

GW
THE WHITE HOUSE
WASHINGTON

March 27, 1998

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for DPC staff

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. T.M.
SUBJECT: Summary of Cabinet Weekly Reports
March 21 - 27, 1998

DEPARTMENT OF TREASURY

- **Russia:** Markets have reacted positively to President Yeltsin's March 23 cabinet reshuffle. Russia's domestic debt market has strengthened, with yields on treasury bills falling to 27 percent. Markets could turn against Russia if the nominee for Prime Minister is disappointing or if the process of creating a government drags through the spring and delays consideration of key economic legislation.
- **Indonesia:** On March 14-19, in technical talks in Jakarta with President Suharto's new cabinet, Under Secretary Lipton underscored the importance the U.S. places on the restoration of financial stability in Indonesia and discussed in detail the many challenges that Indonesian policy makers face. The Under Secretary also met with the IMF's negotiating team, which arrived in Jakarta on March 17. Negotiations between the IMF and Indonesia appear to be progressing, with an agreement on an enhanced, comprehensive reform program possible late next week.
- **IDB Annual Meeting:** On March 16-18, Deputy Secretary Summers met with Latin Finance Ministers at the Annual Meeting of the Inter-American Development Bank (IDB) in Cartagena, Colombia. Summers urged the IDB to deepen its support for the Summit of the Americas' education goals. The IDB and Latin Finance Ministers were receptive to his proposal to double IDB lending for education to \$3 billion over the next three years. There was also significant support for the creation of an additional special fund for regional education initiatives. There was optimism that Latin America would stay immune to Asian financial turmoil, due to recent economic and financial reforms.

DEPARTMENT OF JUSTICE

- **Lockheed Martin's Purchase of Northrop Grumman:** On March 23, DOJ, in cooperation with DoD, announced a decision to sue to prevent the proposed acquisition of Northrop Grumman by Lockheed Martin. DOJ and DoD believe that the merger would eliminate competition and reduce innovation in many areas of vital importance to national security.
- **"Cannabis Clubs":** On March 24, a judge heard argument on the government's motions for preliminary injunction against six "cannabis clubs" in CA. The motions seek to enjoin the defendants' ongoing distribution and cultivation of marijuana, which constitute unambiguous violations of the Controlled Substances Act.
- **Communications Assistance for Law Enforcement Act (CALEA):** Under the CALEA, the telecommunications industry has been assigned various obligations so that law enforcement can continue to intercept both the content of telephone calls and information about them. Congress provided for \$500 million to pay for this mandate, and the industry was to design standards through consultation with the Government. The Attorney General has deemed industry standards deficient and has continued to negotiate with industry representatives. She has also directed that a petition for expedited rulemaking be prepared and filed with the FCC by March 27, on behalf of federal, state, and local law enforcement entities.
- **Resident Aliens and Food Stamps:** A group of legal resident aliens sued to challenge the constitutionality of the statute's food stamp cutoff as a violation of due process, contending that delays in INS processing of their applications for naturalization effectively deprived them of a fair opportunity to requalify before their food stamp benefits were cut off. The court of appeals concluded that the legal resident aliens had no property interest in the continuation of benefits and that the food stamp citizenship requirement could not violate plaintiffs' due process rights. This is one of the first appellate decisions on the constitutionality of the Welfare Reform Act's food stamp citizenship requirement.
- **Tribal Land Dispute:** Last week, DOJ intervened in two eastern NY land claim suits. The tribes filed these claims in 1970-93, alleging that the State of NY acquired these lands without the required congressional approval. Because NY did not acquire legal title to the land it purchased from the tribes, it had no legal title to pass on to the non-Indians who acquired it from the State.

DEPARTMENT OF INTERIOR

- **Ward Valley:** The Colorado River Native Nations Alliance is still occupying the site at Ward Valley, CA, causing a delay in DOI's efforts to conduct tritium testing.

- **El Niño:** The impact of El Niño on snowpack and spring runoff in the Upper Basin of the Colorado River remain unknown. Unregulated inflows to Lake Powell were 105 percent of normal in February, while the current snowpack conditions are about 90 percent of normal. Glen Canyon Dam average daily releases are slightly higher than normal for this time of year. The April-July 1998 runoff projection is 7.4 million acre feet, which is 96 percent of normal. If late spring El Niño-related storms materialize, there will be sufficient storage space in Lake Powell.
- **Hopi Tribe Coal Lease:** Secretary Babbitt will host a signing ceremony in Washington, DC, between the Hopi Tribe and Peabody Coal for new lease terms on the Black Mesa Mine in CA. The Tribe will receive higher royalties, which ultimately comprise 80 percent of the Tribe's revenue base.
- **Japanese American Exhibit:** An exhibit by the Japanese American National Museum on the treatment of Japanese Americans during World War II is scheduled to be at the Ellis Island Immigration Museum from April 3, 1998 through January 5, 1999. NPS staff at Ellis Island have questioned using the term "concentration camps" in the exhibit's title, "America's Concentration Camps: Remembering the Japanese American Experience" because it may be offensive to Jewish Americans. The Japanese American National Museum has been adamant that the term "concentration camps" be used.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Food Safety:** On March 23, Secretary Glickman delivered a speech on food safety, with an emphasis on the role of consumers, to Public Voice in Washington, D.C. The Secretary talked about Administration efforts on food safety and USDA's role. He also discussed agricultural research legislation currently being considered in Congress that deals with such important Administration issues as crop insurance, research, and aid to rural communities.
- **Meat Packing Industry:** On March 24, Secretary Glickman joined Senators Daschle, Baucus, Conrad, Dorgan, Harkin, Johnson, and Wellstone to announce steps USDA will undertake to investigate and end potentially anti-competitive practices in the meat packing industry. The Secretary also announced that, in response to excessive supplies and low prices, USDA will be purchasing an additional \$30 million in beef and \$25 million in turkey products for distribution through emergency feeding programs.
- **Dairy Exports:** On March 12-18, USDA approved subsidies to facilitate the export of 1748 metric tons of dairy products to various Latin American destinations.
- **Friends of the Israel Defense Forces:** On March 26, Secretary Glickman addressed the Friends of the Israel Defense Forces in Miami, FL.

★ **Conservation Reserve Enhancement Program:** On March 30, Secretary Glickman will announce a Conservation Reserve Enhancement Program for IL in Peoria.

DEPARTMENT OF COMMERCE

- **El Niño:** National Weather Service (NWS) Offices in California are preparing for another onslaught of El Niño storms.
- **FL Tornadoes:** As further protection against severe storms such as the recent FL tornadoes, NWS is upgrading the transmitter sites in Tampa, Daytona Beach, Tallahassee, and Key West. A second transmitter will be made available at each site to serve as a backup in the event of a transmitter failure.
- **Asia Financial Crisis:** On April 2, Secretary Daley will host a roundtable meeting of businessmen, academics, and federal officials on the impact of the Asia financial crisis on U.S. exports and what the government can do to mitigate the impact of the crisis on business. Senator Bingaman has indicated an interest in participating, and it is possible that other members of Congress will participate.
- **International Trade Administration (ITA) Awards:** On April 3, Secretary Daley will officiate at an ITA Awards Ceremony in memory of the second anniversary of the death of Secretary Ron Brown.
- **50th Anniversary of First Tornado Forecast:** *Good Morning America*, *USA Today* and other media are expected to cover the 50th anniversary of the first tornado forecast, being marked in ceremonies at the National Severe Storms Laboratory and Storm Prediction Center in Norman, OK, and on Tinker Air Force Base, OK.

DEPARTMENT OF LABOR

- **KY Job Corps Centers:** On April 2, DOL will award a \$66.5 million contract to Res-Care, Inc./Horizons Consulting Group to operate the Earle C. Clements Job Corps Center in Morganfield, KY, and the Muhlenberg Satellite Center in Greenville, KY. The Clements Center is the largest residential Job Corps Center in the U.S. The centers provide vocational, educational, and related support services for 3,574 students per year.
- **Homeless Veterans:** On March 30, DOL will announce \$2.5 million in grants to 22 state and local public agencies and non-profit organizations to provide job search and counseling assistance, remedial education, classroom and on-the-job training, and support services such as transportation and transitional housing, to help homeless veterans participate in and keep the jobs that they get through the programs. The grantee states are: PA, MA, NY, KY, OH, WI, TX, MO, CA, OR, NM, and DC.

- **Council of Institutional Investors:** On March 31, Secretary Herman will address the Council of Institutional Investors annual meeting in Washington, DC. The Council is one of the nation's most important pension fund associations, representing over 15 million beneficiaries and investing over \$1 trillion in pension fund assets.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Organ Procurement and Transplantation Network (OPTN):** On March 26, the OPTN final rule went on public display in the *Federal Register*.
- **Computerized Child Support Enforcement Systems:** The week of March 30, the Computerized Child Support Enforcement Systems rule is expected to be published in the *Federal Register*.
- **Title XXI Proposals:**
 - **CA:** On March 24, CA's Title XXI proposal was approved. CA would use both a Medicaid expansion and an insurance purchasing pool to create a comprehensive subsidized health insurance program for uninsured children up to 200 percent of the FPL.
 - **IL:** The week of March 30, HCFA also anticipates approving IL's Title XXI proposal. IL has proposed a Medicaid expansion to cover children ages 10 through 19 in families with incomes up to 133 percent of the FPL.
- **Older American Continuation Grants:** On March 25, the Administration on Aging awarded Title VI, Part A (of the Older Americans Act) continuation grants to over 220 tribal organizations totaling \$16.6 million. This is the final year of the three-year project period. The grants provide supportive services, including nutrition services, to American Indian and AK Native elders. Three new tribes in AK and ME will be funded.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **HUD Reinvention:** On March 25, an independent review of HUD's efforts to implement its 2020 Management Reform Plan stated that HUD has made "significant progress towards achieving the many management reforms that are critical to making the Department function effectively," that the plan's reforms would dramatically change HUD and improve its performance, and that HUD is effectively implementing the plan.
- **Mortgage Insurance Refunds:** In the last three months, employees at HUD's Seattle Asset Recovery Center have tracked down 80 percent of homeowners owed mortgage insurance premium refunds in Washington state. The national search to find homebuyers owed \$70 million in refunds from HUD was launched last November. Eligible homeowners should receive a refund within 90 days of the date they submit the claim.

- **Chicago Public Housing:** On March 25, Secretary Cuomo announced that a team of senior HUD officials will visit Chicago in early April to hold an open discussion about housing issues. Some community groups have expressed concern about the potential demolition of Chicago's most dangerous and dilapidated public housing units and relocation of residents. Until the concerns are heard, no action will be taken on review of preliminary demolition and revitalization plans. HUD has received assurances from the Chicago Housing Authority that it will not submit plans for HUD approval until the discussions take place.
- **Home Resales:** According to statistics released on March 25, home resales rose 8.7 percent to a new record in February. If this trend continues, the record homeownership rate of 65.7 percent set in 1997 will be shattered.
- **Housing Starts:** Good weather throughout most of the nation, combined with a strong economy and low interest rates, helped to increase housing starts by six percent in February to an annual rate of 1,636,000 units. This is the highest monthly rate since November 1987 and the first time the monthly rate has topped 1.6 million on an annual basis since January of 1989.
- **Brownfields Report:** A new report, *The Effects of Environmental Hazards and Regulation on Urban Redevelopment*, jointly sponsored by HUD and EPA, provides insight into current issues concerning brownfields policy. This research examines a wide range of issues including: intertwined environmental and non-environmental distresses preventing redevelopment; evaluation of redevelopment policies and how CDBG programs support brownfield revitalization; innovative cleanup and development approaches likely to be conducted along with possible economic incentives to spur redevelopment; and the appropriate amount of government involvement.

DEPARTMENT OF TRANSPORTATION

- **OR Rafters Rescue:** On March 24, Coast Guard helicopters saved ten white water rafters stranded on the Illinois River in OR. Two other rafters died before rescue. Heavy rain and snow melt caused the river to run at nine times its normal flow, trapping the rafters along the canyon walls.
- **Race Relations Dialogue:** On March 19, NHTSA Administrator Martinez led a dialogue on race relations at Mary Washington College in Fredericksburg, VA. Over 300 high school and college students were in attendance. The focus on this meeting was the impact of the issues surrounding race on young Americans.

- **Airport Improvement:** By April 2, DOT and FAA will release several hundred million dollars in airport improvements to communities throughout the nation. White House staff is assessing options for participation by you and the Vice President, either by telephone or press release.

DEPARTMENT OF ENERGY

- **Electricity Restructuring:** On March 25, in a series of events that included EPA Administrator Browner, Secretary Peña unveiled the Administration's proposal to bring competition and consumer choice to the electricity industry, saving consumers roughly \$20 billion a year and improving the environment by reducing pollution and greenhouse gas emissions.
- **Energy Ministerial of the Eight:** Secretary Peña will travel to Moscow next week to lead the U.S. Delegation to the G-8 Energy Ministerial. The one-day Ministerial will concentrate on energy sector investment issues and market outlook into the twenty-first century.
- **Gasoline Prices:** Another low in the national average retail regular gasoline price was established this week with a 0.8 cent drop to 100.0 cents per gallon, almost matching a low last recorded in January 1994. The national average retail regular gasoline price was 20.4 cents lower than the same time last year. Adjusted for inflation, the retail price of gasoline continues to be the lowest since records were initiated in 1959, despite a higher tax component and substantial quality improvements.

DEPARTMENT OF EDUCATION

- **NC Civil Rights Complaint:** On March 16, DOEd's Office for Civil Rights (OCR) received a complaint from the NAACP NC Conference and the NC Education and Law Project alleging that NC's competency test, which students must pass to graduate from high school, discriminates against minorities. OCR staff are evaluating the complaint.
- **Closed Captioning Controversy:** ~~DOEd staff are finalizing~~ a response to the letter from Senators Coats and Lieberman to Secretary Riley that expressed their concerns about a DOEd-funded program that provides closed-captioning of television programs, including *The Jerry Springer Show*. Secretary Riley will indicate in his reply that the funding program for closed captioning was intended by Congress to provide the deaf and hard of hearing with broad access to television programming; and that it would be inappropriate for DOEd to censor the programs available to the general public by denying captioning to people who are hearing-impaired.

- **Speeches:** On April 2, Secretary Riley will address the National Council of Teachers of Mathematics in Washington, DC; on April 6, the National School Boards Association in New Orleans, LA; on April 7, and the Educational Testing Service 50th Anniversary Dinner in Princeton, NJ.
- **Hate Crimes:** On April 9, Secretary Riley will join Attorney General Reno for the Washington, DC release of the manual on hate crimes in schools that you requested from DOEd and DOJ.

VETERANS AFFAIRS

- **Tobacco-Related Disabilities:** Despite continued opposition among some members of the House and Senate, legislation prohibiting compensation for tobacco-related disabilities is getting serious attention in budgetary deliberations. It appears that most of the savings associated with enacting VA's proposal are intended to pay for various highway and mass transit projects under the Intermodal Surface Transportation Efficiency Act.
- **Underutilized Inpatient Capacity:** VA is considering approval of new sharing agreements that would involve the sale of underutilized inpatient services at some VA facilities to community hospitals and other health care providers. Representatives of national veterans' service organizations, who have been advised of the revenue potential for this initiative, will be consulted on specific proposals for the expanded sharing of underutilized inpatient capacity. Any agreements must ensure that veterans receive priority treatment, that acceptable levels and quality of service for veterans are maintained or improved, and that national customer service and timeliness standards for veterans are met or exceeded.
- **Telepathology Diagnosis:** VA has installed telepathology systems in five VA medical centers that reduce the cost of delivering medical services. The systems connect patients who may be in remote geographical locations with their physicians.
- **Deputy General Counsel Retires:** Robert E. Coy, Deputy General Counsel and the current Acting General Counsel, will retire March 28 after more than 40 years of government service, 38 of which have been with VA.

ENVIRONMENTAL PROTECTION AGENCY

- **Superfund:** On March 24, the Senate Environment and Public Works Committee began mark-up of the Superfund reform bill. A bill was reported on March 26. EPA continues to oppose the bill.

UNITED STATES TRADE REPRESENTATIVE

- **WTO Disputes:** A WTO panel issued a preliminary ruling this week against Indonesia's national car program in a case brought by the U.S., Japan, and the EU. The final report will be issued in late April. The U.S. prevailed in another WTO dispute this week, in a case against Argentina involving duties on textile and footwear products. The panel findings were upheld by the WTO Appellate Body.
- **Mexico Apples:** On March 20, Ambassador Barshefsky announced the conclusion of the agreement reached by the U.S. apple industry and the Government of Mexico. The Administration has been engaged in a coordinated effort with the U.S. apple industry to reopen the Mexican apple market for red and golden delicious apples since Mexico's Secretariat of Commerce and Industrial Development imposed provisional anti-dumping measures. This matter has been a serious concern to Members of Congress from WA.
- **EU Biotech Corn:** On March 19, Ambassador Barshefsky praised the decision of the EU to approve three new varieties of corn produced by biotechnology. This decision is of great value to U.S. corn producers and ensures that corn exports, estimated over \$1 billion, will continue to grow.
- **FY99 Budget:** On March 31, Ambassador Barshefsky will testify before the House Appropriations Committee's Subcommittee on Commerce, Justice, State, the Judiciary and Related Agencies regarding the FY99 budget.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **OAS Model Session:** On March 30, Director McCaffrey will present the keynote address to 500 college students participating in the five-day Model Organization of American States session. He will discuss the *1998 National Drug Control Strategy* and international drug control issues.
- **Advertising Council:** On March 31, Director McCaffrey will address the Board of Directors of the Ad Council in NYC. The Council is a key partner in ONDCP's National Youth Anti-Drug Media Campaign and will serve as a clearinghouse for all public service messages used in the pro bono match component of the campaign.
- **U.S.-Mexico High Level Contact Group (HLCG):** On April 6-7, Director McCaffrey will lead a delegation to the HLCG meeting which will be held in Mexico City. On March 16, ONDCP hosted the first of two Principals' Planning meetings to inform the interagency members of the delegation on the progress made in developing the HLCG agenda and on the substance of unofficial coordination with representatives of the Government of Mexico (GOM). In addition, the Principals' Planning meeting provided an opportunity for senior members of ONDCP and the Principals to discuss sensitive

issues that might arise during the April 6-7 session in Mexico. On March 17, in anticipation of a vigorous discussion of Performance Measures of Effectiveness (PME) in Mexico, ONDCP presented a comprehensive briefing and discussion on the concepts and methodologies involved in developing PMEs to members of the Mexican Embassy.

SMALL BUSINESS ADMINISTRATION

- **Year 2000 (Y2K):** On March 31, Administrator Alvarez will participate in a Y2K press conference with Director Raines and John Koskinen.
- **America's Promise:** From 1997 to date, more than 35,000 high school and college students have received training, counseling, technical assistance, and mentoring through SBA Regional and District Offices and resource partners. SBA's One Stop Capital Shops will provide outreach to students in rural and underserved communities, training opportunities for youth through collaborative efforts between federal, state, and local government programs, and partnerships with local business communities to assist in mentoring potential entrepreneurs.
- **Big Three:** On March 27, Administrator Alvarez met with representatives of the Big Three Automakers to advance the MOU for enhancing procurement opportunities for minority contractors. She will have lunch with lenders to discuss SBA's lending initiatives to the underserved small business community, meet with 50 small business leaders to discuss SBA goals and initiatives, and visit district staff.
- **HUBZones:** On April 2 or 3, Administrator Alvarez is scheduled to participate in a HUBZone Rollout with Vice President Gore in TN.

OFFICE OF PERSONNEL MANAGEMENT

- **Welfare-to-Work:** As a part of your welfare-to-work initiative, federal agencies have hired 3,680 former welfare recipients since March 8, 1997. This is 35 percent of the four-year goal of the administration.
- **Kick Butts Day:** On April 2, Director Lachance will take part in an event to highlight Kick Butts Day. That evening she will be the keynote speaker at the Federally Employed Women's Dinner at the Fort Myer Officers' Club.

UNITED STATES INFORMATION AGENCY

- **USIA Poll Results:**
 - **Serbia:** A USIA-Sponsored poll shows that public opinion in Serbia is in line with the government's view that Kosovo is an internal problem and international organizations should not be involved. The Serb public opposes an autonomous or

independent Kosovo but about as many oppose (45 percent) as favor (37 percent) having a member of their family fight over Kosovo's future.

- ▶ **Israel:** Six-in-ten Jewish Israelis favor an active U.S. role in the negotiations either "proposing compromise solutions and pressuring both sides to make progress" (34 percent) or "proposing compromise solutions without pressuring either side" (29 percent). Nearly six-in-ten also said that they were supportive of giving up at least ten percent of the West Bank to the Palestinians "to advance the peace process."

SOCIAL SECURITY ADMINISTRATION

- **SSI Childhood Disability:** During the week of March 15, SSA sent notices to about 18,000 individuals who recently turned 18 and whose SSI benefits were ceased, giving them another opportunity to appeal or to file for benefit continuation. SSA also sent notices to families of 1,200 children who had appealed their determination of ineligibility for SSI to the hearing level but had not filed for benefit continuation, giving them an opportunity to request benefit continuation during appeal.
- **Government Pension Benefits:** GAO is expected to release by the first of April its report on how well SSA administers the Government Pension Offset (GPO) provision and Windfall Elimination Provision (WEP). Under GPO, SSA must reduce benefits to noncovered government workers when their entitlement to Social Security is based on another person's coverage. Under WEP, SSA must use a modified formula to calculate Social Security benefits earned by a person with limited Social Security covered employment. GAO is expected to report that there are weaknesses in SSA's internal controls over applying GPO and WEP and will estimate that SSA made overpayments costing the trust funds between \$160 million to \$355 million from 1978 to about 1995.

cc:

The Vice President
Erskine Bowles
Sandy Berger
Sidney Blumenthal
Maria Echaveste
Rahm Emanuel
Mickey Ibarra
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THE WHITE HOUSE
WASHINGTON

March 6, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. *TM*

SUBJECT: Summary of Cabinet Weekly Reports
February 28 - March 6, 1998

DEPARTMENT OF TREASURY

- **Indonesia:** On February 25-26, Secretary Rubin helped prepare former Vice President Mondale for his trip to Indonesia. Indonesian currency has been relatively stable during the past week as traders and investors waited for further evidence regarding future policy direction following the Peoples' Consultative Assembly. Since February 27, the Jakarta stock market has risen 7.2 percent on speculation that Indonesia will have to commit to deeper reform if it hopes to receive continued IMF funding. Last week, government officials indicated that the clove monopoly and palm oil export quotas, due to be abolished in June and in April respectively, would be maintained.
- **Korea:** Following the inauguration of President Kim Dae Jung on February 25, Korea's stock and currency markets have posted overall gains. On February 27, Korean officials met with Japanese creditors in Tokyo, the first step in Korea's effort to negotiate refinancing of up to \$24 billion in foreign debt. On March 3, in an unusual move, President Kim appointed a cabinet including a controversial acting prime minister, despite failing to win a majority of the National Assembly vote necessary to confirm the prime ministerial candidate. This political situation has caused some market wariness. Bank of Korea foreign reserves continue to rise as Korean banks repay foreign currency loans taken out at the height of the crisis last year.
- **Africa Initiative:** On February 25, the House Ways and Means Committee reported the Africa Growth and Opportunity Act. The legislation grants a series of new trade benefits to African nations, a step that lawmakers and diplomats called an historic development for U.S. relations with sub-Saharan Africa. In the House, the bill may be opposed by representatives of textile-producing areas and by union groups concerned about potential job loss and the scale of trade benefits given to the region.

- **IRS:** On March 7, the IRS will hold its first day of Saturday office hours, another in a series of reforms that the IRS has implemented to improve customer service. Taxpayers will be able to come to IRS offices to pick up forms and ask questions as they prepare their tax forms.

DEPARTMENT OF JUSTICE

- **Line Item Veto:** On February 27, the Supreme Court issued an expedited schedule in two suits challenging the Line Item Veto Act on the ground that it violates Article I and the Separation of Powers doctrine. Oral argument is scheduled for April 27.
- **Medicaid Provision Case:** On February 13, a suit was filed challenging the constitutionality of Section 4734 of the Balanced Budget Act of 1997, which created a criminal offense for those who charge a fee and knowingly counsel or assist an individual to dispose of assets in order for that individual to become eligible for Medicaid benefits, if disposing of those assets results in a period of Medicaid ineligibility.
- **Indian Country:** In a unanimous opinion, the Supreme Court ruled that 1.8 million acres of former reservation land, currently owned in fee simple by the Native Village of Venetie in northern AK, is not "Indian country." This decision may mean that none of the 44 million acres of land conveyed by Congress to Native Village Corporations and Native Regional Corporations, pursuant to the Alaska Native Claims Settlement Act of 1971, is Indian country.
- **Human Organs:** Two defendants in NY were charged with conspiracy to sell human organs for transplants. According to the complaint, the defendants met with an FBI undercover agent purporting to be associated with a dialysis center and offered to sell the agent organs from executed Chinese prisoners.
- **COPS Grants:** On March 5, the COPS Office announced the awarding of over \$31 million to 187 jurisdictions in 39 States and PR to hire more than 500 additional officers. On March 26, the next round of COPS grants are tentatively scheduled to be released. The number of officers is tentatively 854 full-time, 87 part-time, for a total of \$58.3 million.

DEPARTMENT OF INTERIOR

- **Headwaters:** On February 27, the U.S., CA, and Pacific Lumber Co. (PALCO) agreed in principle to create a Habitat Conservation Plan (HCP) for 200,000 acres of PALCO timberland in northern CA. Under the agreement, the U.S. and CA will pay \$380 million for 7,500 acres of old-growth redwoods. The agreement also protects 84 percent of virgin old-growth redwoods on PALCO land and nesting sites of the marbled murrelet.

- **King Center:** The descendants of Martin Luther King, Jr. have raised the possibility of NPS acquiring the birth home, the King Center, and other family-owned properties and artifacts. NPS would be a willing buyer if funds could be raised through partnerships and donations. Three years ago, the King family tried to have NPS "removed" from the King National Historic Site. The family now wants to concentrate on managing Dr. King's intellectual properties.
- **Disaster Assistance:** At FEMA's request, USGS scientists are providing technical assistance to FEMA in CA, responding to questions about the likelihood, location, and type of future landslides in CA.
- **El Niño Damage:** Point Reyes and the Pinnacles National Monument continue to experience problems. Point Reyes estimates that the cost to repair damages is approximately \$1 million. Pinnacles National Monument will be closed for at least 30-45 more days.
- **Menlo Park Facility:** On March 2, Secretary Babbitt announced that DOI and GSA agreed upon a long-term lease for the Geological Survey (USGS) in Menlo Park, CA. The lease agreement provides a stable base for operations and allows the USGS to continue its work in Menlo Park. Secretary Babbitt ordered a review of the location because of increasing costs.
- **CALFED Bay-Delta Program:** On March 16, the CALFED Bay-Delta Program, a cooperative effort of Federal and CA agencies, is scheduled to release its Draft Environmental Impact Statement (DEIS). The DEIS evaluates three alternative water management and conveyance options in conjunction with water supply, water quality, ecosystem restoration, and levee stability programs. It does not select a preferred alternative. CALFED is seeking input throughout CA before selecting a preferred alternative later this year.
- **Ward Valley:** DOI has temporarily halted plans to begin tritium testing at Ward Valley because of protests by Native Americans and environmental organizations. The Native Americans believe the land is sacred. On March 4, the Assistant Secretary for Indian Affairs met with the Native American protestors to discuss their concerns.
- **Salton Sea:** On February 25, Speaker Gingrich and the Salton Sea Congressional Task Force introduced legislation to address the environmental challenges facing the Salton Sea. A hearing before the House Resources Committee has been scheduled for March 12. The bill has a number of serious problems.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Food Safety:** On February 24, USDA food safety officials suspended operations at Murco, Inc., Plainwell, MI; Barber Foods, Portland, ME; Center State Beef and Veal, Inc., Cortland, NY; Brian Foods, Smokey Hollow, AR; and chicken product operations at a Tyson Food, Inc. plant in Center, TX.
- **E. Coli:** The Center for Public Integrity released a report, "Safety Last--The Politics of E. coli and Other Food borne Killers," highlighting several issues: 1) no food safety bill has been forwarded from either Agriculture Committee to the floor in the last ten years; 2) the food industry has provided over \$41 million in campaign contributions to lawmakers over the past ten years; 3) Congress and the meat industry in the past have opposed granting the Secretary mandatory recall authority; and 4) Congress opposed the 1997 user fee proposal that would have required the food industry to support government inspection of meat, poultry, and egg products.
- **Forest Service Agenda:** On March 2, Forest Service Chief Dombeck announced a National Resource Agenda for the 21st Century in a speech to Forest Service employees. The agenda significantly increases watershed health improvements, promotes sustainable forest management, enhances outdoor recreation, and will result in a forest road policy that meets the needs of Americans and protects the environment.
- **Wildlife Habitat Incentives Program (WHIP):** On February 27, Secretary Glickman announced USDA's WHIP will provide \$24 million during FY98 to help landowners improve fish and wildlife habitat on their private lands.
- **Rural Development:** As of February 26, USDA financed 133 community facility projects, providing \$48,173,472 in loans and grants this fiscal year. 18,661 rural families have safe, affordable housing as a result of \$967.9 million in financing USDA has provided this fiscal year, which also created 15,455 jobs. USDA's rural business and cooperative financing has created and saved 12,163 jobs since October 1, 1997, by providing \$411.9 in financing to 412 rural economic development and business projects.
- **OECD:** On March 4-8, Secretary Glickman will attend the OECD Agriculture Committee and Quint ministerial meetings in Paris, France.

DEPARTMENT OF COMMERCE

- **El Niño Update:** DOC announced additional funding for continued research flights into the heart of El Niño storms along the CA coast. These flights are providing weather forecasters with significant data.

- **Steelhead Determinations Granted:** In a court order issued by the U.S. District Court, Northern District of CA, the National Marine Fisheries Service was granted until March 13 to make a final decision regarding the listing of five stocks of steelhead under the Endangered Species Act. The original deadline of February 11 was extended in order to allow additional time for evaluation of recently enacted steelhead fishing regulations by CA and OR before making a final decision to list.
- **1997 Population Estimates:** The Census Bureau revised and released a series of monthly population estimates for the nation from April 1, 1990, to December 1, 1997 by age, sex, race, and Hispanic origin.
- **Census in the Schools Project:** Scholastic Inc. will work with Census and the advertising company of Young & Rubicam Inc. to conduct a nationwide Census in the Schools project to promote participation in the upcoming decennial census.
- **Conference on Computer Security:** On March 9, Representative Morella will be the keynote speaker at a conference on Training American Workers in Computer Security, sponsored by DOC's National Institute of Standards and Technology.

DEPARTMENT OF LABOR

- **MI Employment Suit:** On March 13, the Government will file its brief in a dispute over MI's attempts at reorganizing its employment service. At the heart of the matter is a dispute over whether employment services must be provided by merit staffed employees.
- **Bureau of Labor Statistics (BLS) Data Announcements:**
 - ▶ March 10 - revised data on productivity and costs for the fourth quarter of 1997.
 - ▶ March 12 - U.S. Import and Export Price Indexes for February 1998.
 - ▶ March 13 - Producer Price Index for February 1998.
- **Collective Bargaining Update:** On March 16, the Toledo (OH) Federation of Teachers plans to strike if agreement is not reached with the city's Board of Education on a new contract for the 3,200 teachers and school employees. The school board plans to advertise for replacements and keep schools open in the event of a walkout. Tentative agreements reportedly have been reached on major non-economic matters, but differences over pay remain to be resolved.
- **Workforce Development:** On March 17, the Workforce Investment Partnership Act will be brought to the Senate floor. It is consistent with your G.I. bill principles. Floor consideration has been delayed due to NGA's attempts to renegotiate several portions of the bill including the unified planning, accountability and grandfathering provisions.

- **Older Workers:** On March 12, Secretary Herman will address a gala honoring the nation's oldest workers in recognition of National Older Worker Employment Week. The Secretary may participate in a roundtable with reporters to talk about the role of older workers in the economy.
- **Apparel Industry Partnership:** On March 6, members of the Apparel Industry Partnership will meet in Washington, D.C. to continue their work on the creation of an association and implementation of its code of conduct and principles of monitoring.
- **Workplace Violence:** The *New York Times* is about to publish a story on workplace violence that focuses on OSHA's draft Workplace Violence Recommendations.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Conference on Waste, Fraud, and Abuse:** On March 17-18, HCFA will host a national conference on waste, fraud, and abuse at Gallaudet University's Kellogg Conference Center in Washington, D.C.
- **Hepatitis C:** On March 5, FDA announced the availability of a guidance document related to blood products from donors who subsequently test positive for antibodies to the Hepatitis C Virus. The guidance document represents the agency's current thinking on donor screening and testing, notification of consignees, transfusion recipient tracing and notification, and counseling by physicians regarding transfusions.
- **Seldane:** On February 27, FDA announced that Hoechst Marion Roussel and Baker Norton Pharmaceuticals, the manufacturers of Seldane, Seldane-D, and generic terfenadine, have voluntarily discontinued distribution and marketing of all terfenadine-containing antihistamine product lines in the U.S. These products have been associated with rare but serious heart problems when taken with certain other drugs.
- **Home Drug Test:** On March 5, HHS published in the *Federal Register* a proposal to make it easier for manufacturers to market accurate home drug abuse test kits. The agency will allow all such kits to be marketed without prior approval as long as they meet certain criteria. This flexible policy will be applied to virtually all such tests except for those used for law enforcement purposes.
- **Asthma Education Project:** On February 27, the *New York Times* reported that Mayor Giuliani withdrew the city's money from a multi-million-dollar asthma education and treatment initiative in the Bronx. The program was to have been managed by the Children's Health Fund in conjunction with Montefiore Medical Center. The Mayor claimed that the fund was refusing to agree to the city's plan for financial and program supervision.

- **Medicare Risk HMOs:** On March 13, the OIG will release the final inspection report which found that, overall, beneficiaries in Medicare risk health maintenance organizations (HMOs) gave a favorable report of good service access in 1996. 85 percent indicated good access to care, 93 percent of enrollees had no plans to leave their HMOs, and 31 percent of disenrollees left their HMOs for administrative reasons only, such as a move from the HMO service area.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Freddie Mac Loans:** On March 3, Secretary Cuomo and Freddie Mac Chairman and CEO Leland Brendsel announced that they had signed an agreement that will enable FHA to use a new version of Freddie Mac's Loan Prospector system to evaluate homebuyer applications for FHA mortgage insurance in just two minutes. It will eliminate the need for as many as 25 of the documents now required. By utilizing a more accurate loan evaluation system, thousands of borrowers previously unable to qualify for FHA mortgage insurance will qualify for the insurance each year.
- **Safe Neighborhood Grants:** On February 26, Secretary Cuomo announced \$20 million in Safe Neighborhood Grants to 73 communities across the nation to fight illegal drug activity and other crime in HUD-assisted low-income housing. The grants will be used to increase police surveillance, pay for security-related capital improvements, fund community-based crime prevention programs, and provide education, employment, and training programs.
- **Base Closings:** On February 26, Acting Deputy Secretary Ramirez approved the Base Closure Plans for the Long Beach (CA) Naval Shipyard. Earlier in the week, he approved a plan for the Naval Surface Warfare Center in Annapolis, MD. The plans provide for a mix of economic development activities and services to homeless persons.
- **Welfare-to-Work:** On February 27, Secretary Cuomo met with Eli Segal and staff from the Welfare-to-Work Partnership to discuss how to best utilize HUD programs. They discussed how to connect HUD constituencies with employers and how to generate support for key HUD budget priorities, such as Round II EZ funding, the Community Empowerment Fund, and Welfare to Work Vouchers.
- **Waste, Fraud, and Abuse:** On February 27, Secretary Cuomo announced that HUD has proposed prohibiting seven people and five companies in OH from doing business with the federal government for three years, as part of HUD's continuing crackdown on waste, fraud and abuse. The individuals controlled companies that owned and/or managed HUD-assisted housing in Dayton and Cincinnati, OH. Each is accused of serious HUD contract violations.

DEPARTMENT OF TRANSPORTATION

- **Speed Limit Report:** On March 4, DOT released the report, "Effects of Increased Speed Limits in the Post-National Maximum Speed Limit Era." DOT conducted the study, based on the first year of experience, pursuant to the National Highway System Designation Act of 1995, which ended all federally mandated speed limits. Data available from NHTSA's Fatality Analysis Reporting System shows that states that increased speed limits in 1996 coincided with approximately 350 more interstate fatalities than would have been expected based on historical trends.
- **GA Seatbelt Law:** On March 6, Secretary Slater met with Governor Miller and addressed the full GA Legislature. The address praised the legislators on GA's primary belt law and other successful traffic safety efforts. Following the address, a NASCAR press event was held at Atlanta Motor Speedway as part of your Initiative to increase national seat belt use to 85 percent by 2000 and 90 percent by 2005.
- **ValuJet:** FAA has completed its report of ValuJet/AirTran as part of DOT's regularly scheduled NASIP inspections. The report contained 106 initial findings, ranging from administrative issues to improper oversight of a contractor. No evidence of systemic safety problems was found.
- **Partnership Kickoff:** Approximately 15 disadvantaged women have enrolled in the D.C./YWCA/FHWA-sponsored program to train women for careers in highway construction. Training will be in entry level technical skills and life skills and will prepare students to pass the GED examination or other tests required by apprenticeship and industry training programs. Support programs such as child care referral services, counseling, and academic tutoring are part of the project. Secretary Slater will visit with the class to highlight the program.

DEPARTMENT OF ENERGY

- **ENERGY STAR Windows:** On March 6, Secretary Peña announced the launch of ENERGY STAR windows. The ENERGY STAR Window Program is a voluntary partnership between DOE and the window industry to promote sales of energy-efficient windows, doors, and skylights. An average household spends more than 40 percent of its annual energy budget on heating and cooling costs. Installing ENERGY STAR windows, doors, and skylights can reduce energy bills by up to 15 percent.
- **National League of Cities:** On March 8, Secretary Peña will address more than 4,000 local elected officials attending the National League of Cities' Congressional City Conference in Washington, D.C.

DEPARTMENT OF EDUCATION

- **Closed Captioning:** On March 3, Senators Coats and Lieberman wrote to Secretary Riley, expressing strong concerns about DOEd-funded program that provides closed-captioning of television programs. The Senators wrote in response to an article in *Education Week* that reported the program funds closed-captioning of *The Jerry Springer Show*, which they characterize as "the closest thing to pornography on broadcast television." DOEd does not select the programs captioned under the grant, and maintains that it would be inappropriate for it to censor the programs available to the general public by denying captioning to the hearing-impaired.

VETERANS AFFAIRS

- **Togus, ME, Medical and Regional Office Center:** On March 4, Acting Secretary West joined Governor King and representatives from several local veterans' groups in a site visit of the Togus VA Medical and Regional Office Center (VAMROC). The Togus VAMROC is VA's oldest active facility and serves an estimated 145,000 veterans in ME.
- **War on Diabetes:** On March 3, VA and the American Diabetes Association signed an MOU formalizing an intent to collaborate on projects designed to improve treatment and care for people suffering from diabetes.
- **New Community Based Outpatient Clinics:** On February 26, VA announced the approval of 42 additional Community Based Outpatient Clinics around the country. The establishment of these clinics is part of VA's effort to improve access to quality health care for veterans.
- **"Brownfields" Initiative:** Led by EPA, VA staff participated on a board to select 16 "Brownfields Showcase Communities" from among 260 applicants nationwide. VA is committed to support the sites through either its Compensated Work Therapy Program or the Vocational Rehabilitation and Counseling Program.
- **Arlington Cemetery Burial Eligibility:** The House Veterans' Affairs Subcommittee on Benefits will mark up the Veterans' Transitional Housing Opportunities Act of 1997, a bill to codify burial eligibility criteria for Arlington National Cemetery.

ENVIRONMENTAL PROTECTION AGENCY

- **Clean Air:** On March 4, the Senate adopted the Inhofe Amendment which effectively codifies your implementation plan for EPA's new public health standards for ozone and particulate matter. The Inhofe amendment was attached to the ISTEA Reauthorization bill. The new standards will be implemented by 2005 and states will be provided full funding for the purchase, operation, and maintenance of particulate matter monitors.

Inhofe's original amendment, which was unacceptable to the Administration, did not include the 2005 deadline. Senator Inhofe compromised on this point after negotiations with Administrator Browner.

- **Animal Feeding Operations:** On March 5, EPA released for public comment a draft strategy to minimize the public health and environmental impacts from animal feeding operations. This is the first action taken under the Clean Water Action Plan. The strategy calls for new water pollution control requirements and immediate inspections and increased enforcement for large animal feeding operations to reduce animal waste runoff into waterways. The draft strategy calls for aggressive enforcement of Clean Water Act permit requirements, an increase in facilities permitted, and an expanded range of regulatory tools by EPA and the States.

UNITED STATES TRADE REPRESENTATIVE

- **Africa Initiative:** On March 5, Ambassador Barshefsky announced the creation of the Office of African Affairs and the appointment of Ms. Rosa Whitaker as the new Assistant U.S. Trade Representative to lead this office. Ambassador Barshefsky is the first USTR Representative to establish the Office of African Affairs at USTR, which will address a full range of economic issues related to Africa.
- **Qualified Industrial Zone:** On March 6, Ambassador Barshefsky designated an industrial park in the city of Irbid, Jordan as the first "qualifying industrial zone" (QIZ), from which goods can enter the U.S. duty-free. Ambassador Barshefsky acted under legislation passed by Congress in October 1996, which authorized you, or your designee, to proclaim elimination of duties on articles produced in the West Bank, Gaza Strip, and QIZ in Israel and Jordan and Israel and Egypt. The QIZ designation will encourage additional cooperation between Israeli and Jordanian business communities and is one step toward securing peace in the Middle East.
- **Shrimp/Turtle Law:** The U.S. received the preliminary draft of a WTO panel that has been reviewing a challenge by four Asian countries of the U.S. "shrimp/turtle" law, which requires the U.S. to prohibit import of shrimp from countries that fail to take adequate steps to protect endangered sea turtles from harm resulting from shrimp fishing. The panel found the U.S. violated its WTO obligations, but resisted adopting several far-reaching arguments advanced by the complaining parties. USTR has briefed congressional staff and environmental organizations on the confidential report, indicating that USTR will file objections with the panel within the next two weeks.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Address to the CA State Legislature:** On March 9, Director McCaffrey will keynote the CA state legislature's bi-partisan delegation in the Indian Treaty Room.

- **Louisville, KY Summit:** On March 10, Director McCaffrey will meet with Mayor Abramson's "A-Team," comprised of state and local law, drug-enforcement and drug-treatment officials. Director McCaffrey will also keynote at the Mayor's Drug and Alcohol Treatment Summit. The Summit will feature 300 community leaders, church group representatives, drug treatment providers, and professionals concerned with attacking Louisville's pervasive drug problem and improving treatment services.
- **Congressional Youth Leadership Council:** On March 11, Director McCaffrey will address 350 high school juniors and seniors from across the nation at the National Press Club.

SMALL BUSINESS ADMINISTRATION

- **Welfare-to-Work:** On March 3, Administrator Alvarez spoke to the National Association of Private Industry Councils (NAPIC), to kick off a partnership between the local PIC's, SBA district offices, and small business development centers. SBA will match small businesses that have labor needs with intermediaries who are preparing work-ready employees under the welfare-to-work initiatives.
- **FY99 Budget:** House Commerce, State, Justice Subcommittee Chairman Rogers, summarily ended the SBA budget hearing after expressing strong objections to the Administration budget for SBA disaster assistance. The budget proposes to increase the interest rates on SBA disaster loan borrowers from 4 percent to a maximum 6 percent.

OFFICE OF PERSONNEL MANAGEMENT

- **Welfare-to-Work:** As part of your welfare-to-work initiative, federal agencies have hired 3,217 former welfare recipients for jobs in their agencies since March 8, 1997.

UNITED STATES INFORMATION AGENCY

- **Iraq:** Proactive USIS efforts to explain U.S. policy to the public included WORLDNET's introduction of two interactive weekly series during the Iraqi crisis, and USIS placement of a byliner by Ambassador Richardson on the op-ed pages in Pakistan, Denmark, Sweden, and Malta. These efforts were in addition to USIS-arranged media interviews with key Mission officials and press events throughout the world. Last week, the public website that the I Bureau mounted to deal with the crisis in Iraq registered more than 14,000 total hits making it the third most requested page on the Agency's International Home Page.
- **Mondale Visit:** When Ambassador Mondale met with Indonesia's President Soeharto in Jakarta, USIS organized a press conference for nearly 100 international journalists.

- **“AMISTAD” U.S. Embassy Screenings:** Dream Works studio agreed to make "Amistad" available for ambassadorial screenings worldwide. On February 22, USIS Capetown held South Africa's premiere of "Amistad" for 230 leading post contacts. There have been nearly 80 ambassadorial screenings of the film around the world.
- **Wei Jingsheng on VOA:** On March 3, Wei Jingsheng, China's most prominent pro-democracy advocate, appeared on a live, hour-long VOA Mandarin Service radio/TV simulcast call-in and urged a "peaceful evolution" to democracy in China. The VOA simulcast was Wei's first opportunity to talk live with his fellow citizens in China since Beijing expelled him in mid-November 1997.

SOCIAL SECURITY ADMINISTRATION

- **Partnership:** In compliance with your Executive Order, SSA and the American Federation of Government Employees recently completed a joint evaluation of the partnership effort. SSA's Partnership Councils identified over 1,500 projects that have been initiated or advanced by partnership efforts.
- **Challenges Facing SSA:** On March 12, the House Ways and Means Subcommittee on Social Security and Human Resources will hold a hearing on challenges facing the Commissioner of Social Security and SSA's progress as an independent Agency.

cc:

The Vice President
Erskine Bowles
Sidney Blumenthal
Maria Echaveste
Rahm Emanuel
Jack Gibbons
Mickey Ibarra
Janis Kearney
Ron Klain
Ann Lewis
Sylvia Mathews
Michael McCurry
Katie McGinty
John Podesta
Franklin Raines
Bruce Reed
Craig Smith
Doug Sosnik
Gene Sperling
Larry Stein
Melanne Verveer

THE WHITE HOUSE
WASHINGTON

February 27, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. TM

SUBJECT: Summary of Cabinet Weekly Reports
February 21-27, 1998

AMPLIFICATION OF PRESIDENTIAL INITIATIVES

- **El Niño:** El Niño continues to affect the country, with forecasters predicting three more months of destructive weather. Storms last week caused damage to several national parks, closing roads, trails, bridges, campgrounds and visitor centers. Golden Gate National Recreation Area, Point Reyes National Seashore, Pinnacle National Monument, and Redwood National Park were all impacted. This week, with the collective efforts of FEMA, DOL, SBA, and USDA, you announced funds to assist in the ongoing recovery efforts in FL and northern and southern CA. Also, in CA this week, you highlighted FEMA's Project Impact and its partnership with AmeriCorps, the Project Impact Spring Break Initiative.
- **Salt Lake City Olympics:** On February 27, Secretary Slater announced Federal Transit Administration grants totaling \$64.5 million for the Utah Transit Authority to expand its transit system to serve visitors to the 2002 Winter Olympics. Construction of the system is underway and is planned for completion by December 2000.

DEPARTMENT OF TREASURY

- **Korea:** On February 25, President-elect Kim Dae Jung was inaugurated. The Ministry of Finance and Economy is preparing to implement the refinancing deal of up to \$24 billion of short-term debt to foreign banks. On February 27, The Korean government began a series of private meetings with international creditor banks in Tokyo, and on March 2 will meet in NY to build support for debt restructuring and to detail government plans to improve the economy.

- **Thailand:** On February 24, Thailand released the revised Letter of Intent under the third review of Thailand's \$4 billion IMF stand-by program. The IMF Board will complete the third review of Thailand's program on March 3, triggering the release of \$270 million of IMF funds, along with disbursements of bilateral credits from the combined \$17.2 billion official financing package arranged last summer. The Letter calls for an acceleration of financial sector reforms, including privatization of intervened banks, implementation of tighter banking standards, improved bank supervision, measures to strengthen Thailand's social safety net, and additional reforms to attract foreign capital.
- **IRS:** On March 7, IRS will hold its first day of Saturday office hours, another in a series of reforms intended to improve customer service. Taxpayers will be able to come to IRS offices to pick up forms and ask questions. On February 19, the IRS announced that personal computer users would be able to file their tax forms electronically by downloading software from the IRS web page. As of February 13, the IRS had received more than 12 million electronically filed returns, an increase of more than 16 percent over the same period last year.
- **Tobacco:** Treasury is working with DPC to provide support to the Hill as tobacco legislation moves forward, and has been working with HHS on the structure of youth lookback penalties. Treasury is assessing the likely effects of tobacco legislation on price and on smuggling, and is preparing background work on the possibility of an excess profits tax. Treasury is developing an economic model that will analyze issues related to youth smoking and the distinction between the short-run and long-run response to price increases. On March 12, the Senate Commerce Committee will mark up legislation codifying the tobacco settlement.
- **IMF:** On March 3, Secretary Rubin will testify before the Senate Foreign Operations Subcommittee on IMF Funding.

DEPARTMENT OF JUSTICE

- **MT "Freemen":** On February 5, in the District of MT, Lavon T. (Tom) Hanson was sentenced to one year and one day of incarceration and three years of supervised release for his July 1997 guilty plea to bank fraud.
- **Census 2000:** On February 12, several individual voters registered in various States, Congressman Barr, and Cobb County, GA, filed suit challenging DOC's decision to use statistical sampling to conduct Census 2000. On February 20, the House of Representatives filed a second suit challenging sampling. Both sets of plaintiffs allege that the sampling method violates a Federal statute governing the conduct of the Census, Article I § 2 cl. 3 of the Constitution, and the Fourteenth Amendment.

- **"Megan's Law":** Many lawsuits have been brought challenging the constitutionality of the State "Megan's Laws." Losing offenders in the Second and Third Circuit petitioned the Supreme Court to review claims that the community notification provisions impose "punishment" and therefore violate the Ex Post Facto and Double Jeopardy Clauses of the Constitution. On February 23, the Supreme Court declined to review both cases. To date, the Second, Third, and Ninth Circuits have issued decisions generally rejecting the constitutional challenges to the registration and community notification features of the State laws.
- **Oil Companies Case:** DOJ intervened in a suit filed against 14 oil producing companies. The suit alleges that the companies knowingly underpaid royalties owed to the Government and Indian tribes. The U.S. intervened as to four of the defendants -- Amoco Oil Company, Burlington Resources, Inc., Conoco, Inc., and Shell Oil Company, as well as subsidiaries and affiliates of these four companies. Investigation of the other ten companies continues.

DEPARTMENT OF INTERIOR

- **Eagle Mountain:** For a second time, a CA State court has determined that the environmental impact statement for construction of the Eagle Mountain Landfill project is deficient. The proposed landfill, to be built at the site of an old copper mine, is in close proximity to Joshua Tree. NPS has been critical of the project due to concerns about potential environmental degradation, including impacts on the air, adjacent habitat, and endangered species. The developer has agreed to use \$600,000 annually of landfill proceeds for restoration purposes if the project is approved. BLM has approved an exchange of 3,500 acres of public lands around the mine for 2,850 acres owned by the developers to create habitat for the desert tortoise.
- **Fluid Sampler Patent:** A USGS employee has been awarded a patent for a "Fluid Controlled Isokinetic Fluid Sampler." This invention can sample flowing fluid from streams, rivers, effluent of industrial plants, or waste water treatment plants. This is the first practical sampler design capable of taking depth-integrated samples of water and sediment that are accurately representative of conditions below a depth of about 15 feet.
- **Personal Watercraft Rule:** Within the next month, NPS plans to publish a proposed rule on use of personal watercraft (PWC) within national parks. The rule would authorize local park managers to establish park-specific regulations. Industry opposes restrictions, while conservation groups expanded use of PWCs.
- **FDR Memorial:** On March 9, the FDR Memorial Committee and NPS will conduct a public meeting at the National Capital Planning Commission to receive public input on how to modify the memorial to recognize President Roosevelt's disability.

- **Navajo Nation President:** On February 19, Albert Hale, President of the Navajo Nation, announced his resignation, amidst charges of impropriety. He did not elaborate as to the reasons for his resignation; however, he has been accused of misappropriating tribal funds and having an affair while in office. Navajo Nation Vice President, Thomas Atcitty, is Interim-President.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Disaster Assistance:** USDA is providing FEMA with damage assessment reports and is making emergency loans available to farmers in designated disaster areas, which now total 51 counties in CA. In addition, USDA has provided \$1.5 million emergency watershed protection to eight CA countries.
- **Winter Food Drive:** Federal agencies have donated 499,117 pounds of food under the USDA gleaning initiatives.
- **Organization for Economic Cooperation and Development (OECD):** On March 4, Secretary Glickman will travel to Paris, France for the OECD Committee for Agriculture.

DEPARTMENT OF COMMERCE

- **Asia Trip:** On February 20, Secretary Daley concluded a successful mission to Asia. While in Tokyo, the Secretary urged Japan to boost economic growth, strengthen domestic demand, and assume a leadership role in easing the Asian financial crisis. In Seoul, the Secretary complimented Korea on the steps it has already taken to regain financial stability and, at the same time, stressed the importance of continuing to pursue economic reform and market-opening measures. The Secretary's visit to Singapore provided an opportunity to gather views from American business leaders and U.S. and Singaporean government officials on short-term challenges and long-term opportunities.
- **FL Coastal Zone Management Act (CZMA) Suit:** FL has sued DOC under the CZMA. The action arises out of a recent regulatory amendment to retain the size limit for red snapper in the Gulf of Mexico. FL alleges that the change in Federal regulations is inconsistent with regulations the state adopted to be comparable to the Federal incremental size increases in the red snapper, and is inconsistent with the enforceable policies of its approved coastal zone management program.
- **Connecting All Americans Conference:** On February 24-27, the National Telecommunications and Information Administration and the Public Utility Law Project co-hosted a conference in Washington, D.C. The conference addressed opportunities to take advantage of Telephone Lifeline service and improve access to new telecommunications technology for low income and rural communities. Senior Administration officials, including Vice President Gore, participated in the event.

DEPARTMENT OF LABOR

- **FL Disaster Assistance:** On February 25, you and Secretary Herman announced DOL approval of a JTPA Title III grant of up to \$3 million (\$1 million awarded for immediate use) to FL DOL and Industry for an emergency project to assist approximately 1,500 workers who have lost their jobs due to this week's tornados and other severe storms.
- **CA Disaster Assistance:** DOL is working with CA state officials to determine whether they will request the award of additional funds from the \$25 million disaster relief grant (\$8 million was awarded for immediate use) which Secretary Herman announced on February 24. The grant is being used to create approximately 2,000 temporary jobs for workers assisting in the clean-up and repair of El Niño storms damage in 27 counties.
- **Economic Data:**
 - ▶ March 5 -- BLS will release data for January on State and Regional Employment and Unemployment.
 - ▶ March 6 -- Secretary Herman will announce the National Employment and Unemployment data for February.
- **Collective Bargaining Update:**
 - ▶ On February 19, Racine, WI officials ordered an indefinite closure of schools following four consecutive days of alleged teacher "sick-outs" that resulted in the cancellation of classes for thousands of students. On February 25, schools reopened after union officials indicated their members would report to work. The dispute continues.
 - ▶ During the February 21-22 weekend, UAW members at Caterpillar rejected a tentative agreement that would have ended their more than six-year dispute. Objections were said to center on the agreement's failure to assure reinstatement for all auto workers fired during the dispute while it granted amnesty to UAW members who crossed picket lines. There has been no indication as to when the parties might return to the bargaining table.
- **Yellowstone Citations:** On February 23, OSHA issued Notices of Unsafe or Unhealthful Working Conditions to the Yellowstone National Park under the National Park Service in MT. OSHA issued a total of 92 serious citations detailing nearly 600 health and safety hazards.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Medicare and Medicaid:** On February 20, HHS released a Fact Sheet entitled *Managed Care in Medicare and Medicaid*. Since 1992, the number of Medicare and Medicaid beneficiaries enrolled in managed care plans has experienced unprecedented growth. HCFA administers these two programs and is now the largest purchaser of managed care in the country, accounting for about 19 million Americans.
- **Child Support Enforcement:** On March 2, ACF will publish ADP Funding Limitation for Child Support Enforcement Systems in the *Federal Register*. The rule proposes to set the allocation formula for the total amount payable to a State and for certain localities for FY96 through 2001 based on \$400 million in Federal funds for automated child support enforcement systems enhancements under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).
- **Out-of-Wedlock Childbirth:** On March 2, a proposed PRWORA rule will be published in the *Federal Register* to award a bonus to States that experience the largest decreases in out-of-wedlock childbearing and also reduce their abortion rates. The total amount of the bonus will be \$100 million in each of FY99 through 2002, and the award for each eligible State in a given year will be \$25 million or less.
- **ME Disaster Assistance:** On February 24, AoA provided \$20,000 in disaster assistance to the State of ME for use by seniors impacted by heavy winter storms.
- **Asthma Treatment for Children:** On February 20, FDA approved Merck's new asthma drug Singulair. A new molecular entity and one of a new class of therapy for patients with asthma, Singulair is indicated for the chronic maintenance therapy of asthma in patients 6 years of age and older. Singulair is the first of this class of drugs approved with an indication for children less than 12 years of age.
- **Changes in the Brain:** In the February issue of the *Archives of Neurology*, NIH-supported researchers report that some age-related changes in the brain are more pronounced in men than in women. The researchers are now analyzing behavioral effects and whether these changes play a role in brain disorders such as Alzheimer disease.
- **Melanoma:** In the March issue of *Nature Medicine*, a team of researchers from the National Cancer Institute report on a new vaccine with the potential to treat the deadly skin cancer, melanoma.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **D.C. Development:** HUD met with Mayor Barry, other D.C. officials, and developers representing the Camp Simms Limited Partnership to discuss the proposed future development of the Congress Heights Plaza Shopping Center on a 25-acre site in Anacostia and to explore potential HUD funding resources.
- **Housing Market:** On February 23, HUD released *U.S. Housing Market Conditions* Fourth Quarter Report, which showed that the housing sector was strong in 1997. The report found that multi-family housing starts hit their highest levels since 1989 last year and that all regions of the country ended 1997 with healthy economies and housing markets.
- **Housing Starts:** January housing starts were unchanged from the revised December rate but up 10 percent from January 1997. January was the fifth month in a row in which housing starts exceeded 1.5 million.
- **St. Petersburg Task Force:** On February 24, the City of St. Petersburg, FL and the Federal Interagency Task Force announced that the Task Force, which has already brought over \$45 million in federal assistance to the City, will be transformed into a long-term partnership to help St. Petersburg recover from 1996 disturbances. HUD will assign a full-time civil servant to help the community move forward on economic and community development.
- **Neighborhood Networks:** Owners and managers of 350 federally assisted housing projects have installed Neighborhood Networks computer learning centers. At last year's Service Summit in Philadelphia, HUD committed to opening 500 Neighborhood Networks by the year 2000. At the current pace, the goal will be reached well before that deadline.
- **"Officer Next Door":** For the week ending February 20, HUD accepted 30 sales contracts and closed 18 deals on HUD-held properties to police officers under the "Officer Next Door" program. These additions bring the total number of contracts to 754 and closings to 387.

DEPARTMENT OF TRANSPORTATION

- **National Association of Counties (NACO):** On March 2, Secretary Slater will address the NACO Legislative Conference in Washington, D.C.
- **Safety Belts:** NHTSA and the Ad Council have entered into a partnership with Radio Disney to promote safety belt education.

- **U.S.-Canada Aviation Agreement:** On February 24, the third anniversary of the agreement signing, Secretary Slater announced a 37 percent growth rate in air travel between the U.S. and Canada. Air services have expanded dramatically during the three years under the new transportation agreement.
- **Conrail:** On February 23, DOT's final brief concerning the Conrail acquisition by CSX and Norfolk Southern was filed with the Surface Transportation Board (STB). The brief urges that the \$10.4 billion acquisition should only be approved by the STB if conditions are imposed to protect the public interest. The brief proposes conditions that would ensure continued oversight to monitor safety and commercial and rail passenger impacts, address environmental concerns in affected areas, principally Cleveland, OH and New York City, and provide enhanced labor protections for certain displaced workers.
- **Pan Am:** Pan Am, despite its recent merger with Carnival Air Lines, remains in financial distress. DOT is in contact with the carrier and has reminded the airline of its responsibility to make monthly PFC remittances to the airports for which it has collected them.

DEPARTMENT OF ENERGY

- **Accelerated Cleanup Strategy:** On March 2, the Office of Environmental Management is scheduled to release for public comment a draft of its cleanup strategy, "Accelerating Cleanup: Paths to Closure." To support the review of options for accelerating cleanup, DOE developed an integrated and comprehensive baseline that incorporates specific scope, cost, and schedule for 353 projects at DOE sites. This strategy provides an integrated path forward for completing cleanup by 2006 at most of the smaller of DOE's 113 sites, with several large sites closing well into the next century. The total cost under this plan is estimated to be about \$147 billion between 1997 and 2070.
- **Technology for Nonproliferation Demonstrations:** DOE, in coordination with the Senate Proliferation Prevention Technology Working Group and the House Bipartisan Nonproliferation Task Force, will showcase DOE technologies that can detect proliferation activities worldwide and respond to such activities and emergencies involving weapons of mass destruction.

DEPARTMENT OF EDUCATION

- **America Reads:** On March 2, Secretary Riley will join the Vice President in a "Read Across America" event in Columbus, GA. "Read Across America" is a nationwide effort sponsored by the National Education Association (NEA) to commemorate the late Dr. Seuss's birthday by having every child in the country in the presence of a book. America Reads staff have worked with the NEA to support the project. Carol Rasco will participate in "Read Across America" events.

- **National Collegiate Athletic Association (NCAA):** DOEd's Office for Civil Rights is working with the NCAA to resolve a possible conflict between NCAA bylaws and the requirements of Title IX of the Education Amendments of 1972, which relate to gender equity. NCAA bylaws set forth specific team-by-team limits regarding the awarding of scholarships to male and female athletes. Title IX requires that schools award athletic financial assistance to male and female athletes in proportion to their participation in intercollegiate athletics.
- **High Hopes:** DOEd staff are planning for the March Satellite Town Meeting, "Think College Early: Preparing Academically and Financially."

VETERANS AFFAIRS

- **Confirmation Hearing:** On February 24, the Senate Veterans Affairs Committee held a confirmation hearing on the nomination of Acting Secretary Togo D. West, Jr. as VA Secretary. A committee vote is expected within the next few weeks.
- **Medicare Subvention:** Medicare subvention dollars coming to VA are a critical revenue source that must be available as soon as possible in order for VA to achieve its non-appropriated funding goal by FY02. There continues to be strong support for the subvention concept among members of both Veterans Affairs Committees. The Ways and Means Subcommittee on Health may introduce a subvention measure this week. OMB has expressed opposition to a major provision in that measure.

ENVIRONMENTAL PROTECTION AGENCY

- **Midwest Power Plant Emissions:** This week, EPA will file in federal court an agreement that EPA reached with eight northeastern states to address transported air pollution. This agreement will be filed in the Federal District Court for the Southern District of NY.

UNITED STATES TRADE REPRESENTATIVE

- **Taiwan Market Access:** On February 20, Ambassador Barshefsky announced the conclusion of a comprehensive market opening agreement with Taiwan, the seventh leading export market for the U.S. The agreement provides immediate market access and phased-in commitments which will remove import bans for key U.S. agricultural products, including pork and poultry.
- **African Initiative:** On February 25, by voice vote, the House Ways and Means Committee favorably reported the Africa Growth and Opportunity Act.

- **Japanese Semiconductors:** The foreign market share of Japan's semiconductor market fell from 35.8 percent in the second quarter to 32.1 percent in the third quarter of 1997. This decline from the second quarter share is the first reduction since second quarter 1996. Sustained openness of the Japanese semiconductor market, reflected in strong foreign participation, is an important part of the Japanese response to the Asian financial crisis.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Anti-Drug Message:** On March 6, Director McCaffrey will join Representative Levin in Troy, MI to speak to citizens involved in the local community anti-drug coalition. Director McCaffrey will also present an anti-drug message to 600-800 junior high and high school students at Detroit Business College.
- **Crack/Powder Cocaine Sentencing:** ONDCP and DOJ have had several meetings with members of Congress about the Administration's proposal to reduce the disparity in sentencing for crack and powder cocaine. These efforts have not resulted in significant support for the Administration's proposal. Instead, there appears to be bipartisan support for a proposal by Senator Abraham to retain the existing crack sentencing structure, but reduce the threshold for the five year mandatory sentence for powder cocaine from 500 to 100 grams. While this proposal would reduce the sentencing disparity, it would also increase the prison population and could divert law enforcement resources to lower-level dealers.

SMALL BUSINESS ADMINISTRATION

- **African American History Month:** On February 24, SBA celebrated African American History Month with a lunch and a special program with key community and sports leaders. An African Queen spoke about her country and her visits to American cities.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Project Impact:** Deerfield Beach, FL, Pascagoula, FL, Wilmington, DE, Oakland, CA, and Seattle, WA are the first of seven pilot communities that FEMA plans to kick off in the next three months with the goal of having one designated Project Impact community in every state within the next year. FEMA continues to use Project Impact as a model to demonstrate how the federal government can work with state and local governments, business and civic leaders to make communities and citizens safer and reduce the cost of future disasters.

UNITED STATES INFORMATION AGENCY

- **Iraq:** Comment in the foreign media welcomed UN Secretary General Annan's deal with Iraq as a victory for diplomacy that forestalled what many feared might prove a de-stabilizing military intervention by the U.S. and Britain. Many remained skeptical about Saddam Hussein's willingness to keep his promises, while others worried that the U.S. might yet decide to strike Iraq if not fully satisfied with Baghdad's behavior. Analysts feared that this agreement might prove a respite, rather than a long-term solution.
- **Dayton Peace Accords:** The Dayton Accords continue to be supported by sizable majorities of Bosnian Muslims (97 percent), Croats (73 percent) and Serbs (67 percent), according to a January 1998 USIA survey. Most in each group agree that "just or not, the accords are better than war." Despite Bosnian stated support for Dayton, only the Bosnian Muslims support a unified Bosnian state (97 percent); 60 percent of Bosnian Croats and 75 percent of Serbs are opposed.

GENERAL SERVICES ADMINISTRATION

- **FL and CA Disaster Assistance:** GSA has contacted FEMA and is prepared to send a disaster relief team to FL to provide support. GSA support in the past has included leasing temporary space for headquarters, procuring supplies, equipment and vehicles, and providing other services.

SOCIAL SECURITY ADMINISTRATION

- **FL Disaster Assistance:** SSA's Atlanta Regional Office has sent representatives to the FEMA Centers in Ocala and Seminole Counties in FL to process survivor claims and provide other Social Security assistance to individuals affected by the tornadoes. SSA has also made special provisions for check delivery and immediate emergency payments.

cc:

The Vice President

Erskine Bowles

Sidney Blumenthal

Maria Echaveste

Rahm Emanuel

Jack Gibbons

Mickey Ibarra

Janis Kearney

Ron Klain

Ann Lewis

Sylvia Mathews

Michael McCurry

Katie McGinty

John Podesta

Franklin Raines

Bruce Reed

Craig Smith

Doug Sosnik

Gene Sperling

Larry Stein

Melanne Verveer

THE WHITE HOUSE
WASHINGTON

February 6, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. TM
SUBJECT: Summary of Cabinet Weekly Reports
January 30 - February 6, 1998

DEPARTMENT OF TREASURY

- **Korea:** On January 30, Korea completed negotiations with bankers in NY to reschedule approximately \$24 billion of Korea's short-term external debt. After initially rising on news of the debt negotiation's conclusion, Korean stocks have since fluctuated, and the currency has slowly weakened during the week of February 2 after strengthening 9.7 percent on January 30.
- **Indonesia:** Indonesian structural reforms took effect February 1, including the elimination of many monopolies, cartels, and restrictions on domestic trade, but it will take time for some of the reforms to have a meaningful impact on Indonesia. Indonesian markets have shown slight improvements following a January 27 announcement that Indonesia had a plan to restructure its banking system and a framework to deal with the external debt of private sector companies, combined with signs that Indonesia is implementing structural reform commitments. There are weak signs that confidence in the banking sector is improving, as some American banks are reportedly considering reopening credit lines to Indonesian banks. Economic indicators are reflecting changes in Indonesia's economy, as Indonesia's November 1997 trade surplus of \$1.4 billion was 75 percent of its November 1996 surplus, and consumer prices rose by 6.9 percent in January over December 1997, due to drought-induced food price increases, excessive expansion in base money, and currency depreciation.
- **G-7 Deputies:** On February 2, Deputy Secretary Summers attended the G-7 deputies meeting in London. The Deputies were generally critical of Japan's performance on financial sector reform and stimulating its economy. There was further discussion of the Asia situation and of plans for the G-22 finance ministers-central bank governors meeting in Washington and the upcoming G-7 Finance Ministers meeting in London.

DEPARTMENT OF JUSTICE

- **MLAT with Israel:** On January 26, Israeli Prime Minister Netanyahu and the U.S. Ambassador to Israel signed the U.S.-Israel Mutual Legal Assistance Treaty in Tel Aviv.
- **Tobacco Investigation:** On January 23, DNA Plant Technology Corporation (DNAP) pleaded guilty to a misdemeanor charge of conspiracy to violate the Tobacco Seed Export law, which prohibits the export of tobacco seed from the U.S. to a foreign country. DNAP contracted with a tobacco company to use biotechnology to develop and improve different varieties of tobacco plants, including lines with elevated nicotine content.
- **U.S. Drug Charges:** On January 17, Carlo Garibaldi and Bruno Malfara, who are both associated with organized crime syndicates in Toronto, were arrested in Buffalo, NY, on charges of conspiracy to export cocaine. The operation was a joint investigation between U.S. and Canada law enforcement authorities.
- **Hate Crimes Indictment:** A defendant was indicted for conspiring with others to injure, threaten, and intimidate a minority member to prevent her from occupying a dwelling in Portage, IN, because of her race. The defendant and co-conspirators, dressed in the garb of the Ku Klux Klan, used clubs, baseball bats, rocks and/or bricks to break the windows of the victim's home.
- **Civil Rights Violations:** Two New Orleans police officers were indicted for violating federal civil rights statutes by punching and kicking two arrested, handcuffed men following an incident at a nightclub. One of the defendants was also charged with using excessive force during a traffic stop.
- **RICO:** The former president of the NYC Transit Police Benevolent Association (TPBA) and two former lawyers and labor consultants for the TPBA were found guilty of racketeering, conspiracy, wire fraud, tax evasion, and witness tampering.
- **Organized Crime Arrests:** The FBI arrested 59 individuals in a drug, police corruption, and organized crime investigation in Cleveland, OH.
- **Telecommunications Act:** The Supreme Court granted a DOJ certiorari petition in a case which presents a number of legal issues relating to the Telecommunications Act of 1996, including whether the Eighth Circuit correctly held that the FCC has no "jurisdiction" either to enforce or to adopt regulations to implement new federal requirements of the Communications Act.
- **FHSA Act and PPPA Act:** On January 27, John M. D'Angelo was sentenced to 23-1/2 months in prison for violations of the Federal Hazardous Substances Act and the Poison Prevention Packaging Act. This was the first prison sentence ever imposed for violations

of these statutes. D'Angelo shipped potassium hydroxide solution in reused plastic milk containers and distilled water containers that lacked child-resistant closures and that lacked proper first aid and other cautionary labeling, in violation of these statutes. In December, 1993, a 15 year-old boy mistook for water the clear, odorless liquid D'Angelo shipped in a milk jug. He drank from the bottle and died two weeks later from severe internal injuries.

- **Medicaid Fraud:** Two men whose companies were receiving state and federal Medicaid funding pled guilty to charges of conspiracy and defrauding the TX Medicaid Program of more than \$2.8 million. The two were involved in a scheme in which they falsely certified juveniles who were eligible for Medicaid coverage as alcohol and/or drug-dependent.
- **Dairy Compact:** Several New England states wished to form an interstate compact order to govern milk sales in the New England region. Congress consented on condition that the Secretary of Agriculture find that there is a compelling interest in such a compact. The Secretary reached the necessary finding after holding informal rulemaking proceedings. Milk producers outside the New England region then sued, arguing that Congress cannot constitutionally make a delegation of legislative authority like this to an Executive Branch officer. The district court upheld the actions by Congress and the Secretary. The D.C. Circuit has now affirmed.
- **Telecommunications Act:** DOJ will appeal a district court decision striking down part of the 1996 Telecommunications Act. DOJ will argue that Congress has the right to impose conditions on market entry by the Regional Bell Operating Companies' (RBOCs), and that the RBOCs were not punished.

DEPARTMENT OF INTERIOR

- **Salton Sea:** DOI continues to await the Sonny Bono commemorative legislative proposal on the Salton Sea, which Speaker Gingrich has promised to introduce by February 16. The Secretary's Office has remained in close communication with the staffs of Senators Feinstein and Boxer and Representative George Brown to share views regarding the potential scope of an acceptable legislative package.
- **Crude Oil Value:** In the next few weeks, MMS will publish amendments to the Federal Crude Oil Valuation Rule. The rule addresses the primary concerns of the oil and gas companies that calculate and pay royalty on crude oil produced from federal leases. It also assures federal and state royalty recipients that the value will be based on the best available indicators of market value. This rule has been highly controversial since it was initially proposed early last year. Although the rule has been revised to address some industry concerns, opposition to the amended proposed rule is still expected.

- **Indian Water Rights:** On February 4, Secretary Babbitt hosted a government-to-government consultation on water rights with more than 200 leaders of western tribes. Secretary Babbitt informed the tribal leaders that he would bring the tribes' request for a government-wide Indian water policy statement to the DPC.
- **Land and Water Conservation Funds:** On February 12, the Secretary will amplify the Administration's budget message on Land and Water Conservation Funds by participating in events at Antietam National Battlefield in MD, and at other events tentatively planned at National Wildlife Refuges in MD, RI, TX, and CA.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Asia:** As of February 3, Korea had used \$188 million in USDA-guaranteed export credits, Thailand \$54 million, and Indonesia \$26 million. USDA continues to work on a P.L. 480 food aid initiative for Indonesia, and is considering expanding Korea's line of credit to include hides and skins.
- **Environmentally Sensitive Farmland:** On January 29, Secretary Glickman brought 5.9 million acres of environmentally sensitive farmland into the Conservation Reserve Program, doubling the environmental benefits of the program over what it achieved just one year ago.
- **One America:** During his January 30 roundtable on credit in rural America, held in conjunction with the Rural Life Conference in Pine Bluff, AR, Secretary Glickman announced a new pilot program, developed with the Rural Development Corporation, a consortium of minority banks, and USDA, to provide credit to socially disadvantaged persons in AL, AR, MI, MO, NC, and VA.
- **Women, Infants and Children (WIC) Program:** On February 11, in Boston, MA, Secretaries Glickman and Cuomo will announce a joint USDA-HUD initiative to provide WIC program services to HUD-financed housing projects.

DEPARTMENT OF COMMERCE

- **Asia Trip:** On February 14-20, Secretary Daley will travel to Japan, Korea, and Singapore. The trip will provide opportunities to assess the present economic circumstances in Asia, evaluate prospects for U.S. commercial interests, and emphasize the continued importance of market openings. On February 20-27, Secretary Daley will attend the Gore-Mbeki Bi-National Commission meetings in South Africa.
- **ITA Internet Site:** On February 10, DOC's International Trade Administration will launch a new on-line service for trade-related complaints. The site will also include information from State and USDA.

- **Baldrige Quality Award:** On February 9-11, DOC will host the tenth annual "Quest for Excellence" conference, providing in-depth information on the performance excellence strategies of the 1997 Malcolm Baldrige National Quality Award winners. DOC will release a study of Baldrige Award winners, which show that Baldrige winners significantly exceed the average performance of large publicly-traded companies.
- **Export Controls on Computers:** On February 3, DOC published in the *Federal Register* regulations implementing the provisions of the FY98 National Defense Authorization Act. The provisions require notification of exports and re-exports of high performance computers and post-shipment verifications of certain of exports and re-exports.
- **Internet Domain Names:** During the week of February 2, DOC will publish in the *Federal Register* a "Discussion Draft" suggesting ways to improve the current management of Internet names and addresses. The Draft proposes to shift registration of domain names away from a government-controlled entity to the private sector, subject to competition. Up to five additional domain realms would be authorized initially.
- **Administration Economic Indicators Release Dates:**
 - ▶ February 10 - Wholesale Trade (December).
 - ▶ February 12 - Advance Retail Sales (January).
 - ▶ February 13 - Manufacturing and Trade: Inventories and Sales (December).

DEPARTMENT OF LABOR

- **MI Suit:** The State of MI has filed suit in Federal district court, seeking to block DOL from withholding funds under the Wagner-Peyser Act. In a January 30 letter to state officials, DOL's Employment and Training Administration (ETA) made clear that Federal funds would be withheld if MI went forward with its plan to reorganize the employment service. A District Judge heard arguments on February 6, on the State's request for a preliminary injunction which would prevent DOL from withholding funds until the court rules on the merits of the underlying legal dispute.
- **Los Alamos National Laboratory:** DOL's Office of Federal Contract Compliance Programs (OFCCP) expects to settle an employment discrimination case that involves the Los Alamos National Laboratory in NM. This case arose under Executive Order 11246, which prohibits job bias by Federal contractors on the basis of race, color, religion, sex, or national origin. DOL found that the lab discriminated against Hispanic employees in connection with a 1995 reduction-in-force (RIF). During that RIF, Hispanic workers lost almost half of the nearly 200 jobs that were cut. DOL efforts in this case are being watched closely by state officials, advocacy groups, and a group of Hispanic workers who have filed their own employment discrimination suit in state court.

- **Davis-Bacon Act:** On February 17, DOJ will present arguments in a case involving a challenge to the constitutionality of the Davis-Bacon Act. DOJ will argue that the contractors and housing groups lack standing to challenge the constitutionality of the Act, because they have not shown that the law caused any individual employees to be denied work. The Government will also argue that the Davis-Bacon Act was enacted to maintain local labor standards and not to discriminate against minorities.
- **Welfare-to-Work:** On February 13, Secretary Herman will travel to Los Angeles, CA, where she will attend a breakfast with labor leaders, host a welfare-to-work roundtable, and participate in an event with Representative Harman.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **ALTitle XXI Approval:** On January 30, HCFA notified AL that its Title XXI proposal was approved. The State is expanding Medicaid eligibility to children under age 19, who were born on or before September 30, 1983, and with family income levels at or below 100 percent of the Federal Poverty Level. Eligible children will receive the full Medicaid benefit package and all Medicaid program policies will apply.
- **Gender, Age, and Race Information in Drug Applications:** During the week of February 9, FDA expects to publish in the *Federal Register* a final rule to require that drug application sponsors characterize the number of subjects in a clinical study according to age group, gender, and race and present safety and effectiveness data for major demographic subsets of the population, including gender, age and racial subsets. This final rule reflects recommendations made by the National AIDS Task Force.
- **Teens and Tobacco:** On February 2, CDC and the singing group, BOYZ II Men, launched the Third Annual Teen Media Contest on Tobacco. This annual contest recruits anti-smoking messages and promotion campaigns from teenage journalists and will extend through April 7.
- **New Parkinson's Drug:** On January 29, FDA approved Hoffman-LaRoche's Tasmar Tablets to enhance Parkinson's Disease treatments. Tasmar, a new molecular entity, is the first of a new class of drugs called COMT inhibitors. It works alongside of levodopa, the standard treatment for the disease, to make it last longer in the brain. Sustained levels of levodopa relieve the effects of Parkinson's disease.
- **Dog Blood Substitute:** On January 30, FDA approved BioPure Corporation's Oxyglobin for treating anemia in dogs. A physiological salt solution of highly purified, polymeric, bovine-derived hemoglobin, Oxyglobin is the first blood-replacement product approved for any species. Its approval has sparked hope for scientists seeking a blood substitute for humans.

- **Satcher Nomination:** During the week of February 9, the Senate is expected to approve the nomination of David Satcher to be Assistant Secretary for Health and Surgeon General.
- **Weapons Report:** The February 9 issue of the *American Journal of Preventive Medicine* reports on the use of weapons in schools using data from the Youth Risk Behavior Survey conducted by the National Center for Chronic Disease Prevention and Health Promotion at CDC.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Empowerment Zones:** On January 31, the Vice President announced that Cleveland, OH, has been designated a full Empowerment Zone. The Vice President made the announcement from Los Angeles via satellite link-up with Secretary Cuomo, Representative Stokes, and Mayor White at a job training facility in the Empowerment Zone. Cleveland and Los Angeles have been Supplemental EZs since 1994. The designation as full EZs entitles them to new tax incentives and credits.
- **Section 108 Loan Guarantees:** On January 29, Secretary Cuomo announced \$1.6 million in Section 108 loan guarantees to San Luis Obispo County in CA, \$1.3 million to Buffalo, NY and \$1.2 million to Beaver County, PA. HUD's section 108 loan guarantees provide communities with financing for job creation, housing, rehabilitation, and construction of public facilities and large-scale development projects.
- **Disaster Recovery Grants:** On February 4, Secretary Cuomo announced \$668,569 in grants to CO – including \$511,740 for Fort Collins – under HUD's Disaster Recovery Initiative. The grants will help Fort Collins and other communities recover from heavy rains and flash flooding that damaged buildings and infrastructure last summer. The HUD assistance will supplement aid from FEMA and other federal agencies.
- **"Repealer" Bill:** HUD has submitted a bill to OMB to repeal inactive and obsolete program authorities. This bill would expedite reallocation of workforce resources in conjunction with the implementation of the HUD 2020 Management Plan.
- **Housing Discrimination Settlement:** On February 2, Secretary Cuomo announced a \$110,000 settlement of a Fair Housing Act lawsuit filed by a disabled AL woman who said she suffered because her landlord refused to move her to an apartment that was wheelchair accessible.

DEPARTMENT OF TRANSPORTATION

- **AIP Grant:** On February 2, the Vice President and Secretary Slater announced an AIP grant of \$30 million for improvements at IL airports.

- **St. Louis Metrolink:** On February 3, Secretary Slater participated in an announcement of \$64 million included in the FY99 budget for the St. Clair Metrolink extension in East St. Louis, MO. The Secretary was joined by the mayors of St. Louis and East St. Louis and Representative Costello. Secretary Slater also met with the *St. Louis Post Dispatch* editorial board to discuss your budget proposal and DOT initiatives.
- **Recreational Trails:** On January 29, Secretary Slater announced awards of \$7.3 million in initial allocations to the 50 states and DC through the National Recreational Trails Funding Program. This is DOT's first step in exploring the concept of a Millennium Trails project as part of the Administration's millennium initiative.
- **U.S. -Japan Aviation:** On January 30, Secretary Slater joined you to announce that the U.S. and Japan reached an aviation agreement providing substantial, immediate benefits for the airlines of both countries while setting the stage for further liberalization in the future. This announcement received significant national and editorial coverage.
- **FAA and Year 2000 (Y2K) Computer Concerns:** On February 4, FAA Administrator Garvey announced a new agency lead to bring management direction to the challenges presented by Y2K. FAA has also expanded the technical support provided by Coopers and Lybrand, their business partner for the Air Traffic Service Y2K program. On February 3, the House Science Subcommittee on Technology and the House Government Reform Subcommittee on Government Management held a joint hearing on the FAA and the Year 2000.
- **National Groundhog Job Shadow Day:** On February 2, nearly 600 students participated in DOT's Groundhog Shadow Day activities. In Washington, DC, students from 13 Prince Georges County and DC schools shadowed DOT employees. The event, the first activity since DOT entered into the Prince Georges County School-to-Careers Initiative, will be part of DOT's Garrett A. Morgan Technology and Transportation Futures Program.

DEPARTMENT OF ENERGY

- **Advanced Transportation Technologies:** EPA Administrator Browner, Under Secretary of Defense Gansler, and OSTP Director Gibbons joined Secretaries Peña and Slater in announcing a DOE-DOT agreement to manage a joint program for the development and deployment of medium to heavy duty "advanced technology" vehicles.
- **Speeches:** On February 6, Secretary Peña delivered the keynote address to the National Council of State Legislators' (NCSL) Leader-to-Leader Conference. On February 10, Secretary Peña will speak to the membership of the National Association of State Energy Officials.

DEPARTMENT OF EDUCATION

- **Satellite Town Meeting:** February's Satellite Town Meeting, to air February 17, will be titled "Raising Student Achievement: Schools, Communities and Challenging Standards." The event will air live from a Seattle PBS station and by satellite at locations across the country.
- **CA Trip:** Secretary Riley will visit San Francisco, Los Angeles, Long Beach, and Santa Barbara from February 10-15. Scheduled events include a speech to the American Council on Education; participation in the Race Initiative Advisory Board meeting; a Southern CA K-12 roundtable; a roundtable with CA State University presidents; and school visits in Long Beach and Berkeley.
- **Millennium Project:** On February 4, DOEd held an agency-wide symposium focusing on the history and future of education in America and planning for the celebration of the Millennium.

VETERANS AFFAIRS

- **Budget:** On February 4, Acting Secretary West testified at a budget hearing before the House Veterans' Affairs Committee. Issues included VA's reliance on non-appropriated funding streams for health care, VA's position on prohibiting compensation for tobacco-related disabilities, VA's Year 2000 preparations, and several benefit delivery matters.
- **Confirmation Hearing:** The Senate Veterans' Affairs Committee confirmation hearing on the nomination of Acting Secretary Togo D. West, Jr., as Secretary of Veterans Affairs is scheduled for February 24.
- **Health Care:** Despite the January 9 release of a VA Medical Inspector report stating there is no association between funding reductions and the quality of care at VA medical facilities in Castle Point and Montrose, NY, several members of the NY congressional delegation continue to press the issue. On February 3, VA officials, including Under Secretary for Health Kizer, met with members of the NY delegation.

ENVIRONMENTAL PROTECTION AGENCY

- **Low Emission Vehicle Program:** On February 4, General Motors and Ford announced they will enroll in the National Low Emission Vehicle Program, which will offer consumers across the country new cars and light trucks that are 70 percent cleaner than vehicles on the road today. Toyota previously agreed to enroll. Other automakers have until February 17 to enroll. GM and Ford will begin offering cleaner vehicles in the 1999 model year.

- **Clean Air:** The U.S. Court of Appeals for the D.C. Circuit remanded EPA's decision not to revise the health standard for sulfur oxides to EPA for further explanation. The American Lung Association petitioned the court to require EPA to tighten the current health standard for sulfur oxides.
- **Safe Drinking Water:** On February 11, Administrator Browner will announce a proposed rule requiring community water systems to deliver annual drinking water quality reports to their customers -- Consumer Confidence Reports. This proposed rule is part of a broad array of community right-to-know provisions of the 1996 Safe Drinking Water Act.
- **Office of Civil Rights:** Pursuant to Executive Order 12898 on Environmental Justice, EPA has been working to answer questions regarding Title VI of the Civil Rights Act of 1964 and its application in environmental permitting programs. Title VI prohibits programs or activities funded by the federal government from discriminating on the basis of race, color, or national origin. On February 4, EPA released for public comment its Title VI interim guidance, prepared in consultation with its program and regional offices.
- **"Woman of the Year":** On February 2, Administrator Browner received a "woman of the year" award from *Cosmopolitan* magazine for her efforts, under your leadership, to provide cleaner air to the American people.

UNITED STATES TRADE REPRESENTATIVE

- **Japan Film:** On February 3, Ambassador Barshefsky and Secretary Daley announced a new market opening initiative for imported photographic materials in Japan. The Administration will establish an interagency monitoring and enforcement committee to review data and information regarding foreign access to Japan's distribution system for film. Kodak issued a press release strongly endorsing this new initiative.
- **Africa Initiative:** USTR announced the appointment of the first Assistant U.S. Trade Representative for Africa, a career position. USTR is consulting with key Members of Congress on the Africa trade bill.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **U.S.-Mexico Counterdrug Strategy:** On February 6, the U.S.-Mexico Counterdrug Strategy was released simultaneously in Mexico and Washington, DC.
- **National Drug Control Strategy:** Next week will be the final clearance, printing, and release of the 1998 *National Drug Control Strategy*, which sets forth goals and initiatives to reduce drug abuse in America.

SMALL BUSINESS ADMINISTRATION

- **African American Initiative:** On February 10, the Administrator will join the Vice President at an event sponsored by Metropolitan Access during Black History Month. Administrator Alvarez and the Vice President will roll out SBA's three-year goals to more than double the number of SBA loans to African American-owned small businesses.
- **One America:** On February 11, Administrator Alvarez will keynote a panel discussion on "Race and Poverty" at the upcoming Race Advisory Board meeting in San Jose, CA.

UNITED STATES INFORMATION AGENCY

- **Filipino VP Candidates:** USIS Manila reports that two candidates for Vice President in the upcoming national elections are former USIA grantees. They are Irene Santiago, the candidate of the Democratic Reform party, and Senator Edgardo Angara, the running mate of Presidential candidate Joseph Estrada.
- **Iraq Crisis:** USIA is preparing flash surveys in western Europe and Russia to provide American policy-makers with timely information about British, French, German, and Russian public perspective on the rapidly unfolding events in Iraq.
- **Overseas Reaction to FY99 Budget:** Commentary on your budget in Milan's *Il Sole-24 Ore* proved exuberant, concluding that you will make history by presiding "over the longest and most prosperous period in times of peace, which built the basis for spreading the American model--democracy and market economy--in the world."

OFFICE OF PERSONNEL MANAGEMENT

- **Partnership:** On February 4, OPM issued new guidance reiterating your executive order on partnership and stressing that labor and management must form partnership councils or adapt existing committees to include union participation. The order also stresses agencies' obligation to negotiate over permissive subjects.
- **Welfare-to-Work:** Since March 8, 1997, Federal agencies, as part of your welfare-to-work initiative, have hired 2,834 former welfare recipients.
- **Regulatory Reform:** On January 30, OPM published a final rule governing the political activities for Federal employees who live in localities that OPM has designated as partially exempt from the prohibitions in the Hatch Act Reform Amendments of 1993. The regulation will permit employees in designated localities to run as independent candidates for a local public office and to solicit political contributions as, or on behalf of, independent candidates.

GENERAL SERVICES ADMINISTRATION

- **Electronic Commerce:** GSA is teaming with an industry consortium to use the Internet for electronic commerce and to develop a pilot program for federal agencies and technology companies to promote broad, easy access to electronic catalogs across the Internet. On February 2, a kick-off event was held to launch the study phase of this initiative which will be completed by the end of this month, leading to a four-month pilot with GSA, NASA, DoD and private companies.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Disaster Requests:** On January 29, the Governor of TN requested that the incident period be reopened and additional counties added as a result of severe winter storms. On January 30, the Governor of NC made a similar request.
- **Project Impact:** On February 5, Director Witt traveled to Seattle, WA, to kick off the fifth Project Impact disaster resistant community. The Director was joined by state, city, and community leaders to talk about ways to make the community and its citizens safer and reduce the cost of future disasters.

SOCIAL SECURITY ADMINISTRATION

- **Noncitizen SSI:** By the end of February, SSA will release letters to governors and county executives in areas with large noncitizen population to announce the availability of listings of the nonqualified citizens whose SSI eligibility will end in September 1998 due to welfare reform. SSA is undertaking this effort so that state and local governments can arrange for local agencies or community-based organizations to conduct outreach efforts to the approximately 20,000 nonqualified noncitizens who will be receiving reminders at the end of the month telling them to update their SSI records or adjust their immigration status.

cc:

The Vice President
Erskine Bowles
Sidney Blumenthal
Maria Echaveste
Rahm Emanuel
Jack Gibbons
John Hilley
Mickey Ibarra
Janis Kearney
Ron Klain
Ann Lewis
Sylvia Mathews
Michael McCurry
Katie McGinty
John Podesta
Franklin Raines
Bruce Reed
Craig Smith
Doug Sosnik
Gene Sperling
Dan Tarullo
Melanne Verveer

Medi cart
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Cabinet Report

THE WHITE HOUSE
WASHINGTON

February 6, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. *TM*

SUBJECT: Summary of Cabinet Weekly Reports
January 30 - February 6, 1998

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- **G-7 Deputies:** On February 2, Deputy Secretary Summers attended the G-7 deputies meeting in London. The Deputies were generally critical of Japan's performance on financial sector reform and stimulating its economy. There was further discussion of the Asia situation and of plans for the G-22 finance ministers-central bank governors meeting in Washington and the upcoming G-7 Finance Ministers meeting in London.

DEPARTMENT OF JUSTICE

- **MLAT with Israel:** On January 26, Israeli Prime Minister Netanyahu and the U.S. Ambassador to Israel signed the U.S.-Israel Mutual Legal Assistance Treaty in Tel Aviv.
- **Tobacco Investigation:** On January 23, DNA Plant Technology Corporation (DNAP) pleaded guilty to a misdemeanor charge of conspiracy to violate the Tobacco Seed Export law, which prohibits the export of tobacco seed from the U.S. to a foreign country. DNAP contracted with a tobacco company to use biotechnology to develop and improve different varieties of tobacco plants, including lines with elevated nicotine content.
- **U.S. Drug Charges:** On January 17, Carlo Garibaldi and Bruno Malfara, who are both associated with organized crime syndicates in Toronto, were arrested in Buffalo, NY, on charges of conspiracy to export cocaine. The operation was a joint investigation between U.S. and Canada law enforcement authorities.
- **Hate Crimes Indictment:** A defendant was indicted for conspiring with others to injure, threaten, and intimidate a minority member to prevent her from occupying a dwelling in Portage, IN, because of her race. The defendant and co-conspirators, dressed in the garb of the Ku Klux Klan, used clubs, baseball bats, rocks and/or bricks to break the windows of the victim's home.
- **Civil Rights Violations:** Two New Orleans police officers were indicted for violating federal civil rights statutes by punching and kicking two arrested, handcuffed men following an incident at a nightclub. One of the defendants was also charged with using excessive force during a traffic stop.
- **RICO:** The former president of the NYC Transit Police Benevolent Association (TPBA) and two former lawyers and labor consultants for the TPBA were found guilty of racketeering, conspiracy, wire fraud, tax evasion, and witness tampering.
- **Organized Crime Arrests:** The FBI arrested 59 individuals in a drug, police corruption, and organized crime investigation in Cleveland, OH.
- **Telecommunications Act:** The Supreme Court granted a DOJ certiorari petition in a case which presents a number of legal issues relating to the Telecommunications Act of 1996, including whether the Eighth Circuit correctly held that the FCC has no "jurisdiction" either to enforce or to adopt regulations to implement new federal requirements of the Communications Act.
- **FHSA Act and PPPA Act:** On January 27, John M. D'Angelo was sentenced to 23-1/2 months in prison for violations of the Federal Hazardous Substances Act and the Poison Prevention Packaging Act. This was the first prison sentence ever imposed for violations

of these statutes. D'Angelo shipped potassium hydroxide solution in reused plastic milk containers and distilled water containers that lacked child-resistant closures and that lacked proper first aid and other cautionary labeling, in violation of these statutes. In December, 1993, a 15 year-old boy mistook for water the clear, odorless liquid D'Angelo shipped in a milk jug. He drank from the bottle and died two weeks later from severe internal injuries.

- **Medicaid Fraud:** Two men whose companies were receiving state and federal Medicaid funding pled guilty to charges of conspiracy and defrauding the TX Medicaid Program of more than \$2.8 million. The two were involved in a scheme in which they falsely certified juveniles who were eligible for Medicaid coverage as alcohol and/or drug-dependent.
- **Dairy Compact:** Several New England states wished to form an interstate compact order to govern milk sales in the New England region. Congress consented on condition that the Secretary of Agriculture find that there is a compelling interest in such a compact. The Secretary reached the necessary finding after holding informal rulemaking proceedings. Milk producers outside the New England region then sued, arguing that Congress cannot constitutionally make a delegation of legislative authority like this to an Executive Branch officer. The district court upheld the actions by Congress and the Secretary. The D.C. Circuit has now affirmed.
- **Telecommunications Act:** DOJ will appeal a district court decision striking down part of the 1996 Telecommunications Act. DOJ will argue that Congress has the right to impose conditions on market entry by the Regional Bell Operating Companies' (RBOCs), and that the RBOCs were not punished.

DEPARTMENT OF INTERIOR

- **Salton Sea:** DOI continues to await the Sonny Bono commemorative legislative proposal on the Salton Sea, which Speaker Gingrich has promised to introduce by February 16. The Secretary's Office has remained in close communication with the staffs of Senators Feinstein and Boxer and Representative George Brown to share views regarding the potential scope of an acceptable legislative package.
- **Crude Oil Value:** In the next few weeks, MMS will publish amendments to the Federal Crude Oil Valuation Rule. The rule addresses the primary concerns of the oil and gas companies that calculate and pay royalty on crude oil produced from federal leases. It also assures federal and state royalty recipients that the value will be based on the best available indicators of market value. This rule has been highly controversial since it was initially proposed early last year. Although the rule has been revised to address some industry concerns, opposition to the amended proposed rule is still expected.

- **Indian Water Rights:** On February 4, Secretary Babbitt hosted a government-to-government consultation on water rights with more than 200 leaders of western tribes. Secretary Babbitt informed the tribal leaders that he would bring the tribes' request for a government-wide Indian water policy statement to the DPC.
- **Land and Water Conservation Funds:** On February 12, the Secretary will amplify the Administration's budget message on Land and Water Conservation Funds by participating in events at Antietam National Battlefield in MD, and at other events tentatively planned at National Wildlife Refuges in MD, RI, TX, and CA.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Asia:** As of February 3, Korea had used \$188 million in USDA-guaranteed export credits, Thailand \$54 million, and Indonesia \$26 million. USDA continues to work on a P.L. 480 food aid initiative for Indonesia, and is considering expanding Korea's line of credit to include hides and skins.
- **Environmentally Sensitive Farmland:** On January 29, Secretary Glickman brought 5.9 million acres of environmentally sensitive farmland into the Conservation Reserve Program, doubling the environmental benefits of the program over what it achieved just one year ago.
- **One America:** During his January 30 roundtable on credit in rural America, held in conjunction with the Rural Life Conference in Pine Bluff, AR, Secretary Glickman announced a new pilot program, developed with the Rural Development Corporation, a consortium of minority banks, and USDA, to provide credit to socially disadvantaged persons in AL, AR, MI, MO, NC, and VA.
- **Women, Infants and Children (WIC) Program:** On February 11, in Boston, MA, Secretaries Glickman and Cuomo will announce a joint USDA-HUD initiative to provide WIC program services to HUD-financed housing projects.

DEPARTMENT OF COMMERCE

- **Asia Trip:** On February 14-20, Secretary Daley will travel to Japan, Korea, and Singapore. The trip will provide opportunities to assess the present economic circumstances in Asia, evaluate prospects for U.S. commercial interests, and emphasize the continued importance of market openings. On February 20-27, Secretary Daley will attend the Gore-Mbeki Bi-National Commission meetings in South Africa.
- **ITA Internet Site:** On February 10, DOC's International Trade Administration will launch a new on-line service for trade-related complaints. The site will also include information from State and USDA.

- **Baldrige Quality Award:** On February 9-11, DOC will host the tenth annual "Quest for Excellence" conference, providing in-depth information on the performance excellence strategies of the 1997 Malcolm Baldrige National Quality Award winners. DOC will release a study of Baldrige Award winners, which show that Baldrige winners significantly exceed the average performance of large publicly-traded companies.
- **Export Controls on Computers:** On February 3, DOC published in the *Federal Register* regulations implementing the provisions of the FY98 National Defense Authorization Act. The provisions require notification of exports and re-exports of high performance computers and post-shipment verifications of certain of exports and re-exports.
- **Internet Domain Names:** During the week of February 2, DOC will publish in the *Federal Register* a "Discussion Draft" suggesting ways to improve the current management of Internet names and addresses. The Draft proposes to shift registration of domain names away from a government-controlled entity to the private sector, subject to competition. Up to five additional domain realms would be authorized initially.
- **Administration Economic Indicators Release Dates:**
 - ▶ February 10 - Wholesale Trade (December).
 - ▶ February 12 - Advance Retail Sales (January).
 - ▶ February 13 - Manufacturing and Trade: Inventories and Sales (December).

DEPARTMENT OF LABOR

- **MI Suit:** The State of MI has filed suit in Federal district court, seeking to block DOL from withholding funds under the Wagner-Peyser Act. In a January 30 letter to state officials, DOL's Employment and Training Administration (ETA) made clear that Federal funds would be withheld if MI went forward with its plan to reorganize the employment service. A District Judge heard arguments on February 6, on the State's request for a preliminary injunction which would prevent DOL from withholding funds until the court rules on the merits of the underlying legal dispute.
- **Los Alamos National Laboratory:** DOL's Office of Federal Contract Compliance Programs (OFCCP) expects to settle an employment discrimination case that involves the Los Alamos National Laboratory in NM. This case arose under Executive Order 11246, which prohibits job bias by Federal contractors on the basis of race, color, religion, sex, or national origin. DOL found that the lab discriminated against Hispanic employees in connection with a 1995 reduction-in-force (RIF). During that RIF, Hispanic workers lost almost half of the nearly 200 jobs that were cut. DOL efforts in this case are being watched closely by state officials, advocacy groups, and a group of Hispanic workers who have filed their own employment discrimination suit in state court.

- **Davis-Bacon Act:** On February 17, DOJ will present arguments in a case involving a challenge to the constitutionality of the Davis-Bacon Act. DOJ will argue that the contractors and housing groups lack standing to challenge the constitutionality of the Act, because they have not shown that the law caused any individual employees to be denied work. The Government will also argue that the Davis-Bacon Act was enacted to maintain local labor standards and not to discriminate against minorities.
- **Welfare-to-Work:** On February 13, Secretary Herman will travel to Los Angeles, CA, where she will attend a breakfast with labor leaders, host a welfare-to-work roundtable, and participate in an event with Representative Harman.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **AL Title XXI Approval:** On January 30, HCFA notified AL that its Title XXI proposal was approved. The State is expanding Medicaid eligibility to children under age 19, who were born on or before September 30, 1983, and with family income levels at or below 100 percent of the Federal Poverty Level. Eligible children will receive the full Medicaid benefit package and all Medicaid program policies will apply.
- **Gender, Age, and Race Information in Drug Applications:** During the week of February 9, FDA expects to publish in the *Federal Register* a final rule to require that drug application sponsors characterize the number of subjects in a clinical study according to age group, gender, and race and present safety and effectiveness data for major demographic subsets of the population, including gender, age and racial subsets. This final rule reflects recommendations made by the National AIDS Task Force.
- **Teens and Tobacco:** On February 2, CDC and the singing group, BOYZ II Men, launched the Third Annual Teen Media Contest on Tobacco. This annual contest recruits anti-smoking messages and promotion campaigns from teenage journalists and will extend through April 7.
- **New Parkinson's Drug:** On January 29, FDA approved Hoffman-LaRoche's Tasmar Tablets to enhance Parkinson's Disease treatments. Tasmar, a new molecular entity, is the first of a new class of drugs called COMT inhibitors. It works alongside of levodopa, the standard treatment for the disease, to make it last longer in the brain. Sustained levels of levodopa relieve the effects of Parkinson's disease.
- **Dog Blood Substitute:** On January 30, FDA approved BioPure Corporation's Oxyglobin for treating anemia in dogs. A physiological salt solution of highly purified, polymeric, bovine-derived hemoglobin, Oxyglobin is the first blood-replacement product approved for any species. Its approval has sparked hope for scientists seeking a blood substitute for humans.

- **Satcher Nomination:** During the week of February 9, the Senate is expected to approve the nomination of David Satcher to be Assistant Secretary for Health and Surgeon General.
- **Weapons Report:** The February 9 issue of the *American Journal of Preventive Medicine* reports on the use of weapons in schools using data from the Youth Risk Behavior Survey conducted by the National Center for Chronic Disease Prevention and Health Promotion at CDC.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Empowerment Zones:** On January 31, the Vice President announced that Cleveland, OH, has been designated a full Empowerment Zone. The Vice President made the announcement from Los Angeles via satellite link-up with Secretary Cuomo, Representative Stokes, and Mayor White at a job training facility in the Empowerment Zone. Cleveland and Los Angeles have been Supplemental EZs since 1994. The designation as full EZs entitles them to new tax incentives and credits.
- **Section 108 Loan Guarantees:** On January 29, Secretary Cuomo announced \$1.6 million in Section 108 loan guarantees to San Luis Obispo County in CA, \$1.3 million to Buffalo, NY and \$1.2 million to Beaver County, PA. HUD's section 108 loan guarantees provide communities with financing for job creation, housing, rehabilitation, and construction of public facilities and large-scale development projects.
- **Disaster Recovery Grants:** On February 4, Secretary Cuomo announced \$668,569 in grants to CO – including \$511,740 for Fort Collins – under HUD's Disaster Recovery Initiative. The grants will help Fort Collins and other communities recover from heavy rains and flash flooding that damaged buildings and infrastructure last summer. The HUD assistance will supplement aid from FEMA and other federal agencies.
- **"Repealer" Bill:** HUD has submitted a bill to OMB to repeal inactive and obsolete program authorities. This bill would expedite reallocation of workforce resources in conjunction with the implementation of the HUD 2020 Management Plan.
- **Housing Discrimination Settlement:** On February 2, Secretary Cuomo announced a \$110,000 settlement of a Fair Housing Act lawsuit filed by a disabled AL woman who said she suffered because her landlord refused to move her to an apartment that was wheelchair accessible.

DEPARTMENT OF TRANSPORTATION

- **AIP Grant:** On February 2, the Vice President and Secretary Slater announced an AIP grant of \$30 million for improvements at IL airports.

- **St. Louis Metrolink:** On February 3, Secretary Slater participated in an announcement of \$64 million included in the FY99 budget for the St. Clair Metrolink extension in East St. Louis, MO. The Secretary was joined by the mayors of St. Louis and East St. Louis and Representative Costello. Secretary Slater also met with the *St. Louis Post Dispatch* editorial board to discuss your budget proposal and DOT initiatives.
- **Recreational Trails:** On January 29, Secretary Slater announced awards of \$7.3 million in initial allocations to the 50 states and DC through the National Recreational Trails Funding Program. This is DOT's first step in exploring the concept of a Millennium Trails project as part of the Administration's millennium initiative.
- **U.S. -Japan Aviation:** On January 30, Secretary Slater joined you to announce that the U.S. and Japan reached an aviation agreement providing substantial, immediate benefits for the airlines of both countries while setting the stage for further liberalization in the future. This announcement received significant national and editorial coverage.
- **FAA and Year 2000 (Y2K) Computer Concerns:** On February 4, FAA Administrator Garvey announced a new agency lead to bring management direction to the challenges presented by Y2K. FAA has also expanded the technical support provided by Coopers and Lybrand, their business partner for the Air Traffic Service Y2K program. On February 3, the House Science Subcommittee on Technology and the House Government Reform Subcommittee on Government Management held a joint hearing on the FAA and the Year 2000.
- **National Groundhog Job Shadow Day:** On February 2, nearly 600 students participated in DOT's Groundhog Shadow Day activities. In Washington, DC, students from 13 Prince Georges County and DC schools shadowed DOT employees. The event, the first activity since DOT entered into the Prince Georges County School-to-Careers Initiative, will be part of DOT's Garrett A. Morgan Technology and Transportation Futures Program.

DEPARTMENT OF ENERGY

- **Advanced Transportation Technologies:** EPA Administrator Browner, Under Secretary of Defense Gansler, and OSTP Director Gibbons joined Secretaries Peña and Slater in announcing a DOE-DOT agreement to manage a joint program for the development and deployment of medium to heavy duty "advanced technology" vehicles.
- **Speeches:** On February 6, Secretary Peña delivered the keynote address to the National Council of State Legislators' (NCSL) Leader-to-Leader Conference. On February 10, Secretary Peña will speak to the membership of the National Association of State Energy Officials.

DEPARTMENT OF EDUCATION

- **Satellite Town Meeting:** February's Satellite Town Meeting, to air February 17, will be titled "Raising Student Achievement: Schools, Communities and Challenging Standards." The event will air live from a Seattle PBS station and by satellite at locations across the country.
- **CA Trip:** Secretary Riley will visit San Francisco, Los Angeles, Long Beach, and Santa Barbara from February 10-15. Scheduled events include a speech to the American Council on Education; participation in the Race Initiative Advisory Board meeting; a Southern CA K-12 roundtable; a roundtable with CA State University presidents; and school visits in Long Beach and Berkeley.
- **Millennium Project:** On February 4, DOEd held an agency-wide symposium focusing on the history and future of education in America and planning for the celebration of the Millennium.

VETERANS AFFAIRS

- **Budget:** On February 4, Acting Secretary West testified at a budget hearing before the House Veterans' Affairs Committee. Issues included VA's reliance on non-appropriated funding streams for health care, VA's position on prohibiting compensation for tobacco-related disabilities, VA's Year 2000 preparations, and several benefit delivery matters.
- **Confirmation Hearing:** The Senate Veterans' Affairs Committee confirmation hearing on the nomination of Acting Secretary Togo D. West, Jr., as Secretary of Veterans Affairs is scheduled for February 24.
- **Health Care:** Despite the January 9 release of a VA Medical Inspector report stating there is no association between funding reductions and the quality of care at VA medical facilities in Castle Point and Montrose, NY, several members of the NY congressional delegation continue to press the issue. On February 3, VA officials, including Under Secretary for Health Kizer, met with members of the NY delegation.

ENVIRONMENTAL PROTECTION AGENCY

- **Low Emission Vehicle Program:** On February 4, General Motors and Ford announced they will enroll in the National Low Emission Vehicle Program, which will offer consumers across the country new cars and light trucks that are 70 percent cleaner than vehicles on the road today. Toyota previously agreed to enroll. Other automakers have until February 17 to enroll. GM and Ford will begin offering cleaner vehicles in the 1999 model year.

- **Clean Air:** The U.S. Court of Appeals for the D.C. Circuit remanded EPA's decision not to revise the health standard for sulfur oxides to EPA for further explanation. The American Lung Association petitioned the court to require EPA to tighten the current health standard for sulfur oxides.
- **Safe Drinking Water:** On February 11, Administrator Browner will announce a proposed rule requiring community water systems to deliver annual drinking water quality reports to their customers -- Consumer Confidence Reports. This proposed rule is part of a broad array of community right-to-know provisions of the 1996 Safe Drinking Water Act.
- **Office of Civil Rights:** Pursuant to Executive Order 12898 on Environmental Justice, EPA has been working to answer questions regarding Title VI of the Civil Rights Act of 1964 and its application in environmental permitting programs. Title VI prohibits programs or activities funded by the federal government from discriminating on the basis of race, color, or national origin. On February 4, EPA released for public comment its Title VI interim guidance, prepared in consultation with its program and regional offices.
- **"Woman of the Year":** On February 2, Administrator Browner received a "woman of the year" award from *Cosmopolitan* magazine for her efforts, under your leadership, to provide cleaner air to the American people.

UNITED STATES TRADE REPRESENTATIVE

- **Japan Film:** On February 3, Ambassador Barshefsky and Secretary Daley announced a new market opening initiative for imported photographic materials in Japan. The Administration will establish an interagency monitoring and enforcement committee to review data and information regarding foreign access to Japan's distribution system for film. Kodak issued a press release strongly endorsing this new initiative.
- **Africa Initiative:** USTR announced the appointment of the first Assistant U.S. Trade Representative for Africa, a career position. USTR is consulting with key Members of Congress on the Africa trade bill.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **U.S.-Mexico Counterdrug Strategy:** On February 6, the U.S.-Mexico Counterdrug Strategy was released simultaneously in Mexico and Washington, DC.
- **National Drug Control Strategy:** Next week will be the final clearance, printing, and release of the 1998 *National Drug Control Strategy*, which sets forth goals and initiatives to reduce drug abuse in America.

SMALL BUSINESS ADMINISTRATION

- **African American Initiative:** On February 10, the Administrator will join the Vice President at an event sponsored by Metropolitan Access during Black History Month. Administrator Alvarez and the Vice President will roll out SBA's three-year goals to more than double the number of SBA loans to African American-owned small businesses.
- **One America:** On February 11, Administrator Alvarez will keynote a panel discussion on "Race and Poverty" at the upcoming Race Advisory Board meeting in San Jose, CA.

UNITED STATES INFORMATION AGENCY

- **Filipino VP Candidates:** USIS Manila reports that two candidates for Vice President in the upcoming national elections are former USIA grantees. They are Irene Santiago, the candidate of the Democratic Reform party, and Senator Edgardo Angara, the running mate of Presidential candidate Joseph Estrada.
- **Iraq Crisis:** USIA is preparing flash surveys in western Europe and Russia to provide American policy-makers with timely information about British, French, German, and Russian public perspective on the rapidly unfolding events in Iraq.
- **Overseas Reaction to FY99 Budget:** Commentary on your budget in Milan's *Il Sole-24 Ore* proved exuberant, concluding that you will make history by presiding "over the longest and most prosperous period in times of peace, which built the basis for spreading the American model--democracy and market economy--in the world."

OFFICE OF PERSONNEL MANAGEMENT

- **Partnership:** On February 4, OPM issued new guidance reiterating your executive order on partnership and stressing that labor and management must form partnership councils or adapt existing committees to include union participation. The order also stresses agencies' obligation to negotiate over permissive subjects.
- **Welfare-to-Work:** Since March 8, 1997, Federal agencies, as part of your welfare-to-work initiative, have hired 2,834 former welfare recipients.
- **Regulatory Reform:** On January 30, OPM published a final rule governing the political activities for Federal employees who live in localities that OPM has designated as partially exempt from the prohibitions in the Hatch Act Reform Amendments of 1993. The regulation will permit employees in designated localities to run as independent candidates for a local public office and to solicit political contributions as, or on behalf of, independent candidates.

GENERAL SERVICES ADMINISTRATION

- **Electronic Commerce:** GSA is teaming with an industry consortium to use the Internet for electronic commerce and to develop a pilot program for federal agencies and technology companies to promote broad, easy access to electronic catalogs across the Internet. On February 2, a kick-off event was held to launch the study phase of this initiative which will be completed by the end of this month, leading to a four-month pilot with GSA, NASA, DoD and private companies.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Disaster Requests:** On January 29, the Governor of TN requested that the incident period be reopened and additional counties added as a result of severe winter storms. On January 30, the Governor of NC made a similar request.
- **Project Impact:** On February 5, Director Witt traveled to Seattle, WA, to kick off the fifth Project Impact disaster resistant community. The Director was joined by state, city, and community leaders to talk about ways to make the community and its citizens safer and reduce the cost of future disasters.

SOCIAL SECURITY ADMINISTRATION

- **Noncitizen SSI:** By the end of February, SSA will release letters to governors and county executives in areas with large noncitizen population to announce the availability of listings of the nonqualified citizens whose SSI eligibility will end in September 1998 due to welfare reform. SSA is undertaking this effort so that state and local governments can arrange for local agencies or community-based organizations to conduct outreach efforts to the approximately 20,000 nonqualified noncitizens who will be receiving reminders at the end of the month telling them to update their SSI records or adjust their immigration status.

cc:

The Vice President
Erskine Bowles
Sidney Blumenthal
Maria Echaveste
Rahm Emanuel
Jack Gibbons
John Hilley
Mickey Ibarra
Janis Kearney
Ron Klain
Ann Lewis
Sylvia Mathews
Michael McCurry
Katie McGinty
John Podesta
Franklin Raines
Bruce Reed
Craig Smith
Doug Sosnik
Gene Sperling
Dan Tarullo
Melanne Verveer

THE WHITE HOUSE
WASHINGTON

January 16, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. TM
SUBJECT: Summary of Cabinet Weekly Reports
January 9 - 16, 1998

AMPLIFICATION OF PRESIDENTIAL INITIATIVES

Northeast Ice Storm: Led by FEMA, the Administration has responded aggressively to the ice storms that have hit the Northeast. You declared disasters in NY, VT, ME, NH, and NC (flooding). The Vice President and Director Witt visited ME on Thursday and the Director visited NY on Tuesday. FEMA, SBA, USDA, and DOE have a strong presence in the affected states. The Pentagon responded quickly to a request for air support to transport power trucks from NC to ME. A ME newspaper commended the Administration's response effort. While many are still without power, communities are beginning to recover.

Martin Luther King Birthday: Fifteen Members of the Cabinet and the members of the Race Advisory Board will join you in commemorating Dr. King's birthday by participating in service projects around the country that focus on bringing diverse communities together. The Attorney General will help rehabilitate a home in Jackson, MS, Secretary Slater will join volunteers at Andrew Shue's "Do Something" event at the King Center in Atlanta, Secretary Babbitt will ring the liberty bell in Philadelphia, and Secretary Shalala will participate in a volunteerism event in Baltimore. In Washington, DC, Director Raines and Chair Yellen will spend the day with Horton's kids. Sixty communities that have received King service grants (which you announced in November) will conduct activities. City Year will launch nine seven-week programs on community service and racial reconciliation around the country, and AmeriCorps and NCCC members will participate in hundreds of service activities in their communities.

DEPARTMENT OF TREASURY

- **Southeast Asia:** On January 10-16, Deputy Secretary Summers and officials from the White House, State, and the IMF traveled to several countries in Southeast Asia, including Indonesia, Singapore, Thailand, Hong Kong, and Korea, to discuss Indonesia's IMF program and other responses to the financial situation in Southeast Asia.
- **IRS:** On January 13, the IRS released the second in its series of reviews on enforcement statistics in IRS districts. The report showed that improper use of statistics had occurred in 11 IRS districts, and that an emphasis on statistical goals and expectations could have affected taxpayer rights to fair treatment. Secretary Rubin and IRS Commissioner Rossotti announced additional measures to address improper practices, including establishing a panel to review and propose action on employee disciplinary cases arising from these reviews, regularly reviewing compliance with the Taxpayer Bill of Rights, reviewing the need to examine districts not covered in previous reports, and issuing a directive to IRS employees underscoring the importance of the Taxpayer Bill of Rights.
- **Commemorative Coin Design:** On January 9, Secretary Rubin announced the design selection process for the 50-State Commemorative Coin Program. The process allows each state to submit three-five design concepts for approval by the Commemorative Coin Advisory Committee, the Commission of Fine Arts, and the Treasury Secretary.
- **NADBank:** In February, Treasury will submit a 1997 report on the operations of the Community Adjustment and Investment Program (CAIP) to Congress as required. Among other items, the report will indicate that in 1997 the program leveraged almost \$14 million in new private sector financing in 22 communities, located in 13 states across the nation. The FY99 budget will include \$37 million in additional funds for the CAIP, which will permit it to provide technical assistance grants to affected communities, and increase the size of the direct lending program. On January 19, Treasury staff will meet with representatives from DOC, USDA, DOL, and SBA to discuss coordination of trade adjustment efforts and will meet separately with the executive director of La Mujer Obreras, an organization of women from El Paso who have lost their apparel jobs.
- **IMF Hearings:** On January 30, Secretary Rubin and Chairman Greenspan will testify before the House Banking Committee on the IMF and the U.S. obligation to help the IMF stabilize the international economic system. Treasury is setting up a briefing for Washington business representatives to build support for the Administration's position. On February 5, the Senate Finance Committee will hold a hearing on the IMF and Southeast Asia, and Secretary Rubin or Deputy Secretary Summers have been invited to testify. Staff to the House International Relations Asia-Pacific Subcommittee have also expressed interest in holding a joint hearing in late January or early February with their Senate Foreign Relations subcommittee on the current situation in Southeast Asia.

DEPARTMENT OF JUSTICE

- **"Cannabis Clubs" in CA:** On January 9, the U.S. filed actions for declaratory and injunctive relief against six "cannabis clubs" and ten individuals associated with those clubs in CA. The suit was based on an eight-month investigation which uncovered multiple violations of the Controlled Substances Act by each of the six defendant organizations.
- **Trinidad Drug Trafficker:** On December 30, Trinidad and Tobago agreed to surrender Zimmerman Beharry, one of Trinidad's largest drug traffickers. He is wanted in the Southern District of FL on narcotics charges.
- **Three Strikes:** A defendant was given three life sentences under the "Three Strikes" statute on two counts of kidnapping and one count of Hobbs Act robbery. The defendant kidnaped two women from the parking lot of a downtown Memphis restaurant and, two nights later, robbed a motel at gunpoint. The defendant had prior convictions for aggravated robbery and armed robbery; he was sentenced to 25 years in 1976 and 15 years in 1971.
- **Lorton Inmates:** On January 6, thirty female DC inmates were transferred to the Federal Correctional Institution (FCI) in Danbury, CT. On January 8, an additional 33 DC female inmates were transferred to FCI Danbury, and 21 DC female inmates were transferred to FCI Alderson, WV. Other transfer dates have been scheduled, and it is anticipated that the major moves of the remaining female felons will be completed by the end of January 1998.
- **NEA Case:** On January 9, DOJ filed its brief in a Supreme Court case involving a provision of the National Foundation on the Arts and the Humanities Act that directs the Chair of the NEA to issue regulations and establish procedures governing the grant application process to ensure that "artistic excellence and artistic merit are the criteria by which applications are judged, taking into consideration general standards of decency and respect for the diverse beliefs and values of the American public." A divided panel of the Ninth Circuit struck down that portion of the Act, concluding that the "decency and respect" provision impermissibly burdens free speech.
- **Line Item Veto:** On January 6, a federal district judge signed a consent order terminating one of three pending Line Item Veto Act cases. The order granted declaratory relief to NTEU on its statutory claim, and dismissed the rest of the suit as moot.
- **Federal Judges Cost-of-Living Increases:** On December 30, a group of 20 federal judges filed a class action lawsuit seeking the recovery of cost-of-living adjustment (COLA) increases which they did not receive for FY 1995, 1996, and 1997.

- **COPS Grants:** On January 15, the COPS Office announced the awarding of approximately \$120 million to 620 jurisdictions in 45 States and Puerto Rico to hire 1,712 additional officers.

DEPARTMENT OF INTERIOR

- **National Petroleum Reserve-AK Hearings:** This month, DOI will hold public hearings for comments on the Draft Environmental Impact Statement for the National Petroleum Reserve-AK (NPR-A). The draft describes five alternatives for oil and gas development in the planning area, ranging from zero to one hundred percent leasing.
- **AK State Legislature Subsistence Lawsuit:** The AK State legislature and nine State legislators filed a lawsuit against Secretaries Babbitt and Glickman in the U.S. District Court for D.C. The suit challenges DOI and USDA existing and proposed subsistence regulations, alleging that the regulations are unconstitutional and violate the AK National Interest Lands Conservation Act. Since 1990, the federal government has been managing wildlife on AK federal lands to assure a rural resident subsistence harvest priority.
- **Potential Protesting at Ward Valley:** The five Tribes of the lower CO River (Fort Mojave, Colorado River, Chemehuevi, Fort Yuma/Quechan, and Cocopah) have expressed to DOI their united opposition for drilling plans at Ward Valley, which they characterize as "sacred" ground. The tribes suggested that they would mount a significant protest. These concerns, added to the documented presence onsite at Ward Valley of protestors from anti-nuclear groups, increase the likelihood of onsite protests during either Federal or State drilling. Within the next few days, Deputy Secretary Garamendi expects to make a decision on how drilling will be conducted.
- **March for Life:** NPS has issued a public gathering permit for the 25th March for Life on January 22. Approximately 50,000 participants are expected to assemble on the Ellipse.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **New Food Safety System:** On January 14, USDA Food Safety officials held the second of four public meetings on Hazard Analysis and Critical Control Points food safety implementation in Des Moines, IA. Additional meetings are scheduled on January 16 in Denver, CO and January 21 in Memphis, TN. Although the meetings are open, they are targeted toward management of large meat and poultry plants, which will become the first facilities regulated under the new inspection system.
- **Northeast Ice Storm:** USDA officials are participating in county emergency disaster teams and arranging for generators to provide additional power for residents and

livestock operators, particularly dairy farmers. As of January 12, USDA began distributing emergency food to qualifying households in NY and providing food for congregate meals in ME. USDA Rural Development officials are surveying damage for USDA-assisted housing, water and sewer, and community facilities throughout the region.

- **Asian Issues:** On January 12-22, USDA's Under Secretary Schumacher will travel to Asian countries to meet with local government officials, importers, and banking representatives in Thailand, Malaysia, Indonesia, Singapore, Hong Kong, Korea, and Japan. The focus of the trip will be on the effects of the economic crisis on agriculture in these countries and the newly announced USDA export credit guarantees available for SE Asia and Korea.
- **Export Credit Guarantees:** On January 5, USDA increased export credit guarantees from \$100 million to \$300 million for Thailand, from \$20 million to \$100 million for the Philippines, and from \$250 million to a new total allocation of \$400 million for Indonesia.
- **Supplier Credit Guarantees:** On January 5, USDA increased its Supplier Credit Guarantee Program allocation to \$50 million for the Southeast Asia Region -- Indonesia, Malaysia, the Philippines, Thailand, and Singapore. The program finances construction of facilities in importing countries to increase shipments of U.S. agricultural commodities.
- **Food Safety Event:** On January 18, the anniversary of the Jack In The Box food safety scare, Secretary Glickman will participate in a food safety event with Safe Tables Our Priority (STOP) in Chicago, IL.

DEPARTMENT OF COMMERCE

- **Pope's Visit to Cuba:** DOC is working with an interagency group to coordinate the events surrounding the January 21-25 Papal visit to Cuba. DOC and Treasury are processing requests from the groups and individuals who will need approval for travel to Cuba. DOC is providing Customs with a list of approved planes. The Cuban government has announced that all Americans and Cuban nationals must obtain a special visa prior to traveling to Cuba during the period of January 6-31.
- **Economic Indicators:** ESA will release the following indicators:
 - January 21 U.S. International Trade in Goods and Services for November;
Housing Vacancies for the 4th Quarter;
 - January 22 Housing Starts for December.

DEPARTMENT OF LABOR

- **Hearst Publications Luncheon:** On January 20, Secretary Herman will be honored at the Hearst Publications Luncheon in New York, NY. She will discuss her goals and priorities with approximately thirty editors, reporters, and columnists from various Hearst publications, including Ellen Levine, Jane Bryant-Quinn, Sherry Rollins and Paula Zahn.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Health Education Assistance Loans (HEAL):** On January 20, HRSA will release the names of 1,402 doctors who are being disqualified for Medicare payment because they have repeatedly ignored collection efforts on long past due HEAL loans. On January 21, their names will also be published in the *Federal Register*.
- **United Seniors Association v. Shalala:** On December 30, United Seniors Association, Inc., and four Medicare beneficiaries filed a lawsuit in the U.S. District Court for D.C. challenging the constitutionality of the section of the Balanced Budget Act of 1997 that allows a physician or other practitioner to contract privately with a Medicare beneficiary for the furnishing of otherwise Medicare-covered items or services. Plaintiffs allege that the section violates their right to privacy because it eliminated Medicare beneficiaries' free choice of providers, method of payment, and form of health care services. The government contends that the law expands the provider, payment, and health care choices available to beneficiaries since private agreements previously had no validity.
- **Medical Device Reform:** By January 20, FDA intends to publish three documents in the *Federal Register* on medical device reform pursuant to the FDA Modernization Act of 1997 (FDAMA). One notice will set forth a list of low-risk devices that will be exempted, with certain limitations, from FDA's pre-market notification requirements. A second notice will provide a list of medium-risk devices that will be exempted. The third will announce guidance on implementation of the highest priority provisions of FDAMA.
- **TN Title XXI Proposal:** On Dec. 31, TN submitted a Title XXI proposal that would provide expanded benefits under the State's Medicaid Title XIX Plan. Services would be provided through the current mandatory managed care delivery system for the Title XIX program, which operates as a demonstration entitled TennCare under Section 1115. The current benefit package under the demonstration would be provided. It is more generous than the usual Medicaid package in that most service limits have been removed. Cost sharing is proposed in the form of premiums, deductibles, and copayments on a sliding scale based on income.
- **HIV Protein Target:** The January 16 issue of *Science* has an article about the discovery of new molecular details about an HIV protein that may provide the basis for a new class of highly specific anti-AIDS drugs. The protein, which is bound to the virus' genetic

material, is responsible for passing viral genes on to new viral particles. Previous studies have shown that when it is crippled, HIV cannot spread to other cells, making it a prime target for anti-AIDS drugs. The research has been supported by the National Institute of General Medical Sciences.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **NY Ice Storms:** On January 15, Secretary Cuomo announced that HUD is making available \$5 million in Imminent Threat Community Development Block Grants (CDBG) to communities in NY to address health and safety problems as a result of the ice storm. These funds are available because, uniquely in NY and HI, HUD directly administers the CDBG Small Cities program; elsewhere, the program is administered by state governments.
- **Innovative IA Program:** The IA "I Have a Dream" Foundation chose two HUD-assisted complexes -- jointly known as the Oakridge Neighborhood in Des Moines -- to participate in its program. All first and second graders (approximately 50 children) who graduate from high school, or earn a GED, will be eligible for a scholarship to an approved post-secondary educational facility appropriate for the individual student. The selection of the two complexes is largely attributable to the strengths of the projects, including an excellent project administrator and a successful state-of-the-art Neighborhood Network Center. HUD's Neighborhood Network Centers provide computer, job and life skills training to empower residents to find jobs and, ultimately, to reach self-sufficiency. HUD committed to oversee the creation of 500 Neighborhood Networks at the Service Summit in Philadelphia.

DEPARTMENT OF TRANSPORTATION

- **Senator Ford:** On January 20, Secretary Slater will attend a function honoring retiring Senator Wendell Ford in Owensboro, KY.
- **Northeast Ice Storm:** RSPA is monitoring the aftermath of an ice storm which struck New England and Canada on January 7. The storm affected northern portions of NY, VT, NH, ME, and the Province of Quebec, Canada. Although no major transportation systems have been seriously affected, both the U.S. Coast Guard and the St. Lawrence Seaway Corporation have responded to local official requests and supplied portable generators, vehicles and transportation, water pumps, and rescue equipment.
- **Pope's Visit to Cuba:** The Cuban-American exile group Movimiento Democracia (MD) is planning a protest flotilla during the January 21-25 Papal visit to Cuba. The group's leader, Ramon Sanchez, has stated that up to 30 boats will leave Marathon, FL and proceed to the limit of the Cuban 12 mile territorial sea where they will conduct a demonstration. The Coast Guard plans a response with U.S. interagency representatives.

The FAA will increase surveillance to coincide with the Pope's planned visit. Miami Archbishop Favalora has stated that the archdiocese will charter an aircraft to carry 180 people to Cuba.

- **Boeing 737 Inspection:** On January 8, the FAA issued an airworthiness directive (AD) for the immediate inspection of horizontal stabilizers of all Boeing 737-300, -400, -500 series models built after September 20, 1995. This action applies to a total of 211 aircraft -- of which 68 are U.S. registered aircraft requiring approximately one labor hour per aircraft. All 68 U.S. registered Boeing aircraft were inspected by noon on January 12. The remaining 143 aircraft are non-U.S. registered. All countries received the AD, but are not required to report the results of their inspections back to DOT.
- **UPS Pilot Talks:** On January 14, UPS resumed talks with its pilots. The two sides are divided over pay issues.
- **Super Bowl XXXII:** This year marks NHTSA's 5th anniversary of working with the NFL to provide community bicycle traffic safety awareness as part of pre-Super Bowl activities.

DEPARTMENT OF ENERGY

- **Hanford, WA, Tanks and Management Review:** On January 14, DOE announced a review of the federal management of Hanford tanks, tank waste, and remediation. A separate DOE draft report will be released reinforcing the fact that tanks at Hanford are a source of contamination of surrounding groundwater that will eventually impact the Columbia River Aquifer. The *New York Times* and Lehrer News Group have been tracking these issues. On January 22, DOE will announce an integrated plan to address groundwater contamination issues.
- **Secretary's Travel to DOE Facilities:** On January 21, Secretary Peña will travel to DOE's Oak Ridge Lab with Vice President Gore. The Secretary will then travel to Amarillo, TX, to tour DOE's Pantex facility.

DEPARTMENT OF EDUCATION

- **Mainstreaming of Autistic Student:** On January 12, the Supreme Court declined to hear an appeal of a case over the "mainstreaming" of a student with autism. The student's parents had sued the Loudoun County, VA, school system under the Individuals with Disabilities Education Act, which requires that students with disabilities be educated in the "least restrictive environment" possible, to force the district to include their son in regular classes. The district court ordered the school district to mainstream the student, but the Fourth Circuit reversed. DOE filed an *amicus* brief supporting the parents' position, but did not file a brief in support of the petition for certiorari.

- **Challenging Courses:** On January 16, Secretary Riley held a press conference to announce the release of a report by the Council of Great City Schools and ACT, Inc. The report highlights the importance of students in urban schools taking challenging courses and documents such students' academic success.
- **Events with Congressman Hinojosa:** On January 22, Secretary Riley will participate in two education events with Congressman Hinojosa in Corpus Christi, TX.
- **E-Rate:** On January 21, Secretary Riley is scheduled to participate in an E-Rate kickoff event in Washington, D.C.
- **21st Century Learning Centers:** DOEd will hold regional workshops in 11 cities across the country from February 2-13 to help program applicants learn about the research on after-school programs, how schools can collaborate with community partners, models of approaches to after-school programming, and the grant application process.

VETERANS AFFAIRS

- **Health Care Quality:** Senator Rockefeller released a report criticizing VA for its current health care quality management efforts. The report disputes VA's position that internal oversight activities are sufficient to monitor the quality of care provided at VA facilities. VA's response to the report is scheduled to be completed in the near future.

ENVIRONMENTAL PROTECTION AGENCY

- **MA Safe Drinking Water:** On December 9, EPA requested that DOJ file suit against the MA Water Resource Authority (MWRA) to require it to build a drinking water filtration plant meeting the requirements of the Safe Drinking Water Act. MWRA serves twenty-eight Boston area communities. Water supplies in many of the MWRA's communities repeatedly violated bacterial limits, sometimes by more than 600 percent, over the past 15 months. EPA's previous permission for the MWRA to explore a filtration waiver was contingent on its continuing to meet the established health criteria. The failure of Boston's water to meet these criteria puts public health at risk.
- **Atlanta, GA, Air Quality:** The 13-county metro Atlanta area is designated as a "serious" nonattainment area for ozone (smog). Conformity between the state's transportation plan and air quality plan -- mandated under the Clean Air Act -- will expire on January 17. Without conformity, only "grandfathered" transportation projects can continue. The GA Department of Transportation (GDOT) is trying to "grandfather" 54 projects in the Atlanta area that will have significant environmental impacts. EPA feels these projects may not comply with the National Environmental Policy Act and the Clean Air Act. EPA and DOT will meet this week to discuss the seven projects as well as the process used by GDOT, which EPA believes did not provide for adequate analysis,

review or, public disclosure.

- **Tobacco:** On January 21, Administrator Browner will travel to Providence, RI, for a field hearing sponsored by Senator Chafee on the tobacco settlement. Administrator Browner will discuss the Administration's commitment to protect public health by curbing second hand smoke.

UNITED STATES TRADE REPRESENTATIVE

- **WTO Dispute on Beef Hormones:** On January 14, the US received an advance copy of the WTO Appellate Body decision in the case that USTR brought to challenge the EU ban on imports of meat from animals treated with growth-promoting hormones. The Appellate Body affirmed the finding of a dispute settlement panel that the EU ban is inconsistent with the EU's WTO obligations because the ban was not based on a risk assessment. On January 16, the report will be released to the public.
- **Special 301 "Out-of-Cycle" Reviews:** On January 15, Ambassador Barshefsky announced the "out-of-cycle" review decision with respect to Paraguay, Turkey, Bulgaria, Brazil, and Hong Kong under the US government's special 301 program, designed to advance the protection of intellectual property rights. Ambassador Barshefsky identified Paraguay as a "priority foreign country" under the special 301 provision of the Trade Act of 1974, noting Paraguay's failure to take effective action against alarming levels of piracy and counterfeiting and failure to implement modern intellectual property laws.
- **Second Annual NM-Asia Trade Conference:** On January 23, Ambassador Barshefsky will deliver a breakfast speech at the Second Annual NM-Asia Trade Conference in New Mexico.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Drug Free Communities Act:** Director McCaffrey will be forwarding to you his nominations for the Commission on Drug-Free Communities. This presidentially-appointed advisory group was created by the Drug-Free Communities Act, signed by you last June, and guides the Drug-Free Communities grant program which supports community anti-drug partnerships throughout the country.

SMALL BUSINESS ADMINISTRATION

- **MOU with the "Big Three":** The Vice President has expressed an interest in joining Administrator Alvarez to announce the MOU with the CEO's of the "Big Three" automobile companies. SBA is targeting the event for a Detroit announcement during the third week in February.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **IN and TN:** On January 15, after delivering a speech in Evansville, IN and meeting with the Mayor, Director Witt traveled to Elizabethton, TN to meet with state and local officials and citizens to discuss that area's recovery from flooding earlier in the month.
- **Disaster Declarations:** This week you declared major disasters in NY, TN, ME, NH, NC, and VT.
- **Project Impact:** FEMA continues to use Project Impact as a model for how the federal government can work with state and local governments, business and civic leaders and individuals to make our communities and citizens safer and reduce the cost of future disasters. On January 21-23, Director Witt will be in Oakland, CA for a Project Impact Kickoff event.

OFFICE OF PERSONNEL MANAGEMENT

- **Political Appointees:** The House Budget Committee requested the number of SES and Schedule C employees in each agency by grade level. Statistics on both career and noncareer SES have been requested.
- **Federal Health Benefits:** Next week, OPM's IG will conduct a briefing on its audit of the Federal Employees Health Benefits program for Congresswoman Morella and staff of the House Committee on Government Reform and Oversight.

SOCIAL SECURITY ADMINISTRATION

- **Americans Discuss Social Security Advertisements:** On January 14, Americans Discuss Social Security, a non-partisan group funded by the Pew Charitable Trusts, will begin running a series of print advertisements intended to encourage Americans to participate in the national debate on Social Security and to learn more about Social Security issues. The ads will appear in the *Washington Post*, *New York Times*, *Wall Street Journal*, *Philadelphia Inquirer* and *Washington Times*.

cc:

The Vice President
Erskine Bowles
Sidney Blumenthal
Maria Echaveste
Rahm Emanuel
Jack Gibbons
John Hilley
Mickey Ibarra
Janis Kearney
Ron Klain
Ann Lewis
Sylvia Mathews
Michael McCurry
Katie McGinty
John Podesta
Franklin Raines
Bruce Reed
Craig Smith
Doug Sosnik
Gene Sperling
Dan Tarullo
Melanne Verveer

W THE WHITE HOUSE
WASHINGTON

Copies for
D.C. Policy
Staff

November 14, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. TM

SUBJECT: Summary of Cabinet Weekly Reports
November 7 - 14, 1997

DEPARTMENT OF TREASURY

- **Financial Markets:** During the week of November 3, Assistant Secretary Geithner traveled to Thailand, Indonesia, Singapore, Hong Kong, and Japan to discuss alternatives to Japan's proposed Asian Monetary Fund. The officials came to a general consensus to: 1) establish a regional forum of Finance Ministry and Central Bank officials to monitor developments in the region; 2) consider reforming lending policies so IMF can better respond to financial crises; and 3) consider ways to augment IMF resources in exceptional circumstances. On November 18-19, Deputy Secretary Summers and Federal Reserve Governor Meyer will travel to Manila to discuss these issues with their Asian counterparts.
- **Financial Services:** On November 17, Treasury will transmit to Congress a study on the future of financial services. In the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, Congress asked Treasury to look at the strengths and weaknesses of our financial services system and the system's ability to meet the needs of its users. The report recommends that government promote competition in financial services to end the segmentation of the marketplace. It adds that government policy should focus on containing potential financial crises instead of trying to prevent failures at specific institutions.
- **Privatization:** During the week of October 10, Treasury sent a report to Congress which will outline the issues that must be resolved prior to the sale of the United States Enrichment Corporation (USEC) and provide a date for privatization of the USEC. The privatization of the federally owned company, which enriches uranium and buys processed uranium from Russia for use as fuel in nuclear power plants, is expected to be

the largest privatization since Conrail, bringing the government between \$1-2 billion. Treasury will continue to oversee the privatization of USEC to ensure that all aspects, including national security considerations, are properly addressed.

- **Brady Law:** During the week of November 10, Secretary Rubin, Attorney General Reno, and the Attorney General of OH will signed an MOU designed to provide a sheriff's office in OH with the authority to perform background checks on handgun purchases as provided by the Brady Law. Since the Supreme Court's recent decision, approximately one-third of the handgun purchases in OH have been taking place without a background check, and OH's Attorney General has asked for such a document to enable OH to resume background checks.
- **Commemorative Quarters and Dollar Coin:** On November 9, the Senate passed a bill that would create 50 circulating commemorative quarters over 10 years. The bill also provides for the Mint to produce and circulate a newly designed dollar coin. This bill passed the House on September 23.

DEPARTMENT OF JUSTICE

- **Murder-for-Hire:** On October 29, in the Eastern District of VA, Gregory McCorkle, Sergio Barrios, and Kevin Tinsley were convicted of conspiring to commit interstate murder-for-hire and using and carrying firearms. During the summer of 1996, McCorkle hired several individuals to kill a MD State trooper. On August 27, 1996, McCorkle and others shot the trooper's brother, Trooper Michael Hughes, mistaking him for David Hughes. Sentencing is scheduled for January 23, 1998.
- **Health Care Fraud:** Five former employees of Houston Psychiatric Hospital were charged with conspiracy and mail fraud for filing false insurance claims diagnosing patients with multiple personality disorder caused by their participation in a secret satanic cult. Patients' insurers allegedly paid millions of dollars as a result of the false claims.
- **Bribery Scheme:** The former Tribal Chairman for the Keweenaw Bay Indian Community was sentenced to 30 months in prison and 36 months supervised release and ordered to pay a \$30,000 fine. He was convicted of orchestrating a criminal scheme to select electronic gambling devices for use at a tribal casino based on payment of \$127,000 in illegal kickbacks.
- **Sexual Predator Statute:** A defendant was found guilty of four counts of sexual abuse and three counts of aggravated sexual abuse for acts committed on the Navajo Indian Reservation. This was the defendant's second sexual abuse conviction and consequently, he was convicted under a 1996 statute that requires a mandatory life sentence for a second sexual abuse conviction.

- **Legal Services Corporation (LSC) Funding:** In 1996, Congress imposed a number of restrictions on LSC grants. The restrictions prohibit LSC grantees from litigating on topics such as abortion, welfare reform, and redistricting, participating in class action suits, lobbying, and, in certain circumstances, representing illegal aliens and prisoners. Several legal services organizations, clients, and legal aid lawyers challenged the restrictions on constitutional grounds. DOJ defended the constitutionality of the statute. The district court upheld the restrictions and plaintiffs appealed. DOJ filed a brief on November 13 defending the constitutionality of the LSC restrictions.
- **National Crime History Improving Program:** This week, the Office of Justice Programs awarded \$50 million in grants to 48 states as part of the National Crime History Improving Program.
- **Anti-Terrorism Grant:** This week, the Bureau of Justice Assistance will award \$1 million in anti-terrorism grants to NM, NY, MI and CA.

DEPARTMENT OF COMMERCE

- **Defense Trade Advocacy:** On November 18-19, Secretary Daley's post-Doha Summit visit to the United Arab Emirates will highlight three pending defense procurements in that country including: F-16 fighter aircraft (Lockheed Martin), Patriot missiles (Raytheon), and naval vessels (Newport News, Litton Ingalls, and Halter Marine). These projects are valued at between \$7 billion and \$10 billion.
- **Minority Enterprise Development (MED) Week:** On November 20-22, DOC's Minority Business Development Agency and the SBA will co-sponsor the 15th Annual MED Week National Conference. The event will provide a forum for minority-owned firms to interact with private and public sector decision makers to discuss the challenges facing minority entrepreneurs.
- **Mercosur-Canada Trade Agreement:** On November 5, a senior Argentine official noted that Canada and Mercosur will sign an initial trade and investment agreement during Prime Minister Chretien's January 1998 trade mission. This is a preliminary step toward negotiating a free-trade agreement similar to those Canada has signed with Chile and Bolivia. The Argentine official also noted that Mercosur was making progress toward reaching a preferential tariff agreement with Mexico in meetings taking place in Montevideo.
- **International Trade in Goods and Services:** On November 20, Secretary Daley will announce September figures for U.S. International Trade in Goods and Services.

DEPARTMENT OF LABOR

- **NationsBank Ruling:** On November 5, DOL won an interim ruling from the U.S. Court of Appeals in Atlanta, in a case brought under the Employee Retirement Income Security Act. The case involves the legal duties owed by NationsBank as trustee of the Polaroid Corporation employee stock ownership plan, while Polaroid was the subject of a hostile takeover attempt.
- **OSHA Report:** *ABC News* is working on a report on the Occupational Safety and Health Administration and Wage and Hour's Poultry Initiative. It is not yet known when the report will be released.
- **Steelworker Strike in Pueblo, CO:** On November 14, management and steelworker representatives of the CF&I Division of Oregon Steel Mills met with an FMCS mediator for their first talks since the strike began. About 1,000 workers left their jobs at the company's Pueblo, CO, facility on October 3 after rejecting an offer to replace a contract that expired September 30. Key issues in dispute include mandatory overtime and a union demand for pension credit for service at CF&I under previous ownership. Operations are continuing with supervisory personnel, returning strikers, and about 200 replacement workers.
- **ABC and the National Association of Broadcast Employees:** During the week of November 16, mediator-assisted negotiations between *ABC* and the National Association of Broadcast Employees and Technicians are scheduled to begin. The decision to turn to mediation followed the breakdown of talks in early October. Some 2,700 engineers, writers, and camera operators are covered by the contract, which expired on March 31.
- **Pension Update:** On November 9, the House approved the SAVER bill (Savings Are Vital to Everyone's Retirement). SAVER would require the White House to host a national retirement income summit in 1998, 2001, and 2005. SAVER also requires DOL to maintain an on-going program of pension education and outreach.

DEPARTMENT OF TRANSPORTATION

- **Moving Kids Safely Conference:** On November 18, Secretary Slater will address the Moving Kids Safely Conference in Washington, DC, and present the Secretary's Community Partnership Awards.
- **Strategic Plan:** On November 5, the House Leadership announced its scoring of agency strategic plans produced in compliance with the Government Performance and Results Act. DOT's plan ranked first and was cited for its presentation of strategic goals, linkages between strategic goals and performance goals, discussion of external factors that could affect achievement of goals, and program evaluation.

- **National Performance Review:** *AP* is preparing a story on the costs of the National Performance Review across various government agencies, including FAA, which is providing information. Publication date is not known.

UNITED STATES TRADE REPRESENTATIVE

- **Andean Trade Preferences Act (ATPA) Report:** The triennial ATPA Report to the Congress is due on December 4. Ambassador Barshefsky and senior USTR staff expect to transmit the report for White House review by next week.
- **Africa Initiative:** Senior USTR staff have begun interagency work on this year's report from you to the Congress regarding Trade and Development for African Countries. The report is due on December 8 and will focus on the implementation of your Partnership for Economic Growth and Opportunity in Africa.

SMALL BUSINESS ADMINISTRATION

- **MOU with the "Big Three":** SBA has reached an agreement with the "Big Three" U.S. automakers that will increase subcontract awards to disadvantaged small businesses by nearly \$3 billion over the next 3 years, a 50 percent increase over current levels. The agreement would create a unique public-private partnership to improve opportunities for disadvantaged small business in major industry.
- **Minority Enterprise Development (MED) Week:** On November 20-22, Administrator Alvarez will participate in various MEDWeek activities, including the ribbon-cutting of a new Business Training and Technical Center and a keynote speech.
- **Senator Hollings:** On November 17, Administrator Alvarez is scheduled to open a Women's Business Center in Columbia, SC, with Senator Hollings. On November 19, she will travel to Baltimore to open a Women's Business Center. Senator Sarbanes and Mayor Schmoke have agreed to participate in the event; and Senator Mikulski has been invited.

DEPARTMENT OF INTERIOR

- **Atlantic Salmon:** In late November or early December, the FWS and the NMFS will propose to withdraw the proposed listing of the Atlantic salmon as a threatened species. ME has a conservation plan that serves as the basis for the proposed withdrawal. ME's plan outlines specific measures to protect the Atlantic Salmon and its habitat. The proposed withdrawal will be supported by ME's Governor, congressional delegation, and sportfishing groups. Regional environmental groups are expected to criticize the withdrawal. An announcement ceremony with the Governor and the Secretaries of Interior and Commerce is under consideration.

- **Everglades 50th Anniversary:** On December 6, Everglades City, FL, and Everglades National Park will celebrate the 50th anniversary of the dedication of the park. The event, which will parallel the original dedication by President Truman in 1947, will be the culmination of a week of anniversary events in Everglades City and Homestead.
- **Grand Canyon:** On November 25, Secretaries Babbitt and Slater will sign an MOU to further cooperative efforts between DOI and DOT for planning and implementing alternative visitor transportation systems at national parks. Secretary Babbitt will announce the new transportation system at the Grand Canyon. Visitors will park outside the park and travel to the rim by light-rail, then travel along the rim by foot, bike or on clean-fuel shuttle buses.
- **Gettysburg National Cemetery:** On November 19, Secretary Babbitt will participate in the annual Gettysburg Address Commemoration at Gettysburg National Cemetery in PA.
- **King Range National Conservation Area:** On November 21-24, Secretary Babbitt will travel to Garberville, CA, to tour and hike the King Range National Conservation Area.
- **Spanish-American War 100th Anniversary:** DOI has begun planning for the commemorative of next year's 100th Anniversary of the Spanish-American War. The anniversary date is June 20, 1998. The Smithsonian Institution is planning an exhibit and has asked DOI for help in arranging Guam's participation.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Milk Differentials:** On November 3, Judge Doty of the U.S. District Court for MN issued a decision in Minnesota Milk Producers v. Glickman, in which he found that USDA failed to consider factors such as feed costs in setting Class I differentials in 28 surplus orders and those orders that do not rely on milk from the Upper Midwest. Judge Doty declared the differentials unlawful, and enjoined the Secretary from enforcing them.
- **Conservation Reserve Program:** The Conservation Reserve Program general sign-up began October 14 and will end November 14. As of October 31, there were 64,618 offers for nearly 5.5 million acres. Many more bids are expected.
- **Emergency Assistance in CO:** USDA is working with CO officials to explore options for disposing of carcasses of the estimated 15,000 cattle that died in the recent blizzard.
- **Soybean Transportation Update:** The train gridlock continues in the Ft. Worth, TX, switching yards, with Mexican importers switching to other railroads in an effort to get soybeans into Mexico.
- **Pfiesteria:** MD's Pfiesteria Action Commission adopted plans controlling nutrient runoff on the Eastern Shore by 2002. Poultry farmers oppose the proposal, on the

- **Baldness Pill:** On November 13, an FDA advisory panel will discuss Merck's application for Propecia™ for treatment of baldness in men. The drug is a low-dose version of Merck's drug for benign prostatic enlargement, Proscar. Merck claims that study results show that 86 percent of men on the drug stopped losing hair or grew new hair compared to 42 percent of men on the placebo.
- **Drug Approval Process:** On November 19, the FDA will receive the Innovations in American Government Award for the Reform of the U.S. Drug Approval Process. The \$100,000 cash award is jointly sponsored by the Ford Foundation, the John F. Kennedy School of Government, and the Council for Excellence in Government.
- **Herbal "Fen-Phen":** On November 6, due to recent widespread promotion on the Internet of various dietary supplement products as "natural" herbal alternatives to the prescription drug combination "fen-phen" for treatment of obesity, the FDA issued a warning to consumers. FDA considers these products to be unapproved drugs which have not been shown to be safe and effective and which may contain ingredients that have been associated with injuries. Although the herbal products do not contain fenfluramine and phentermine, they do contain ephedra (or Ma Huang), an amphetamine-like compound with potentially powerful stimulant effects on the nervous system and heart. Many ephedra-containing herbal fen-phen products also contain St. John's Wort ("herbal Prozac") or L-tryptophan, which was pulled from the market in 1990 due to illnesses and deaths. FDA is taking regulatory action to remove these products from the market.
- **Health Care Fraud:** On November 6, the FBI and OIG conducted a search and seizure raid at the Marion, IL, offices of Health Care Service Corporation (HCSC), Blue Cross Blue Shield of Illinois. HCSC is the Medicare Part B carrier for IL and MI. The investigation is an extension of the 1995 Qui Tam case, which alleges serious improprieties in HCSC's Part B operations. The focus of the search appears to be provider enrollment processing for October 1995 to the present. HCSC has a contract with HCFA for Part A and B in IL and MI and serves as a Regional Home Health Intermediary for IL, IN, and OH.
- **HIV:** According to a new report from researchers at the National Institute of Allergy and Infectious Diseases (NIAID), HIV persists and can replicate in patients who have no detectable virus in their blood as a result of combination antiretroviral therapy. These findings are reported in the November 25 issue of the *Proceedings of the National Academy of Sciences*. Two related reports from the laboratories of NIAID grantees will be published in *Science*.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Sales of New and Existing Homes:** HUD and the Census Bureau released data on September new home sales. Homebuilders sold 800,000 new homes in September, up

four percent from the September 1996 rate of 768,000. September is the fourth consecutive month that new home sales rates have been above the 800,000 mark and the seventh month this year. New home sales have not hit the 800,000 mark for four straight months since 1977. So far this year, new home sales are eight percent higher than for the same period of 1996. 1996 was the third best year for new home sales ever.

- **Fair Housing:** On November 5, HUD executed a Voluntary Fair Housing Partnership Agreement with the AR State Realtors and a Fair Lending "Best Practices" Agreement with the Mortgage Bankers Association of AR at a special ceremony. Fair Housing Partnership Agreements promote fair housing and homeownership by expanding opportunity for all Americans.
- **"Officer Next Door":** Last week, HUD accepted 35 sales contracts and closed 17 deals on HUD-held properties to police officers under the "Officer Next Door" program. These additions bring the total number of contracts to 201 and closings to 37. The program, which you unveiled in June, is an anti-crime and community revitalization initiative that enables police officers to purchase HUD homes at a 50 percent discount. The one-year pilot program began offering homes to officers on August 15.

VETERANS AFFAIRS

- **VA Health Care:** On Veterans Day, *NBC Nightly News* aired a report on the quality of VA's health care, focusing on the Medical Centers in Montrose and Castle Point, NY. *PrimeTime Live's* series on unexplained deaths five years ago at the Columbia, MO, VA Medical Center, is still pending.
- **Welfare-to-Work:** A November 10 article in the *Federal Times* showed that VA, with 604 people hired toward its goal of 800 welfare-to-work employees by the year 2000, was the leader among cabinet agencies. VA has hired its employees mostly as file clerks, laborers, cemetery workers, food service employees and laundry workers.
- **Sexual Trauma among Nurses in Vietnam:** *CBS News* is working on a segment for *The Bryant Gumbel Show* on sexual trauma among nurses in Vietnam. They have interviewed Dr. Jessica Wolfe of the Boston, MA, VA Medical Center and Alice "Sam" Raatjes of VA's Center for Women Veterans. *CBS* requested interviews with Joan Furey, VA's Director of the Center for Women Veterans, and a therapist from the Palo Alto, CA, VA Medical Center. A request to interview VA patients who suffered sexual trauma in Vietnam was denied.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Civic Alliance Meeting:** On November 17, Director McCaffrey will deliver opening remarks to the Civic Alliance meeting in Washington, DC. This meeting, a followup to

last summer's Prevention through Service forum, will feature the signing of an Alliance Charter which will commit member organizations to supporting anti-drug programs. The signing ceremony will be held on November 18 and will be attended by the Vice President and Director McCaffrey.

OFFICE OF PERSONNEL MANAGEMENT

- **OPM Director:** On November 9, the Senate confirmed Janice R. Lachance to succeed Jim King as OPM Director.
- **Welfare-to-Work:** Federal agencies, as part of your welfare-to-work initiative, have hired 2,098 former welfare recipients.
- **Federal Employee Health Benefits:** On November 10, OPM sent to OMB for clearance a legislative proposal that would amend current law to enable the Federal Government to enroll an employee and his or her family in the Federal Employees Health Benefits Program when a State court orders the employee to provide health insurance coverage for his or her child but the employee fails to provide this coverage.

UNITED STATES INFORMATION AGENCY

- **Iraq:** The VOA Arabic Service, Worldwide English, and other languages closely followed Saddam Hussein's refusal to allow American participation in UN weapons inspection in Iraq.
- **Ibero-American Summit:** On November 7-9, Radio and TV Marti dedicated extensive coverage to the VII Ibero-American Summit held on Margarita Island. During this year's Summit, Cuban President Castro was heavily criticized for his resistance to democratic reforms. The criticism was particularly harsh from the Presidents of Nicaragua and Argentina, and the Prime Minister of Spain. Among the issues raised were the human rights abuses in Cuba and Castro's unwillingness to adhere to the final agreement signed at last year's Summit calling for the promotion of democracy based on free elections and respect for human and civil rights.

GENERAL SERVICES ADMINISTRATION

- **DC Superior Courts Capital Project:** GSA was approached by the DC Courts to provide them assistance under your plan to revitalize the District. GSA has requested a meeting to review this data with the Administrative Officer and his Engineering staff. Although funding is not expected until FY99, there is an on-going effort on GSA's part to maintain contact and demonstrate GSA's interest in assisting them in management of their capital project.

cc:

The Vice President

Erskine Bowles

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Janis Kearney

Ron Klain

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Gene Sperling

Melanne Verveer

THE WHITE HOUSE

WASHINGTON

August 15, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. *TWM*

SUBJECT: Summary of Cabinet Weekly Reports
August 8 - 15, 1997

DEPARTMENT OF TREASURY

- **Financial Services Negotiations:** Next week, Treasury and USTR officials will visit India, Indonesia, Japan, Korea, Malaysia, and the Philippines to discuss the WTO Financial Services Negotiations. The negotiations are scheduled to conclude in December 1997, and we hope to gain commitments to open banking, securities, and insurance markets to U.S. firms. On September 10, Secretary Rubin is scheduled to testify before the Senate Banking Committee on international financial services.
- **Fast Track:** Treasury remains engaged in the policy, legislative and communications effort on Fast Track leading up to the official September 10 kick-off event. On September 10, Secretary Rubin will discuss Fast Track at a Business Roundtable breakfast.
- **Community Development Institutions:** On August 6, Secretary Rubin sent a letter to Representative Bachus, Chairman of the House Banking General Oversight and Investigations Subcommittee, to inform him of the resignations of the Director and the Deputy Director of the Community Development Financial Institutions. Secretary Rubin outlined strengthened procedures that have been established to govern the program, including a conflict of interest policy for grant reviewers.
- **International Law Enforcement:** On August 14-15, Attorney General Reno and General McCaffrey took part in the plenary session of the first U.S.-Central American Ministerial on Law Enforcement, Public Security and Drugs. Under Secretary Kelly and senior representatives of Costa Rica and Panama will discuss money laundering and arms trafficking.

- **International Financial Services:** On September 10, Secretary Rubin, Ambassador Barshefsky, and CEOs from several major corporations are scheduled to testify before the Senate Banking Committee on international financial services.
- **Inflation-Indexed Bonds:** Treasury is preparing to issue a new line of Series I inflation-indexed savings bonds in 1998, the first time that savings bonds will be indexed for inflation. Like other inflation-indexed bonds sold earlier this year, these bonds will provide investors with protection by changing the annual payment based on the rate of inflation.

DEPARTMENT OF JUSTICE

- **FL Health Care Fraud:** "Operation Takeback," a multi-agency effort targeting health care fraud, resulted in a 62-two count indictment charging six persons with fraud, conspiracy, and receiving illegal kickbacks in return for the referral of Medicare patients. A civil complaint seeking damages of \$170,000,000 and an action freezing approximately \$2,000,000 in assets were also filed.
- **Prisoner Population:** The U.S. Marshals Service prisoner population reached a level of 25,850 for the month of June 1997, bringing the FY97 average daily population to 24,947, a 6.7 percent increase over FY96 figures. For the month of June, the U.S. Marshals Service had 107 juveniles in custody, bringing the FY97 average juvenile prisoner population to 95, a 25 percent increase over the FY96 average of 76.
- **NY Bank Settles Mortgage Lending Bias Suit:** On August 13, DOJ filed a complaint and consent decree in United States v. Albank, FSB, alleging that Albank discriminated on the basis of race and national origin by adopting discriminatory redlining policies that excluded specific areas and cities in Westchester County, NY, and CT from which it would not take mortgage loan applications. Under the consent order, Albank will end its restrictions on loans and make at least \$55 million in mortgage loans at 1.5 percentage points below prevailing interest rates in the formerly excluded communities with significant African-American and Hispanic populations.
- **IL Hispanic Congressional District Upheld:** On August 1, the three-judge court in King v. State Board of Elections (N.D. Ill.) ruled that the majority-Hispanic fourth Congressional district in Chicago, IL, is constitutional. The court concluded that the district's consideration of race is no more than reasonably necessary to fulfill its remedial purpose.

DEPARTMENT OF COMMERCE

- **Government Statistics:** On August 20, DOC will release the figures for U.S. International Trade in Goods and Services (June). On August 28, DOC will release preliminary figures for Gross Domestic Product in the 2nd quarter of 1997.
- **International Market Assessment Program:** The Bureau of Export Administration's revised *European Diversification and Defense Market Assessment Guide* will be published in August. This edition profiles twenty countries in western and central Europe and provides dual-use and defense market information for small and medium-sized U.S. firms.
- **Cuban Aid:** The Bureau of Export Administration has been assisting State and Treasury to develop information on U.S. humanitarian aid to Cuba with a specific focus on sales and donations of medicine, medical supplies and equipment. The U.S. government is under pressure from Cuban aid groups that have incorrectly claimed that the U.S. embargo has denied desperately needed medical items to Cuban citizens.

DEPARTMENT OF LABOR

- **AFGE Convention:** On August 18, Secretary Herman will travel to Los Angeles, CA, to address the American Federation of Government Employees Convention.
- **Labor Day Tour:** Secretary Herman is scheduled to travel around the country the week prior to Labor Day to participate in events that are tied to her goals for DOL. The tour will include the following regions and topics:

West	Welfare to Work
Southwest	Fast Track
Midwest	Balancing Work and Family
South	Retirement Security
Appalachia	Safety and Health

Secretary Herman will conclude her tour with traditional Labor Day events on September 1, and the New York Labor Day Parade with AFL-CIO President John Sweeney on September 6.
- **Wheeling-Pittsburgh Steel Corporation Update:** On August 12, members of the Steelworkers union at the Wheeling-Pittsburgh Steel Corporation approved a five-year agreement, ending their 45-week strike at facilities in OH, PA and WV.
- **UAW Potential Strike:** General Motors is again facing the possibility of a walkout over a local plant contract. The automaker has received notice from the UAW of a midnight, August 15, strike deadline at its transmission facility in Ypsilanti, MI, where a stoppage could have an early impact on production at other GM sites.

services in Laos as well as the comprehensive protection of intellectual property rights. The agreement will allow for a grant of MFN status to Laos upon the enactment of legislation. The bilateral investment agreement grants U.S. investors in Laos broad rights and protection.

- **EU Hormones:** On August 18, USTR expects the WTO to make public the final panel report in the U.S. complaint against the EU's ban on growth hormones in meat. The governments concerned already have the final report, which confirmed a win for the U.S. and for U.S. meat exporters.
- **India IPR:** On August 20, USTR expects the WTO to release to the public the final report in the U.S. complaint against India's failure to implement certain provisions in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights. This discussion will aid U.S. owners of patent rights in pharmaceutical and agricultural chemical inventions in obtaining the rights they are due in India. It also sets a valuable precedent in enforcing U.S. rights in other emerging markets.

SMALL BUSINESS ADMINISTRATION

- **Welfare-to-Work:** On August 14, Administrator Alvarez and Eli Segal hosted an event at the U.S. Chamber of Commerce to announce the results of a study on the barriers faced by small businesses seeking to hire people off the welfare rolls. Alvarez will also announce that small businesses counseled under the SBA's Small Business Development Company program had either provided or pledged to provide over 650 jobs for welfare recipients.

DEPARTMENT OF INTERIOR

- **Yellowstone Event:** On August 17, the Vice President will be the featured speaker at Defenders of Yellowstone Day which is part of the park's 125th anniversary celebration.
- **National Park Fees:** In August, NPS expects to release the initial funds raised by the fee demonstration program, that you authorized in 1996. The fee demonstration program was originally projected to raise up to \$32 million this year for the National Park System. It is now projected that project revenues may exceed \$50 million.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Aid to Farmers:** On August 8, Secretary Glickman made emergency loans available to family-sized farmers in 33 counties in DE, MD, PA, VA and WV because of farm losses caused by the excessive heat and drought that began in July. He also authorized emergency haying and grazing of Conservation Reserve Program acres in MD, PA and VA.

- **Beef Recall:** On August 12, USDA announced that an AR meat processing company, Hudson Foods, is voluntarily recalling frozen beef patties contaminated with *E. Coli*. Since the beginning of July, fifteen persons in CO have become ill in an outbreak being investigated by the CO Department of Public Health and Environment and USDA.
- **Forest Fires:** Fire danger remains very high in AZ, CA, MN, NV, and WA. In CA, two fires have destroyed 53,000 acres on the Los Padres National Forest and firefighters have not been able to estimate a containment date. Elsewhere in CA, two fires have burned far lesser amounts on the Sequoia and Lassen National Forests. In AK, 51 large fires, involving 1.8 million acres, are burning.
- **Uninspected Meat Products:** On August 7, USDA announced that Zenner's Quality Meat Products, Inc., a Portland, OR, meat processing firm, has been fined \$20,000 and put on probation after pleading guilty to selling and transporting noninspected meat products in violation of federal law.
- **Illegal Aliens' Food Stamp Benefits:** On August 6, Food and Consumer Service officials met with GAO analysts preparing a report which shows that illegal aliens receive \$1.1 billion in AFDC/Food Stamp Program benefits on behalf of their citizen children.
- **Simplified Food Stamp Programs:** The welfare reform bill gives states the option to operate a Simplified Food Stamp Program (SFSP) for families receiving assistance under a state's Temporary Assistance for Needy Families program. To assist states in assessing the effects of its SFSP design on recipients and program costs, FCS has contracted with Mathematica Policy Research (MPR) to provide technical assistance to State agencies free of charge. Currently, eight States are working with MPR: FL, ND, NC, SC, AR, MD, WI and OH.

DEPARTMENT OF ENERGY

- **Minority Syphilis Testing:** A June 23 *U.S. News and World Report* article quoted former and current African-American and Hispanic employees at Lawrence Berkeley National Laboratory as saying they were selectively tested and retested for syphilis, the trait for sickle cell anemia, and pregnancy solely because of their race. The Laboratory conducted a preliminary review of medical testing protocols and reported that there was no evidence to support the allegation that these tests were targeted at minorities. DOE is working with Representatives Dellums, Waters and Towns to resolve their concerns about comprehensive medical testing at DOE's National Laboratories.
- **Russian Plutonium:** On August 19, DOE officials will meet with representatives of the French government regarding international cooperation on the disposition of stockpiles of surplus Russian plutonium. Cooperation could involve French-German-Russian plans to build a pilot plant in Russia to produce fuel from weapons plutonium and a related U.S.-

Russia effort for a system to convert weapons plutonium to forms suitable for international inspection or disposition.

- **Gasoline Price Increase:** The U.S. average retail gasoline price increased 2.3 cents during the week ending August 4 to \$1.193. This is the largest one-week price increase for 16 months. Over the last month, New York Harbor spot prices have increased 13.7 cents from 55.53 cents to 69.23 cents. Surprisingly strong demand in July, outpacing even relatively high production and imports, tightened gasoline market balances, driving inventories back to low levels.
- **Clean Cities:** On September 4, Houston, TX, will be joining the 50+ cities already designated under DOE's Clean Cities Program. The Program works with community leaders to advance the use of alternatively-fueled vehicles in government and private fleets, and to provide support through assistance with infrastructure and expertise.

DEPARTMENT OF EDUCATION

- **CA University Admissions:** Secretary Riley plans to respond to a letter from Senators McConnell and Hatch regarding DOEd's Office for Civil Rights (OCR) investigation of the University of California's (UC) graduate admissions. The letter will explain that OCR is not investigating UC's decision to discontinue affirmative action, but the lack of minority representation in the incoming classes of UC's law schools. The Senators had requested that OCR's investigation cease and asked DOEd to provide an explanation of the legal and constitutional analysis underlying OCR's decision to investigate UC.
- **National Tests:** On August 13, The *Washington Post* ran an op-ed piece by Representative Goodling outlining the Congressman's objections to your proposals for voluntary national tests in reading and math. DOEd staff are preparing a response from Secretary Riley.
- **Title IV Aid:** ESPN has recently reported on a national project begun by DOEd's Office of Inspector General (OIG) to review the use of Title IV student aid funds within college athletic programs. OIG developed the program after the successful conclusion of an investigation at the University of Miami where approximately 80 student athletes, assisted by an employee of the athletic department, fraudulently received Pell Grants totaling approximately \$220,000. The problem may be widespread. The ESPN report inaccurately indicated that 22 schools are being examined; in fact, OIG has not released the number of schools under examination.
- **UPS Strike:** The strike against UPS is causing serious delays in delivery of textbooks to colleges and schools just before the beginning of the school year. The president of a national organization representing university mail services wrote to Secretary Riley urging him to encourage you to help resolve the strike as quickly as possible.

- **Baby Boom Echo:** On August 21, Secretary Riley will hold a press conference to announce the annual report on school enrollments, which will document the continuing explosion in student enrollment. The nation will set a new enrollment record this year of 52.2 million students.
- **Early Childhood:** The Corporation for Public Broadcasting will release a new DOE-funded video, *The First Years Last Forever*, describing new brain research findings and how they relate to early development and learning. The video, which is targeted to new parents, will be distributed to 120 public television stations with a potential reach of 90 percent of the nation.

ENVIRONMENTAL PROTECTION AGENCY

- **Champion Paper Mill:** Negotiations aimed at addressing the impact of discharges into the Pigeon River from the Champion Paper Mill in NC will continue through August. EPA hosted several meetings in July with stakeholders to discuss proposed settlement options. The settlement framework is intended to satisfy the public health concerns of the citizens of TN and fulfill NC's economic needs.
- **Environmental Program Standards:** EPA and the Environmental Council of the States (ECOS) have reached agreement on a set of Core Performance Measures which will be used to measure the performance of environmental programs. Administrator Browner and ECOS President Harold Reheis are expected to sign the agreement this week. This is the first time in EPA's twenty-five year history that the Agency and the State Environmental Commissioners have agreed on a common set of core measures.
- **Cities Ozone Reclassification:** In actions unrelated to the newly promulgated ozone standard, EPA is likely to "bump-up" the classification of several cities not currently meeting requirements under the Clean Air Act of 1990. Three cities--Phoenix, AR, Santa Barbara, CA and Dallas, TX--would be reclassified to a "serious non-attainment status." The Agency is also reviewing data from St. Louis and the San Francisco Bay area for possible reclassification.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Medicare Fraud Grants:** Next week, the Administration on Aging plans to announce the award of fifteen cooperative agreements totaling \$750,000 to fifteen states in support of state activities to enhance prevention of fraud, waste and abuse in the Medicare and Medicaid programs. The purpose of these projects is to expand the success of the anti-fraud and abuse efforts of HHS under Operation Restore Trust. The demonstration projects will include various collaborative efforts with local agencies to train volunteers, apply technology and distribute information in an effort to detect and reduce waste.

- **Medicare Payments Suspended:** On August 8, the Health Care Financing Administration authorized Blue Cross and Blue Shield of FL to suspend payments to all Florida Sunshine Rehab providers. Sunshine Rehab is a chain of 47 providers of outpatient rehabilitative services and community mental health centers. Problems include billing irregularities and duplicate billing using different provider numbers. The suspension is immediate because HHS believes it will be difficult, if not impossible, to recover the overpayment. The provider has not yet received a copy of the suspension.
- **ARKids First Program:** In the next week, HCFA expects to approve the ARKids First Medicaid demonstration program. On August 7, a complete draft of the terms and conditions of the 1115 waiver was sent to the State for the ARKids First Program. Final negotiations will take place this week.
- **MA Medicaid Expansions:** On August 8, Acting Governor Cellucci announced a further proposal to expand the Medicaid program, differing from former Governor Weld's position opposing Medicaid expansions. The expansion will cover all children under 19 for families with incomes up to twice the official poverty level. This expansion, which will require legislation, is the result of the budget bill you signed last week.
- **MD Fish Kills:** Senators Mikulski and Sarbanes have made a written request to the CDC to provide expertise and laboratory resources to MD's Pocomoke River investigations of a recent fish kill and purported human health problems that may be associated with a toxic alga, *Pfiesteria piscicida*. MD has a team of physicians and health professionals reviewing reported health related problems. Discussions between CDC and MD health officials are continuing.

VETERANS

AIRS

- **Women Heart Attack Victims:** A study of 677 patients, about one-third of them women, found that women who had survived heart attacks were treated differently and less aggressively than men. The study also concluded that although women recovering from a heart attack visited physicians more often than men, they were less likely to undergo diagnostic procedures or treadmill stress tests.
- **American Indian Veterans:** From August 24-29, VA will hold its fifth training session to prepare VA employees to understand and work more effectively with American Indian veterans. The cultural sensitivity training project is an opportunity for VA employees to improve their customer service standing among Native American veterans.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Southwest Border Events:** On August 22, Director McCaffrey will travel to the U.S.-Mexico border to assess drug interdiction efforts, visiting TX, NM, AZ, CA and Mexico. The Director will be accompanied by Congressmen Reyes, Bonilla and Filner.
- **Regional Drug Cooperation:** On July 18, Director McCaffrey chaired a meeting to discuss the development of an Administration position to enhance regional drug cooperation and the strategy for working the issue with Congress. The State Department will take the interagency lead in drafting the September 1 report to Congress on expanded hemispheric cooperation, promised by you in correspondence to Senators Feinstein and Coverdell.
- **Summit Meetings:** On August 14-15, a U.S.-Central America Ministerial-level conference on law enforcement and drugs, co-hosted by Attorney General Reno and Director McCaffrey, was conducted in Washington, DC. Eight countries attended: Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Panama, and Nicaragua.

SOCIAL SECURITY ADMINISTRATION

- **Enhanced Social Security Card:** The Welfare and Immigration Reform Acts of 1996 require that SSA report to Congress on the development of a prototype counterfeit-resistant Social Security card by late August or early September. The report, currently under review by OMB, includes information on the cost, feasibility and workload implications for reissuing cards and imposing user fees.

UNITED STATES INFORMATION AGENCY

- **Bosnia Polling:** A poll conducted in mid-July, largely before President Biljana Plavsic's ouster from the governing SDS, shows that Plavsic and Krajisnik (Karadzic ally) attract equal support from the Bosnian Serb public and that nearly all Bosnian Serbs intend to vote in municipal elections. The survey also shows that few Bosnian Serbs believe the issues of war criminals and refugee return will impact the elections. Currently, the SDS is favored over other parties among the public.
- **Olympic Bombing:** Working in cooperation with the Agency's policy office, the Information Bureau put on the *Washington File* and Counter-terrorism web-page a story about an FBI request for photographs and videotapes that might be useful in solving the 1996 Olympic Centennial Park bombing in Atlanta, GA.

cc:

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Ron Klain
Rahm Emanuel
Melanne Verveer
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Doug Sosnik
Craig Smith
Mickey Ibarra
Maria Echaveste
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