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PRESERVATION

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revis**Customs Narcotics Enforcement**

- **Resources needed:** 200 agents
\$25M 1526-202
- Investigative efforts would focus on the most significant international drug smuggling organizations whose corrupt influence often impacts global trade and economics and public health and safety. Customs investigative approach targets the "command and control" structure of a drug smuggling organization in order to disrupt and dismantle it. Strategically placed special agents and intelligence analysts, well-funded and equipped, will conduct investigations designed to exploit intelligence gained from border seizures to identify, disrupt, and dismantle drug smuggling organizations.
- Drug trafficking continues to be controlled by powerful international drug syndicates who operate huge drug networks that cross our borders daily. With headquarters in Cali, Colombia and Juarez, Mexico these syndicate leaders are the most powerful and ruthless organized crime figures in history.
- These investigative assets would be used to exploit seizures made at the borders to identify and disrupt the transportation and distribution cells of drug smuggling organizations with the U.S. These efforts will increase the return in enforcement results to include increased asset seizures and higher level arrests. If sustained, it is anticipated that these results will eventually translate into an increase in the risk borne by drug traffickers and force them to find alternative means and/or curtail operations.
- Drug trafficking and violent crime are deeply connected. Experts tell us that one-third of all violent acts and almost one-half of all homicides are drug related.
- These resources are needed to stop or deter the entry of illegal narcotics at the border. With additional intelligence and agents, Customs could target illegal shipments at the border and pursue investigations into higher rungs of these illegal networks. Because these type of investigations are labor-intensive, additional agents are necessary to enable Customs to dedicate resources to long-term, complex investigations that have a direct impact on the protection of our citizens.
- The funding of this initiative would contribute to Customs' performance in the following areas:
- Increase the number of narcotics seizures and the amount of narcotics seized (cocaine, marijuana, and heroin in thousands of pounds) annually by Customs officers.

- With 200 additional agents, Customs will be able to perform many more counternarcotics investigations. These investigations will lead to a substantial increase in the seizures of narcotics crossing the border, increasing the costs of doing business for the narcotics smugglers, and diminishing their smuggling opportunities.
- Impact a change in smuggling behavior by forcing the drug trafficker to alter the routes and/or methods used for smuggling drugs into the U.S. This is one of the principal outcomes of Customs collective counterdrug efforts and yields the benefit of eventually increasing the drug trafficker's transportation costs.
- An increase in investigative resources would improve Customs ability to contribute to the following goals of the National Drug Control Strategy: Goal 2: Increase the safety of America's citizens by substantially reducing drug-related crime and violence; Goal 4: Shield America's air, land, and sea frontiers from the drug threat; and Goal 5: Break foreign and domestic drug sources of supply.

DEPARTMENT OF HOUSING & URBAN DEVELOPMENT
451 7TH STREET SW
WASHINGTON, DC 20410

MAX STIER
DEPUTY GENERAL
COUNSEL

Fax

To: ERIC LIU

From: MAX STIER

Fax: 456-2887

Pages: 3

Phone:

Date: December 17, 1999

Re:

CC:

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ANTI-GUN VIOLENCE AND HOUSING SAFETY INITIATIVE FOR FY2001

HUD has a dual statutory mission: to provide "decent, safe and sanitary" housing to the millions of families and thousands of communities in need of assistance in America, and to assure that community and economic development helps to support the general health of those communities. But gun violence is a major threat to both of these missions—and to the families and communities themselves. More than 30,000 people are killed and 100,000 are injured by guns each year.

Public housing residents suffer from some of the most concentrated gun violence in the Nation. HUD estimates that there are over 10,000 gun crimes committed every year in the housing units managed by our Nation's 100 largest public housing agencies and that, on average, someone is being murdered with a gun every day in those developments. Often, these crimes are committed by outsiders preying upon public housing residents.

Tragically, the violence affects our young children worst of all. The rate of firearm death of children aged 0 to 14 in the U.S. is higher than in any other industrialized country and almost 12 times higher than the average rate in the other 25 industrialized countries. The suffering and the fear is very real and must be addressed so that all of us, regardless of where we live, can be safe and feel safe in our own homes.

The Department has used available agency resources creatively to respond to the broad epidemic of gun violence. In doing so, HUD has addressed its efforts to both public and assisted housing communities and to the larger community as well because both types of HUD's investments are threatened by gun violence. For example, HUD has initiated a pilot gun buyback program and is in the process of developing a youth conflict resolution program called the Peacemaker Corps. More, however, can and must be done about gun violence in and around the communities that HUD serves.

For the FY 2001 budget, HUD proposes a \$50 million Gun Violence Reduction Initiative that will target the problem of gun-related violence, both criminal and accidental, in America's communities. This initiative will include three (3) program elements, plus an evaluation:

- **EDUCATION.** Public education programs for residents of public and assisted housing, including curriculum kits suitable for use with school-aged children, and broader public campaigns to help other recipients of HUD assistance address the misuse of firearms as they manage their programs.
- **ACTION.** Technical assistance and seed money to local governments, public housing agencies, and nonprofits for implementing gun violence reduction programs in and around public or assisted housing, in neighborhoods with large numbers of Section 8 recipients, and in areas receiving HUD-funded community development or economic revitalization, including Empowerment Zones and Enterprise Communities and Section 108/EDI. Activities could include gun buy-back programs and funding to

police departments to encourage them to destroy guns that have been seized and to decommission guns no longer in use by police officers. Community involvement of government, residents, businesses, and others will be an essential element. Communities will be asked to address gun violence reduction not just in the context of existing community safety programs, but also in relation to HUD's broader investments in the community, and to build on such programs. They will also make available model rules and regulations for reducing gun violence, as well as other "best practices" in the form of training and resource materials.

- **RESEARCH & DEVELOPMENT.** Gun violence tracking to close the knowledge gap in many communities. Of the \$50 million, HUD would make \$5 million available for state-of-the-art computer crime tracking and mapping partnerships to build databases on gun-related crimes. These much-needed databases, which would be expandable to include a wide array of other crimes, would help communities, researchers, and policymakers target, monitor, and adjust their interventions over time. HUD has funded major advances in place-based crime mapping using Geographic Information Systems (GIS) in the past few years, but no long-run surveillance of gun-related crimes by details of the crime and place has yet been launched. Such surveillance would arm law enforcement and communities with the information they need to fight back smart.

In addition, HUD proposes to set aside \$500,000 of the \$50 million to evaluate the initiative and report on which elements, or combinations of elements, are effective at reducing the plague of gun violence in various community contexts.

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X

EXECUTIVE CORRESPONDENCE

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

UNDER SECRETARY

November 23, 1999

Mr. Eric Liu
Deputy Assistant to the President/Deputy Director
Domestic Policy Council
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear Eric,

Thank you for the continued interest in and support of Treasury's law enforcement programs. At your request, I am enclosing for your information a copy of the FY 2001 budget submission to OMB and the National Money Laundering Strategy.

I. FY 2001 Budget Request

This FY 2001 budget request to OMB allows us to support the Administration's enforcement policy by enhancing personnel, technology, equipment, and training within our bureaus. These resources will better enable us to intensify drug trafficking prevention and detection at our borders while processing lawful trade; combat firearms crime; prevent and investigate money laundering and other financial crimes; protect the President and foreign dignitaries; and train the Federal law enforcement workforce.

This budget reflects extensive and difficult deliberations with our bureaus to meet the increased workload while staying mindful of the established budget caps. Our request is modest in light of our role as the second largest provider of Federal law enforcement and the fact that all of our enforcement bureaus continue to realize significant increases in their workload. As requested, below are the highlights of the ATF and Customs FY 2001 budget requests.

ATF Highlights: The FY 2001 ATF request is to support the following goals:

- Reduce violent crime by providing significant support for strategic efforts to address the most violent chronic criminal offenders and reduce the number of guns illegally available to criminals and juveniles. Our request would extend the Youth Crime Gun Interdiction Initiative (YCGII) to more cities and further enhance efforts of Federal, State and local law enforcement to arrest significant firearm offenders and break the chain of illegal gun supply.

Specifically, the Department's FY 2001 OMB request proposes continued expansion of YCGII so we can achieve the President's target of 75 cities by FY 2003. YCGII provides for (1) comprehensive crime gun tracing by State and local law enforcement; (2) rapid high-volume crime gun tracing and crime gun analysis by ATF's National Tracing Center; (3) training for ATF, and State and local law enforcement personnel; (4) agents, inspectors, and analysts to investigate, inspect, and bring cases against illegal suppliers of firearms and juvenile/youth gun offenders.

- Support the integrated violence reduction strategy called for by the President and being developed with the Department of Justice to reduce gun violence. Resources are required for local strategic firearms enforcement projects that both imprison and deter chronic violent offenders and that reduce the illegal availability of firearms to prohibited persons including juveniles. Resources are also needed to support the infrastructure for following up on Brady referral information.
- Ensure revenue collection associated with alcohol and tobacco taxes. In order to implement the newly imposed cigarette excise tax, ATF must license importers, collect floor stocks tax, and investigate diversion of tobacco products to the illegal markets resulting from increased State tobacco taxes.
- Provide a secure ATF Headquarters to ensure the safety of ATF employees, and support the new National Laboratory Center and Fire Research Center.

Customs Highlights- The FY 2001 Customs request is to support the following goals:

- Interdict the flow of illicit narcotics proceeds by providing the personnel and equipment required to do more intensive, on the spot inspections of suspect contraband.
- Begin the full-scale effort to replace Customs current automated system, establish the account-based processing system, and update the supporting infrastructure and implement re-engineered processes. Current projections call for trade-related transactions to double by 2005. Current systems are experiencing frequent "brown-outs" and can barely keep pace with the ever-increasing workload.
- Expand the use of non-intrusive inspection technology especially along the Southwest border, and provide for additional equipment to reduce processing time for legitimate trade and travelers, while allowing Customs personnel to conduct a greater number of intensive drug searches.
- Enhance Customs ability to meet emerging threats to our international trade system by providing the resources to better protect the financial services infrastructure, and increase anti-cyber smuggling related to fraudulent electronic import and export activities, including child pornography.
- Revitalize the air and marine program, which includes: repair and replacement of boats; update and refurbishment of aircraft and support structures to ensure compliance with current safety standards; and the modernization of air surveillance and radar equipment to ensure compatibility with other aviation units.

II. FY 2001 Request for the National Money Laundering Strategy

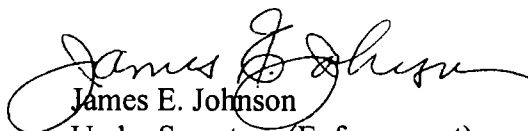
The FY 2001 budget request was submitted to OMB with a placeholder for the National Money Laundering Strategy, and an understanding that the cost details would be provided at a later date. The Department is working with the bureaus to determine the budget implications of the National Money Laundering Strategy action plan, and expects the cost detail to be presented shortly. As mentioned above, a copy of the Strategy that was announced by Secretary Summers and Attorney General Reno on September 23, 1999, is enclosed.

III. FY 2001 Funding for Presidential Decisions Directives and other External Mandates

In addition to our core functions, a number of other vital law enforcement duties are fulfilled by Treasury's bureaus. However, due to budgetary constraints and limited funding availability for Treasury's direct appropriation, as controlled by Congress' domestic spending caps, a number of these issues were not included as part of the funding level in our direct appropriations request. Thus, we are now seeking OMB and White House collaboration on potential funding solutions. Despite these constraints, it is important to stress that these enforcement activities remain major concerns for the Department: Presidential Decision Directives on preventing the smuggling of weapons of mass destruction, international crime, counter-terrorism and unconventional threats, critical infrastructure and continuity of operations, critical functions for the 2002 Winter Olympic Games, a counter-drug initiative of fixed and aerial equipment investments for southern tier deployment, and enhancements for the Interagency Crime and Drug Enforcement account.

I would be happy to meet with you to ascertain ways we can garner your assistance and ensure the funding of these high priority items through the pending FY 2001 budget review process. Again, thank you for your support.

Sincerely,


James E. Johnson
Under Secretary (Enforcement)

Enclosures



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

The Honorable Jacob Lew
Director
Office of Management and Budget
Washington, DC 20502

Dear Jack:

Enclosed is Treasury's FY 2001 budget proposal of \$14.645 billion¹ and associated performance plan. This budget concludes extensive and difficult deliberations with our bureaus to balance increasing demand for services with fiscal discipline. It includes strategic investments that must be made in FY 2001 to: (1) restructure and reform the IRS; (2) meet increased law enforcement workload demands; (3) modernize trade processing; (4) maintain support for management operations, and (5) invest in critical department-wide equipment and systems.

In arriving at this request, the Department established an important framework of guiding principles to prioritize needs. Every effort was made to apply these principles. Our request selects investments that are core to the Department's mission and supportive of the Administration's expectations of the Department. Simply maintaining Treasury's current level of operations requires funding that is 6.3% higher than OMB's FY 2001 projections of direct appropriations available for current operations under the established budget caps. This is especially so in light of increased demands for our services in conjunction with major IRS and Customs modernization programs. We also hope that the results of your recent Justice and Treasury Law Enforcement parity review will ensure a resource allocation that enables Treasury Law Enforcement to achieve its mission more effectively. As a result, I look forward to working with you over the coming months to realize a mutual solution to fund our total request.

Our request centers on several important themes summarized below and expanded on in the attachment².

1. SUPPORTING CONTINUED IRS REFORM

Our \$9.201 billion request for the Internal Revenue Service continues the Administration's commitment to Congress and the American people to implement the Restructuring and Reform Act of 1998, and Commissioner Rossotti's modernization concept. The funding increases will provide for: (1) continued funding for organizational modernization; (2) funding to modernize antiquated core business systems; and (3) funds to make progress toward our performance goals in customer service and compliance.

¹ Includes \$145 million for Earned Income Tax Credit compliance funded outside of the caps.

² The attachment also presents how each request supports Treasury strategic goals. Individual justifications and details of our bureaus' requests will be provided separately.

The program of modernization and reform is well underway and we must continue to support this critical Administration/NPR program. While on this path, our current operations are suffering - the decline in the IRS' workforce over the past five years has significantly contributed to the IRS' record low audit rates (less than 1%) and unacceptably low levels of customer service (approximately 50% phone service levels). In Commissioner Rossoni's modernization concept we have a great sense of hope and confidence that we can succeed in updating the agency's standards and improve its results. Securing funds for this program is critical to continue the path of reform; any reduction in funding from these requested levels would impair our ability to implement the plan and bring customer service and enforcement activity back to acceptable levels. This is a unique time in history for the IRS, and we cannot allow this opportunity to be lost by less-than-adequate funding.

2. MEETING INCREASED WORKLOAD DEMANDS ON LAW ENFORCEMENT

Our cumulative law enforcement request of \$3.940 billion addresses increasing demands for Treasury Law Enforcement services. Our request is modest in light of our role as the second largest provider of Federal law enforcement. Our funding request level enables us to support the Administration's enforcement policy by enhancing personnel, technology, equipment, and training to: (1) intensify drug trafficking prevention and detection at our borders while processing lawful trade; (2) combat firearms crime; (3) prevent and investigate money laundering and other financial crimes; (4) protect the President, dignitaries, and candidates in the next Presidential election; and (5) train the Federal law enforcement workforce.

All our Enforcement bureaus have realized significant increases in their workload. For example, increased smuggling and fraudulent trade transactions along the U.S. borders have intensified demands on the Customs Service to interdict, investigate, and dismantle systems and criminal organizations involved in these activities. Protection services provided by the Secret Service need to be expanded to address major national events. Expanded efforts to enforce firearms laws and reduce violent crime requires increased resources for ATF. Expanded reporting requirements for non-bank financial institutions and new regulatory requirements will challenge FinCEN's ability to combat financial crimes. Finally, the number of enforcement agents requiring training has increased, putting pressure on the Federal Law Enforcement Training Center's services. We must support these agencies to provide for the law enforcement needs of the country.

3. MODERNIZING SYSTEMS THAT PROCESS TRADE

Treasury is requesting \$260 million³ for Customs to begin replacement of its 15-year-old automated system to process commercial trade transactions while maintaining Customs' existing system. Customs' current system to process trade is suffering outages as the number of commercial trade transactions processed by Customs continues to rise on

³ The \$260 million is comprised of: \$123 million in the Salaries and Expenses account to support the existing ACS System, \$136.7 million in the Automation Modernization account for ACE development, and \$12.7 million in the Department-wide Systems Capital Investment account for the ITDS.

average 10% per year and is expected to double by the year 2005. The industry is calling for Customs to modernize. We have delayed investing in a new system until we had an appropriate plan, and we are now confident we have such a plan, as well as the management controls in place, to move forward.

Having learned from IRS's experience, we propose to establish special accounts to address the unique technological investments supporting the Automated Commercial Environment (ACE) and the International Trade and Data System (ITDS); and to establish additional controls before funds are released. We also hope to bring aboard a PRIME contractor to partner on the program. Without funding, we will not be able to attract qualified vendors. Postponing the program's implementation for another year would frustrate both the industry and the Congress.

4. MAINTAINING SUPPORT FOR MANAGEMENT OPERATIONS, INCLUDING FISCAL BUREAUS AND DEPARTMENTAL OFFICES

The \$388 million request for Treasury's fiscal bureaus responds to this Administration's economic policy to promote fiscal responsibility. The proposed funding for these bureaus' operations will facilitate efforts to strengthen government-wide financial operations, modernize government-wide accounting and reporting infrastructure, and improve public debt financing and collection efforts.

Treasury's core leadership and oversight responsibilities in law enforcement, revenue collection, and financial management would be served by our \$218 million request for Departmental Offices and the Office of Inspector General. This request would help maintain our ability to manage the diverse and demanding challenges affecting the global and domestic economies and repair and modernize Treasury's historic building. We also request \$132 million to modernize major Department-wide systems that promote effective management and productivity enhancement in Treasury's business processes, including the Wireless Capital Investment, our Human Resources Information System, and the Treasury Communications Enterprise.

In addition, Treasury is requesting \$150 million for the Community Development Financial Institutions (CDFI) Fund to continue the Administration's commitment to promote access to capital and financial services that promote economic growth in America's economically distressed communities.

5. PRESIDENTIAL DECISION DIRECTIVES AND OTHER EXTERNALLY DRIVEN ISSUES

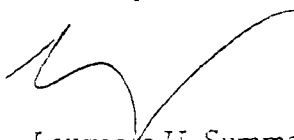
In addition to our other core functions, a number of other vital duties are fulfilled by Treasury's bureaus. However, due to limited funding available for Treasury's direct appropriation, as controlled by Congress' domestic spending caps, a number of government-wide issues have not been included in our OMB request. These include: (1) Presidential Decision Directives on preventing the smuggling of weapons of mass destruction, international crime, counter-terrorism and unconventional threats, critical infrastructure and continuity of operations; (2) critical protection functions for the 2002 Winter Olympic Games; (3) a counter-drug initiative of fixed and aerial equipment

investments for southern tier deployment; and (4) enhancements for the Interagency Crime and Drug Enforcement account.

We appreciate OMB's support in ensuring success on these issues government-wide, and are requesting further White House and OMB collaboration on funding approaches.

The enclosed highlights will further elaborate on areas I want to emphasize in our deliberations. I am pleased with the strong support we have received from Congress in the FY 2000 appropriation process, as well as the support you have provided to us in this very difficult budget environment. I look forward to achieving a successful alignment of resources with our responsibilities and to working with you on this budget.

Sincerely

A handwritten signature in black ink, appearing to be 'L. Summers', written over a horizontal line.

Lawrence H. Summers

Enclosures

Department of the Treasury
FY 2001 Budget Request to OMB

Enclosure 1

Funding (dollars in thousands)

Appropriation Account	FY 1999 Enacted w/ LE Supp.	FY 2000 Pres. Bdgt. (Prog. Level) 1/	FY 2001 Request to OMB
Tax Administration	\$7,516,915	\$8,217,924	\$8,998,473
Internal Revenue Service (Operations)	7,403,497	8,105,777	8,876,721
Treasury Inspector General for Tax Administration	103,418	112,207	119,752
Law Enforcement	\$3,581,836	\$3,471,365	\$3,939,645
Financial Crimes Enforcement Network	25,400	29,881	35,430
Federal Law Enforcement Training Center	110,231	113,346	130,206
Bureau of Alcohol, Tobacco, and Firearms	557,574	633,306	732,709
U.S. Customs Service (excluding ACE and ACS)	2,100,725	1,862,735	2,136,290
U.S. Secret Service	711,306	758,397	806,238
Interagency Crime & Drug Enforcement (OCDETF)	75,900	75,900	73,722
Fiscal Service Operations	\$363,590	\$360,439	\$387,940
Financial Management Service	196,490	202,670	204,317
Bureau of the Public Debt	172,100	177,819	183,623
Management	\$181,267	\$183,345	\$217,627
Departmental Offices 2/	124,651	134,630	151,833
Treas Bldg & Annex Repairs & Restoration	27,000	23,000	31,000
Office of Inspector General	29,616	30,715	34,794
Treasury-wide MCL/Pay Annualization/Recovery Adjustment			61,292
Total, Treasury Operating Level	\$11,648,408	\$12,258,684	\$13,602,977
Major Systems Modernization Issues/Projects	\$239,690	\$113,961	\$736,964
IRS Information Technology Investment Account	211,000	—	325,000
Trade Modernization: ACE, ACS, and ITDS	5,400	72,400	272,247
- ACE (from Customs Automation Modernization)	—	—	(136,700)
- ACS (from Customs S&E)	—	(67,000)	(123,000)
- ITDS (from SCIP account)	(5,400)	(5,400)	(12,547)
Department-wide Systems & Capital Invest. Program (w/o ITDS)	23,290	41,561	119,717
U.S. Mint Capital Acquisitions Placeholder	—	—	20,000
Total, Treasury Appropriation Committee	\$11,888,098	\$12,372,645	\$14,339,941
Grants/Technical Assistance			
Community Development Financial Institutions Fund	95,000	125,000	150,000
Community Adjustment and Investment Program	10,000	17,000	10,000
International Affairs Technical Assistance	1,500	—	—
Earned Income Tax Credit Compliance (Outside Caps)	143,000	144,000	145,000
Total, Treasury Level	\$12,137,598	\$12,658,645	\$14,644,941
Y2K Emergency Reserve [not included above]		(650,428)	
Law Enforcement Emergency Supplemental [included above]		(361,856)	

1/ FY 2000 President's Budget column includes \$10.5 million USSS amendment as well as likely OIG and SCIP congressional action
2/ The FY 2001 estimate for DO S&E is still under final deliberation but will not exceed the amount shown here.

Department of the Treasury
Summary of Key Issues for FY 2001

Highlighted below are the major policy issues for Treasury's operating accounts underlying our FY 2001 proposal.

Tax Administration

The IRS is continuing the Concept of Modernization put forward by Commissioner Rossotti during the last year. The overall objective is to provide top quality service to taxpayers while implementing the many mandates of the IRS Restructuring and Reform Act of 1998 (RRA98). To accomplish these goals, the IRS needs to: modernize the organization, invest in the technology necessary to support new systems, and receive sufficient funding to stabilize the workforce. The stabilization of the workforce is critical to efforts to maintain ongoing IRS operations while transitioning to the new operating divisions.

- **Invest in Organizational Modernization and in the Technology "Blueprint"** (*supports Treasury goal to "Collect Revenue Due to the Federal Government"*): This request (\$42.4 M) continues efforts towards the Modernization Concept begun last year. The IRS is about to finalize its Modernization Concept. During FY 2000, each new operating division will put its management team in place to begin implementation. IRS will continue to transition middle management and front line staff to the new organization structure through FY 2001.

Additional Technology Investment funding was not requested in FY 2000 due to limited availability of funding. Therefore, the IRS requests funding (\$325.0 M) for the Information Technology Investment Account (ITIA) to support its long term, core business systems (Tier A systems) that was awarded under the PRIME Systems Integration Contract last January.

To ensure the success of the new and/or expanded operating division and strengthen the capabilities of the Taxpayer Advocate organization, funding (\$80 M) is requested to align the service centers to the new operating divisions and replace four aging and inefficient service centers (Atlanta, Fresno, Kansas City, and Philadelphia).

- **Strengthen the IRS' Operations** (*supports Treasury goal to "Collect Revenue Due to the Federal Government"*): The IRS' workforce has notably declined over the past five years. To successfully support IRS' modernization efforts, additional funding (\$329.1 M) is required to stabilize the IRS' workforce. Also, to meet the Congressional goal of 80% of all tax and information returns filed electronically by 2007, funding is included for improvements to the Electronic Tax Administration program. Finally, funding (\$238.8 M) is requested to continue the work begun on the Integrated Submission and Remittance Processing System, the Service Center Mainframe Consolidation, and to institute a PC life cycle management program.
- **Promote economic, efficient and effective program administration** (*supports Treasury goal to "Collect Revenue Due to the Federal Government"*): This budget continues to support the required funding for the new independent Inspector General for Tax Administration established under the IRS Restructuring and Reform Act of 1998.

Law Enforcement

Bureau of Alcohol, Tobacco and Firearms:

- Reduce Violent Crime (*supports Treasury goal to "Fight Violent Crime"*): Treasury proposes to provide significant support to address the most violent crime offences and reduce the number of guns illegally available to criminals and juveniles. Our request provides \$43.9 M for the Youth Crime Gun Interdiction Initiative (YCGII) and the Integrated Violence Reduction Strategy (IVRS) to develop a strategy with the Department of Justice for reducing gun violence. These initiatives would extend the YCGII to more cities and further enhance efforts of Federal, State and local law enforcement to arrest firearm offenders and break the progression of illegal gun supply.
 - Funding included would permit the Youth Crime Gun Interdiction Initiative (YCGII) to expand its efforts, providing for: (1) comprehensive crime gun tracing by State and local law enforcement; (2) rapid high volume crime gun tracing and crime gun market analysis by the National Tracing Center; (3) training for ATF, State and local law enforcement personnel; and (4) agents, inspectors, and analysts to investigate, inspect, and bring cases against illegal suppliers of firearms and juvenile/youth gun offenders.
 - Our request also enhances funding for the integrated violence reduction strategy. This program provides resources for intensive firearms enforcement projects; investigating illegal market activity, such as at gun shows; and enforcing the Brady Law. Additional resources are required to enhance field intelligence units and allow electronic receipt by ATF of information on purchase denials.
- Ensure Revenue Collection Associated with Alcohol and Tobacco Taxes (*supports Treasury goal to "Collect Revenue Due to the Federal Government"*): Additional resources (\$5.5 M) are requested to ensure collection of the increased cigarette excise tax passed by Congress in 1997 and effective in FY 2000. ATF must license importers, collect floor stocks tax, and investigate diversion of tobacco products to the black market, resulting from increase State tobacco taxes.
- Provide Secure Building for ATF Employees and Support National Laboratory (*supports Treasury goals to "Fight Violent Crime," to "Promote Domestic Economic Growth," and to "Collect Revenue Due to the Federal Government"*): The Budget supports the proposed new ATF Headquarters Building and assumes that core construction and design funding for the ATF Headquarters building are provided with the GSA budget. To complement that funding, \$20 M has been requested to provide for the necessary, customized above-standard costs. It also includes funding for telecommunications infrastructure (data, voice, video); construction security; and ATF management and technical support. The budget also provides \$14.1 M for the additional costs requested to support the new National Laboratory Center and Fire Research Center, to include additional rent to GSA; telecommunications, data, video cable plant and systems; moving costs; systems and other furniture; and equipment and supplies.

Customs Service:

- Leverage information technology to meet the demands of increasing international commercial trade transactions (supports Treasury goal to "Maintain U.S. Leadership on Global Economic Issues"): The budget includes \$136.7 M to begin the full-scale effort to replace Customs' current automated system, establish the account-based processing system, and update the supporting infrastructure and implement re-engineered processes. Current projections call for trade-related transactions to double by 2005. The Customs Service will have to process in excess of 30 million entries a year. Current systems experience frequent brownouts and can barely keep up with the ever-increasing workload. Interim fixes cannot solve increasingly complex long-term requirements of the government and the trade.
- Expand successful Non-Intrusive Inspection (NII) efforts (supports Treasury goal to "Reduce the Trafficking, Smuggling and Use of Illicit Drugs"): Past implementation of NII equipment along parts of the southwest border has proven to be an effective tool. This request (\$30 M) seeks to expand these efforts to other parts of the southwest border; and provides for additional equipment to reduce processing time for legitimate trade and travelers, while allowing Customs personnel to conduct a greater number of intensive drug searches.
- Impede the flow of illicit narcotics proceeds (supports Treasury goal to "Reduce the Trafficking, Smuggling and Use of Illicit Drugs"): This funding request (\$12.3 M) supports the Customs initiative to seize illicit narcotics proceeds. It provides the personnel and equipment required to do more intensive, on the spot, inspections of suspect contraband, in an attempt to restrict the flow of illicit proceeds from the sale of illegal narcotics.
- Enhance Customs ability to meet emerging threats to our international trade system (supports Treasury goal to "Combat Financial Crimes and Money Laundering" and a goal to be developed to address cyber crimes): The budget request includes resources (\$26.8 M) to augment and implement programs aimed at countering increased criminal activity. The request includes resources for agents, intelligence analysts and auditors to enable Customs to better combat the undercover financial services infrastructure; and to increase anti-cyber-smuggling related to fraudulent electronic import and export activities, including child pornography.
- Revitalize the air and marine program (supports Treasury goal to "Reduce the Trafficking, Smuggling and Use of Illicit Drugs"): Funding is requested (\$32.90 M) to halt the decline in the condition of the air and marine program assets. Ten boats will be replaced and new boats will be procured with the requested funding. Aircraft and support structures will be updated and refurbished to insure compliance with current safety standards. Air surveillance equipment will be modernized to insure compatibility with other aviation units.

FinCEN:

- *Combat Financial Crimes and Money Laundering (supports Treasury goal to "Combat Financial Crimes and Money Laundering")*: Treasury continues the momentum to strengthen and support the government's ability to fight financial crimes and money laundering. Treasury is requesting additional resources (\$4.8 M) to meet the growing demands for services from Federal, State, and local law enforcement partners, to support the efforts outlined in the Money Laundering and Financial Crimes Strategy Act of 1998, and to expand reporting requirements for Non-Bank Financial Institutions. In addition, a new appropriation (\$2.3 M) is requested for regulatory efforts associated with the implementation of Money Service Business (MSB) Registration program announced earlier this summer.

Secret Service:

- *Protect Our Nation's Leaders and Visiting World Leaders (supports Treasury goal to "Protect Our Nation's Leaders and Visiting World Leaders")*: Treasury continues the momentum to ensure protectees of the United States Secret Service are safe from terrorist attacks and to maintain the highest level of security for protectees in an increasingly more complex environment and under increasing workload pressures. The request includes resources to: (1) fund increased protective requirements for the President- and Vice-President Elect following the FY 2000 Presidential election (\$2.4 M); (2) implement residence security for the newly elected President and Vice President, and the former President, including implementation of a security detail for the former President (\$11.5 M); (3) achieve a balanced workload across protective operations (\$15.4 M); (4) implement the Service's combined operations logistical database (COLD) for protective activities (\$0.5 M); (5) fund protective travel costs (\$10.0 M); and (6) strengthen security of the Official Vice-Presidential residence (3.9 M).

Federal Law Enforcement Training Center:

- *Interagency Training Needs and Workload Requirements (supports Treasury goal to "Provide High Quality Training for Law Enforcement Personnel")*: To ensure adequate capacity at the Glynco, Georgia and Artesia, New Mexico sites, Treasury requests funding to continue Master Plan implementation (\$11.8M) and for major renovations to FLETC's older buildings (\$4.0 M). Also, to guarantee quality training and address additional workload requirements, FLETC requires resources (\$6.4 M) for instructors, materials, supplies, contractors and other non-personnel costs.

Financial and Resource Management

- *Improve Stewardship of the Government's Finances (supports Treasury goal to "Manage the Federal Government's Accounts")*: Treasury continues improvement efforts in all aspects of government-wide financial management. To improve government-wide accounting practices to support these efforts, Treasury is requesting funding to: (1) redesign and replace FMS' Electronic Certification System (\$2.1 M), Check Payment and Reconciliation System (\$1.5 M), and payment applications (\$0.5 M); (2) expand FMS' Internet platform to improve its business processes (\$0.8 M); (3) assess FMS-wide computer and network security, disaster, and backup capability (\$2.5 M);

and (4) modernize the government-wide financial systems and ADP infrastructure (\$2.9 M). While these additional resources are being requested, efforts to redirect existing base resources and draw on productivity savings are accounted for in this request.

- **Advance Corporate Information Systems** (*supports Treasury goal to "Manage the Federal Government's Accounts"*): The Department-wide Systems and Capital Investment Programs account includes funding (\$132.3 M) to support Treasury's strategic objectives in both the enforcement and management areas. The three major project enhancements funded in this account (Wireless Capital Investment, Human Resources Information System, and Treasury Communications Enterprise) provide an information management and communications environment that will serve Treasury's complex business missions on par with the best private sector examples. These projects also support compliance with recent Presidential Decision Directives on infrastructure protection, operations continuity, workplace security, and the NTIA narrow bandwidth mandate.
- **Ensure Coverage for Global Economic and Enforcement Issues and a Sound Domestic Economy** (*supports Treasury goal to "Cost-Effectively Finance the Federal Government's Accounts" and to "Improve Management Operations"*): Treasury continues the momentum to improve financial management operations and provide efficient and effective audit and investigative services. To support these efforts, additional funding (\$1.5 M) is requested for personnel and technological resources necessary to implement an informational technology renewal and replacement plan to support all federal Inspector General offices. In addition, as a result of limited availability of funding in FY 2000, the Office of Inspector General's initiative for its investigative operations was not funded; therefore, Treasury is requesting funding (\$1.4 M) for this initiative again in FY 2001. Lastly, Treasury's request will continue support for Public Debt's efforts to cost-effectively manage operations and ensure financial technology and systems infrastructure keep current with the global economic standards.
- **Promote access to capital and foster local economic growth for distressed communities** (*supports Treasury goal to "Promote Domestic Economic Growth"*): Treasury continues to meet the increasing demand to address the community development financing needs of economically distressed communities. To support these efforts, funding is requested to: (1) enhance the Community Development Financial Institutions (CDFI) program by improving the performance management area, implementing the full range of Grants Management activities, providing essential administrative support, and keeping CDFI awards level at a comparable level (\$15 M); and (2) provide further implementation of the proposed Program for Investment in Microentrepreneurs (PRIME), which upon congressional approval, will provide training and technical assistance to low income and disadvantaged microentrepreneurs, build the capacity of microenterprise development organizations, and support best practices research and development (\$10 M).
- **Maintain Operational Efficiencies through Franchising** (*supports Treasury goal to "Improve Program Performance"*): Treasury has achieved the principles and objectives of the franchising concept -- promoting efficiency by consolidating repetitive administrative support functions, reducing administrative support costs, enhancing financial management practices, fostering competition for the delivery of such services, and applying business-like practices to our operations. In recognition of this achievement, Treasury seeks legislation making the Franchise Fund permanent.

Funding Estimates for Externally Driven Issues for Fiscal Year 2001

[Financial Data Provided in Attached Chart]

Identified below are summaries of the external issues not included in Treasury's core request. Due to the limited funding available for Treasury's direct appropriation, as controlled by Congress' domestic spending caps, we are unable to financially address these important issues. In recognition of OMB's leadership in ensuring their government-wide coordination and success, we are requesting further White House and OMB collaboration on funding approaches for these four issues, together approximating \$570 million.

- (1) **Presidential Decision Directives (PDD):** PDD 39 – prevent smuggling of weapons of mass destruction, PDD 42 – international crime, PDD 62 – counter-terrorism and unconventional terrorist threats, PDD 63 – critical infrastructure, and PDD 67 – continuity of operations.

Treasury's law enforcement bureaus play a crucial role in the fight against terrorism and the deterrence of international acts of crime. Although interagency efforts to implement these PDDs are underway, full assessment of funding requirements associated with these PDDs has not been identified. As a consequence, our current budget submission does not include proposed funding to meet our mandatory responsibilities under the PDDs.

- (2) **2002 Olympics:** In February 2002, the United States will host the Winter Olympic Games in Salt Lake City, Utah. Treasury's law enforcement bureaus will be responsible for providing the critical protection necessary for this international event.
- (3) **Counter-drug Initiative:** To strengthen Customs' efforts in the implementation of the Western Hemisphere Drug Elimination Act of 1999 and the Comprehensive Border Protection Act of 1999, additional equipment, personnel, and support are necessary to conduct investigations to fully exploit the increased drug seizures proceeding from the investment in interdiction assets. The additional personnel will be deployed at the ports in Florida, along the southwest and Canadian borders, and along the Gulf Coast to reduce processing time for legitimate trade and legal travelers. They will serve to increase Customs' ability to detect and seize illegal contraband, including drugs and arms.
- (4) **Interagency Crime and Drug Enforcement:** Treasury law enforcement bureaus (IRS, Customs and ATF) work with the Justice Department to identify, investigate, and prosecute members of high-level drug trafficking organizations and their related enterprises, including money-laundering organizations. The task force also works to dismantle or disrupt the operations of those organizations.

Externally Mandated Initiatives

Presidential Decision Directives:

PDD-39: Prevent Smuggling of Weapons of Mass Destruction

<i>USCS</i>	<i>Anti-Terrorism (NIH Inspection Equip/Support/Training/Reloc. \$64.4M, 50 FTE \$9.0M).....</i>	\$73,400
	Requests resources (1) to prevent the smuggling of Weapons of Mass Destruction (WMD)	
	(2) to prevent international terrorists from obtaining WMD materials or technology, arms, funds from sources within the United States	

PDD-42: International Crime

<i>USSS</i>	<i>FY 2000 Amendment (Task Forces Combating Financial Criminal Groups \$6.2M, Anti-counterfeiting \$2.3M, Forensic Technology \$0.6M) incl. 48 FTE.....</i>	\$9,771
	Provides additional equipment, personnel, and computer and telecommunications technology training to combat electronic crimes and counterfeiting.	

PDD-62: CounterTerrorism/Unconventional Terrorist Threats

<i>USCS</i>	<i>Major Event Security (Acquire helo/sensor op&maint. \$42.7M, 26 FTE \$5.2M, \$0.5M Other).....</i>	\$48,399
	Support designated National Special Security Events with aviation, marine and other enforcement assets	

<i>FinCEN</i>	<i>Workload: Intelligence Support and CounterTerrorism incl. 4 FTE.....</i>	\$513
	Increased staffing to provide dedicated, specialized support to the Intelligence Community in the areas of national security, terrorism, organized crime, and drug trafficking, with money laundering as a focal point, and to investigation of financial trails of terrorists and terrorist activities.	

<i>USSS</i>	<i>FY 2000 Amendment (Major Events Division \$2.3M, Backfill 13 positions reallocated to MED \$1.5M, Backfill 19 Field Special Agents \$2.5M) = 32 positions and 25 FTE.....</i>	\$7,032
	Provides resources to backfill staffing reallocated to the Major Events Division; the MED is tasked with coordinating and implementing security at National Special Security Events.	

<i>USSS</i>	<i>Protective Operations.....</i>	\$200
	Provides funding to purchase semi-automatic weapons for use by the Counter Assault Team (CAT). CAT's current weapons are not compatible for air interdiction deployment.	

<i>ATF</i>	<i>Counter Terrorism incl.110 FTE.....</i>	\$28,612
	Support FBI Joint Task Forces and Counter Terrorism Center	
	Build a permanent National Response Team	
	Expand Repository for International Bombing Incidents	
	Improve International Anti-Terrorism Cooperation	
	Enhance Cyber Crimes and Cyber Crisis Planning	
	Expand Pre- and Post-Blast Training for State and Locals	

PDD-62: CounterTerrorism/Unconventional Terrorist Threats (continued)

<i>CTR</i>	<i>CounterTerrorism Fund.....</i>	\$25,000
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Externally Mandated Initiatives

USSS	<i>Emergency Preparedness/Critical Infrastructure</i>	\$5,386
	Provides equipment , network upgrades, and staffing to enable compliance with continuity of presidency guidelines and establish permanency for an Emergency Preparedness Office.	
SCIP	<i>Continuity of Operations</i>	\$6,000
USCS	<i>Newington Continuity of Operations (DCC w ACE development?)</i>	\$37,699
	Provides on-line back up capability for Customs trade processing mainframes. Today no such capability exists. Failure of these mainframes for more than brief time periods can have dramatic effects on crossing our borders, industries relying on just-in-time practices, and Customs revenue collection.	
Counterdrug Initiative (\$165 m & 350 FTE) Comprehensive Border Protection Act (Senate S. 689)		
USCS	<i>Compr Border Prot Act Impl (S. 689) incl.350 FTE</i>	\$59,212
	<i>Procure Canine Element</i>	\$500
	<i>Nonintrusive Inspection (NII) Equip Florida & Gulf Coast</i>	\$14,000
	<i>Investigative Equip</i>	\$4,773
	<i>NII Equipment US-Canadian border</i>	\$11,620
	<i>Investigative Equip - Disrupt command / control elements</i>	\$16,445
	<i>Americas Counter Smuggling Initi - Travel /Per Diem</i>	\$750
	<i>Counterdrug Initiative Air /Marine Portion</i>	
	<i>Procure P-3B AEW Int. 6 (1 of 8)</i>	\$37,700
	<i>Procure P-3B "Slick" (1 of 6)</i>	\$20,000
	Provides additional equipment and personnel to address drug smuggling threat at our borders.	
	Additional investigative equipment requested is necessary to conduct investigations that fully exploit the increased drug seizures generated by the current investment in interdiction assets.	
	Goal of initiative is to reduce the readily available supply and quality of drugs, drive up end user prices and, ultimately, reduce the use of illegal drugs.	

Externally Mandated Initiatives

2002 Olympics

<i>ATF</i>	<i>Augment Secret Service protection details with agents, bomb technicians, and tactical teams.</i>	\$1,675
	<i>Support costs to assist in arson/explosive incidents; explosive-detecting canines.....</i>	\$3,301
	<i>Travel.....</i>	\$4,168
	The above-listed resources will allow ATF to participate as a member of the Utah Public Safety and to prevent, detect and respond to potential incidents.	
<i>USSS</i>	<i>2002 Olympics (leased space).....</i>	\$152

Interagency Crime and Drug Enforcement

<i>ICDE</i>	<i>Workload Increases</i>	
	<i>ATF Workload Increase.....</i>	\$8,912
	<i>Customs Workload Increase.....</i>	\$21,978
	<i>IRS Workload Increase.....</i>	\$31,633
	Treasury's ability to investigate cases has been restricted by retaining resources at about \$75.9 M.	
	As a team player with Justice, Treasury must provide support necessary to successfully complete cases.	
<i>ICDE</i>	<i>Program Increases</i>	
	<i>Customs Program Increase.....</i>	\$19,100
	<i>IRS Program Increase.....</i>	\$33,300
	Crosscutting Money Laundering (IRS-\$33.3M/184 FTE; Customs-\$3.8M/19 FTE)	
	Equipment for Customs (\$15.3M) -- Penlink Contract, Wire Rooms	

Externally Mandated Initiatives

Seeks to replenish Secretary's Counter-Terrorism fund which is used to fund Treasury agencies reaction to acts of terrorism; lack of funding limits the Secretary's options in the event of a terrorist act.

PDD-63: Critical Infrastructure

<i>FinCEN</i>	<i>Physical Security/Emergency Preparedness; Continuity of Operations.....</i>	\$550
	Provides funds to heighten physical building security, and accelerates efforts to develop an emergency preparedness/continuity of operations plan.	
<i>USSS</i>	<i>FY 2000 Amendment (Electronic Crimes Special Agent Program \$11.1M, Cyber Crimes Investigations \$4.5M) incl. 74 FTE.....</i>	\$16,502
	Provides additional staffing to increase investigative efforts to combat high-tech and cyber crimes.	
<i>USSS</i>	<i>FY 2000 Amendment -- NCIC Workstations & Mobile Imaging Units.....</i>	\$1,000
	Provides additional equipment to enable inter-linked retrieval of multiple databases and provide a means of quickly assessing vulnerabilities to both cyber and physical attack and identify potential threats to national security and ensure general public safety.	
<i>USSS</i>	<i>FY 2000 Amendment -- Advanced Telecom Intercept Equipment.....</i>	\$750
	New equipment to enable interception and decoding digital communications signals to reduce exposure of attack to the nation's telecommunications infrastructure.	
<i>USSS</i>	<i>Investigative Operations incl. 14 FTE.....</i>	\$5,376
	Increased staffing to enable expansion of foreign offices and overseas initiatives to establish and strengthen protective and investigative operations overseas, and to combat financial crimes.	
<i>USSS</i>	<i>Metropolitan Area Network (MAN) Upgrade.....</i>	\$3,000
	Increased resources to strengthen the data communications network to safeguard and ensure reliable equipment/communications connectivity for all offices in the Metropolitan Washington DC area.	
<i>USSS</i>	<i>Diverse Human Resources.....</i>	\$685
	Provides resources to enable implementation of a Recruitment/Internship program to obtain staffing with relevant computer-related technical skills and facilitate hiring and retention of qualified personnel for technical analysis and investigation involving cyber attacks.	
<i>USSS</i>	<i>Emergency Preparedness/Critical Infrastructure incl. 2 FTE.....</i>	\$1,100
	Provides resources to enable establishment of computer-based training in network intrusion and telecommunications compromise activity to Federal, State, Local Law Enforcement and private industry representatives to protect Critical Infrastructure, and to acquire Technology and Service support.	

PDD-67: Continuity of Operations

<i>USSS</i>	<i>Multi-Purpose Building/Re-location Center (already started capital).....</i>	\$9,309
	Provides for construction of an additional structure at the James J. Rowley Training Center to conduct large-scale operational briefings, seminars, lectures, and other training and special events in lieu of expending significant resources on conference room rentals.	

Tom called B/c: Consumer Product Safety Commission

Bruce asked him to follow up w/ Dan Mendelson about the CPSC budget:

they have a budget of 50 million & asked for an increase of 3.5 million for FY01.

They got 1.5 million but need about 1.9 million more

If got additional amount they could

① Do own research instead of contracting out to private sector and

② Rebuild their old facility, which was/is chaotic.

Bruce is friends w/ Ann Brown (Chairwoman of CPSC) & asked Tom to talk to Dan & then pass to you to do what you can.

$$\begin{array}{r} 49.5 \\ 1.5 \\ \hline 51.00 \\ 1.5 \\ \hline 52.5 \end{array}$$

55.79 Dan → 52.5

1.5M

52.5M

**Coordination of the Department of Labor and Department of Justice
Initiatives for Ex-Offenders**

12/21/99

The new ex-offender initiatives at the Department of Labor and the Department of Justice are complementary and will be closely coordinated. To maximize their positive impact, the DOL funds will be targeted to the same communities and populations served by the DOJ initiative, with a strong preference for and heavy emphasis on youth (defined as under age 35). At the same time, DOJ will earmark \$5 million of its funds to focus on aftercare programs for juvenile offenders, to build on already existing collaborations between the two departments.

THE WHITE HOUSE
WASHINGTON

December 22, 1999

MEMORANDUM FOR HILLARY RODHAM CLINTON

**FROM: MELANNE VERVEER
NICOLE RABNER
ANN O'LEARY**

CC: SHIRLEY SAGAWA

**SUBJECT: POLICY PROPOSALS STEMMING FROM THE WHITE HOUSE
CONFERENCE ON PHILANTHROPY**

As a follow-up to the White House Conference on Philanthropy, three policy proposals are being considered in the context of the FY '01 budget: (1) eliminate the excise tax on investment income of private foundations, (2) allow tax deductions for non-itemizers, and (3) develop a Nonprofit Capacity Building Program (NCBP).

All of these proposals have general support from both the DPC and the NEC, but none of the proposals are top priorities in terms of new initiatives. Therefore, we are concerned that the budget will not include any of these proposals and, thus, we will have no substantive policy proposal following up on the Philanthropy Conference. At this point, the elimination of the excise tax is still in play, the tax deductions for non-itemizers are uncertain, and the NCBP is off the table. Please advise as to how you would like us to weigh in on your behalf. Our recommendation is that we push strongly for the non-itemizer option. Below, please find background on each of these proposals with information on where each stands in the process.

BACKGROUND

Eliminate Excise Tax on Investment Income of Private Foundations: Private foundations pay an excise tax on their net investment income, which includes interest, dividends, and net capital gains and is reduced by expenses incurred to earn this income. While the intent of the distinction between a 1 and 2 percent rate of tax on investment income was to prevent foundation disbursements from falling, the mechanism is unduly complicated and may even reduce foundation giving. This excise tax should be eliminated or modified. (Cost: \$3 billion over 5 years)

This proposal has received favorable play and, at this point, has been included in the FY '01 proposed tax package.

Deductibility of Charitable Contributions for Nonitemizers. One broad change that could affect both the level and composition of individual gifts would be to allow non-itemizers to claim a deduction (or tax credit) for charitable contributions above a certain floor. In addition to affecting the total amount of charitable contributions, allowing non-itemizers to take such a deduction could also affect the proportion of gifts going to different types of recipients since non-itemizers gifts disproportionately benefit religious organizations and social service groups as opposed to educational institutions and private foundations. (Cost: \$2 to \$6 billion a year).

This proposal was raised in the President's tax meeting on Thursday and, while it received a tentatively favorable consideration, it is not yet included in the proposed FY '01 tax package. Of all the proposals, this one has the most likelihood of being included with your strong support.

Nonprofit Capacity Building Program (NCBP). This program would provide capacity and technical assistance to train and manage assistance for nonprofit and community-based organizations through development centers nationwide. The NCBPs would provide counseling, training and technical assistance in all aspects of nonprofit management. These services may include: assisting nonprofits with start-up, budgeting and financial management, marketing, fundraising, board development, technology assistance, volunteer management, human resources, strategic planning, personnel management and program evaluation. They could also assist in creating and maintaining a centralized access point of information and databases about nonprofit organizations. The structure of the program could be through grants made by the Corporation for National Service to statewide nonprofit associations or technical assistance providers 501(c)(3) organizations that would then provide services to other nonprofit and community-based organizations. (Cost \$100 million)

Currently, DPC has been pushing for this proposal, but it is no longer on its list of priorities. We would recommend that you push for this proposal. At this point, however, it would take very strong support from you to get it back on the table.

Georgia-Pacific



Date:

12/21

ERIC -

THANKS FOR YOUR
INTEREST - ENCLOSED
IS SOME BACKGROUND
ON THE NATIONAL
PARK SERVICE HAS
\$4.2 MILLION IN FY 2001
REQUEST. WE HOPE
(FOR VISITOR CENTER)
TO KEEP IT IN THE
BUDGET, IN ~~LESS~~ ^{SPITE} OF
THE DECLINING TOP LINE
FOR PARK SERVICE
CONSTRUCTION ACCOUNTS.
IF YOU HAVE TIME, I'D
LIKE TO FOLLOW UP
NEXT YEAR.

Confinement and Ethnicity

An Overview of World War II

Japanese American Relocation Sites

DRAFT

by

Jeffery F. Burton

Mary M. Farrell

Florence B. Lord

Richard W. Lord

with an essay by
Eleanor Roosevelt

cartography by
Ronald J. Beckwith

and a contribution by
Irene J. Cohen

Western Archeological and Conservation Center
National Park Service
U.S. Department of the Interior

Publications in Anthropology 74
1999



SHOW ME THE WAY TO GO TO HOME

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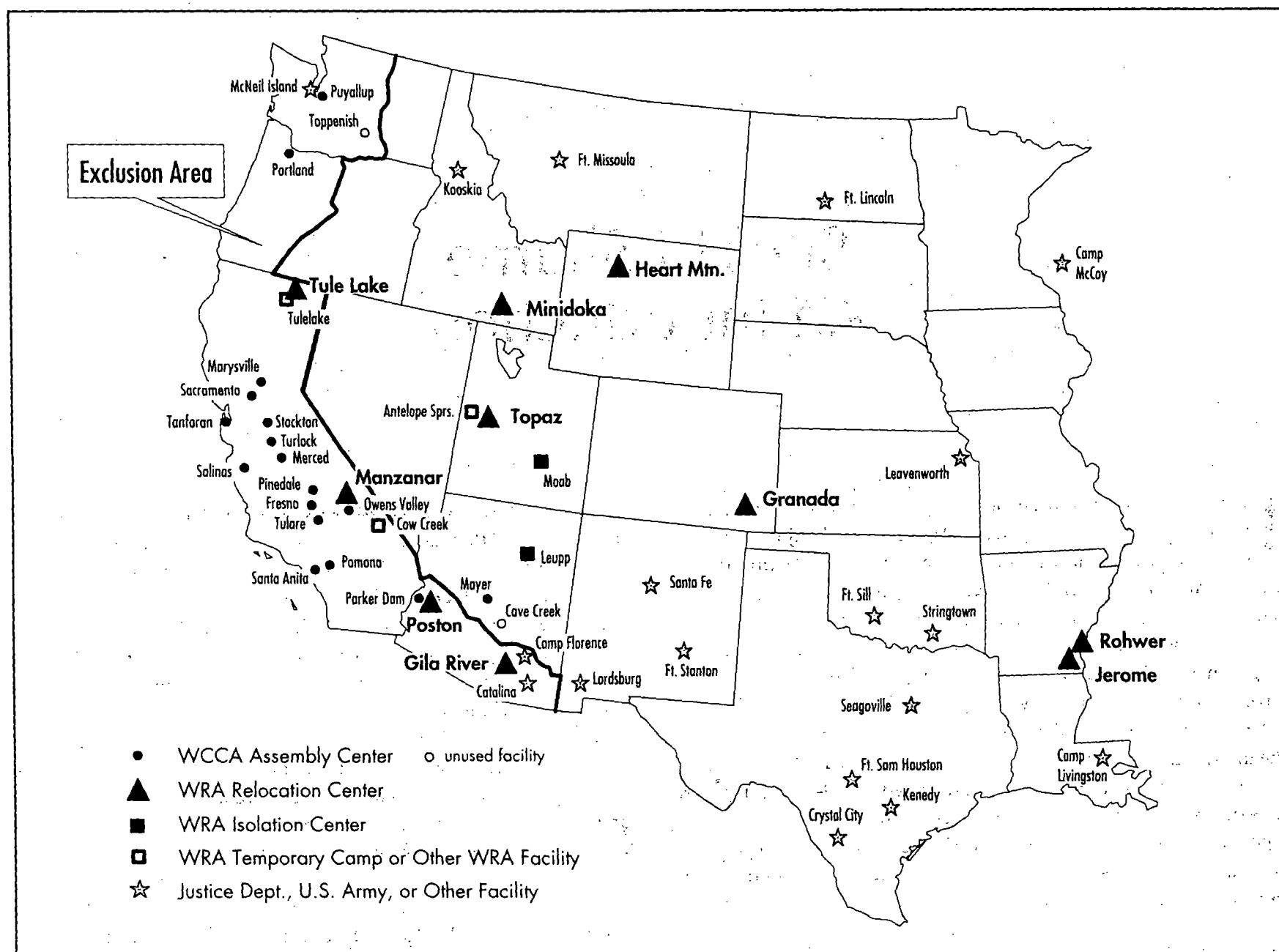


Figure 1.1. Sites in the western U.S. associated with the relocation of Japanese Americans during World War II.

Retrospect

Six of the former relocation centers are listed on the National Register for their historical significance. Two sites are also National Historic Landmarks: Manzanar, and the memorial cemetery at Rohwer. Plaques and small monuments are the only memorials. People still debate whether the exclusion orders and the relocation centers were just, reasonable, constitutional, or justifiable responses to war (Baker 1991, 1994; Smith 1995; Uyeda 1995). However, in 1982 the California legislature passed a bill to provide \$5,000 restitution to 314 Japanese Americans who were fired from their state jobs in 1942. Significantly, the three Japanese American who had been convicted of violating curfew and not reporting to the relocation centers were exonerated. Evidence surfaced that the War Department and the Justice Department had altered blatantly racist reports and submitted false information to the Supreme Court about the potential danger posed by the Japanese Americans. With this newly discovered information Federal District Courts overturned Fred Korematsu's conviction in 1984, Minoru Yasui's conviction in 1985, and Gordon Hirabayashi's conviction in 1986 (Figure 3.22). In 1989 the U.S. government officially apologized and granted redress of \$20,000 to each surviving evacuee.



Figure 3.22. Fred Korematsu, Minoru Yasui, and Gordon Hirabayashi.

Table 3.6.
Disposition of WRA Centers (Myer 1971:348).

Center	date of release	Agency designated for Disposal
Gila River	2/23/46	Government Land Office
Granada	1/26/46	Farm Credit Administration
Heart Mtn.	2/23/46	Bureau of Reclamation
Jerome	10/1/44	War Department
Manzanar	3/9/46	Government Land Office
Minidoka	10/1/44	Bureau of Reclamation
Poston	3/9/46	U.S. Indian Service
Rohwer	3/9/46	Government Land Office
Topaz	2/9/46	Farm Credit Administration
Tule Lake	5/4/46	Bureau of Reclamation

Table 1.1. Summary of Relocation Center Features.

	Central Area													Security		Agriculture					Support Facilities					Interpretation											
	Administration/Staff	Warehouse/Factory/Garage	Hospital	Barracks	Police Station/Jail	Fire Station	High School	Other Schools	Churches	Sports Fields and Facilities	Ponds and Gardens	Victory Gardens	Trees and other Vegetation	Watch Towers	Sentry Post/Entrance	Perimeter Fence	Military Police Compound	Farm Kitchen	Chicken Farm	Turkey Farm	Hog Farm	Cattle Ranch/Dairy	Agricultural Fields	Irrigation Canals	Outlying Warehouse/Depot	Water Tank/Reservoir	Wells/Pumping Plant	Sewage Disposal	Landfill	Disposal Pits	Cemetery (on site)	Monument (historic)	Monument (recent)	Local Museum Exhibit	Directional Signs (highway)	Cemetery (relocated)	
Gila River - Butte Camp	●	●	●	●		●	●	○	○		●		○	■	X	■	■		X	■	X	X	○	○	■	●		●	●		■	●	●	●		■	
Gila River - Canal Camp	●	●	●	●	■	●	○	○	○	○	●		○	X	X	■	●		■	■	■	■	○	○	■	○	○	●	■		■			●	●		■
Granada	●	●	○	●		●	●	●	○	○	○		●	●	○	●	○			■	X		○	○	■	●	●	●	●	●	●	●	●		○	■	
Heart Mountain	●	●	●	X	X		○	X	X	○	X	X	X	X	X	○	X		X	■	X		○	○	■	●	●	X			X	●	●	●	●	●	
Jerome	○	○	●	X	X	X	X	X	X	X	X	X	X	○	X	X	X		■	■		■	○	○	■	●	●	●			■		●			■	
Manzanar	●	●	●	●	○	●	●	○	○	●	●	●	●	●	●	○	■	●	■	●		●	●	○	●	●	●	●	●	●	●	●	●	●	●	■	
Minidoka	○	●	X	X	X	●	X	X	X	X	X	X	X	X	●	○	○	X	X	■	X	■	○	●	○	X	○	X	●	○	X	X		●	●	●	
Poston 1	●	○	X	X	X	X	○	●	X	X	X		●	■	X	■	○	■	X	■	○	■	○	○	●	X	○	●			■		●	●	●	■	
Poston 2	○	○	■	X	X	X	X	X	X	X	X	X	X	■	■	■	■	■	X	■	■	■	○	○	■	X		●	■		■			●		■	
Poston 3	X	X	■	X	X	X	X	X	X	X	X		X	■	■	■	■	■	X	■	■	■	○	○	■	X		●	■		■			●		■	
Rohwer	○	○	●	○		●	X	X	X	X	X		X	X	X	○	X			■			○	○	■	●	●	●			●	●	●		■		
Topaz	●	●	●	●	○	●	●	○	●	○	○	○	○	●	X	○	○	●	●	●	●	●	○	○	■	○	○	●	●		■		●	●	●	■	
Tule Lake	●	●	○	○	●	X	○	X	X		X		X	○	○	●	●	●	○	■	●	■	○	○	■	●	●	●	●	○	X		●	○	●	●	

● = substantial remains (standing buildings, foundations, and other features); ○ = minor remains (foundations and other features); X = no remains (destroyed or buried); shaded box = not applicable; empty box = no information.

PARK PROFILE

CALIFORNIA

Prepared for: Director, NPS
Submitted: April 20, 1999

TITLE:	MANZANAR NATIONAL HISTORIC SITE		
STATUS:	SUPERINTENDENT:	Ross. R. Hopkins	
	ACREAGE:	813	
	BUDGET:	FY99 \$481,000 Park Base	
	PERSONNEL:	Superintendent, GS-025-12 Park Ranger(Interp), GS-025-09	

FEATURES:

* Best preserved of the ten WW II (1942-1945) War Relocation Camps for 120,000 Japanese American men, women, and children evacuated from U.S. West Coast, due to wartime hysteria and fear of Japanese invasion of America after attack on Pearl Harbor; six Native American camps, dating back to 1,500 B.C.; pioneer ranch and farming sites dating from 1860's until early 1900's; and location of 3,000 acre townsite of Manzanar (ca. 1905-1930), early Owens Valley agricultural community.

BACKGROUND:

* Park was established on March 3, 1992, but no appropriations were part of the Bill. In FY 94, the superintendent's position was established and filled, using personnel and funds from Death Valley National Park. Initial funding (\$225,000) was received in December, 1994 (FY95: but only 1.0 FTE was allotted) Progress to date includes: temporary park headquarters established in Independence, CA; General Management Plan (GMP) completed and approved in January, 1997; Historic American Building Survey drawings completed in summer 1994; list of Classified Structures (Historic) completed in 1994; initial archeological survey and field testing completed (1993-1995); and report published in 1997; Historic Resource Study (3 yr-duration) published in 1997; Native American Ethnographic Assessment published, 1995; U.S. Highway 395 turn-lane project (\$188,000) at park entrance completed July, 1994 by CALTRANS as no-cost-to-government partnership project; Historic camp auditorium purchased in May, 1996 for \$1.1 million from Inyo County, CA; \$4.179 million in FY 2001 Line-Item Construction funds requested to ~~convert auditorium into adaptive-use visitor center/headquarters;~~ three meetings annually held of the 11-person Manzanar Advisory Commission since 1995; federal gov't. acquired 813 acres of land for park on April 24, 1997(result of land exchange between the BLM and City of Los Angeles); and boundary fence completed in January, 1999.

VISITATION

* Visitation occurs daily, (estimated 18,000-25,000 yearly) but no personnel are available to staff site and count visitors. Five to six million travelers annually use U.S. 395 (traverses park's eastern edge), only major north-south route east of the Sierra Nevada, between Los Angeles and Reno. One interagency visitor information center on U.S. 395, 15 miles south of Manzanar NHS, receives 250,000 + annually. Manzanar GMP estimates 350,000 visitors annually to start.

PROGRAM CONTACT: Superintendent Ross R. Hopkins (760)878-2932



Office of the Deputy Attorney General
Washington, D.C. 20530

December 21, 1999

MEMORANDUM FOR Bruce Reed
Assistant to the President
And Director of Domestic Policy

Charles Burson
Assistant to the President
And Chief of Staff to the
Vice President

From: Eric H. Holder, Jr.
Deputy Attorney General

Subject: Possible Anti-Crime Budget Enhancements

Thank you for the opportunity to propose funding for several new initiatives in Fiscal Year 2001. Based on conversations between our staffs, I understand that there will be new money for these initiatives. This memorandum identifies those resources that are already included in the budget process, as well as new funding needs.

We propose budget enhancements, above and beyond our passback appeal and any negotiations which ensue from that appeal, as follows. Please note that increases in federal prosecutors will have an immediate impact on other parts of the criminal justice system, particularly the U.S. Marshals Service (USMS) (Deputy U.S. Marshals and Federal Prisoner Detention) and the Courts. Impacts on the Bureau of Prisons will not be felt immediately, but will be significant in the longer term. The needs in these areas are considerable.

In the event that there is not new money over and above any other request we have made, we withdraw these requests and expressly do not want these in place of our 2001 passback requests.

I. Firearms

\$14.5 million for the federal prosecution component of Gun Law Enforcement Team (GLET) Enhancement to support local strategies developed by each U.S. Attorney and ATF Special Agent-In-Charge.

MEMORANDUM FOR BRUCE REED and CHARLES BURSON Page 2
Subject: Possible Anti-Crime Budget Enhancements

This enhancement would add 93 GLET federal prosecutors and appropriate support and equipment, and 40 positions for GLET strategic enforcement teams in 20 judicial districts. (These teams would consist of an additional federal prosecutor to serve as strategic coordinator and a crime data analyst to assist in federal-state strategic coordination and enforcement, as demonstrated in Boston's "Operation Ceasefire.") The addition of new federal prosecutors will require some number of new Deputy U.S. Marshal positions and funds for Federal Prisoner Detention to support the detention workload created. This will cost approximately \$35 million in FY 2000. In addition, we estimate that transportation of prisoners and staffing for the U.S. Marshals will cost \$8.8 million in FY 2000 for all initiatives in this memorandum. \$7 million was provided in our passback for this initiative, and additional \$7.5 million is required.

\$ 75 million for community prosecution grants to fund the hiring of GLET state or local prosecutors and appropriate support and equipment in areas most affected by gun-related violence (\$170 million for community prosecution was provided through the budget process. Some portion of these funds could be used for gun violence reduction programs within community prosecution).

\$50 million for the COPS program to target police officers for hot spots where gun crimes are a severe problem and to pay for appropriate support, training on gun interdiction, and equipment (\$650 million for COPS hiring was provided through the budget process, of which \$457 million is available for the universal hiring program.¹ Some portion of these funds could be used for a COPS-firearms hiring program).

\$5 million for grants to entities of state and local government which can serve as a match to private funds in each community, for public education and outreach regarding firearms safety and firearms laws. (This is a new initiative);

\$10 million to support and expand the Gun-fire.net universal

¹ I presume that there will be a sufficient appropriation to ATF such that the total number of prosecutors and the total number of law enforcement officers dedicated to GLET are sufficient and properly balanced.

MEMORANDUM FOR BRUCE REED and CHARLES BURSON Page 3
Subject: Possible Anti-Crime Budget Enhancements

ballistics system by funding \$10 million for grants to states and locals to integrate their systems. (This is a new initiative. We received \$1.4 million for Gun-fire.net connectivity to the FBI's Criminal Justice Information System wide area network through the budget process.)

\$5 million to fund grants to entities of state and local government to establish and maintain crime prevention programs which focus primarily on reducing firearms violence (This is a new initiative);

\$5 million to fund grants to entities of state and local government to establish and maintain Gun Courts (This is a new initiative);

\$ 70 million to fund NICS Improvements, including \$ 50 mil to reimburse entities of state government which serve as points of contact for the NICS; and \$5 million to fund other improvements to the NICS such as funds to enable immediate notification of state or local authorities of denials (\$3 million), and improvements in the accessibility to the NICS of records demonstrating that individuals are or are not prohibited from firearms possession, including \$12 million in additional funds for the National Criminal History Improvement Program. (This is a new initiative. However, we received \$70 million in the budget process for criminal records upgrades and automation).

\$1 million to fund grants to improve the collection of data regarding the sources of firearms to criminals and juveniles, including an evaluation of the secondary market in firearms. (This could include an addendum to the ADAM survey.) (This is a new initiative).

\$10 million to assist in the development of advanced gun safety technology, such as individualized firearms. (we received \$10 million for NIJ research but not of this magnitude.)

\$0.5 million to fund the development of model state firearms statutes to improve and strengthen state firearms laws (This is a new initiative).

MEMORANDUM FOR BRUCE REED and CHARLES BURSON
Subject: Possible Anti-Crime Budget Enhancements

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II Computer and High-Technology Crime

\$50 million for 521 positions, including 236 agents FBI agents and 285 information technology experts and other staff to establish new squads to investigate Internet fraud, computer hacking, cyberstalking and other forms of computer crime, and to develop special enforcement teams composed of Federal, state and local prosecutors, investigators and support. This is a new initiative.

\$25 million for prosecutors and agents to combat intellectual property and software piracy efforts. This is a new initiative.

\$11.4 million to fund 100 FBI Computer Analysis Response Team positions and appropriate support and equipment, and the Automated Computer Examination System. This was provided through the budget process.

\$35 million to fund grants to state and local agencies to develop specialized high-technology crime units, provide advanced computer training, and purchase high-technology crime equipment; This is a new initiative and would have to be added to the \$350 million DeWine-Leahy package already approved by OMB.

\$6 million for two regional cybercrime forensic laboratories, to assist state and local investigators in addressing computer crime and other crime problems where computer evidence must be analyzed. This was requested and provided in the budget appeal process.

\$10 million for 67 federal prosecutors (AUSA's and Criminal Division attorneys) concentrating on computer crime cases, including cyberterrorism. This was provided through the budget process.

\$7 million for the FBI for cryptanalysis technical equipment. This was provided in the budget process.

III Methamphetamine

\$2 million for a DOJ Drug Initiative Oversight Committee, including necessary support staff and contractor funding. This Committee will oversee the Department's implementation of the

MEMORANDUM FOR BRUCE REED and CHARLES BURSON Page 5
Subject: Possible Anti-Crime Budget Enhancements

Drug Control Strategic Plan. The committee will be co-chaired by the Criminal Division and DEA, and will report to the Attorney General. As part of its mandate, the committee will oversee the Department's methamphetamine initiatives. This is a new initiative.

\$3 million Prosecutor Coordinator Offices (PCO), similar to the Organized Crime Drug Enforcement (OCDE) Program, one office consisting of an AUSA, who should not have a caseload and no other assignments, a staff assistant and a paralegal, with appropriate support, for each district designated by the Attorney General as a High Risk Methamphetamine Area (HRMA's). PCO funding to include all necessary expenses of the PCO, specifically including secure video communications capability to permit regular linking of PCOs. Each Prosecutor Coordinator shall be responsible for forming and coordinating an enforcement task force in partnership with his state and local counterparts and for coordinating with prevention, education and treatment components. This is a new initiative.

\$5 million for 68 positions (34 attorneys) and appropriate support to prosecute cases in high-methamphetamine risk areas. All AUSAs funded under this provision will be assigned to a district task force headed by the AUSA Coordinator. This was requested in the budget process, but no funds were provided; therefore, it is a new initiative.²

\$17.8 million for DEA to fund 169 positions (104 agents) and appropriate support in high-methamphetamine risk areas. All agents funded under this provision will be assigned to a district task force headed by the AUSA Coordinator. This was requested in the budget process, but no funds were provided; therefore, it is a new initiative.

\$21.8 million, 10 positions to fund DEA cleanup efforts for methamphetamine lab sites. This was requested in the budget process, but no funds provided. It is a new initiative.

² As with requests for other Federal prosecutors, there are downstream costs for Deputy U.S. Marshals, detention and courts which far exceed the actual prosecutor costs. These should be factored in.

MEMORANDUM FOR BRUCE REED and CHARLES BURSON Page 6
Subject: Possible Anti-Crime Budget Enhancements

\$20 million for grants to state and local prosecutors and law enforcement agencies to participate in Methamphetamine Task Forces. This is a new initiative.

\$7 million to fund the expansion of ADAM monitoring to all major locations in HMRA's. A total of \$12 million is needed: \$5 million was provided in the budget process; therefore, \$7 million of the total request is a new initiative.

\$0.5 million for the production and maintenance of a "best practices" guide; the maintenance of an Internet website specifically aimed at providing information on methamphetamine prevention, treatment, and enforcement issues to rural communities; and training for first responders on methamphetamine laboratory issues. This is a new initiative.

\$1 million for the Attorney General to create an Interagency Working Group (IWG) on methamphetamine which the Attorney General shall chair and the members of which shall include the senior official of each of the following: ONDCP, EPA, Treasury, Education, HHS, and any other officials whom she deems appropriate. This shall include a sub-group, chaired by the Attorney General, devoted to enforcement issues, the members of which shall be prosecutors or law enforcement officers. This is a new initiative.

Up to \$10 million for Drug Courts in HMRA's. A total of \$50 million is available for Drug Courts, \$10 million is new money that was provided in the budget process. It was not earmarked for HMRA's, however.

\$5 million for methamphetamine abuse prevention, education and treatment discretionary grants to units of local government. This is a new initiative.

IV Drug Testing and Treatment

\$1.0 million and 25 positions for the Bureau of Prisons to pay for drug evaluation and treatment in prison, in addition to BOP's current drug treatment program. This was requested in the budget process but not provided; therefore, it is a new initiative.

MEMORANDUM FOR BRUCE REED and CHARLES BURSON
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\$160 million in new money for prison drug treatment and post-incarceration drug testing and treatment through the Residential Substance Abuse Treatment (RSAT) program and the Drug Testing and Treatment grant program. (Currently, we have a total of \$65 million for RSAT, of which \$2 million is new money from OMB, and \$75 million for Drug Testing and Treatment from OMB. To bring RSAT to \$100 million, we would need another \$35 million. We need another \$125 million for the testing and treatment program to bring this up to \$200 million) The Drug Testing and Treatment grant program could be used for post-incarceration monitoring and drug-treatment and prison and jail drug evaluation and treatment. Language describing the programs could emphasize that treatment would be specifically available for methamphetamine.

V Southwest Border

\$0.75 million support positions for the Southwest Border Coordinator. The Southwest Border Coordinator will be appointed by the Attorney General and will be an official who holds other positions as well. Currently, a US Attorney from a border state is the Southwest Border coordinator. But he has no formal staff. Funds will provide staff, office space and equipment as necessary. This is a new initiative.

\$1 million for 12 positions (7 attorneys) for a federal prosecutor and support staff in each of the Southwest Border districts. The federal prosecutor shall not have an assigned caseload and shall have a dual report to the United States Attorney for his District and to the OSBC. This was requested in the budget process but not provided; therefore, it is a new initiative.

\$8.9 million for DEA for 85 positions (50 agents) for the Southern Frontier, which includes the Southwest Border, Florida, and the Caribbean. This was requested in the budget process but not provided; therefore, it is a new initiative.

\$1 million to fund an Interagency Working Group (IWG), chaired by the Attorney General or designee. Membership shall include the Secretary of the Treasury and the Director of the Office of National Drug Control Policy as well as any other

MEMORANDUM FOR BRUCE REED and CHARLES BURSON
Subject: Possible Anti-Crime Budget Enhancements

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officials deemed necessary by the Attorney General. The IWG shall include a subcommittee chaired by the Attorney General or designee, the membership of which shall include only prosecutors and law enforcement officers. This is a new initiative.

VI Counterterrorism

\$12.6 million for 120 FBI field and headquarters intelligence analysts, 64 FBI language specialists and \$2 million to fund contract linguists. This is on top of the \$8.0 million already provided by OMB for intelligence analysts (\$3 million and 55 positions) and contract linguists (\$5 million).

\$2.9 million for the FBI hazardous devices school. This was provided in the budget process.

\$2.6 million for FBI Rapid Deployment Teams to restore equipment and supplies funding eliminated in the FY2000 appropriation and to provide new funding for mobilization exercises. This was requested in the budget process but not provided; therefore, it is a new initiative.

Date: Friday, December 17, 1999
To: Eric Liu
From: Tony Podesta, Don Baer
Re: Technology and Education initiative

Don Baer and I spoke with Maria Echaveste this afternoon about our ideas for a new initiative on technology and education. The details are attached.

If you have additional questions please call us this weekend:

Tony cell phone: 202-256-4793
202-271-1012

Don cell phone: 202-256-7709

Opportunity for Presidential Education Initiative

Leaders in the business and education communities, including John Hendricks at Discovery Communications, Alan Spoon at The Washington Post Company, Anne Bryant at National School Boards Association and Don Cameron at NEA, have been working for the past three years through the CEO Forum on Education & Technology to address tech issues facing today's students and teachers.

Thanks to the leadership of the Administration and others, great strides have been made in some areas – such as wiring schools with Internet connections (35% in 1994 to 95% in 1999).

However, there are two immediate issues that will affect students' ability to succeed:

- 1) Two million teachers will enter K-12 schools in the next decade without technology training – completely unprepared to teach technology skills in the classroom, or even use technology to help students learn. While there is great momentum for change outside of Colleges of Education, these institutions are graduating 200,000 teachers per year with little or no technology training, and show no sign of making change.
- 2) Despite greater presence of technology in the classroom, little progress has been made in using technology to enable learning.

We believe real change requires leadership from the President and the participation of the education and business communities. Don Baer at Discovery, Pat Blutler at the Post, Ken Kay, Tony Podesta and others have together come up with a set of ideas that could make up a Presidential education initiative for 2000:

- 1) Call for White House summit in April of college of education deans and university presidents, business leaders, education leaders to collaborate on improving education technology.
- 2) Establishment of Presidential commission of college of education deans and university presidents, business leaders, and education leaders to make recommendations and benchmarks for change by 2002.
- 3) Announce these initiatives in the State of the Union address
- 4) As a curtain-raiser to the State of Union announcement, the President could announce his initiative at the Dept. of Education's Jan 10th "National Conference on Teacher Quality" with Sec. Riley and CEO's of leading technology companies and education organizations.

Key Indicators:

- 46 of 54 jobs identified by the Dept. of Labor with the highest growth potential require technological fluency.
- 60 percent of the jobs available at the beginning of the next century will require skills held by only 20 percent of the current workforce.
- K-12 schools will hire 2 million new teachers in the next decade.
- Few teacher training institutions provide technology education programs in their curriculum.

Initiative ideas:White House Summit on 21st Century Teachers

The President could convene leaders from the high-tech community, K-12 educators and college of education deans, presidents and chancellors, to address the crisis facing today's teachers and tomorrow's workforce. The summit could serve to solicit commitments from all parties to collaborate on means to jointly address the issue and devote resources to resolutions. Similarly, a Presidentially-appointed commission could bring these same parties together for the same purpose.

Presidential Commission on 21st Century Teachers

National Conference on Teacher Quality, sponsored by the Department of Education.
(Mayflower Hotel, Washington, DC)

Description: This conference will be attended by 800 deans from colleges of education and arts & sciences, university presidents and chancellors, K-12 school administrators and superintendents.

It will feature a joint presentation by Secretary Riley and CEO's from leading tech companies and education leaders on the issue of preparing teachers for the 21st Century and on a new self-assessment tool help colleges of education chart a new course.

The President could use this opportunity to highlight the challenge facing today's teachers and tomorrow's workers and announce a White House summit or presidential commission (or save announcement for State of the Union). The summit or commission would serve to bring educators, government and business together to develop a joint approach to preparing teachers with technology skills so our students will be proficient in the tech workforce of the next century.

12.12.99

From the desk of:

MARIA ECHAVESTE

Call me over
weekend?

To:

Bunce -

This looks
like a really
interesting idea
especially with
the Digital
Divide - Can
we do something
w/this? Joe -
Manc

To: Maria Echaveste

From: Tony Podesta
John Raffetto
(202) 393-1010

Re: New Teacher Crisis - Opportunity for Presidential Education Initiative

The Administration, the business community and educators have been working to ensure today's U.S. students have the skills to succeed in the technological world of the 21st Century. Great strides have been made in some areas - such as wiring schools with Internet connections (35% in 1994 to 95% in 1999).

However without new direction, 2 million teachers will enter K-12 schools in the next decade without technology training - completely unprepared to teach technology skills in the classroom, or even use technology to help students learn.

While there is great momentum for change outside of Colleges of Education, these institutions are graduating 200,000 teachers per year with little or no technology training, and show no sign of making change.

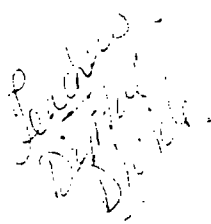
Change can be affected by leadership from the President and the participation of the education and business communities.

We'd like to propose this set of ideas as part of a policy initiative:

- 1) POTUS participation in the Dept. of Education's Jan 10th "National Conference on Teacher Quality" with Sec. Riley and CEO's of leading technology companies and education organizations.
- 2) POTUS announcement of new policy initiative in State of the Union to prepare students for 21st Century by preparing teachers.
- 3) POTUS call for White House summit in April of college of education deans and university presidents, business leaders, education leaders to collaborate on improving education technology; and/or establishment of Presidential commission to make recommendations for change.

More details of this initiative are provided on the following page. We'd like to discuss this further with you at your earliest opportunity.

Key Indicators:

1. 46 of 54 jobs identified by the Dept. of Labor with the highest growth potential require technological fluency.
 2. 60 percent of the jobs available at the beginning of the next century will require skills held by only 20 percent of the current workforce.
 2. K-12 schools will hire 2 million new teachers in the next decade.
 4. Few teacher training institutions provide technology education programs in their curriculum.
- 

Proposed Initiative:

January 10th: National Conference on Teacher Quality, sponsored by the Department of Education. (Mayflower Hotel, Washington, DC)

Description: This conference will be attended by 800 deans from colleges of education and arts & sciences, university presidents and chancellors, K-12 school administrators and superintendents. It will feature a joint presentation by Secretary Riley and CEO's from leading tech companies and education leaders on the issue of preparing teachers for the 21st Century and on a new self-assessment tool help colleges of education chart a new course. The President could kick off this day of discussion by highlighting the need to prepare students for the next century.

January 27th: State of the Union Address

Description: The President could use this opportunity to highlight the challenge facing today's teachers and tomorrow's workers and announce a White House summit or presidential commission. The summit or commission would serve to bring educators, government and business together to develop a joint approach to preparing teachers with technology skills so our students will be proficient in the tech workforce of the next century.

Early April: White House Summit on 21st Century Teachers and/or
White House Commission on 21st Century Teachers

Description: The President could convene leaders from the high-tech community, K-12 educators and college of education deans, presidents and chancellors, to address the crisis facing today's teachers and tomorrow's workforce. The summit could serve to solicit commitments from all parties to collaborate on means to jointly address the issue and

devote resources to resolutions. Similarly, a Presidentially-appointed commission could bring these same parties together for the same purpose.

DRAFT

Fund for Future School Innovation

Background:

As the federal role in education evolves in conjunction with the emerging information-based economy, that role will increasingly become more strategic and less programmatic. For example, already the Title I program, the largest elementary and secondary program is moving toward becoming almost entirely flexible within the context of defined goals.

During our discussions with local school officials, a reoccurring theme was the inability to try innovative or new ideas because of a lack of funding. And, while there is certainly merit in ensuring that federal dollars fund proven and research based activities there is also value in using federal resources to drive innovation in ways that might be impossible from a local fiscal or political standpoint.

Currently the federal government funds “innovative practices” from two main accounts in the Department of Education, the Fund for the Improvement of Education (FIE) and the Title VI account. FIE is largely consumed by legislative earmarks and pet programs of lawmakers and as a result drives little innovation in states and localities around the country. Title VI, while a very flexible block grant, is sent to states and localities through a formula that rarely provides sufficient revenue for large scale reform. In practice there is little evidence that Title VI money drives innovation and the Administration recommends zero-funding the program each year in its budget request. While Title VI funds fill gaps in local school district budgets and state departments of education enjoy the 15 percent set-aside in the program no one seriously argues that this money stimulates innovation.

The Obey-Porter Comprehensive School Reform program supports school-based reforms; however, there is no federal program targeted to statewide, district-wide, or multi-school initiatives or single school programs that fall outside the purview of Obey-Porter.

In England, a similar fund has been established to help schools try new strategies and cultivate bottom-up innovations. While their Education Action Zone fund got off to a slow start, British officials report that in its second year results are encouraging. Andrew Adonis, education advisor to Prime Minister Blair reports that the British found that without independence from established interests and actors committed to change at the helm, the effort will fall short and essentially fund the status quo. In England, most activity in the first year was status quo but once reformers found out about the available resources and the potential they began to get involved. Hong Kong sponsors a similar effort to what we are proposing.

DPC Proposal:

Our proposal would establish an independent and bipartisan fund to support innovative regional, state, and local ideas that require upfront infusions of funding. As opposed to

school-based only reforms these resources should support structural changes at the school district, state, and/or regional level. For example, a recent Education Commission of the States called for changes in school governance, especially in large school districts. The report recommended that school districts either move toward complete site-based management or a portfolio approach where different schools are accountable to the school board for performance but operate independently essentially as charter schools. Hugh Price, President of the Urban League, called for a similar change in an editorial in Education Week. Several school districts are moving in this direction. For example Seattle has implemented site-based management and Cincinnati is slowly moving toward the portfolio model. However, changes of this nature require both fiscal and political will. By providing funding we would help school districts that are struggling to maintain services with current funding adopt changes that would otherwise be out of their reach and also help generate political will by making funds available for changes of this nature.

Other ideas raised in our discussions included expanding the school day to 6 days or 5 ½ for at-risk students and year round schedules. Both of these ideas are frequently discussed but rarely implemented well. Another issue of discussion around the country right now is how to rework the senior year of high school. It is commonly agreed that better use could be made of this time and several participants in our discussions discussed service learning and other cooperative arrangements between schools, the private sector and community based organizations. Other ideas that are frequently discussed but not implemented are college preparatory academies for college bound students who are not academically ready for college level work. The prep schools that the service academies run are often cited as models for this approach. 32 states now have educational service agencies and these umbrella organizations are in an ideal position to undertake innovative activities if there is a source of funds for them.

Every activity supported with a grant from this fund will not lay the groundwork for a future federal program. However, by collecting and disseminating data on the various activities funded we can accomplish three things:

- Drive and stimulate innovation and evaluation of new practices;
- Dissemination of information on successful and unsuccessful practices;
- The development of models which can be incorporated into federal policy.

Grants would be given out by an independent bipartisan board. The board would include representation from the Department of Education, the private sector, the foundation community, and the education community and be composed in such a way as to maintain a bipartisan division regardless of which party controls the White House threshold for grant approval would be structured to ensure that ideas are approved with consensus from board members.

To be eligible to receive a grant a school district must:

- *Have in place a policy to end social promotion the right way or be in a state that has such a policy;*

- *Be in a state that is in compliance with Title I assessment and accountability provisions;*
- *Be in a state that has a charter school law.*

Grant size and longevity would be determined by the board within broad parameters (for example purposes already prohibited by federal law, vouchers and national testing would be disallowed). Grant renewals would entail a step-down process for funding that would gradually transfer the program to full state and local funding. Programs that don't meet performance indicators would not receive "step-down" funding and funding would be terminated. Essentially, the federal government would capitalize promising initiatives, capture data on their effectiveness, and disseminate information. A local match of at least 20 percent should be required to ensure the investment of the state or school district in the undertaking.

Cost:

\$50 million annually given out by competitive grant and less administrative and evaluation expenses of the board.

FEDERAL TEMPS

Temporary workers are used in the Federal workforce and in the private sector to fill the needs of special, shorter-duration projects or to cut costs, since they usually do not receive benefits. There are a number of categories of temps that are employed by the Federal government, and each category has different access to benefits.

- Term Appointment: The term appointment is an appointment for up-to four years. These employees receive access to full benefits: health benefits, retirement benefits and life insurance.
- Temporary Appointment: These employees are employed by the government for a year, during which time they receive no benefits. If the contract for the temporary appointment is extended, these employees may receive access to health benefits, but must pay both shares (employee and employer). OPM is interested in giving these employees access to benefits paying only one share. These employees receive no access to pension benefits.
- Contractor with Temporary Service Firm: The government does not provide benefits to contractors with temporary service firms (presumably, these employees should receive benefits from the temporary service firm).
- Straight Contractor: The government does not provide benefits to straight contractors (presumably, this person is self-employed).
- Part-Time Permanent Employee: This employee receives health and retirement benefits and life insurance on a pro-rated basis.

I. Extension of Benefits to Temporary Appointments

The Office of Personnel Management (OPM) analyzed the cost of providing benefits to temporary appointments and providing full, not only pro-rated, benefits to part-time workers.

As the chart below indicates, the cost of extending full benefits to the over 100,000 temporary appointments who work for the federal government would be about \$930 million in FY 01.

However, OPM is considering variables that could reduce cost and at the same time increase coverage. Some options include extending only health benefits to temporary appointments (which would cost approximately \$330 million), or extending the opportunity to enroll in health insurance for the first year of employment, however requiring the temp to pay both the employee and employer share during that first year.

With regard to retirement benefits, OPM has been considering different scenarios that would most benefit temporary workers (since retirement benefits are most useful after considerable vesting, it is important to consider what would make the most sense for temporary workers).

Estimated FY 2001 Costs for Immediate Coverage of Temporary Employees

Source: OPM-and OWI

Note: These numbers only reflect costs to agencies and do not consider effects on mandatory accounts

Benefit	Average Govt. Cost per Employee	Participation Rate	Cost (in millions)
FEHBP	\$3,798.96	85.00%	\$331.31
FEGLI	\$90.07	90.00%	\$8.32
FERS	\$4,191.62	100.00%	\$430.06
TSP	\$1,566.96	100.00%	\$160.77
TOTAL			\$930.46

-Assumes 102,600 temporary employees, based FY 1998 average on-board by quarter

-Assumptions based on FY 1998 salaries increased according to OMB economic assumptions

-FEHBP average cost assumes payment of full government contribution for part-time temporaries

II. Extension of Full Benefits to Part-Time Employees

Currently, part-time employees receive pro-rated health benefits. In the chart below, OPM calculated that extending full health benefits to the almost 50,000 part-time employees would cost over \$178 million in FY 01 (this does not include part-time temporary employees who are analyzed in the previous chart).

Estimated FY 2001 Cost for Expanding the Full FEHB Government Contribution to all Part-Time Employees

Source: OPM- RIS and OWI

Note: These numbers only reflect costs to agencies and do not consider effects on mandatory accounts

FEHBP	Average Govt. Cost Per Employee	Participation Rate	Cost (in millions)
Current Costs	\$2,469.32	85.00%	\$122.39
Increased Costs	\$1,329.64	85.00%	\$56.02
Total Costs	\$3,798.96	85.00%	\$178.40

-Assumes 49,563 part-time employees who currently have access to FEHBP benefits (includes 39,752 part-time permanent and 9,811 part-time term and other nonpermanent employees).

-Does not include part-time temporary employees, who are included in the proposal to extend benefits to temporary employees.

-Assumes average tour of duty of 26 hours, based on comprising 4% of workforce, but contributing only 2.6% of work years.

III. Contracting with Progressive Companies

Providing federal benefits to independent contractors and to contractors with temporary service firms presents a number of challenges. Because each agency is independently responsible for its contractors, there is currently no compilation of these numbers, so we do not, at this point, have a sense of how large this population is. However, given the cost of covering temporary appointments (listed above), we can assume that covering contractors would be would be expensive. An additional challenge is that this policy would create a disincentive for private contracting companies to provide reasonable benefits to their employees, and force the federal government to subsidize the cost of benefits for companies that do not provide such coverage. We should consider developing a policy that encourages the federal government to contract with temporary and other contracting firms that provide reasonably priced benefits to their employees (often, temp companies provide access to coverage, but it is generally prohibitively expensive for the average temp).

Legal Immigrant Restoration Proposals
DRAFT – December 15, 1999

FY 2000 Proposal Re-Scored (\$\$ in millions)

	Description	# affected			
		In 2005	FY01	FY01-05	FY01-10
SSI	Disabled after entry, retain 5-year ban, no deeming after 5 years - post 8/22/96	53,000			
	SSI Costs		\$0	\$707	\$5,128
	Medicaid Costs		\$0	\$651	\$5,093
Food Stamps	Restore those reaching age 65 after PRWORA - arrived in US pre 8/22/96	10,000	\$10	\$140	\$315
Medicaid	State option to provide Medicaid and CHIP to children and pregnant women arriving in U.S. post 8/22/96 (current law provides option for pre 8/22/96).	90,000	\$57	\$395	\$1,125
Total				\$1,893	\$11,661

Possible revised proposal (additions to FY 2000 in bold) (\$\$ in millions)

	Description	# affected			
		In 2005	FY01	FY01-05	FY01-10
SSI	Disabled after entry, retain 5-year ban, no deeming after 5 years - post 8/22/96	53,000			
	SSI Costs		\$0	\$707	\$5,128
	Medicaid Costs		\$0	\$651	\$5,093
Food Stamps	(1) Restore those reaching age 65 after PRWORA - arrived in US pre 8/22/96	10,000	\$10	\$140	\$315
	(2a) Restore members of households with eligible children – pre 8/22/96 (children, but not their household members, are already covered) OR		\$55	\$550	\$980
	(2b) Restore children – post 8/22/96 (children pre-8/22/96 already covered)		\$10	\$200	\$615
Medicaid	State option to provide Medicaid and CHIP to children and pregnant women arriving in U.S. post 8/22/96 (current law provides option for pre 8/22/96).	90,000	\$57	\$395	\$1,125
Domestic Violence Victims	For victims of domestic violence as defined in 1996 Immigration Act, eliminate 5-year ban on benefits and restore eligibility for SSI and Food Stamps			*	*
Total				\$2,443 w/food stamp option (2a)	\$12,641 w/food stamp option (2a)
				\$2,093 w/food stamp option (2b)	\$12,276 w/food stamp option (2b)

* This proposal is currently being scored but the OMB examiner expects that it will be insignificant – possibly less than \$10 million over five years.

Not listed but assumed is that any state option for CHIP parents would cover legal immigrant parents (score in works).

AGENDA: MEDICARE
December 15, 1999

OUTLINE

- I. Trust Fund Solvency**
- II. Prescription Drug Benefit**
- III. Savings and Reforms**
- IV. Illustrative Packages**

I. TRUST FUND SOLVENCY

UPDATE

- **History**

- **April 1998 Trustees Baseline:** **2008**
- **1999 State of the Union:** **2020**
- **April 1999 Trustees Baseline:** **2015**
- **June 1999 Plan:** **2027**
- **Plan re-estimate in September:** **2031**
- **April 1999 Baseline after give-backs:** **2014**

- **Current Status**

- Because BBA give-backs reduced solvency, harder to extend solvency than last June
- Given Medicare spending decline and revenue increases in 1999, April 2000 Trustees' baseline will likely improve

ISSUES

- **Should Medicare surplus transfer be reduced**

- May need substantially less to achieve 2027 on April 2000 baseline
- Less surplus may be available due to cost of prescription drugs and realistic discretionary baseline
- If lower transfers, how would it be explained in February

- **Is transferring of surplus for solvency still politically viable**

- **If lower or no transfers, should we consider funding graduate medical education outside of Medicare, to improve solvency**

II. PRESCRIPTION DRUG BENEFIT

UPDATE

- **Federal Costs:**
 - June Estimates, 10-year cost: \$120 billion (2002-09)
 - Current Estimates, 10-year cost: \$160 - 170 billion (2003-10)
- **Higher Federal Costs are primarily due to:**
 - Higher drug spending projections (both utilization and price)
 - Re-estimates of the Medicaid effect; institutionalized beneficiaries
- **Multiple approaches proposed in last six months**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	01-05	01-10
JUNE SCORING											
Basic Benefit	5	11	13	14	16	18	20	22	24	43	142
Monthly Premium	\$24	\$25	\$31	\$32	\$38	\$39	\$44	\$47	\$50		
	Old Budget Period									(29)	(118)
CURRENT PRELIMINARY SCORING											
Basic Benefit	-	7	15	17	19	22	24	27	30	39	161
Monthly Premium		\$27	\$28	\$36	\$37	\$44	\$46	\$53	\$55		
Higher Subsidy (55%)	-	8	18	21	24	28	31	34	38	47	202
Monthly Premium		\$24	\$25	\$32	\$33	\$40	\$41	\$47	\$50		
Basic + \$5,000 Stop-Loss	-	8	20	24	27	32	35	40	45	51	231
Monthly Premium		\$34	\$36	\$45	\$49	\$57	\$62	\$71	\$77		
In 1999\$		\$31	\$32	\$39	\$41	\$46	\$49	\$55	\$58		

Note: Estimates are preliminary and subject to change

ISSUES

- **Should we modify benefit**
 - Increase premium subsidy to lower premium
 - Add stop-loss (catastrophic) cap
- **Major Shift to Medicaid buy-in approach**

III. SAVINGS & REFORMS

UPDATE

- **Original plan savings plus FY 2000 budget:** \$105 billion over 10
 - Most savings estimates smaller due to lower baseline
 - Full package extends solvency to 2020 without surplus transfers

ISSUES

- **Is the full set of savings policies viable**
 - Extending certain BBA policies from 2003-09 may not be possible
 - Some of the traditional program modernization proposals were not well received (e.g., PPO option, Centers of Excellence)
 - Breaux-Frist proposal dropped explicit fee-for-service savings
 - Some of the savings may be needed as offsets for other health investments
- **Range of savings options:** \$60 to \$80 billion over 10 years
 - \$60 billion in savings over 10 years is placeholder and would achieve solvency of about 2017

IV. ILLUSTRATIVE PACKAGES

MAJOR POSITIONING OPTIONS

- **1999 Position on Medicare Reform:**
 - Significant amount of surplus for solvency
 - Prescription drugs only if surplus for solvency
 - Prescription drugs financed by a mix of reforms and surplus

OPTIONS

- **Maintain 1999 position**
- **Prescription drugs paid for mostly by the surplus, but contingent on surplus for solvency and reforms**
- **Prescription drugs paid for mostly by reform and tobacco, but contingent on surplus for solvency and reforms**
- **Prescription drugs paid for mostly by surplus, but contingent on reform and extending solvency (without regard to surplus transfers for solvency)**
- **Allow prescription drugs to be considered separate from solvency and reform**

POTENTIAL SCENARIOS

How to allocate the \$628 billion surplus remaining after discretionary?

	Package #1 Base Drug Benefit	Package #2 Base Drug Benefit W/ Stop-Loss	Package #3 Base Drug Benefit
Medicare			
Net Prescription Drug Costs	110	170	110
Medicare Solvency	267	197	170
Surplus for: (1) Debt reduction reserve fund; (2) health coverage; or (3) larger net tax cut	0	0	97
Tax Cut (net)	200	200	200
Financing Cost	51	62	51
TOTAL SURPLUS	628	628	628
<i>Medicare Insolvency</i>	<i>2025</i>	<i>2022</i>	<i>2022</i>
<i>Debt Elimination</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>

Notes:

- Net drug costs are the difference between the total Federal drug costs and the savings from the plan. All options assume: \$60 billion over 10 years in Medicare savings (\$50 billion in HI (Part A) savings)
- Tax cut: If we repropose last year's policies, the gross tax cut would be about \$270 billion; with tobacco tax revenues, the gross tax cut would be about \$330 billion
- Base drug benefit costs \$170 billion over 10; plus stop-loss costs \$230 billion over 10
- Medicare exhaustion calculated off of April 1999 Trustees' baseline; given actual spending in 1999, the baseline is likely to improve.

December 15, 1999

MEMORANDUM TO JOHN PODESTA, JACK LEW, AND MARIA ECHAVESTE

FROM Mickey Ibarra

SUBJECT Budget/SOTU Priorities

CC: Chuck Brain
Charles Burson
Mary Beth Cahill
Terry Edmonds
George Frampton
Josh Gotbaum
Sylvia Mathews
Minyon Moore
Bruce Reed
Steve Ricchetti
Gene Sperling

On December 8 and 9, OMB, DPC, NEC, Speechwriting, CEQ and IGA met with representatives from the five organizations of state/local elected officials and the three organizations of education elected officials to discuss their budget priorities for FY2001 and the State of the Union address. The following organizations were represented at the meetings: Council of Chief State School Officers, National Association of State Boards of Education, National Association of School Boards, U.S. Conference of Mayors, National Association of Counties, National Council of State Legislators, County Executives of America, and National League of Cities. The organizations' priorities are summarized below in no specific order. NGA will be meeting on Friday and I will send you next week any additional information that is relevant.

Statewide Elected Officials

- Request increased funding for Social Services Block Grants (SSBG);
- Request increased funding for the New Markets;
- Strongly oppose cuts or deferrals in Medicaid, TANF, LIHEAP, CDBG, CHIP, Child Care Development Block Grant, the National Guard, and Child Support enforcement;
- Oppose additional restrictions on the transferability of TANF block grants;
- Oppose cuts in the Workforce Investment Act (WIA), especially reductions in adult training, regular youth training, and dislocated worker assistance accounts; and,

- Oppose cuts or deferrals in Violent Offender Truth in Sentencing Grants (VOTIS) or the Edward R. Byrne Memorial Grants.

Local Elected Officials

- Request increased funding for CDBGs and strongly oppose set-asides;
- Request increased funding for the production of affordable housing for low-income families;
- Support the reauthorization of the Airport Improvement Program, including increased and guaranteed funding from the Aviation Trust Fund, an increase in the Passenger Facility Charges, and a new program to assist rural and under-served airports in attracting and retaining air service;
- Support the Criminal Justice Block Grant and the COPS program, but advocate restructuring the grant to allocate a greater percentage of the funding for programs supporting the court system, community prosecutors, and prevention;
- Request increased funding for youth opportunity grants and similar programs to prevent youth (particularly minority youth) from going to prison;
- Request legislation that makes release from prison contingent upon passing a drug test;
- Request special appropriations for drug treatment initiatives (i.e., taking drug treatment “off budget”);
- Request increased funding for school construction and legislation that allows a broad array of funding options; and,
- Request tax incentives for private development of Brownfields, especially in distressed communities.

Education Elected Officials

- Expressed frustration at the modest increases in Title I funding over the past several years, despite the growing enrollments of economically disadvantaged students, and request an increase of \$1.9 billion in federal funding for Title I in FY 2001;
- Request increased funding for IDEA ranging from \$1 billion per year to \$2.1 billion per year (for the next 10 years) in IDEA local grants;
- Request increased funding for Goals 2000 but failed to specify an amount; and,
- Request an increase of \$1 billion for early childhood development programs, specifically those that provide academic training for young children.

Finally, collection of sales tax and other taxes by state and local governments for remote sales (phone, e-commerce, and catalogue) continues to be of great concern. It is raised in nearly every meeting and conversation by elected officials with the Office of Intergovernmental Affairs. The Advisory Commission created by Congress to study this issue is badly divided. State and local officials will likely increase their calls for the President to encourage compromise between states, locals, and the industry on this issue.

TO: Bruce Reed
Gene Sperling
Sylvia Mathews
✓ Eric Lui

FROM: Maria Echaveste

RE: Budget idea

Enclosed is a copy of a paper that Tony Podesta and John Raffetto sent to me. Is this something that we can use?

Post-it® Fax Note	7671	Date	12/9	# of pages	2
To	Maria Echaveste	From	Tony Podesta		
Co./Dept.		Co.			
Phone #		Phone #	393-1010		
Fax #	456-1907	Fax #			

To: Maria Echaveste

From: Tony Podesta
John Raffetto
(202) 393-1010

Re: New Teacher Crisis – Opportunity for Presidential Education Initiative

The Administration, the business community and educators have been working to ensure today's U.S. students have the skills to succeed in the technological world of the 21st Century. Great strides have been made in some areas – such as wiring schools with Internet connections (35% in 1994 to 95% in 1999).

However without new direction, 2 million teachers will enter K-12 schools in the next decade without technology training – completely unprepared to teach technology skills in the classroom, or even use technology to help students learn.

While there is great momentum for change outside of Colleges of Education, these institutions are graduating 200,000 teachers per year with little or no technology training, and show no sign of making change.

Change can be affected by leadership from the President and the participation of the education and business communities.

We'd like to propose this set of ideas as part of a policy initiative:

- 1) POTUS participation in the Dept. of Education's Jan 10th "National Conference on Teacher Quality" with Sec. Riley and CEO's of leading technology companies and education organizations.
- 2) POTUS announcement of new policy initiative in State of the Union to prepare students for 21st Century by preparing teachers.
- 3) POTUS call for White House summit in April of college of education deans and university presidents, business leaders, education leaders to collaborate on improving education technology; and/or establishment of Presidential commission to make recommendations for change.

More details of this initiative are provided on the following page. We'd like to discuss this further with you at your earliest opportunity.

Key Indicators:

- 46 of 54 jobs identified by the Dept. of Labor with the highest growth potential require technological fluency.
- 60 percent of the jobs available at the beginning of the next century will require skills held by only 20 percent of the current workforce.
- K-12 schools will hire 2 million new teachers in the next decade.
- Few teacher training institutions provide technology education programs in their curriculum.

Proposed Initiative:

January 10th:

National Conference on Teacher Quality, sponsored by the Department of Education.
(Mayflower Hotel, Washington, DC)

Description: This conference will be attended by 800 deans from colleges of education and arts & sciences, university presidents and chancellors, K-12 school administrators and superintendents. It will feature a joint presentation by Secretary Riley and CEO's from leading tech companies and education leaders on the issue of preparing teachers for the 21st Century and on a new self-assessment tool help colleges of education chart a new course. The President could kick off this day of discussion by highlighting the need to prepare students for the next century.

January 27th:

State of the Union Address

Description: The President could use this opportunity to highlight the challenge facing today's teachers and tomorrow's workers and announce a White House summit or presidential commission. The summit or commission would serve to bring educators, government and business together to develop a joint approach to preparing teachers with technology skills so our students will be proficient in the tech workforce of the next century.

Early April:

White House Summit on 21st Century Teachers and/or
White House Commission on 21st Century Teachers

Description: The President could convene leaders from the high-tech community, K-12 educators and college of education deans, presidents and chancellors, to address the crisis facing today's teachers and tomorrow's workforce. The summit could serve to solicit commitments from all parties to collaborate on means to jointly address the issue and devote resources to resolutions. Similarly, a Presidentially-appointed commission could bring these same parties together for the same purpose.



Cynthia A. Rice

12/16/99 08:15:02 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP

cc: Eric P. Liu/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP, Anna Richter/OPD/EOP@EOP

Subject: FYI: our food stamp vehicle policy is back in

We'll do both the reg and the legislative proposal (doing the reg makes the legislative proposal cheaper -- \$1 billion over 5). In total, we'll help 450,000 people. Barbara needs just a little bit more \$\$ for '01 but she thinks she's got it covered.

FYI: our buddy from Stenholm's office called to push for this today.



THE SECRETARY OF EDUCATION
WASHINGTON, D.C. 20202

December 16, 1999

Bruce/Gene -

Per our conversation a few minutes ago, the following chart represents our careful and thoughtful deliberations and decisions regarding the necessary Administration investment in education improvement for FY 2001.

It is critical that the investments being made in our Administration's FY 2001 request to Congress be visible and significant. The amount of the increase will be an important news issue from the time our budget is released and during the rest of the 2000 year. This is a unique situation with education being a top priority at the national level, coupled with an intense focus on the budget deliberations in August, September and October of 2000. We must not let this opportunity get away.

Please let me know if you have any questions.


Dick Riley

Selected Education Programs

Current
BudgetOMB Passback
For FY2001FY 2001 Appeal
Difference From
PassbackFY2001
Appeal

(Amounts in thousands of Dollars)

IMPROVING TEACHING AND RECRUITING QUALITY TEACHERS

Teacher Recruitment and Preparation
Presidential initiative passed in 1998*Quality Teachers are the Key
To moving "Standards" into
The Classroom --- where they count.*

\$98,000

\$98,000

+\$102,000

\$200,000

Teaching to High Standards:

** Combines Goals 2000, Eisenhower Professional Development, Title VI into
President's new ESEA initiative.*

\$1,173,000

\$503,000

+\$970,000

\$1,473,000

ACCOUNTABILITY AND HELPING STUDENTS MEET HIGH STANDARDS

Extra Help in the Basics (Title I LEA Grants)

Includes President's accountability initiative passed in 1999 to turn around failing schools.

\$7,941,397

\$8,141,397

+\$366,003

\$8,507,400

Special Education

Includes funds for accountability and state improvement efforts.

*As I visit schools, I hear more about the
cost of special ed. than any other issue.*

\$6,036,646

\$6,035,146

+\$603,265

\$6,638,411

21st Century Community Learning Centers

Extremely popular after-school and summer program

\$453,710

\$525,000

+\$175,000

\$700,000

COLLEGE OPPORTUNITY AND ACCESS

Pell Grants

With this increase, the value of Pell grants will have risen by 50% under the President's watch.

*→ Priorities for Higher Ed.
group*Budget Authority
\$7,700,000Budget Authority
\$8,180,000Budget Authority
+\$286,000Budget Authority
\$8,466,000

(Max Grant: \$3,300)

(Max Grant: \$3,350)

(Max Grant: \$3,500)

(Max Grant: \$3,500)

SEOG Supplemental grants for low-income students

A high priority among college leaders

\$631,000

\$631,000

+\$100,000

\$731,000

TRIO Programs

Includes new Presidential initiative for college completion grants.

\$645,000

\$645,000

+\$100,000

\$745,000

GEAR UP

Third year of new presidential initiative

\$200,000

\$240,000

+\$60,000

\$300,000

Sub-total:

\$24,878,753

\$24,998,543

+\$2,762,268

\$27,760,811

OTHER CRITICAL INITIATIVES (ie: expanding President's safe schools/healthy students initiative, increasing advanced placement courses, expanding comprehensive school reform models, providing teacher training in bilingual education, expanding President's literacy and civics initiative, providing loan cancellations for teachers.)

\$10,824,482

\$10,737,692

+\$996,215

\$11,733,907

Total:

\$35,700,000

\$35,700,000

+\$3,800,000

\$39,500,000

School Construction Package:

New Discretionary Initiative

+\$500,000

\$500,000

Andrea Kane

12/15/99 08:57:53 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP
cc: Cynthia A. Rice/OPD/EOP@EOP, Leanne A. Shimabukuro/OPD/EOP@EOP, Deanne E. Benos/OPD/EOP@EOP
Subject: DOL ex-offender funds

We hear good news that OMB is planning to give DOL an additional \$45 million for ex-offender employment grants, for total funding of \$75 M. DOL requested \$200 M, pass back was \$30 M, we suggested an additional \$20 M targeted for the communities participating in the DOJ re-entry initiative, and OMB is granting that plus another \$25 M. We've told OMB they need to convey to DOL that at least \$20 million of the add-on has to be closely coordinated with DOJ funds, by targeting communities and populations participating in the re-entry initiative. We thought it was necessary to send a clear signal now, otherwise DOL may end up focusing all the money on youthful offenders, which is their priority. While DOL has a pretty generous notion of "youth", we want to make sure that older offenders leaving prison through the re-entry partnerships also receive the critical employment services they need to work, meet their family responsibilities, and lessen the chance they'll commit another crime.

F

Fall

Fall

Fall