games "too numerous, diverse and confusing to be really useful to parents." He championed a suggestion by First Lady Hillary Rodham Clinton that a single system be developed to replace it.

MPAA president Jack Valenti, who instituted the movie ratings in 1968, declined to comment directly on the study's findings, saying he hadn't had a chance to review them. But he did say, "It's worth noting for the last 31 years the parents of America have given the voluntary rating system high approval marks." He pointed out that 76 percent of parents said in a recent MPAA-commissioned poll that the ratings were "useful to fairly useful" in determining their children's movie choices.

A movie's rating is determined by an MPAA reviewing panel consisting of about a dozen parents.

The Washington Post

WEDNESDAY, MAY 24, 2000

COURT OVERRULES LAW RESTRICTING CABLE SEX SHOWS

FREE SPEECH PROTECTION

Justices Agree on the Worth of
Shielding Children, but Not
on Government's Power

By LINDA GREENHOUSE

WASHINGTON, May 22 — Declaring for the first time that programming on cable television is entitled to the highest level of First Amendment protection, the Supreme Court today struck down a federal law that required many cable systems to limit sexually explicit channels to late-night hours.

The vote was 5 to 4, with an unusual lineup of justices, in a decision that, beyond the context of cable television, could pose obstacles to government efforts to regulate content in new media. Both sides agreed that shielding children from sexually explicit material, the purpose of the 1996 law, was a legitimate goal, but differed on the degree of constitutional "flexibility" the court should give the government in its effort to protect children.

Justice Anthony M. Kennedy wrote the majority opinion, joined by Justices John Paul Stevens, David H. Souter, Clarence Thomas and Ruth Bader Ginsburg. Justice Kennedy's opinion discussed the "basic speech principles" he said were at stake in the case, a challenge brought by Playboy Magazine's sexually oriented cable operations, which include Spice, AdultVision, Adam & Eve and the Playboy channel.

"The history of the law of free expression is one of vindication in cases involving speech that many citizens may find shabby, offensive or even ugly," Justice Kennedy said. He added, "The citizen is entitled to seek out the speech that he or she finds offensive or repulsive."

Tony Lynn, president of the Playboy Entertainment Group, said he expected his channels' distribution to grow because of the ruling.

Playboy's largest cable channel, Playboy TV, is available in 24 million of the nation's 81 million homes that receive either satellite, cable or digital television, Mr. Lynn said. The network was not in more homes, he said, because many cable companies did not want to use channel space for programming that was only available during part of the day.

"Now that we've got the shackles off, we're going to have an ability to do business with our consumers when they want to see us," he said.

The dissenters were Justices Stephen G. Breyer and Antonin Scalia, who wrote dissenting opinions, and

Chief Justice William H. Rehnquist and Justice Sandra Day O'Connor, who signed the dissent. "Our prior cases recognize that where the protection of children is at issue, the First Amendment poses a barrier that properly is high, but not insurmountable," Justice Breyer said.

At issue in the case, *United States v. Playboy Entertainment Group*, No. 98-1682, was the validity of Section 505 of the Telecommunications Act of 1996. The section was intended to address the problem of "signal bleed," caused by a cable system's failure to scramble a signal well enough to avoid a fuzzy image or some sound from coming through to those subscribers who have not paid for a channel and do not want it.

Section 505 required that for a channel "primarily dedicated to sexually-oriented programming," a cable system that lacked the technology to block the signal completely had to limit the channel to hours when children were unlikely to be watching. A Federal Communications Commission regulation set the time as between 10 p.m. and 6 a.m., and many cable systems chose that "safe harbor" option rather than investing in the technology needed for complete blocking.

At the same time, the law contained another approach in a separate section, Section 504, under which cable operators had to provide an effective blocking device for any subscriber who wanted one.

A Federal District Court in Wilmington, Del., ruling in 1998 in Playboy's challenge to the law, held that Section 504 could protect customers just as well without being as intrusive as the systemwide time segregation required by Section 505.

Therefore, the court said, Section 505 was not the "least restrictive means" to achieve the government's goal, and was unconstitutional.

In his opinion affirming that decision, Justice Kennedy made several points that could limit the government's ability to regulate content in new communications technologies.

In applying "strict scrutiny," the highest level of First Amendment protection, to cable programming, Justice Kennedy identified what he called a "key difference" between cable and broadcast television and radio, for which the court has applied a higher level of government oversight. Cable has more regulatory leeway.

Unlike the broadcast media, cable systems have the capacity for "target blocking," he said, adding: "Technology expands the capacity to choose, and it denies the potential of this revolution if we assume the government is best positioned to make these choices for us."

Robert Corn-Revere, a lawyer who represented Playboy and said that this analysis would also apply to the Internet and could prove important

in turning back efforts to regulate speech in cyberspace.

The majority of judges today also rejected the Clinton administration's defense of Section 505 as necessary because parents could not be counted on to request individual blocking devices from their cable company. That was an unwarranted assumption, Justice Kennedy said, adding, "Even upon the assumption that the government has an interest in substituting itself for informed and empowered parents, its interest is not sufficiently compelling to justify this widespread restriction on speech."

There were also these other developments on a busy day at the court.

Airbag Suits

Dividing 5 to 4, the court ruled that manufacturers of cars made before federal law required airbags cannot be sued under state negligence laws for failing to have the safety devices.

The case, *Geier v. American Honda Motor Co.*, No. 98-1811, was the latest in a particularly contentious and unpredictable area of the court's docket, federal preemption of various state court lawsuits.

Justice Breyer wrote the majority decision, which upheld a ruling last year by the federal appeals court here that a suit against Honda for failing to include an airbag in a 1987 Accord was pre-empted by the federal regulation in effect at that time that permitted a gradual phase-in of

passive restraints.

In the dissenting opinion, Justice Stevens charged the majority with an "unprecedented extension of the doctrine of pre-emption that failed to treat state court systems with proper respect."

The majority opinion was joined by Chief Justice Rehnquist and by Justices O'Connor, Scalia, and Kennedy. Justices Souter, Thomas and Ginsburg joined the dissent.

Employment Disputes

Stepping into an issue of growing importance in labor-management relations, the court agreed to decide whether employers can enforce binding arbitration agreements that employees are increasingly required to sign as a condition of being hired.

The question in *Circuit City Stores Inc. v. Adams*, No. 98-1370, is whether the Federal Arbitration Act, a 1925 law that excludes certain employment contracts from its coverage, applies to ordinary labor agreements of this type. The United States Court of Appeals for the Ninth Circuit, in San Francisco, held in this case that arbitration as part of an ordinary employment contract could not be enforced. All other federal courts to address the issue have found such agreements enforceable. Nearly 10 percent of the American work force is covered by mandatory arbitration agreements, according to the National Academy of Arbitrators.

+ fully summed up the whole thing
page
Stranger
to solve
use for
conclusion

The New York Times

TUESDAY, MAY 23, 2000

IMPACT OF SSBG (TITLE XX) CUT IN THE SENATE MARK

The Senate makes deep reductions to the Social Services Block Grant (SSBG), cutting funding by \$1.175 billion, or two-thirds from last year's level. A cut of this magnitude guarantees reductions in essential social services for vulnerable children, and the elderly and the disabled across the country. State and local programs funded by SSBG have already absorbed a more than \$1.0 billion reduction in SSBG funding over the last five years.

SSBG is the only Federal social service funding stream that enables States to target funds in local communities where there is the greatest need. SSBG's broad purposes and the variation in how States allocate funds mask the importance of this funding stream to key service areas. If States apply the Senate cut evenly across the programmatic uses of SSBG funding in FY1998 (using preliminary data), **the Senate bill would result in:**

- **a cut of nearly \$150 million in home-based services for the elderly and disabled,** resulting in as many as 140,000 fewer low-income disabled persons receiving a home-delivered meal or home-based care, or getting help with homemaker chores. These services in many cases are what allow recipients to remain independent in their homes.
- **a cut of more than \$125 million in other services for the disabled,** resulting in as many as 200,000 fewer individuals with mental retardation and other physical or mental disabilities receiving such essential services as transportation, adult day care, respite care, employment and independent living services.
- **a cut of more than \$100 million in foster care,** reducing intervention efforts, case management, and supportive services to needy children. Many fewer children in foster care would receive the services they need to be reunified safely with their families or to move to another permanent family. About 300,000 children received SSBG-funded foster care services in 1998.
- **a cut of more than \$100 million in child protective services,** seriously weakening these services and increasing the likelihood that children who are victims of abuse and neglect will fall through the cracks. About 1.3 million children received SSBG-funded child protective services in 1998.
- **a cut of nearly \$125 million in child care.** The Senate mark acknowledges the unmet need for child care by increasing the Child Care and Development Block Grant (CCDBG). By cutting SSBG, the Senate undermines the investments states could make with these new funds. About 2.4 million children received SSBG-funded child care in 1998.
- **more than \$500 million in reductions across a wide range of other social services including adoption services, services for youth, counseling,**

residential treatment, substance abuse services, education and training, and employment services.

SSBG plays an important role in supporting services to at-risk and vulnerable individuals who cannot be served with Temporary Assistance for Needy Families (TANF) funds. SSBG funds adult protection programs, home-delivered meals and home-based care for the elderly, and services for children and adults with developmental disabilities, mental retardation, mental illness, and other disabilities. These services are distinct from the focus of TANF which is primarily on low-income families with children.

Tobacco settlement funds are unlikely to lessen substantially the impact of an SSBG cut. According to the National Conference of State Legislatures (NCSL), states have not allocated large portions of their tobacco settlement funds. Of funds that have been allocated, the vast majority of states plan to use tobacco settlement funds for priorities other than social services.

Cuts to SSBG in the Senate Mark

State	FY 2000 Enacted	FY 2001 Estimate at \$600 million	Reduction from FY 2000
Alabama	28,485,271	9,606,480	(18,878,791)
Alaska	4,018,470	1,355,348	(2,663,122)
Arizona	30,040,476	10,305,405	(19,735,071)
Arkansas	16,638,254	5,602,979	(11,035,275)
California	212,812,810	72,107,226	(140,705,584)
Colorado	25,672,393	8,765,410	(16,906,983)
Connecticut	21,565,054	7,227,088	(14,337,966)
Delaware	4,824,853	1,641,408	(3,183,445)
District of Columbia	3,488,573	1,154,729	(2,333,844)
Florida	96,644,295	32,925,116	(63,719,179)
Georgia	49,372,547	16,869,193	(32,503,354)
Hawaii	7,825,764	2,633,397	(5,192,367)
Idaho	7,981,606	2,712,163	(5,269,443)
Illinois	78,454,365	26,588,515	(51,865,850)
Indiana	38,674,404	13,021,717	(25,652,687)
Iowa	18,812,027	6,318,485	(12,493,542)
Kansas	17,113,240	5,803,329	(11,309,911)
Kentucky	25,774,485	8,689,317	(17,085,168)
Louisiana	28,700,370	9,643,935	(19,056,435)
Maine	8,191,456	2,746,523	(5,444,933)
Maryland	33,597,367	11,334,431	(22,262,936)
Massachusetts	40,345,682	13,569,007	(26,776,675)
Michigan	64,459,837	21,670,304	(42,789,533)
Minnesota	30,901,684	10,430,757	(20,470,927)
Mississippi	18,007,939	6,074,891	(11,933,048)
Missouri	35,627,136	12,004,922	(23,622,214)
Montana	5,795,844	1,943,487	(3,852,357)
Nebraska	10,927,230	3,670,239	(7,256,991)
Nevada	11,058,730	3,856,054	(7,202,676)
New Hampshire	7,734,138	2,615,842	(5,118,296)
New Jersey	53,109,379	17,912,847	(35,196,532)
New Mexico	11,407,888	3,834,053	(7,573,835)
New York	119,616,897	40,119,649	(79,497,248)
North Carolina	48,969,856	16,657,917	(32,311,939)
North Dakota	4,226,690	1,408,842	(2,817,848)
Ohio	73,775,019	24,743,520	(49,031,499)
Oklahoma	21,876,561	7,387,440	(14,489,121)
Oregon	21,391,135	7,244,537	(14,146,598)
Pennsylvania	79,270,918	26,491,666	(52,779,252)
Rhode Island	6,512,197	2,181,943	(4,330,254)
South Carolina	24,798,786	8,467,395	(16,331,391)
South Dakota	4,867,009	1,629,418	(3,237,591)
Tennessee	35,403,826	11,987,400	(23,416,426)
Texas	128,204,454	43,616,817	(84,587,637)
Utah	13,580,296	4,634,947	(8,945,349)
Vermont	3,884,371	1,304,299	(2,580,072)
Virginia	44,411,406	14,991,024	(29,420,382)
Washington	37,000,922	12,558,319	(24,442,603)
West Virginia	11,975,305	3,997,895	(7,977,410)
Wisconsin	34,094,559	11,530,207	(22,564,352)
Wyoming	3,163,955	1,061,541	(2,102,414)
Subtotal	1,765,087,729	596,649,373	(1,168,438,356)
American Samoa	57,962	19,593	(38,369)
Guam	306,034	103,448	(202,586)
No. Mariana	61,207	20,690	(40,517)
Puerto Rico	9,181,034	3,103,448	(6,077,586)
Virgin Islands	306,034	103,448	(202,586)
Total	1,775,000,000	600,000,000	(1,175,000,000)



FOR RELEASE
May 31, 2000

Contact: Erica Lepping
(202) 401-3383

**STATES AND SCHOOLS TO LOSE \$2.9 BILLION FOR EDUCATION
UNDER HOUSE BUDGET BILL**

American students and schools next year would be denied federal funds for education in key areas of reform under a bill approved by the House Appropriations Committee last week. States would receive no support under the House bill specifically targeted to turn around the lowest performing schools or to improve the condition of outdated and dilapidated, sometimes dangerous, school buildings. States would lose at least \$2.9 billion requested by the President to help local schools improve the basic skills of disadvantaged students and use research-based, proven strategies to improve teaching and learning.

U.S. Secretary of Education Richard W. Riley said the bill fails to fully support national efforts to make real educational reform. "Even though states, districts and schools are working to implement important reforms to help students learn to new high standards, by refusing to provide needed federal support, the Congressional majority's message is clear – schools and colleges should fend for themselves. The President has proposed a balanced budget that makes the investments needed for better schools while also demanding more from them. I urge Congress to value the efforts of parents, teachers, students and everyone who cares about improving education in America. Congress should fully fund the President's proposal to make a real difference in the success of our children – we owe every young person that kind of support."

The House bill, in comparison to the President's budget proposal, would nationally mean:

- Some \$1.75 billion less to reduce overcrowded class sizes by hiring quality teachers, which would jeopardize an estimated 29,000 new teachers already hired and deny children the benefits of smaller classes,

- Some \$690 million less to improve teacher quality and recruit teachers into high-poverty school districts,
- Some \$416 million less to help students in high-poverty areas learn the basics and meet the academic standards expected of all children.

The Committee also rejected \$400 million of the President's increase to fund safe, high-quality, after-school programs, through the 21st Century Community Learning Centers program. Today, that program supports high quality after-school programs for an estimated 650,000 young people at about 3,600 schools. In addition, the House bill falls \$125 million short of the President's budget for GEAR UP, which creates early intervention programs in low income schools and links academic reforms and mentoring to college access. It also does not fully honor a previous commitment to help ongoing GEAR UP programs provide their services to more students or grade levels. There are currently 185 GEAR UP grants around the country, serving an estimated 450,000 students.

Riley also noted that although federal funds only comprise about seven percent of total funds on education, they can make the difference in improving education. A 1998 GAO report found that federal dollars are seven times more targeted to serve poor students than state funds.

"The House bill provides fewer federal funds, for example, to train teachers to use technology," he said. "While the world is becoming more and more dependent on technology and education, the House seems content with leaving the digital divide and the achievement gap among rich and poor schools wide open."

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FOR RELEASE
May 31, 2000

Contact: Erica Lepping
(202) 401-3383

**NEW YORK TO LOSE AT LEAST \$284.5 MILLION FOR EDUCATION
UNDER HOUSE BUDGET BILL**

Students and schools in New York next year would be denied federal funds for education in key areas of reform under a bill approved by the House Appropriations Committee last week. New York would receive no support under the House bill specifically targeted to turn around the lowest performing schools or to improve the condition of outdated and dilapidated, sometimes dangerous, school buildings. New York would lose at least \$284.5 million requested by the President to help local schools improve the basic skills of disadvantaged students and use research-based, proven strategies to improve teaching and learning. Overall, the House bill provides \$2.9 billion less nationally than the President's request for education.

U.S. Secretary of Education Richard W. Riley said the bill fails to fully support New York's efforts to make real educational reform. "Even though New York is working to implement important reforms to help students learn to new high standards, by refusing to provide needed federal support, the Congressional majority's message is clear – schools and colleges should fend for themselves. The President has proposed a balanced budget that makes the investments needed for better schools while also demanding more from them. I urge Congress to value the efforts of parents, teachers, students and everyone who cares about improving education in New York. Congress should fully fund the President's proposal to make a real difference in the success of our children – we owe every young person that kind of support."

The House bill, in comparison to the President's budget proposal, in New York would mean:

- Some \$163.7 million less to reduce overcrowded class sizes by hiring quality teachers, which would jeopardize an estimated 2,104 new teachers already hired in New York and deny children the benefits of smaller classes,
- Some \$52.3 million less to improve teacher quality and recruit teachers into high-poverty school districts,
- Some \$58,375,897 less to help students in high-poverty areas learn the basics and meet the academic standards expected of all children.

The Committee also rejected \$400 million of the President's increase to fund safe, high-quality, after-school programs, through the 21st Century Community Learning Centers program. Today, that program supports high quality after-school programs for an estimated 42,470 young people in New York at 236 schools. In addition, the House bill falls \$125 million short of the President's budget for GEAR UP, which creates early intervention programs in low income schools and links academic reforms and mentoring to college access. It also does not fully honor a previous commitment to help ongoing GEAR UP programs provide their services to more students or grade levels. New York currently has 12 GEAR UP grants.

Riley also noted that although federal funds only comprise about seven percent of total funds on education, they can make the difference in improving education. A 1998 GAO report found that federal dollars are seven times more targeted to serve poor students than state funds.

"The House bill provides fewer federal funds, for example, to train teachers to use technology," he said. "While the world is becoming more and more dependent on technology and education, the House seems content with leaving the digital divide and the achievement gap among rich and poor schools wide open."

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June 23, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: ANN O'LEARY *A.O.A.*
HEATHER HOWARD *HH*
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

Youth

- **Media and Entertainment Industry Web Site for Parents:** The media and entertainment industry recently announced that they had created a one-stop web site for parents who wish to find information about the various media rating systems and parental advisory guidelines. The idea for the web site grew out of the White House Conference on Teenagers and, at the conference, you announced the commitment by the media and entertainment industry to develop such a web site. The web site, called the *Parental Media Guide*, can be found at www.parentalguide.org. It was jointly developed and produced by the Motion Picture Association of America, the National Cable Television Association, the National Association of Broadcasters, the Recording Industry Association of America, and the Interactive Digital Software Association. On the day the web site was released, the President issued a supportive statement (see attached) and is sending thank you notes to the industry leaders on behalf of both of you.
- **Youth Risk Behavior Survey:** The Centers for Disease Control and Prevention (CDC) recently released the *1999 Youth Risk Behavior Surveillance System Report* showing improved behavior among high school students in risk-related activities. The report showed that since 1991 there has been a decreasing trend among adolescents who: (1) never or rarely wore a seatbelt (37 percent decrease) (2) carried a weapon (34 percent decrease) (3) ever had sexual intercourse (8 percent decrease). Among sexually active teens, there was an increase in the number using condoms (26 percent increase). The report, however, demonstrated that many young people are still participating in risky and unhealthy behaviors. Far too many young people

are drinking (50 percent), smoking (35 percent) and doing drugs (27percent reported current marijuana use). In addition, one third of the students had participated in a physical fight and 17 percent had carried a weapon. Finally, one in 10 high school students are overweight and less than one-quarter of high school students eat the recommended daily allowance.

- **Tenth Conference of Spouses of Heads of State of the Americas:** This year, Peru is hosting the First Ladies of the Americas conference and has chosen the theme of adolescent development. As part of this overarching theme, they hope to focus on several relevant sub-themes: teenage health, teenage education and job training, teenage social behavior, and teenage rights and citizen participation. Next week, Ann O'Leary will travel to Lima, Peru for a preparatory meeting and will provide you further information and follow-up after the meeting. The Conference is planned for the first week in October.

Bankruptcy

- **Bankruptcy Reform Act:** Last week, Senator Lott announced that negotiations on the bankruptcy bill were final and today he announced that he would like to hold a floor vote next week prior to the July 4th recess. Many Democrats, however, continue to express grave concern about a lack of agreement on three issues: (1) Schumer's clinic violence amendment; (2) the Hatch addition to undercut the Fair Debt Collection Practice Act (3) the loophole in the Homestead exemption that allows wealthy debtors to buy a home in another state with no homestead cap as long as they buy it two years prior to filing for bankruptcy. The President's senior advisors (including your office) have recommended to the President that he issue a letter threatening to veto the bill as now agreed upon. See attached memo to the President for more detailed information.

CABINET REPORT

Below are selected Cabinet reports:

Department of Treasury

- **Firearms Report:** On June 21, Secretary Summers held a press conference to release an ATF report on firearms trafficking entitled, *Following the Gun: Enforcing Federal Laws Against Firearms Traffickers* (attached). The report analyzes over 1,500 ATF firearms trafficking investigations initiated between July 1996 and December 1998, which involve over 84,000 firearms. The report reveals the degree to which corrupt Federal firearms dealers, unlicensed sellers, straw purchasers, gun shows, and theft contributed to the illegal distribution of firearms uncovered in those investigations.

- **Holocaust-Era Lawsuits:** On June 12, Treasury reached an agreement with German negotiators on the mechanism for achieving legal peace for German companies being sued in U.S. courts for slave and forced labor claims and other wrongs from the Nazi period. National Security Advisor Berger and Counsel to the President Nolan agreed to send a letter to German officials confirming the agreement. The next steps include: completing negotiations with attorneys for the victims on the definition of German companies covered and sequencing of payments to victims; German parliament approval of legislation establishing the Foundation that

would make payments to victims' organizations; and the signature of a final declaration by all governments and other parties involved. Possibly as soon as July, pending court cases against German corporations can be dismissed and payments could begin to reach victims by the end of the year.

United States Department of Agriculture

- **West Nile Virus (WNV) Detected in NY Crows:** On June 9, the NY State Department of Health announced that WNV had been isolated from two crows submitted from Rockland County, NY. Rockland County also had positive WNV crows last year. This is the first report of birds infected with WNV in the U.S. during the 2000 mosquito season. There are no reports in 2000 of any positive mosquito pools or sentinel birds in the U.S. There have been no known cases of human or equine illness caused by WNV this year, nor are there any ongoing investigations of WNV-related illness in horses or livestock.
- **Food Safety in MO, NY:** Due to routine USDA testing, on June 7, Schnuck Markets Inc., of O'Fallon, MO, recalled 60 pounds of product for *Listeria monocytogenes* contamination. On June 6, Mega Meats, Inc., of Bronx, NY, recalled 420 pounds of ground beef for *E. coli* contamination.

Department of Labor

- **Equal Opportunity Survey:** As of June 5, approximately 4,800 of the 7,000 Equal Opportunity (EO) Surveys sent out to Federal Contractors have been submitted to DOL's Office of Federal Contract Compliance Programs. The survey gathers certain employment information from federal contractors and subcontractors, including information on a federal contractor's affirmative action plan, as well as summary data on personnel data and compensation. The survey information will be analyzed to test both the usefulness and reliability of the EO survey instrument.

Department of Health and Human Services

- **Colorectal Cancer Action Campaign:** On June 26, the CDC and HCFA will launch the second year of *Screen for Life, A National Colorectal Cancer Action Campaign*, which will include a series of television public service announcements, posters, Internet postings, and print materials. This year, in addition to promoting colorectal cancer screening for all Americans aged 50 or older, the campaign will focus on prevention and early detection of colorectal cancer through regular screening. The mass media component of *Screen for Life* supports more intensive efforts at State and local levels to combat colorectal cancer, including health-care professional and patient education.
- **Immunization Meeting:** On June 21-22, CDC's Advisory Committee on Immunization Practices met in Atlanta, GA. Key agenda items include a vote on recommendations for use of the recently licensed pneumococcal conjugate vaccine, as well as coverage of this vaccine by the Vaccines for Children Program; a review of research on potential associations between vaccine preservatives and neurologic disorders; a possible policy recommendation regarding thimerosal

(a mercury-containing preservative) in vaccines; discussion of recommendations for influenza vaccination; discussion on vaccination of children adopted from other countries; and a vote on a draft statement regarding prevention of anthrax by vaccination and by use of prophylactic antibiotics.

- **West Nile Virus:** On June 16, *Connecticut Public Television* broadcast a documentary on last year's West Nile Virus Outbreak. On June 20, Dr. Stephen M. Ostroff, Associate Director, National Center for Infectious Diseases, presented "Unraveling the Mystery of West Nile Virus," at the National Press Club. The presentation is a part of an annual symposium on infectious diseases. On June 20, Dr. Ostroff and representatives from USDA, USGS, and EPA will brief interested parties on Capitol Hill. On June 29, Surgeon General Satcher will speak on Emerging Infectious Diseases, including West Nile Virus, before the House Committee on International Relations.

Department of Housing and Urban Development

- **Gun BuyBack:** The Chicago Housing Authority will reprogram \$100,000 of its FY1999 Public and Indian Housing Drug Elimination Program grant funding and will receive \$43,000 in matching funds from HUD for a total of \$143,000 for its Gun BuyBack Initiative. The Housing Authority anticipates taking approximately 1,000 guns off the street at the cost of \$100 each. The Gun Buyback Initiative will target fourteen CHA public housing developments currently funded under the Authority's Public Housing and Indian Housing Drug Elimination Program. The buyback will take place in early June, one week before the end of the school year.
- **Boosting Black and Hispanic Homeownership:** Secretary Cuomo has challenged all segments of the housing industry to work with HUD to raise the national homeownership rate among African Americans and Hispanics to a historic high of more than 50 percent in three years. To help achieve the short-term goal, Secretary Cuomo committed the FHA to insure mortgages for more than 765,000 African-American and Hispanic families over the next three years. Other parts of the housing industry would help create the remaining new minority homeowners to achieve the goal of homeownership for a majority of minorities. An estimated 423,000 additional African American families and about 420,000 additional Hispanic families would have to become homeowners to achieve the goal of homeownership for a majority of these minorities. In the first quarter of this year, 73.4 percent of white households across the nation owned their homes – but only 47.8 percent of African American households and 45.7 percent of Hispanic households were homeowners.

Department of Education

- **Commission to Study Senior Year of High School:** DOEd will establish a partnership with the Woodrow Wilson National Fellowship Foundation and form a Commission to study the senior year of high school and the transition from senior year to postsecondary education or work. The Commission will engage in extensive local and national outreach, related research, and policy analysis.

- **Reduction in Class Size:** A research study conducted by the University of Wisconsin at Milwaukee has concluded that a reduction in student-teacher ratios throughout Wisconsin has improved student test scores. The State's Student Achievement Guarantee in Education (SAGE) program pays schools up to \$2,000 per low-income student in kindergarten through third grade to help schools hire enough staff members to lower student-teacher ratios to 15-to-1 or less. The SAGE students out-performed their peers in language arts, math, and reading in each grade tested.

Environmental Protection Agency

- **New Food Quality Protection Act Advisory Committee:** The new EPA-USDA Committee to Advise on Reassessment and Transition (CARAT) will hold its first meeting on June 23. This committee will provide advice and counsel to EPA and USDA regarding strategic approaches for pest management planning and tolerance reassessment for pesticides.

Office of Personnel Management

- **D.C. Summer Jobs:** OPM continues to work closely with Federal agencies to meet this summer's goal of 1,000 hires. To date, agencies have committed to hiring 870 students. As of June 12, 135 students had been hired.

TENTATIVE LEGISLATIVE CALENDAR

Senate

The Senate will convene at 1:00pm on Monday, with the first votes scheduled on Tuesday.

- **Labor/Health and Human Services Appropriations:** The Senate will resume consideration of H.R. 4577, the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, at 3:00 pm on Monday. Any votes in relation to the bill will first occur on Tuesday in a stacked series.
- **Department of Defense Authorization:** The Senate may resume consideration of S. 2549, the National Defense Authorization Act for Fiscal Year 2001.

House

The House will convene at 7:00 PM on Monday for legislative business.

- **Commerce, Justice, State Appropriations:** The House will begin considering HR 4690, the Commerce, Justice, State Appropriations.

On Tuesday and for the remainder of the week, the House will consider:

- **HR 4717-** Requiring 527 organizations and other tax-exempt organizations to disclose their political activities. (subject to a rule)

- **HR ____** - Energy And Water Appropriations (subject to a rule)
- **HR 4680** - The Medicare RX 2000 Act (subject to a rule)
- **HR 1304** - Quality Health-Care Coalition Act (subject to a rule)
- **HR 4461** - Agriculture Appropriations (subject to a rule)

June 22, 2000

MEMORANDUM TO THE PRESIDENT

FROM: GENE B. SPERLING/SARAH ROSEN WARTELL
CHARLES BRAIN/JOEL WIGINTON

SUBJECT: DECISION ON BANKRUPTCY REFORM LEGISLATION

CC: JOHN PODESTA

ISSUE PRESENTED:

Senator Lott has advised Senator Daschle that negotiations on bankruptcy reform legislation are over. The Republicans agreed to make some further concessions on a couple of the outstanding issues, but the final resolution fails to address our concerns on three key issues you noted in your recent letter to the Congressional leadership: the homestead exemption, discharge of penalties for violations of clinic access laws, and an exemption from the Fair Debt Collection Practices Act (FDCPA) for check collectors. These problems come on top of the dissatisfaction many of your advisors feel with the balance struck in the bill's other provisions. Senator Daschle has asked about your intentions and believes that a strong, clear message from you quickly could enhance the chances of obtaining a veto-sustaining margin.

Your advisors unanimously recommend that you send another letter to the Congress that: (1) indicates that you will veto the bill that Lott described as final; (2) strongly implies that you will sign no bill without adequate clinic access provisions; (3) stresses your concerns with the current resolution of the check collector and homestead issues and the lack of balance in the remainder of the bill; but (4) urges the Congress to fix these problems and leaves you room to decide how to proceed if the clinic access issue is resolved.

STATUS IN CONGRESS

Senator Daschle believes that the chances of achieving 34 Democratic votes are enhanced by your sending a clear, strong veto message as soon as possible. However, it is not certain that a veto-sustaining margin can be obtained. While Daschle would personally support the bill in its current form, if you have a strong veto message premised upon the clinic access and check collector provisions, Daschle may stand with you. Nonetheless, there is some risk, as we have never heard a credible assertion that even 25 Democrats are willing to oppose the bill.

Senator Torricelli, the lead Democratic sponsor of the legislation, also appears to be inclined to support the bill in its current form. Torricelli's staff, however, notes that if you come out with a clear and strong veto statement, the Senator may stand with you against the clinic access and check collector provisions.

Eleven Democratic Senators were opposed to the bill on relevant grounds when it passed the Senate. Senator Durbin, who led the bipartisan effort last year and voted for the Senate bill, has determined that the final bill is unacceptable to him, regardless of the outcome of these remaining issues. Senator Leahy, who voted for the Senate bill and has worked hard to ensure a fair process, believes that the clinic access and the check collector issue swing the balance against an already flawed product; he will vote against it in this form and recommend a veto. Senator Schumer, who strongly opposes the bill, believes that the clinic access issue will mobilize others.

There are five to seven Democrats, led by Senators Biden, Johnson, Breaux, and Reid of Nevada, however, who will likely support the bill in whatever form it is presented to them. Senator Jeffords is the only Republican who has publicly noted some concerns with the measure.

There is little prospect for overcoming the strong veto-proof margin of 313 to 108 by which the House passed its bill last May. Moreover, it is likely that the Republicans will send whatever vehicle they use for the bankruptcy bill to the House first to try to gather momentum.

ADMINISTRATION APPROACH TO BANKRUPTCY REFORM

We have said repeatedly that you support balanced consumer bankruptcy legislation that would encourage responsibility and reduce abuses of the bankruptcy system on the part of debtors and creditors alike. We can eliminate abuse without hurting those forced to turn to bankruptcy, the vast majority of whom are faced with some of the hardest circumstances that life has to offer – divorce, unemployment, illness, and uninsured medical expenses. Although we should not countenance people using bankruptcy to escape bills they can afford to repay, we also should not enact punitive legislation that places insurmountable barriers before the people who file for bankruptcy as a last resort.

To guide Congress in striking the proper balance, we have set forth principles that should be met by a final bill. Many of these issues were resolved on a bipartisan basis by Congressional staff. Others were reserved as “member issues.” Just this week, Lott advised Daschle of the Republicans’ final offer on these issues and their plan to move forward attaching bankruptcy to the next available vehicle.

ASSESSMENT OF NON-MEMBER ISSUES

In a letter to the informal conferees on May 12, 2000, Jack Lew set forth your key principles. A detailed assessment of the resolution of these issues is in the attached appendix.

In short, the final bill’s provisions are closer to the Senate bill than the House bill, but they do not incorporate the balance that you have sought. They reflect a compromise between a House bill that we thought badly one-sided and a better Senate bill about which we still had significant concerns. While all of your advisors believed when we wrote you on May 5th that you should sign a bill close to the Senate bill, this bill is a somewhat closer call.

For example, our fundamental concern about the rigidity of the means test in the Senate bill was not addressed. Moreover, changes were made from the Senate bill to shift a few more debtors out of Chapter 7 and limit a bit further the court’s discretion to determine whether a debtor has the capacity to repay. Similarly, flawed language from the Senate bill narrowly limiting the family household goods that debtors can protect from creditor seizure was included in the final bill. While no one of these provisions alone merits your veto, cumulatively they represent undesirable changes relative to the Senate bill.

ASSESSMENT OF RESOLUTION OF MEMBER ISSUES

You wrote to Congressional leaders on June 9th setting out your concerns about five open member issues. Our assessment of the resolution of these issues is below. In short, we believe two of those issues have been resolved to our satisfaction (pension cap and credit card disclosures, although Senator Kennedy is having trouble getting confirmation of the agreement on pension cap); one issue has been resolved to the satisfaction of key Senate Democrats but not to ours (homestead); and the Republican resolution of two issues (clinic access and check collector exemption) is unacceptable to us and the lead Democrats on those issues, although some Democrats would support the bill nonetheless.

Pensions: "The final bill may eliminate protections for reasonable retirement pensions that reflect years of contributions by workers and their employers."

The Senate bill included a noxious provision that would have allowed creditors to demand that debtors waive bankruptcy protection for pension assets as a condition of receiving credit. That was dropped in Conference, but Senator Grassley insisted on some limit on otherwise unlimited pension assets shielded from creditors. Senator Kennedy was deeply concerned that such a cap would send the wrong message about retirement savings. Moreover, seemingly large retirement accounts do not necessarily provide for extravagant lifestyles for workers with increasingly long life expectancies. A compromise was apparently reached between Kennedy and Grassley that caps only certain IRAs, excluding amounts rolled over from employer pension plans, at \$1 million. Moreover, the court has discretion to waive the cap in the interests of justice. Senator Kennedy is having difficulty getting confirmation that the Republicans will stick with this agreement. *If there is no backsliding, this resolution seems reasonable and consistent with our arguments in the homestead context.*

Credit Card Disclosures: "The final bill may weaken important credit card disclosure provisions that will help ensure consumers understand the implications of the debt they are incurring."

The Senate bill requires modest new credit card disclosures. Consumers would be given better information about credit card "teaser rates" and the impact of making only the minimum payment on the length of time one would be repaying debt. Your letter referred to an effort by Senator Gramm to exclude small banks from the provisions' scope. However, the provisions survived without the exclusion, although for two years the Federal Reserve Board will be asked to provide consumers with an 800 number for information about credit cards issued by smaller banks – an 800 number that larger banks will have to provide themselves. *The Senate bill's modest disclosure requirements have been effectively preserved.*

Homestead: "The final bill may not adequately address the problem of wealthy debtors who use overly broad homestead exemptions to shield assets from their creditors."

State law allows debtors to exempt from the bankruptcy estate home equity valued up to specified homestead exemption thresholds. Five states (including Texas and Florida) have unlimited homestead exemptions, effectively allowing wealthy debtors to shield millions in assets in valuable mansions, while avoid repayment of their creditors. It seems to us fundamentally unfair to ask low- and moderate-income debtors to devote future income to repay all the debts that they can, while leaving loopholes that allow the wealthy to shield assets from their creditors.

The final bill has a modest limitation on unlimited homesteads to address abuse by those who move to states with unlimited homestead exemptions within two years of the bankruptcy filing. *This does not address our fundamental issue.* Moreover, wealthy debtors often can use bankruptcy planning to postpone bankruptcy for two years while they qualify for the unlimited homestead exemption.

Senator Kohl, the Democratic Senate champion of this issue, is satisfied that this resolution represents a good first step and establishes the principle that some nationwide limitation on homestead exemptions is appropriate. (Kohl is undecided whether he will support or oppose the overall bill.) Senator Leahy does not want to flank Senator Kohl on the left on this issue. Thus, if you take this issue to the public, you will have only long-time bankruptcy-bill opponents like Wellstone, Kennedy, and Nadler joining you from Congress. However, many editorial pages around the country have pressed this issue hard and would applaud your concern.

Fair Debt Collection Practices Act: "The final bill may include an anti-consumer provision eliminating existing law protections against inappropriate collection practices when collecting from people who bounce a check."

In conference, Senator Hatch has insisted on an anti-consumer provision (in neither the House or the Senate bill) which would eliminate attorneys fee awards for violations of the Fair Debt Collection Practices Act, if the defendant is collecting bounced checks rather than other defaulted debt. This is a pernicious provision because it could give check collectors de facto rein to intimidate and harass lower-income debtors, knowing that their financial position would prevent them from hiring counsel. Often, the only effective enforcement of the check collector provisions is class action litigation, financed by firms because of the potential for attorneys fee awards. Senator Torricelli suggested a minor change, which the Republicans accepted, that limits attorneys' fees to cases where the debtor can prove that he or she had no intent to defraud. Senators Leahy and Sarbanes argue that such a standard is impossible to prove. *Our fundamental concerns have not been addressed.*

Clinic Access: "Some in Congress still object to a reasonable provision that would end demonstrated abuse of the bankruptcy system. We cannot tolerate abusive bankruptcy filings to avoid the legal consequences of violence, vandalism, and harassment used to deny access to legal health services."

The Senate bill included a Schumer amendment to address the announced strategy of anti-abortion protestors using bankruptcy to avoid penalties for violence against family planning clinics in violation of the Freedom of Access to Clinic Entrances Act (FACE) and its state counterparts. We strongly supported the amendment. The Vice President was in the Senate chamber when they voted to break a tie, if needed. To avoid embarrassment, the Republicans ensured that the amendment passed by a vote of 80-17. However, in conference, they have steadfastly refused to include it or a comparable measure. Their alternative, which they have unilaterally announced will be in the final bill, does little beyond current law. It precludes discharge of all judgements for acts of violence where behavior was shown to be willful and malicious. Advocacy groups argue that few of the actual judgements against, or settlements reached with, defendants who harassed clinic patients include a finding of willful and malicious behavior. Moreover, harassment and intimidation does not always include violence. *Thus, the final unilateral resolution does not satisfy our concerns.*

This is the hardest issue for the Democrats who want to support the bill. Abortion rights groups are energized. If you take a strong position, this is the issue most likely to rally Democrats in opposition to the bill. Even Senator Torricelli may join you in opposing the bill if further changes are not made to this provision, although Senator Biden does not believe this issue should bring down the entire bill.

RECOMMENDATION

Your advisors unanimously recommend that you send another letter indicating that the Republicans' "final" bankruptcy bill is one that you would veto. The letter would note that there has been an acceptable resolution on pensions and credit card disclosures, but that you have continuing concerns about the check collector, homestead, and clinic access provisions. Special emphasis will be given to the clinic access issue, so that no one reading the letter would doubt you would veto any bill without its satisfactory resolution. A reader should also be concerned that you might veto a bill that does not resolve the homestead and check collection issues to your satisfaction, but the letter will give urge the Congress to fix these problems and give you sufficient latitude to make the veto decision later. There is a real risk that Congress could resolve the clinic access issue, leaving you with only a handful of Democratic Senators joining you in opposition to a bill with the other provisions.

DECISION

- ☐ 1. Send the letter as proposed
- ☐ 2. Let's discuss

APPENDIX
ASSESSMENT OF BANKRUPTCY BILL'S OTHER PROVISIONS

In a letter to the informal conferees on May 12, 2000, Jack Lew set forth your key principles. Our assessment of the resolution of these issues is below.

Means Test: "Access to Chapter 7 should not be governed by an arbitrary means test, but by reasonable guidelines that take into account individual circumstances."

We have argued unsuccessfully that various changes are needed to build more discretion into the system to determine whether, in the debtor's individual circumstances, they really have the capacity to repay. We have also sought less stringent thresholds and various technical changes to prevent unfairness in the application of the test. We did succeed in preventing creditors from filing motions to challenge low-income debtors' bankruptcy filings, but these below-median income debtors will be subject to the burdens of new means test paperwork and trustee scrutiny even though only a tiny fraction will have any capacity to repay their debts. While some modest improvements were made in conference, *the final bill (like both House and Senate bills) does not address many of our fundamental concerns.*

Protection Against Coercive Reaffirmations and Practices: "There must be appropriate safeguards against coercive creditor practices that compel debtors to forgo their rights and that disadvantage more scrupulous creditors."

During bankruptcy, too many debtors are misled or deceived into agreeing to repay debts that they cannot afford and have a legal right to discharge. The final bill contains provisions, based on an Administration proposal, that make it significantly more difficult to mislead or deceive debtors who cannot afford to reaffirm their debts. To get our proposal included in the Senate, we had to make some significant compromises with the credit card industry that cause consumer advocates concern. We sought further improvements in conference but they were not made. However, truly offensive provisions from the House bill (that would have banned class actions as a remedy for existing law violations) were dropped. As a whole, your staff believe *these provisions are a net improvement for consumers over current law.*

Improving Credit Card Practices: "Both debtors and creditors must be required to be responsible. Bankruptcy reform should be balanced by including provisions that address credit-card practices that may lead to bankruptcies."

As discussed in the body of the memorandum, modest new credit card disclosure requirements were included in the Senate. These largely survived in tact in the final bill. Consumers are given better information about credit card "teaser rates" and the impact of making only the minimum payment on the length of time one would be repaying debt. *Overall, while we believe more information could be provided more clearly, these provisions are an improvement over current law.*

Non-dischargeable Debts and "Cram Downs": "The goal of repaying creditors must be balanced with the need to protect social priorities, such as payment of child support, alimony, and taxes, and to preserve a meaningful opportunity for a fresh start."

In the last Congress, the First Lady wrote of her concern with provisions that make additional credit card debt nondischargeable in bankruptcy, thus leaving it to compete with higher societal priorities that also are nondischargeable – especially payment of child support and alimony.

In response, the bill's proponents left the new categories of nondischargeable credit card debt, albeit somewhat narrower, but added provisions to clarify that child support and alimony are the highest priority. These provisions will work in many cases to improve the payment of child support and alimony

in bankruptcy; however, in a small portion of cases after bankruptcy discharge, these new nondischargeable credit card debts could crowd out child support or alimony. Our argument is very technical, however. *Rhetorically, they have neutralized our child support and alimony criticism.*

We have a similar concern about provisions in the final bill that would give secured creditors unprecedented rights to collect amounts in excess of the value of their collateral. (Current laws “cram down” their claim to the value of the security. Thus, if a car is worth less than the amount originally borrowed, the claim is limited to the car’s value.) Since secured debt must be satisfied if the collateral is to be kept, collection of other societal priorities (like child support, alimony, and taxes) might also suffer a bit. The bill also skews the distribution of scarce debtor assets toward undersecured creditors instead of unsecured creditors (like credit card companies). The latter firms support is ironic, but this was a political bargain they made with car financing firms to win Senator Abraham’s support. While the final bill is better than the House provisions, *our fundamental concern was not addressed.*

Barriers to Entry or Representation in the Bankruptcy System: “Inappropriate barriers should not be created to entry into or effective representation in the bankruptcy system.”

The Administration has been concerned about inflexible pre-bankruptcy filing hurdles, including paperwork and counseling requirements and fees. We were also concerned about attestation requirements and sanction provisions that could deter attorneys from representing debtors or raise the costs of representation. The final bill waives fees for low-income debtors, reduces some of the paperwork requirements, and eliminates the most chilling requirements for debtors’ attorneys. *While hardly the provisions we would have written, we do not have strong objections to the remaining provisions.*

THE WHITE HOUSE

**Office of the Press Secretary
(Aboard Air Force One)**

For Immediate Release

June 8, 2000

STATEMENT BY THE PRESIDENT

I applaud the media and the entertainment industry for announcing that they have answered our call to action to develop a one-stop web site for parents to learn more about how to monitor and understand their children's interaction with the media. This website is a positive step, but not the only one we need to take, to give parents the tools they urgently need to help them choose what media is appropriate for their children. The First Lady challenged the industry to develop this web site as part of the White House Conference on Teenagers, to give parents more and better information about how to use the current media rating systems and parent advisory guidelines voluntarily put in place by the movie, television, music, and computer/video game industries. Hillary and I will continue to call on the industry to take the next step of voluntarily creating a uniform rating system that would apply to movies, television, music, and video games.

The parental media guide can be found at www.parentalguide.org. This web site was jointly developed and produced by the Motion Picture Association of America, the National Cable Television Association, the National Association of Broadcasters, the Recording Industry Association of America, and the Interactive Digital Software Association.

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HEADLINE: Infectious Disease Concern Heightens

DATELINE: WASHINGTON, June 20

BODY:

Global travel, the use of antibiotics, and changes in lifestyle are significantly impacting the rise of infectious diseases, officials warned today at a press conference sponsored by the National Foundation for Infectious Diseases (NFID). The increased resilience of bacteria to antibiotics; outbreaks of foodborne and vectorborne diseases over wide geographic areas; and the continued global spread of acquired immunodeficiency syndrome without a vaccine available, continue to challenge global public health efforts. However, they stressed that active campaigns to educate the public, improved diagnostics and surveillance, restrictions on the use of antibiotics, and vaccines will help to reduce and control epidemics.

Will West Nile Virus Cause Annual Summertime Epidemics?

Viral persistence found in overwintering mosquitoes collected in New York City during January and February and three infected crows in New York State and New Jersey this spring indicate the **West Nile Virus** infections may reappear in New York and other areas of the United States this summer. Normally seen in the Middle East and some parts of Europe and Asia, this flavivirus produced an outbreak of encephalitis in the New York Metropolitan area in 1999. A total of 62 cases of encephalitis/meningitis, with seven deaths were diagnosed in New York City and adjacent Long Island and Westchester County. "This outbreak marked the first recognition of this virus in the Western hemisphere, demonstrating the ease of movement of microbes in an era of global travel and commerce," said Stephen M. Ostroff, M.D., associate director for Epidemiologic Sciences, National Center for Infectious Diseases, Centers for Disease Control and Prevention. The virus normally circulates in birds and mosquitoes. Humans and other mammals become infected when bitten by an infected mosquito. West Nile infections are mild or asymptomatic and surveys have shown that 2.5% of residents in the hardest hit area of Queens, New York had become infected. Severe disease is more common in elderly or immunocompromised persons. "The outbreak highlights the need for better communication between medical, public health, and veterinary communities," said **Dr. Ostroff**. States on the eastern bird flyway have received federal funding to conduct monitoring activities and perform diagnostic assays. This effort will be expanded nationwide.

Growing Concern About Antibiotics as Growth Promoters

Current trends suggest that with enough time and sufficient antibiotic exposure, bacteria can develop resistance to virtually any antibiotic. "The key question would appear to be 'how long before resistance develops,' not 'will resistance develop,'" said J. Glenn Morris, Jr., M.D., MPH, professor and chairman, Department of Epidemiology and Preventive Medicine, University of Maryland School of Medicine. Use and (overuse) of antibiotics in hospitals and by community physicians is clearly a major driving force for emergence of antibiotic resistance in human bacterial pathogens. At the same time, an estimated 40% of all antibiotic usage in the United States is in animals. Much of this usage is in animal feeds as growth promoters or enhancers. This usage has been paralleled by increasing problems with resistance in certain food borne pathogens. The impact of agricultural antibiotics in agriculture use on human health has been the subject of increasing public and scientific concern. "In parts of Europe, these

concerns have been sufficient to result in a ban on the use of antibiotics as growth promoters and restrictions on therapeutic use of key antibiotic classes in animals," said Dr. Morris. There have been demonstrable decreases in levels of resistance in certain pathogens coincident with these restrictions.

Same Bacteria Causing Stomach Cancer May Protect Against Esophageal Cancer

Now, for the first time in human history, individuals are reaching adulthood and old age without *Helicobacter pylori* in their stomach. The reasons for this include changes in lifestyle, clean water, smaller families, and the use of antibiotics. Consistent with the decline of *H. pylori* in Western populations have come declines in the incidence of both peptic ulcer disease and of gastric cancer, especially the type involving the lower stomach. However, diseases of the esophagus, such as gastro-esophageal reflux disease, Barrett's esophagus, and adenocarcinoma of the esophagus, have been increasing. Once rare, adenocarcinoma of the esophagus is the fastest increasing cancer in the U.S., rising at a rate of 11% a year. Over the past four years, a body of evidence has been growing that the disappearance of *H. pylori* is related to the rise of esophageal diseases, including cancer. "Changes in our indigenous bacterial flora (microecology) have been occurring over the last century, and these changes may have clinical consequences," says Martin J. Blaser, M.D., chairman, Department of Medicine, New York University School of Medicine.

The Future of HIV

The total number of patients infected or dead from HIV reached 50 million as we entered this millennium and while the infection rate is dropping in the western world, it is exploding elsewhere. There appears to be no effective vaccine on the horizon. This epidemic will continue to expand for at least the next ten years and it will leave possibly hundreds of millions infected and dead and nearly 50 million orphans. The current hot spots include Southeast Asia, the states of the former Soviet Union, and the southern part of the African continent. "There appears to be lethargy on the part of the western societies even in the face of the exploding epidemic in the emerging world," noted Merle A. Sande, M.D., chairman of the Department of Medicine, University of Utah School of Medicine. "The impact of this infectious disease could significantly alter progress that has been made in our civilization in the next ten years," warned Sande.

About the Press Conference

The 5th Richard J. Duma/NFID Annual Press Conference and Symposium on Infectious Diseases was sponsored by NFID and was supported, in part, through unrestricted educational grants from AlphaVax Human Vaccines, Inc., AstraZeneca Pharmaceuticals, Aventis Pharmaceuticals, Glaxo Wellcome Inc., Ortho-McNeil Pharmaceutical, Pfizer Inc., and Pharmacia Corporation. This event was named for former NFID President and Executive Director Richard J. Duma, M.D., Ph.D., director of infectious diseases at Halifax Medical Center in Daytona Beach, FL. Dr. Duma is an internationally renowned infectious disease expert.

NFID is a national, not-for-profit foundation established in 1973 to support public and professional education about and research into the causes, cures and prevention of infectious diseases.

SOURCE National Foundation for Infectious Diseases

CONTACT: Kathleen Hanrahan of the National Foundation for Infectious Diseases, 301-656-0003, ext. 14

URL: <http://www.prnewswire.com>

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July 17, 2000

MEMORANDUM FOR MELANNE VERVEER

FROM: HEATHER HOWARD

**CC: SHIRLEY SAGAWA
LISSA MUSCATINE
ANN O'LEARY**

SUBJECT: CONSTITUTIONALITY OF PARTIAL BIRTH LEGISLATION

I. QUESTION PRESENTED

Per your request, I have analyzed whether the partial birth abortion bills passed by the Congress would be constitutional under the standards set forth by the Supreme Court in its recent decision Carhart v. Stenberg.

II. BACKGROUND

In 1996 and again in 1997, Congress approved legislation purporting to ban so-called partial birth abortions. Both times, President Clinton vetoed the legislation, pointing to the lack of a health exception. In this session, Congress is again considering partial birth abortion legislation; the Senate passed such legislation in 1999, and the House in 2000. A conference committee has not yet met to work out the differences.

Recently, in Carhart v. Stenberg, the Supreme Court invalidated a Nebraska partial birth statute. The Court struck down the statute because it 1) lacked an exception to protect women's health, and 2) imposed an undue burden on a woman's right to choose, because it banned not only the D&X procedure, but also the D&E procedure, the most common form of second trimester abortion.

III. ANALYSIS

1996 and 1997 legislation

The 1996 and 1997 versions, which were both vetoed by the President, had identical definitions¹ which closely track the definition at issue in Carhart². The Supreme Court found that the Nebraska definition was so vague that it could be interpreted to cover the D&E procedure as well

¹ The federal legislation bans abortions "in which the person performing the abortion partially vaginally delivers a living fetus before killing the fetus and completing the delivery."

² The Nebraska statute forbids "deliberately and intentionally delivering into the vagina a living unborn child, or a substantial portion thereof, for the purpose of performing a procedure that the person performing such procedure knows will kill the unborn child."

as the D&X procedure. Because the federal legislation vetoed in 1996 and 1997 contain a similar construct, under Carhart they would be unconstitutional as an undue burden on a woman's right to choose.

Recent legislation

The bills that passed the House and Senate in this session contain new definitional language, which proponents claim remedies the legal infirmities of prior legislation (this is the new Santorum language). Both Sen. Santorum and Rep. Canady claim the new definition of the banned procedure is more narrow: it bans the vaginal delivery of "some portion of an intact living fetus until the fetus is partially outside the body of the mother." Despite their claims, the language raises several constitutional questions under Carhart. First, the banned procedure is still vaguely-defined, without reference to medical terminology; thus, the ban may be construed to apply to more commonly used second trimester abortion procedures. Indeed, the American College of Obstetricians and Gynecologists (ACOG) has written that "it fails to use recognized medical terminology and fails to define explicitly the prohibited medical techniques it criminalizes." Second, the legislation still lacks a reference to gestational age, and thus there is no guarantee that it would not apply to pre-viability abortions. Finally, the legislation currently pending lacks any health exception whatsoever, which alone renders the legislation unconstitutional under Planned Parenthood of Southeastern Pa. v. Casey, 505 U.S. 833 (1992) and Carhart.

IV. CONCLUSION

Legislation vetoed by President Clinton in 1996 and 1997 is similar to the Nebraska statute struck by the Supreme Court in Carhart and would also be unconstitutional. Although the bills passed by Congress this year purport to contain a more narrow definition of the banned procedure, they arguably are still vague and may ban procedures performed during the second trimester, thus imposing an undue burden on a woman's right to choose. In addition, both the House and Senate versions of the pending legislation lack a health exception.

Conferees have not yet met to resolve differences in the House and Senate versions. Even though they will argue that their new definition is constitutional, they still must add a health exception to comport with Carhart. Even a narrowly-drawn health exception is anathema to the anti-choice groups, so it is unclear what they will do.

You should know that anti-choice groups may turn their attention to newly-introduced legislation called the Born-Alive Infants Protection Act (Rep. Canady). The legislation would redefine "person" in federal law to include "every infant member of the species homo sapiens who is born alive at any stage of development." The term "born alive" is defined vaguely, and would elevate the fetus to the status of a person in such a way as to ban not only so-called partial birth abortions, but possibly pre-viability abortions as well. The House Judiciary Committee is scheduled to hold hearings on this legislation on July 20th.

THE WHITE HOUSE
WASHINGTON

June 30, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: HEATHER HOWARD ~~HH~~

CC: MELANNE VERVEER
SHIRLEY SAGAWA
LISSA MUSCATINE
ANN O'LEARY

SUBJECT: TITLE X GAG RULE

I wanted to let you know that the final rule codifying the revocation of the Title X "gag rule" is being made public on June 30th.

BACKGROUND

As you know, in 1993 the President revoked the gag rule, which prevented medical practitioners in Title X family planning clinics from providing abortion information or referrals, even when a woman specifically requested such information. When the President suspended the 1988 gag rule he directed the Secretary of HHS to develop a new rule reinstating pre-1988 policy. The final rule was submitted to OMB for review this winter, and we have been reviewing proposed language.

Instead of merely re-publishing the original pre-1988 rule, many pro-choice groups urged through comment that we make the rule stronger and clearer. Specifically, they recommended moving, from the guidance into the rule, language that defines nondirective counseling and clarifies the right to a referral for an abortion. The groups argued that inclusion of this language in the rule itself is important because 1) they claim that clinics are uncertain about what they can and cannot do and will feel they have more legal protection if the provisions are in the actual rule; and 2) codification would make it harder for a future administration to prevent clinics from providing referrals or to define nondirective counseling in such a way that excludes abortion.

THE FINAL RULE

The final rule being released today reflects these comments. It strengthens Title X policy by clarifying, in the body of the rule rather than the guidance, the requirement that family planning clinics offer patients neutral and nondirective counseling on all of their options: prenatal care and delivery; infant care, foster care or adoption; and pregnancy termination. Consistent with

accepted medical practice, the rule also makes clear that clinics must provide their patients referrals for any of these options, if a patient so requests.

Following is the relevant language:

(a) Projects supported under this rule must

(5) Not provide abortion as a method of family planning.¹ Each project must offer pregnant women the opportunity to be provided information and counseling regarding:

- (A) prenatal care and delivery;*
- (B) infant care, foster care or adoption; and*
- (C) pregnancy termination.*

If requested to provide such information and counseling, projects must provide neutral and nondirective counseling, and appropriate referral on request, on each of the options, except for any options about which the pregnant woman indicates that she does not wish to receive information and counseling.

We have worked with HHS on a quiet roll-out of the new rule, to minimize provoking a legislative backlash. HHS has briefed the pro-choice community, which is pleased that the Administration has seized this opportunity to strengthen the Title X program.

¹ The Title X program is statutorily prohibited from paying for abortion services.

THE WHITE HOUSE

WASHINGTON

July 18, 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

LEGISLATIVE AND ISSUES UPDATE

Appropriations

Labor-HHS-Education Appropriations: Yesterday, OMB sent a letter to the Labor-H conferees to set out the Administration's priorities. (A copy of the letter is attached). Last week Republicans suggested they would like to settle the bill early, because in the past the bill has been fought out at the end of the fiscal year and resulted in big victories for the Administration. The letter makes clear, however, that there are many issues to be resolved, because the bills underfund a number of priority programs, including class size reduction, urgent school renovation, key health and social services programs, including child care and the Social Services Block Grant, and worker training programs.

Health

Vaccines: Last week, CDC announced childhood immunization coverage rates for 1999, the highest ever recorded. The overall immunization rate for pre-school children remained at 80 percent, a dramatic increase from 55 percent in 1992. The rates for four individual vaccines increased from 1998 to 1999. For example, 93.5 percent of toddlers received the vaccination for Haemophilus influenzae type b (Hib), 95.9 percent received three doses of DTP, 88.1 percent received three doses of the hepatitis B vaccine, and coverage for varicella (chickenpox) increased 16.2 percentage points, from 43.2 percent in 1998 to 59.4 percent in 1999. Rates for the polio and MMR vaccines were relatively unchanged. A list of state-by state immunization rates is attached.

In addition, HHS announced a new program to encourage state Medicaid programs to provide support for childhood immunization registries. These registries help parents, pediatricians,

public clinics and other health care providers keep track of the vaccinations children need from birth to age two. Under the program, states can access federal Medicaid funding for the development and operation of immunization registries that include Medicaid-eligible children. In states where the immunization registry is developed, owned and/or operated by its Medicaid agency as part of its Medicaid management information system, the federal matching payments will be between 75 and 90 percent, depending on the type of expenditure. In states where the immunization registry is developed, owned and operated by a public health or other non-Medicaid agency, Medicaid will match 50 percent of states' costs associated with Medicaid-eligible children.

RU-486: Last week, during consideration of the Agriculture Appropriations bill, the House defeated an amendment offered by Rep. Tom Coburn that would have prohibited the use of FDA funds for the development or approval of any drug intended for the chemical inducement of abortion. The amendment was defeated by a vote of 182-187, with 65 Members absent. In each of the past two years, the House has narrowly approved such an amendment, but each time it has been dropped in conference.

Foreign Operations: On Thursday, the House approved the Foreign Operations Appropriations bill, by a vote of 239-185. The House narrowly defeated the family planning amendment, 221 to 206, co-sponsored by Rep. Lowey and Rep. Greenwood, that would have removed the restrictions on the ability of private organizations that receive federal funding to use their own funds to provide abortions overseas.

Education

Tuition Tax Credit: As part of the consideration of the Death Tax Elimination Act in the Senate, a number of education message votes were offered. Senator Schumer offered his tuition tax credit proposal and the Democratic alternative, which failed 46-52. In addition, Senator Bingaman offered an amendment for the Democratic alternative that would have allowed the savings to be spent on education spending – class-size reduction, school construction, and teacher quality. It also failed, 47-53.

Single Sex Education: As you know, the White House has been working with the Departments of Education and Justice for nearly three years to develop a revised Title IX regulation on single sex education. The intended purpose of revising the regulation was to provide greater flexibility to school districts in allowing them to offer single sex educational opportunities in order to meet the diverse educational needs of their students.

Throughout the process, the Department of Justice has raised Constitutional concerns about the proposed regulation arguing that it may not comport with the Equal Protection clause, particularly in light of the VMI case. The White House Counsel and Domestic Policy Council worked together with the Departments of Justice and Education with a goal of developing a new regulation that would meet the Constitutional test, but would allow for greater flexibility than the current regulation. Unfortunately, this task proved to be very difficult. The only proposal that the Justice Department believes would pass the Constitutional test would require school districts, which wanted to offer single sex classes or programs based on the educational need of one sex,

to provide both an educational equivalent coeducation class/program and an equivalent single sex class/program to the excluded sex. These classes or programs would need to be offered to the excluded sex even with no research-based educational need or justification unless there was an insufficient interest on the part of the excluded sex. The proposed regulation would also require that school districts wishing to establish a single-sex school would need to establish an equivalent school for the excluded sex.

Both the White House and the Department of Education fear that this proposal does not offer the type of flexibility that school districts desire or that the Administration hoped to support. Historically, the women's groups have actively advocated for no change to the regulation. With no support from the women's groups to change the regulation and a proposal that does not offer greater flexibility, the White House working group on this issue is not inclined to push for this regulation change to move forward. The options remaining are: (1) push back on the Department of Justice to continue to evaluate possible avenues of greater flexibility; (2) issue the new regulation which offers greater flexibility than the current, but does provide a burden to school districts to offer two programs instead of one; (3) remain silent and make no changes to the current regulation.

As you remember, the push to change the regulation stemmed in large part from a 1996 complaint filed in Harlem asserting that the Young Women's Leadership Academy, a public single-sex school for girls, was not in compliance with Title IX. Four years later, the school continues to be in non-compliance. The Department of Education had hoped that a new regulation might offer some flexibility to allow the school to continue to operate without establishing a separate equitable school for boys. At this point, however, the school would not be in compliance with Title IX under either the current regulation or the proposed regulation. In fact, the Department of Justice in working with the Office of Civil Rights, does not believe that any option currently being considered would allow the school to continue to operate without creating a separate school for boys. The Department of Education's Office of Civil Rights will continue to work with the New York Public Schools to try to reach a settlement.

Welfare Reform

Bonus to Reward States for High Performance: The White House has been working with the Administration for Children and Families to finalize regulations to implement the High Performance Bonus Awards under TANF. The proposed regulations recommended basing the rewards on four work measures and four measures that support work and self-sufficiency related to participation by low-income working families in the Food Stamp Program and participation of former TANF recipients in Medicaid and SCHIP.

In response to the Notice of Proposed Rule Making, the Department of Health and Human Services received numerous comments from children's advocates to also include a child care measure. The groups based this recommendation on the fact that child care is a critical work support and, currently, a small number of the eligible population is being served in child care. Despite these recommendations, the Department of Health and Human Services ruled that insufficient data collection systems would prevent them from including a reliable and valid child care measure. Our office has pushed back hard on this ruling and has fought for the inclusion of

a child care measure. We have worked with our colleagues in DPC and OMB to develop such a measure that would evaluate states performance on child care based on the following factors: the percentage of eligible children the state serves through CCDF and the additional funds states add to CCDF through TANF transfers, TANF direct spending, and state supplements beyond the required match. The White House is continuing to work with HHS on the inclusion of a child care measure.

CABINET REPORT

Below are selected Cabinet reports:

Department of Treasury

Taxes: On July 12, the House approved Republican legislation eliminating the marriage penalty, which now moves to the Senate. The Democratic alternative, which would cost \$95B over ten years as opposed to \$182B under the Republican legislation, was defeated on a mostly party-line vote. The Administration opposes the legislation because it is too costly, exacerbates marriage bonuses, and is not well targeted to lower- and middle-income families. On July 13, the House Ways and Means Committee approved the Comprehensive Retirement Security and Pension Reform Act, which is based on a bill introduced by Representatives Portman and Cardin. The legislation increases the Individual Retirement Account annual contribution limit, allows for catch-up contributions, and increases the dollar limit on annual elective deferrals under section 401(k) plans and section 403(b) annuities, and weakens anti-discrimination rules. The Administration has expressed serious concerns regarding these provisions because they undermine pension coverage for rank and file workers and do not benefit low- and middle-income workers who lack pension coverage and other savings. Finally, on July 14, the Senate passed, by a vote of 59 to 39, legislation repealing the estate tax, which is identical to legislation passed by the House in June. The President has stated that he will veto the legislation.

Holocaust Negotiations: On July 17, Deputy Secretary Eizenstat is scheduled to travel to Berlin for a final plenary meeting of the parties in the negotiations on the establishment of the German Foundation which will make payments to former slaves, forced laborers, and other victims of the Nazi era. After the plenary, negotiators will sign the Concluding Joint Statement, which provides an assurance that they will request the U.S. courts to dismiss their cases, and the Executive Agreement between the U.S. and Germany, which provides that it would be in the America's foreign policy interest for the Foundation to be the exclusive remedy for the resolution of Nazi era claims against German companies. The target date for initial payments to victims is the end of this year.

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 Labor

H-1B Grants: On July 19, Secretary Herman will award grants that are funded through the H-1B program to nine states (12 programs) totaling about \$29M to train individuals for high skilled jobs.

Department of Health and Human Services

HIV/AIDS: On July 7, the Health Resources and Services Administration announced 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.

Emerging Infectious Diseases: On July 16-19, CDC will host the second International Conference on Emerging Infectious Diseases in Atlanta, GA. The closing session on July 19 will be devoted to West Nile Virus.

West Nile Virus: Two teams from CDC and the USGS will travel to NJ and NY to work with State and local officials to study the implications of recent findings of crows infected with West Nile Virus in the NYC metropolitan area. Crows appear to be highly sensitive to infection and the human health implications of these findings are not clear. The teams will address prevention and control activities including testing of live birds for West Nile infection, more intensive mosquito collection, and ecological mapping.

Influenza Vaccine: In 1999, four manufacturers produced a combined total of 80 to 85 million doses of trivalent inactivated influenza vaccine. For the 2000-2001 influenza season, lower than anticipated production yields for this year's influenza A (H3N2) vaccine component and other manufacturing problems are expected to lead to a substantial delay in the distribution of the vaccine and possibly substantially fewer total doses of vaccine. A more precise estimate of the vaccine supply will be available as production progresses during the summer. Because many vaccine providers currently are planning their fall vaccination activities, CDC and the Advisory

Committee on Immunization Practices (ACIP) are issuing the following adjunct influenza vaccination recommendations that are specific to the 2000-2001 influenza season. FDA, CDC, ACIP, NIH, and vaccine manufacturers will continue to work together to facilitate the availability of the influenza vaccine for the upcoming season and to minimize the adverse impact of an influenza vaccine shortage should one develop. If a vaccine shortage appears imminent, CDC and ACIP will issue further recommendations.

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.

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.

Secretary Cuomo Hosts Delegation From Israel: Last week, Secretary Cuomo met in Washington with Israeli officials to continue efforts to increase the supply of affordable housing, create jobs, spark economic growth, and revitalize communities in both nations through a new commission. Officials from the Israeli Construction and Housing Ministry, the Israeli Finance Ministry, and two public housing companies met with Secretary Cuomo during a visit to the U.S. that includes stops in New York and Baltimore. The Israelis spent part of last week in Washington visiting affordable housing developments run by the DC Housing Authority to learn how HUD programs are used to provide housing to low- and moderate-income families.

Department of Energy

Summer Energy Emergency Exercises: The Northeast and Southwest Summer Energy Emergency Exercises was held during the second week of July. The Southwest exercise was 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 was held in Newport, RI on July 13-14 with representation from NY, CT, MA, RI, NH, VT, and ME.

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.

Heating Oil Reserve: Secretary Richardson directed DOE to offer an exchange of crude oil from the nation's Strategic Petroleum Reserve to companies willing to provide up to two million barrels of emergency heating oil stocks and the necessary storage facilities in time for this winter. DOE will offer the crude oil exchange through the Defense Energy Supply Center, an arm of DOD that routinely procures petroleum products for the nation's military.

Energy Emergency Preparedness: DOE sponsored meetings between state and Federal energy officials and industry to discuss regional plans for handling electricity blackouts. The meetings were held on July 10-11 in Reno, NV, and on July 13-14 in Newport, RI.

Gasoline Prices: Gasoline spot and futures prices posted sharp declines in all U.S. markets last week, keeping pace with a similar drop in crude oil prices. Midwest gasoline markets again showed the largest drops, with Chicago spot prices down more than 20 cents per gallon. Prices declined for most regions and formulations east of the Rockies, led by continuing strong decreases in the Midwest. Prices on the West Coast continued to rise, reflecting earlier wholesale price increases there. Total motor gasoline stocks were up 0.6 million barrels from last week to 205.1 million barrels on July 7, but were 9.4 million barrels below 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.

America Goes Back to School (AGBTS): AGBTS, a nationwide initiative to encourage and support family and community involvement in improving children's learning, will run this year from July to October, emphasizing the importance of summer programs in strengthening students' skills for their return to school this fall. AGBTS offers numerous opportunities for education leaders and community members to highlight key education priorities.

Small Business Administration

Women's Business: Beginning 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.

Environmental Protection Agency

Gas Prices: The wholesale price for clean-burning reformulated gasoline (RFG) remains over one cent per gallon cheaper than conventional gas (CG) in Chicago and less than five cents per gallon more expensive than CG in Milwaukee. Meanwhile, press reports indicate that the two organizations in those states that had initially requested waivers from the new RFG requirements—the IL and Wisconsin Petroleum Marketers Associations—have now withdrawn support for waivers, since retailers have already stocked up on RFG. EPA continues to believe that gasoline supplies in the region are adequate and that the RFG program is not responsible for the unreasonably high prices that consumers in Chicago and Milwaukee have been paying for clean-burning gasoline. EPA estimates that RFG should only cost four to eight cents more than CG and actual prices are proving to be lower than that range in most of the country.

INTERGOVERNMENTAL AFFAIRS WEEKLY REPORT

Below are selected Intergovernmental Affairs reports

Insular Areas

U.N. Decolonization Committee: The U.N. decolonization committee passed resolutions regarding a dozen territories, including Puerto Rico, American Samoa, Guam, and the U.S. Virgin Islands. The U.S. did not take issue with the committee chairman's resolution on the small territories, which holds all status options open to those territories. U.N. mission and State Department officials are working with us to counter the Cuba-sponsored resolution on Puerto Rico, favoring Puerto Rico's independence and calling for an immediate end to military training on Vieques. The resolution fails to mention the President's actions to address the concerns of the residents of Vieques and to enable a Puerto Rican status choice.

Puerto Rico's Status: The House Appropriations Subcommittee on Executive Office of the President Funding did not approve the President's proposal for \$2.5 million to support a Puerto Rican status choice, in spite of efforts by Ranking Democrat Steny Hoyer (D-MD). Supposedly, Republicans believe that the President's motive for the proposal is to secure Puerto Ricans' votes in the States.

LEGISLATIVE CALENDAR

House of Representatives

Floor Activity

Last Monday and Tuesday, the House passed several measures under suspension of the rules, including (voice) H.R. 894, Aimee's Law, which encourages States to incarcerate individuals convicted of murder, rape, or child molestation, and H. Con. Res. 253, expressing Congress's strong objection to any effort to remove the Holy See's Permanent Observer status at the United Nations. In addition, the House took the following action on bills subject to a rule:

Agriculture Appropriations: By a vote of 339-92, the House passed H.R. 4461, the Agriculture Appropriations Act for FY 2001. The House defeated (182-187) a Coburn (R-OK) amendment, which sought to prohibit the development of drugs for the chemical inducement of abortion. The House passed amendments by Representatives Crowley (D-NY) and Coburn (R-OK) both of which attempt to ease restrictions on the import of prescription drugs from other countries, 363-12 and 370-12, respectively.

H-1B: Last week, a fissure emerged in Democrats' commitment to include certain immigration provisions in H-1B legislation. A group of Democrats sent a letter to Rules Committee Chairman Dreier (R-CA) indicating that they would support passage of H-1B with or without the immigrant provisions. Majority Leader Gephardt met with some of the signers of the letter and members of the Congressional Hispanic Caucus where they decided to restate the Democrats' commitment to the inclusion of the immigrant provisions in H-1B. On the Senate side, Senators Daschle (D-SD) and Reid (D-NV) are nervous that if Senator Lott (R-MS) brings up the bill they will not be able to hold cloture. However, Senators Kennedy (D-MA), Durbin (D-IL) and others continue to press for the inclusion of the substantive immigration provisions in the bill. There remains intense pressure from the High Tech lobby to pass a clean H-1B bill immediately, but the Administration remains committed to pressing for the immigrant provisions.

RESPONSE TO YOUR COMMENTS ON 3/30/00 ISSUES UPDATE

School Construction and Modernization: You asked for a copy of a report released by the NEA with new state-by-state numbers showing the \$321.9 billion needed nationwide for school construction and modernization. The state-by-state breakdown is attached.

Births Report: Recently, CDC reported that the birthrate for unmarried women had increased 1 percent between 1997-1998; you asked for the age breakdown. According to the CDC, the increase is due primarily to a growth in population of unmarried women. However, this increased birthrate is reflected only in women between the ages of 20-29. A continuing trend underway since 1994 indicates declining birthrates for teenage unmarried women. During the 1994-1998 period, the rates for unmarried teenagers 15-17 and 18-19 years declined 16-8 percent, respectively. The rate for young black teenagers has dropped steeply, by 30 percent, during 1991-98. Birth rates for unmarried women in age groups 20-24 and 25-29 years increased by 2 and 4 percent, respectively, between 1997 and 1998, reaching record highs in 1998. Birth

rates for unmarried women in age groups 30-34 through 40-44 years were essentially unchanged in 1998. These patterns by age were generally found for all population groups; among women 30 years and over, however, increases were found only for non-Hispanic white women.

Child Support Waivers: You asked about the organizations running the child support waiver demonstrations in 10 states to improve the opportunities of young, unmarried fathers to support their children both financially and emotionally. Please see attached descriptions of the programs in four cities: Baltimore, Boston, New York, and Milwaukee.

Health Care for Low-Income Families: You asked about a HUD program that provides preventive health care to low-income adults, seniors and children at selected HUD Neighborhood Networks centers. Specifically, you inquired as to whether the centers are exempt from malpractice or have their own insurance.

By way of background, Neighborhood Network center are private/public partnerships establishing computer-based multi-service centers to help people in public and assisted housing learn computer skills and make the transition from welfare to work. Some of these centers are also being used to increase access to health care for low-income families, partnering with local nonprofit health centers, such as Community Health Centers, and local medical and nursing schools. Through these partnerships, residents may be referred to local clinics for care, or providers may provide preventive care on-site. As such, the providers carry the malpractice health insurance they already have with them, and no additional malpractice insurance is necessary. In March, HUD announced a national partnership with the Health Resources Administration's (HRSA) Bureau of Primary Health Care, to support local partnerships designed to increase access to health care. In addition, HUD also announced an ongoing partnership with HOPE for Kids, which uses Neighborhood Network centers to increase enrollment in state CHIP programs.

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003. memo	Ann O'Leary et al. to Hillary Rodham Clinton re: political (5 pages)	06/02/2000	Personal Misfile
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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]

THE WHITE HOUSE

WASHINGTON

June 2, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: ANN O'LEARY *A.O.L.*
HEATHER HOWARD *HH*
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 on 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-HHS, 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.

June 23, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: HEATHER HOWARD

CC: ANN O'LEARY

SUBJECT: STEM CELL RESEARCH

As you know, stem cell research holds tremendous promise for advancements in medical science. Embryonic stem cells, which are derived from fertilized eggs created by in vitro fertilization, can regenerate many types of human cells and may be able to replace tissue that has been damaged by disease or injury, offering promise of new treatments for many diseases. Per your request, following is an update on the status of stem cell research:

Since 1995, federal law has banned the use of federal funding for human embryo research. However, in January 1999, the U.S. Department of Health and Human Services issued a legal memorandum which concluded that the ban against funding for the scientific use of embryos does not extend to stem cell research, as long as federal funding is not used to destroy embryos in order to derive the stem cells. That is so, HHS reasoned, because stem cells, unlike the embryos from which they are derived, lack the potential to grow into a human being.

In September 1999, the President's National Bioethics Advisory Commission (NBAC) delivered its report entitled "Ethical Issues in Human Stem Cell Research." The Commission recommended that public funding of stem cell research be permitted. It also recommended a process that would allow researchers to derive the cells from unused embryos donated by couples who seek in vitro fertilization – embryos that otherwise would be discarded. A copy of the report is attached.

In December 1999, HHS issued proposed guidelines for stem cell research funded by NIH. The proposed guidelines would require that for research involving stem cells derived from human embryos, NIH funds could be used only if the cells were from "surplus" embryos created for infertility treatment. Until the guidelines are finalized, no federally-funded stem cell research will be conducted, but of course the private sector does not operate under any restrictions. The proposed guidelines are in comment period now.

The debate in Congress this year is likely to focus on whether the current human embryo research ban covers stem cell research. Last year, Sen. Specter intended to clarify that stem cell research was not covered by the ban, but in exchange for dropping the matter, Sen. Specter secured a promise from Sen. Lott to have a vote this year. Sen. Specter, along with Sen. Harkin, introduced legislation that would permit funding for research on human embryos for the limited

purpose of generating embryonic stem cells, and would codify HHS's decision to allow federally funded stem cell research. It also, however, would make the heretofore year-to-year funding ban on research using human embryos permanent law, which is troubling. It is unclear whether Sen. Lott will allow a vote on Sen. Specter's bill (or why he would do so, since it would probably pass). There may be amendments on the issue, or on fetal tissue research, in the Senate during consideration of Labor-HHS appropriations next week. You should know that federally funded fetal tissue research is allowed, although federal law prohibits the sale of fetal tissue for profit and a woman's abortion decision must be made before she consents to donating the fetal tissue.