

10-11-98

THE WHITE HOUSE
WASHINGTON

October 10, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Education -- Charter Schools Legislation: The Senate approved bipartisan charter schools legislation on Thursday by voice vote, and we expect the House to pass the identical bill prior to adjourning. As you know, the bill (which we had a substantial hand in drafting) would amend the federal charter school grant program to (1) encourage states to issue more charters; (2) give charter schools greater flexibility while ensuring that they meet performance goals; (3) provide for charter schools to receive their fair share of funding from federal education programs; and (4) promote ways for high-performing charter schools to help revitalize other public schools.

2. Education -- Vocational Education Legislation: Congress passed the Carl D. Perkins vocational education reauthorization bill on Thursday. The bill is the third and final piece of legislation -- following the workforce investment act and adult education act -- carrying out your "G.I. Bill for Workers" proposal. The bill consolidates numerous existing programs and set-asides into a single grant to states that combines flexibility with strong accountability mechanisms. Consistent with your general approach on education issues, the bill focuses on ensuring that students meet high standards (both technical and academic) by requiring states to develop a standards-based plan and to use their new funds to implement it. In addition, the bill specifically allows vocational education funds to support School-to-Work and "Tech-Prep" activities.

3. Education/Crime -- White House Conference on School Safety: You are scheduled to host the White House Conference on School Safety on Thursday. Other participants in the Conference include the Vice President, the First Lady, Mrs. Gore, experts in education and youth violence, community leaders, teachers, parents, and students. The conference will be downlinked by satellite to almost 600 locations -- including Jonesboro, Paducah, Pearl, and Springfield -- and will be cybercast over the Internet.

In addition to releasing the first Annual Report on School Safety, you can announce at the Conference: (1) a plan to create a Federal School Crisis Response team, which will assist local communities in much the same way that FEMA assists communities in response to natural disasters; (2) a plan to overhaul the Safe and Drug-Free Schools program so that it targets funds to communities with the greatest need, rewards the use of proven practices,

and requires schools to provide school safety report cards to parents and the public; (3) a set of grants totaling \$60 million to provide 2,000 school safety officers to schools with serious crime problems; (4) a commitment to trace all firearms recovered in schools to their sources; (5) a demonstration program, with coordinated funding from the Departments of Education, Justice, and HHS, to help schools, law enforcement, mental health agencies, and community groups to develop and implement coordinated, community-based efforts to address school safety and youth violence problems; (6) a commitment by four retailers (K-Mart, Walmart, Dockers/Levi Strauss, and JC Penney) to give back a percentage of their profits from the sale of school uniforms to schools to develop comprehensive school safety plans; and (7) a year-long public awareness campaign by MTV focusing on the problems of and solutions to school and youth violence.

4. Children and Families/Welfare Reform -- Human Services Act: Congress passed the Human Services Reauthorization Act on Thursday. The bill reauthorizes Head Start (with a number of improvements we recommended), as well as LIHEAP and the Community Services Block Grant. Perhaps even more notably, the bill also includes the first-ever authorization for individual development accounts, which you long have promoted as a critical component of comprehensive welfare reform.

5. Housing/Welfare Reform -- Welfare-to-Work Housing Vouchers: Congress approved in the VA/HUD appropriations bill your full request for 50,000 welfare-to-work housing vouchers. These new housing vouchers are the first ever to be linked to welfare reform, which is probably why Congress approved them. (Prior to this action, Congress had not approved a real increase in housing vouchers for four years.) The new vouchers present an exciting opportunity to improve how local welfare, employment, and housing agencies work together. We are working with HUD on ways to highlight the availability of these new vouchers.

6. Welfare Reform -- Welfare-to-Work Partnership Survey: The Welfare-to-Work Partnership's second annual survey of businesses, released last week, shows continuing success in the employment of welfare recipients and some remaining challenges. The survey shows that welfare recipients hired by Partnership companies earned an average starting wage of \$7.20 per hour, which is comparable to other entry level hires. About 76 percent of these recipients held full-time positions and 24 percent held part-time jobs, which also is comparable to non-welfare entry-level hires. Perhaps most striking, the Partnership companies promoted former welfare recipients at a significantly higher rate than is usual for non-welfare entry-level hires. According to the survey, the companies reported child care and transportation as significant barriers to hiring and retaining welfare recipients, but only about one-third offered services to overcome these barriers. The survey also found that non-Partnership companies are hiring former welfare recipients at an active rate: one-quarter had hired someone off welfare in 1997 and one-third expected to hire someone in 1998.

7. Tobacco -- CDC Report on Youth Smoking: The Center for Disease Control released a study on Thursday showing that between 1988 and 1996, the number of children who become regular smokers increased by 73 percent. This increase resulted in an additional 1.5 million children becoming regular smokers over the eight year period. The study also showed that in 1996 alone, 1.8 million Americans became regular smokers, of whom 66 percent, or 1.2 million, were under the age of 18. This means that in 1996, about 3300 young people became regular smokers each day; as you know, about one-third will die early as a result.

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THE WHITE HOUSE
WASHINGTON

January 7, 2000

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

1. **Crime - Meetings With Gun Industry.** This week, we had preliminary meetings with two groups from the firearms industry. First, we met on Thursday with leaders of the National Shooting Sports Foundation, who represent the manufacturers, to set the table for formal talks in Las Vegas on January 21. Not surprisingly, they voiced disdain for certain demands made by the cities and states that have brought suit - in particular, the demand that an independent third-party monitor be created to enforce compliance with any settlement. The manufacturers contend that ATF suffices as a monitoring body, but as we will detail elsewhere, that claim is not very well founded in fact. We also met Thursday with representatives of a new organization of gun dealers, the National Coalition of Retail Firearms Dealers. This group is somewhat at odds with NSSF, as a matter both of personalities and policies. The dealers, for instance, are perhaps more willing than manufacturers to agree to gun show restrictions; the manufacturers, on the other hand, might prove more willing than dealers to agree to sanctions against "bad apple" retailers. The entry of the dealers into these discussions complicates the picture, though in ways that may prove advantageous to us. We will meet with the cities and states this coming week to align our positions going into the January 21 round.

2. **Native Americans - Trust Case Ruling.** You asked about the status of the class-action trust fund case that was recently reported in the New York Times. In December, a federal district court ruled that the Interior Department had violated its trust responsibility to Native Americans by failing to keep accounts of income due them from such sources as leases and mineral royalties on trust lands. On Monday, the United States appealed, arguing that the court had overstepped its bounds and that Interior should first have been permitted to determine how to meet its accounting duties before the court intervened. In the meantime, Interior is preparing a plan to sort out the correct account balances, and will announce its plan in March.

3. **Education - Standards Report.** The Thomas B. Fordham Foundation released a controversial report this week evaluating state education standards. The report cited only Texas, North Carolina, South Carolina, California and Alabama as exemplary and declared that 21 states were "irresponsible" because their standards did not have sufficient rigor, clarity and content. Critics of the report pointed out that several of the states that were cited as "exemplary" have dismal scores on the National Assessment of Educational Progress, and that many of the states cited as "irresponsible" perform well on the NAEP and other standardized tests. The

They want to know if this is a good idea - if we can't do it ourselves, we should be going to the states. Main thing here is not the law, but going right by the states. National Association

As to what the progress of the states is, we need to look at the NAEP and other standardized tests. The states cited as "irresponsible" perform well on the NAEP and other standardized tests. The

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report did note considerable progress in making standards more content-based and specific. Overall, the report gave the states an average grade of C-, up from a D+ in 1998.

4. Education – Governors Davis and Pataki Announce Education Plans. In their State of the State addresses this week, Governor Gray Davis and Governor George Pataki both unveiled agendas focused on education and teacher recruitment. Pataki offered a plan that would: cover tuition for students in New York public colleges who agree to teach for four years in public schools with teacher shortages; provide tuition assistance to help uncertified teachers achieve certification; and allow professionals from other fields teach without having to meet current requirements. He also highlighted measures to improve school safety and raise standards. In California, Davis proposed cash bonuses, scholarships and down payments on houses for teachers who agree to teach in weaker schools. He also proposed \$30,000 bonuses for teachers who achieve National Board certification, as well as a range of steps to expand preschool access, wire classrooms, and reward students who score well on state and Advanced Placement exams with college scholarships.

Honey

Should consider
Mentoring program
Mentor in South - maybe
have Gray Davis in the back

THE PRESIDENT HAS SEEN
12-30-99

THE WHITE HOUSE
WASHINGTON

December 17, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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1. Crime – Update on Gun Negotiations. We have begun to engage various parties in the settlement talks and want to keep you updated. This week we met with representatives of most of the cities and counties that have filed suit against the gun manufacturers. Our message to this sprawling group was the importance of solidarity, and they were roundly supportive of our involvement. We also discussed strategy with the Attorneys General of New York and Connecticut, Eliot Spitzer and Richard Blumenthal, who have led the slow-moving talks to this point and who will be working with us as we push things forward. (We are meeting with Stan Chesley on Monday). Our plan is as follows: we are working now to hone a common “wish list” of remedies that we, the cities, the states and others on our side can bring into the settlement talks; on January 6, Robert Delfay, the lead industry negotiator, will come to the White House for a preliminary visit; on January 21, we will meet the manufacturers at the annual Shot Show in Las Vegas for a round of substantive talks; and sometime in the middle of January we may also meet informally with manufacturers to lay the groundwork for the Las Vegas round. None of this information is yet public. On a separate track, we met with this week with John Podesta and Administration staff to lay out our legislative and regulatory agenda on gun control and enforcement. We have a series of announcements in queue, beginning this weekend with a new budget initiative for ATF on ballistics, that will serve both to fortify our negotiating position and to frame public debate on our terms as talks with the industry get underway.

2. Education – Civil Rights Investigation of Chicago Social Promotion Policy. You asked recently about a federal civil rights investigation of the Chicago Public Schools social promotion policy. In October, the Education Department’s Office of Civil Rights (OCR) received a complaint from an advocacy group alleging that Chicago’s policy discriminates on the basis of race and sex and violates Title VI and Title IX. The complaint alleges that Chicago uses the Iowa Test of Basic Skills (ITBS) as the sole criterion for promoting students to the 4th, 7th and 9th grades; that this has a disparate impact on African American, Latino, and male students; and that CPS is using the test in a manner that the test’s makers deem inappropriate. OCR is now gathering information on the allegations, but has determined already that the Title IX claim has no factual basis. Chicago maintains that it takes into account factors other than ITBS scores, such as grades and attendance. The plaintiffs contend that those other factors never mitigate poor scores. While we cannot influence the course of this investigation we are monitoring it closely. The social promotion policy in your Education Accountability Act requires multiple measures, not scores from a single test, for promotion decisions.

What they are doing in Chicago is good -- they need to keep high numbers of low learners going to summer school!

What they are doing in Chicago is good -- they need to keep high numbers of low learners going to summer school!

** Good*

3. Health Care – Partial Birth Abortion and Organ Trafficking. Kate Britton recently wrote to you about partial birth abortion, and you asked two questions about her letter. First, you asked about fetal tissue trafficking. Britton cites an article in the *Wanderer* claiming that women are coerced into having abortions so that fetal tissues and organs can be sold to NIH-funded laboratories. This is simply not accurate. Selling body parts or human tissue is illegal, and NIH would not sanction or fund the types of activities described in the article. Second, you asked about Britton's claim that "the vast majority of partial-birth abortions are performed in the 5th and 6th months of normal pregnancies and are completely elective, that is, not associated with maternal or fetal risk." According to a survey by the Alan Guttmacher Institute, the majority of these procedures are indeed performed in the 5th and 6th months of pregnancy, but we do not have good data on the associated risk level. Your position on this procedure is clear: you would sign a ban of late-term abortions if there were an appropriate exception to protect the health and life of the woman. You have consistently opposed the cases Britton objects to – procedures that are "completely elective." We will help draft an appropriate response.

4. Health Care – Update on Gene Patenting. Following your Millennium Meeting on genetics, the NIH met with the Patent and Trademark Office to discuss growing public concerns about PTO's liberal approval of patents for gene sequences. From the NIH's point of view, such patents severely limit research and development on the genetic underpinnings and treatments of disease. (As you know, there is also considerable debate whether intellectual property monopolies over genetic material should ever, as an ethical matter, be granted). As it happens, PTO is now developing new guidelines for the genetic patent approval process. Under the current draft guidelines, PTO would not grant patents for short genetic sequences that have no known function, but would approve patents for sequences when: 1) a specific function for the sequence has been determined, such as its role in disease development or its use as a diagnostic; or 2) general information about the sequence's location or potential function has been identified. The NIH, while pleased that PTO would refuse patents for sequences with no known function, is troubled that sequences for which merely general information is known could be patented. Indeed, many in the consumer and scientific advocacy communities would prefer to permit patents only for those sequences that are linked to a new diagnostic use or treatment intervention. The final guidelines are subject to an OMB review, and we will work closely with OMB and others to build in more protections against premature application of patents.

↳ Podesta

*Important issue
WH is right about this*

Podesta

*Important issue
NIH is right
about this*

THE WHITE HOUSE

WASHINGTON

September 17, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

9-20-99

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1. Crime – Texas Shooting Update: ATF has traced two handguns carried by the gunman in the shooting Wednesday at Wedgwood Baptist Church in Fort Worth. According to trace information and news reports, the AMT .380 caliber handgun and Ruger 9-mm semiautomatic handgun were sold to the gunman, Larry Ashbrook, by federally-licensed dealers at a 1992 gun flea market in Grand Prairie, TX. It has been reported that Ashbrook had a 1971 conviction for marijuana possession and no history of treatment for mental illness.

2. Crime – Juvenile Justice Bill Conference: Representatives Hyde and Conyers have been meeting this week but remain unable to reach agreement on key gun provisions. We have seen a draft of a possible Hyde compromise proposal on guns, which contains flawed provisions on gun shows (including a flea market exemption) and large capacity ammunition clips, but acceptable language on child safety locks and juvenile Brady requirements. House Republicans also are insisting on their Ten Commandments provision. The conferees may meet next week.

3. Campaign Finance – Update on Reform Bills: By a vote of 252-177, the House on Wednesday passed the Shays-Meehan bill, which bans federal soft money and expands the definition of “express advocacy.” Senators McCain and Feingold on Thursday then introduced a stripped-down version of their bill that includes only a soft money ban, in the hope that such a bill could secure enough votes to prevent a filibuster. Common Cause and other groups have signaled their willingness to support this strategy. Our judgment, however, is that it is premature to abandon the wider-reaching reform package just passed by the House. To ensure that we preserve some leverage in the event of a House-Senate conference, we recommend that you continue to support Shays-Meehan and the more comprehensive version of McCain-Feingold.

4. Health Care – Patients Bill of Rights Update. Speaker Hastert announced Friday that the House will vote on both Norwood-Dingell and Coburn-Shadegg the week of October 4. The leadership will likely attempt to focus the debate on “right to sue” issues. With this in mind, we are encouraging Representatives Norwood and Dingell to join with groups opposed to Coburn-Shadegg in a more aggressive critique of that bill’s inadequate enforcement provisions. We also are tentatively scheduling an October 12th address to a national conference of pediatricians who strongly support the Administration’s legislation. At this event, you would unveil a new regulation that applies the Patients Bill of Rights to every CHIP plan in the country.

Need to
Under something
to feel about
~~permeability~~

5. Health Care – Ads by Pharmaceutical Manufacturers Association (PhRMA).

PhRMA has initiated what appears to be a \$30 to \$40 million dollar advertising campaign against your prescription drug benefit proposal. The ads, featuring an elderly character named Flo, charge that the Administration's drug benefit would limit access to necessary drugs, create incentives for private plans to drop coverage, and inhibit investment in research and development. Although independent experts and advocacy organizations have repudiated these charges, there has not yet been a coordinated effort to counter the campaign. A number of aging organizations plan to picket PhRMA headquarters and declare that the group does not represent the best interests of the elderly. Next week, we will also meet with representatives of the drug industry to reiterate our request that they pull the ads. A number of them reportedly believe it was a mistake to criticize your plan directly. We will keep you apprised of developments.

8. Education – ACHIEVE Summit: Lou Gerstner and ACHIEVE are hosting an

education summit on September 30th and October 1st in Palisades, NY, like the one you attended in March 1996. They are expecting over thirty Governors, over thirty CEOs, Secretary Riley, Bob Chase, Sandy Feldman and other key education leaders to attend. They have invited you to be the keynote speaker on the afternoon of September 30th, but your schedule makes it very difficult for you to attend. (You already have a major news announcement that morning of Census Bureau figures on income and poverty, and you leave the next morning for a Western swing). We do not yet know whether Governor Bush is going, but the summit will attract substantial press coverage, with 400 reporters expected. That week also marks the tenth anniversary of the Charlottesville summit.

7. Education – ESEA Reauthorization Update: The House Education and Workforce

Committee is planning to mark up Title I legislation by the end of this month. On the Senate side, Senator Jeffords is still drafting a comprehensive ESEA bill. Senator Lieberman is also planning to introduce an ESEA bill later this month that will include your class size initiative and accountability measures but will consolidate many ESEA programs and focus the money more heavily on impoverished school districts.

8. Tobacco – Synar Amendment: In 1992, Congress enacted the Synar Amendment to require states to make progress in reducing tobacco sales to minors. This year, for the first time, HHS has made a preliminary finding that seven states (DE, IA, MO, MN, OR, RI, WY) and the District of Columbia have failed to meet their targets, making them subject to a statutory 40 percent cut in their Substance Abuse Prevention and Treatment block grant. Secretary Shalala has called the governors and members of Congress from those states to notify them and to describe the appeals process. She has also indicated the Administration's willingness to work with Congress to pass a more graduated penalty. As you may recall, we made similar changes to state child support enforcement penalties last year. Senator Durbin is drafting a promising alternative that would 1) modulate the penalty depending on how much of the target was met, while 2) raising the required rate of retailer compliance from 80 to 90 percent by 2008. We hope to add a legislative fix to the SAMSHA reauthorization bill now pending in the Senate.

9. Tobacco – Bidis: You asked whether there was anything we could do about "bidis," the small, cheap and often flavored cigarettes that are growing in appeal among the young. Currently, the FTC considers bidis cigarettes, requiring that the Surgeon General's health

9-20-99

warnings appear on packages and in advertising, but many retailers and importers are unaware of this. We could direct the FTC to notify all tobacco importers of the status of bidis and of the warning requirements. Bidis containing tobacco are also considered cigarettes by the Treasury Department and are taxed as such. Businesses that import them will have to apply for an importer's permit before January 1; this will help us track the volume entering the country. The Food and Drug Administration (FDA) is also examining bidis and evaluating whether they fall under the "drug and device" regulatory standard. The agency is unlikely to act, however, while the Supreme Court is reviewing its jurisdiction over tobacco products.

10. Violence Against Women – House Republican Fetal Protection Legislation: On a party-line vote, the House Judiciary Committee on Tuesday passed H.R. 2436, the "Unborn Victims of Violence Act of 1999," which would make it a new and separate federal offense to kill or injure "a child in utero" by assaulting or injuring a pregnant woman while committing certain federal crimes. (It specifically exempts abortions). The bill, sponsored by Canady, Graham and Chris Smith, is a clever, thinly veiled attempt to treat a fetus of any age as a life under federal law. The Department of Justice advised that the bill was not unconstitutional, but sent a letter to the Committee articulating the Administration's opposition. We are working with House Democrats to devise a strong substitute that would call for tougher penalties for crimes against pregnant women and additional protections from violence against women. There is no similar bill pending in the Senate.

11. Welfare – Out-of-Wedlock Birth Bonus: Last week, HHS awarded the first bonus funds under the 1996 welfare reform law for the five states with the largest decrease in out-of-wedlock births (and an accompanying decline in abortion rates). California, D.C., Michigan, Alabama, and Massachusetts each received \$20 million. Altogether, 12 states experienced a reduction, and the national rate held constant over the four-year period measured by the bonus.

12. Welfare – Initiatives to Address Poverty: In response to a recent Chicago Tribune story, you asked us to gather information about your anti-poverty initiatives and the trips you have made to poor communities. We are working with NEC to update and expand a set of documents prepared as part of your first New Markets tour. These documents highlight the Administration's accomplishments on behalf of poor communities and families, as well as the initiatives we continue to fight for (including EZ/ECs, CDFI, EITC, CHIP, Head Start, minimum wage, New Markets, child care, and Welfare-to-Work). We can release this information in conjunction with new Census data on poverty and income due September 30th. We will make sure the Tribune reporter and others receive this information.

13. Immigration – English Language/Civics Education Initiative: On Thursday, White House and Education Department officials met with education, literacy, immigration and civil rights groups to discuss your English Language/Civics Education Initiative. This initiative, which the Administration's FY 2000 budget funds at \$70 million, would help communities combine ESL programs with civics and life skills instruction, to help ensure that adults with limited English proficiency get the tools they need to enter American life. The groups were very supportive and intend to advocate for funding of this initiative.

THE WHITE HOUSE
WASHINGTON

July 16, 1999

7-19-99

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
SUBJECT: DPC Weekly Report

1. Education – Republican Teacher Block Grant: The Republican's "Teacher Empowerment Act" could come to the House floor as early as next week. This bill, sponsored by Goodling and McKeon, would consolidate Goals 2000, Eisenhower, and class size into a \$2 billion grant program that states and schools districts could use to fund professional development, recruitment, merit pay, tenure reform, class size, or other purposes related to teacher quality. Secretary Riley sent a letter in committee threatening to recommend that you veto this legislation, largely because it does not include a dedicated funding stream for class size reduction, would not guarantee any spending on class size reduction, eliminates any focus on the early grades or on a target of 18, and weakens our provisions to target money to low-income areas. In committee, Democrats unanimously supported a substitute similar to your proposal, but two Democrats (Roemer and Holt) then crossed over to support the Republican bill.

On Thursday, we met with Gephardt and other House Democrats in an effort to unite the caucus in voting for a class size amendment and against the Republican bill. Most Democrats will side with us on a class size amendment, but many Democrats – led by Roemer and George Miller -- are afraid to vote against a teacher quality even if it cuts class size. Although this bill is unlikely to reach your desk—or even come up in the Senate—we are trying to get a veto-proof margin so that it doesn't undermine our position in appropriations. We are working with Gephardt, Bonior, the teachers union, and the civil rights community to try to bring Democrats around. We plan to send a letter from you Monday threatening a veto if the class size issue is not resolved.

2. Guns – California: On Monday, Governor Davis is expected to sign into law two major gun bills. The first bill, which passed this week, establishes broad new controls on semiautomatic weapons and large capacity ammunition magazines. The bill bans semiautomatic weapons that hold more than 10 rounds or can be readily concealed; prohibits the manufacture, import, or sale of any large capacity ammunition clip; and requires individuals who own guns covered by the bill to register their weapons with law enforcement within one year. The second bill – passed earlier in the legislative session -- restricts handgun sales to one per month statewide. This will make California the fourth state to adopt the ~~one a month limit on~~ handguns.

3. Crime – Statistics: On Sunday, the Justice Department will release the findings of the 1998 National Crime Victimization Survey (NCVS). The NCVS will show that violent crime fell another 7 percent last year, and that it has now dropped 27 percent since you took office in 1993. Property crime is down even further: 12 percent in 1998 and 32 percent since 1993. Every major crime category has now decreased significantly since 1993, and virtually every demographic category has experienced a drop in the rate of violent victimization—including a 42 percent drop for African-Americans. A statement from you criticizing Congressional efforts to shut down your COPS program and weaken our gun laws will accompany the release of these new statistics.

4. Crime – COPS: We are preparing a possible announcement for next week to highlight Congressional attempts to eliminate the COPS program. When the Senate takes up the Commerce-Justice-State appropriations bill (as early as next week), Senator Biden will offer an amendment to restore COPS funding. You could release over \$60 million in COPS grants to hire over 800 officers (including 200 for D.C.), and funds to hire 40 new federal prosecutors to take D.C.'s successful community prosecution program citywide – bringing attention to the community prosecutors initiative contained in the FY 2000 budget and your crime bill. Next Friday, the outgoing Inspector General is expected to release an audit of the COPS program that will criticize parts of the program, including officer redeployment, and spotlight local retention and supplanting problems. The Justice Department has been contesting many of the audit's fundamental assumptions.

5. Tobacco – Women's National Soccer Team: You might be interested in the "Smoke-Free Kids and Soccer" campaign launched by HHS and the U.S. Women's National Soccer Team to encourage girls to maintain physical fitness and resist pressures to smoke through soccer. The campaign includes television and radio commercials, posters, and other materials with pictures and quotes from team members (Co-captain Julie Foudy says "We'd much rather smoke a defender than a cigarette."). The materials were released in conjunction with the team's World Cup games and being widely distributed to youth soccer associations, local PTAs, and state and local health departments.

6. Health Care – Medicare Event Update: Next Thursday, you are scheduled to go to Lansing for an event to highlight Medicare reform in a town hall setting. We are targeting a wide range of beneficiaries and providers who can discuss the benefits of enacting your entire Medicare reform package in general and your prescription drug and preventive benefit package in particular. We plan on having a cross-section of age groups and incomes represented as well as pharmacists and other health care providers who can help personalize the importance of your reform package for both the short and long term.

7. Health Care – Other Medicare Developments: That same day, Secretary Shalala is scheduled to testify before the Senate Finance Committee on your Medicare reform proposal. As of this writing, we are still considering whether Secretary Summers also should testify in order to

discuss the importance of utilizing the surplus to stabilize the Trust Fund as well as to buy down debt. Earlier in the week, we hope to be able to release a report to highlight the importance of a prescription drug benefit that is accessible to all seniors. It will help highlight the fact that even those beneficiaries who currently have a drug benefit are seeing their benefits either eliminated or significantly reduced. Ironically, the same Republicans who have been criticizing your plan as inappropriately subsidizing wealthy seniors just passed a tax deduction for Medicare beneficiaries out of the Ways and Means Committee that will help offset the cost of drug coverage. Because it is a deduction, it benefits only higher income beneficiaries who file taxes, and leaves out millions of seniors (well over 40 percent) who have no taxable income and/or do not file taxes.

8. Health Care – Democratic Alternative Tax Package for Health Care: The Finance and Ways and Means Democrats are drafting health care tax incentive options to be included in their alternative tax packages. The Senate Finance Committee appears likely to include a tax credit for workers whose employers do not offer coverage to purchase health care in the individual market. It would likely be a 30 percent refundable insurance tax credit for single workers with incomes of \$20,000 or less and families earning less than \$40,000. We have encouraged Senator Breaux, the primary advocate of this credit, to include insurance reforms in his package to ensure the subsidies would be used only for insurance that is more meaningful, accessible, and affordable than that available in the current individual marketplace. In addition, the Finance Democrats would include an acceleration of the transition to the 100 percent self employed tax deduction by 2003. They have dropped your purchasing coalition tax credit and your disability tax credit, and reduced your \$1000 long-term care tax credit to \$250. They have also added a provision that provides for tax incentives for the purchase of some long-term care. The provisions related to long term care are highly unpopular with the long term care community and aging advocates, who believe anything less than \$1000 is virtually meaningless.

Ways and Means Committee Democrats seem much more interested in your tax credit as currently constructed but have not made a final decision on the health care provisions. We are developing a series of health care tax credit options for your and the Vice President's consideration. While they are unlikely to significantly increase coverage, a strong tax equity argument could be made for them, since individuals who purchase health insurance get no tax break while those working for a firm that provides health insurance get a deduction.

THE WHITE HOUSE
WASHINGTON

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October 30, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

✓ **1. Crime -- National Instant Criminal Background Check System:** The Justice Department will publish this week its final regulation implementing the Brady National Instant Criminal Background Check System (NICS or Instacheck). Under the NICS, which will go into effect on November 30th, the FBI and/or state points of contact will conduct computerized background checks of all prospective gun purchasers (not just handgun purchasers). Implementation of the NICS is a very significant accomplishment, capping your efforts first to enact the Brady Law, then to secure sufficient funds to improve state criminal history records, and most recently to thwart Republican attempts to undermine the efficacy of the Instacheck System.

✓ **2. Drugs -- Medical Marijuana:** General McCaffrey held a press conference last week stating the Administration's opposition to five ballot initiatives allowing the medical use of marijuana; he also released a letter from former Presidents Carter, Ford, and Bush taking the identical position. McCaffrey argued that these initiatives send the wrong message to children about marijuana and conflict with the federal drug approval process. Current polls indicate that such initiatives will pass in Alaska, Oregon, Washington, and the District of Columbia; the vote is too close to call in Nevada. In addition, voters in Arizona probably will vote down an initiative that would repeal a broad medical marijuana law passed two years ago.

✓ **3. Health Care -- Patients' Bill of Rights Event:** You are scheduled to lead a roundtable discussion with health care workers and patients on Monday that focuses on the need for a patients' bill of rights. We will downlink this event to patients' rights rallies led by Democratic candidates in congressional districts across the country. At the event, you will receive a status report from the Vice President outlining how the five federal agencies with primary jurisdiction over health care responded to your executive order directing them to ensure that their health plans come into compliance with the patients' bill of rights. This report will underscore that while the Republican leadership allowed patients' rights legislation to die, you took every possible action to implement these protections for the 85 million Americans in federal health plans. You will respond to the report by again calling on Congress to enact legislation to extend these rights to all Americans.

✓ **4. Health Care -- Pediatric Labeling Initiative:** We are pushing HHS and FDA to publish within the next two weeks a final regulation requiring manufacturers to test certain drugs for use in children and provide information to pediatricians on correct dosage levels. You announced the proposed regulation at an event with the First Lady last year, and pediatricians and advocates warmly applauded the action. (The American Academy of Pediatrics called it "one of the most important advances for pediatric drug therapy in several decades" and noted its special importance for treating children with AIDS.) Subsequent to your announcement, Congress included a provision in FDA reform legislation that provides short-term patent extensions to companies conducting these new pediatric tests. Although the legislation is fully consistent with our regulation (effectively providing some compensation to companies that must meet our regulatory requirement, as well as to companies that conduct pediatric tests voluntarily), the industry is arguing that Congress intended to negate our proposed rule and rely exclusively on incentives to promote voluntary testing. Because of this controversy, we decided to delay publication of the final rule until the Senate confirmed Jane Henney as FDA Commissioner. Now that the Senate has approved Dr. Henney, we and the First Lady's office want to move forward with the final regulation as soon as possible, perhaps even before Henney is sworn-in to her new position.

✓ **5. Welfare Reform -- New Jersey Family Cap Study:** New Jersey will release on Monday its latest evaluation of the State's family cap policy, which denies additional per-child benefits to welfare recipients who give birth while on the rolls. We understand that this report, prepared by Rutgers University researchers, will show a decrease in births and a small increase in abortions among families on welfare. Secretary Shalala sent you a memo about the draft Rutgers study in June, pointing out that both New Jersey and HHS had serious concerns about its methodology. The Department is still reviewing the latest study, but its preliminary appraisal is that the Rutgers researchers have failed to address many of these methodological questions; in particular, HHS is concerned that the study does not control sufficiently for other factors that could affect the rate of abortions. A total of 23 states have chosen to adopt a family cap policy since the passage of the welfare reform law, up from 15 states that implemented this policy through welfare waivers.

THE PRESIDENT HAS SEEN
10-28-98
98 OCT 28 PM 5:55

THE WHITE HOUSE
WASHINGTON

October 23, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

RE: DPC Weekly Report

1. Education -- Class Size Reduction: To ensure that we capitalize on your victory on class size reduction, the Vice President and the Education Department released state-by-state figures showing the funding levels and estimated number of new teachers to be hired with the \$1.2 billion in the omnibus appropriations bill. The Education Department has provided members and the press county-level funding numbers as well. In addition, we have distributed widely the attached chart showing that the final class size reduction agreement comes very close to your original proposal.

2. Education -- After School Programs: We are working with the Education Department to determine if it will be possible to award a portion of the \$200 million in new after-school program grants to cities such as Boston and Chicago which didn't make the cut this past year. The remainder of the funds would be used to fund a new competition, with grants to be awarded in the spring. Making some awards now would give us an opportunity to take credit for our victory and would allow students to participate in after-school programs during this school year. However, in order to take this step, we must make certain that the awards will be made consistent with new report language in the appropriations bill directing the Education Department to target the funds to communities with high poverty levels, high juvenile crime and low academic achievement.

3. Health Care -- Final Report on Federal Compliance with Patients' Bill of Rights: Late next week, you are scheduled to release a report showing that while the Congress failed to pass a Patients' Bill of Rights, you have taken action to implement these protections for the 85 million Americans in Federal health plans. Last February you issued an Executive Memorandum directing the five Federal agencies with jurisdiction over health care to come into compliance with the Patients' Bill of Rights. This report details the steps those agencies have taken to come into compliance. You can also reiterate your strong commitment that passing a Patients' Bill of Rights that guarantees these protections for all Americans will be one of your top priorities in the next Congress.

Can we
use or
release
this to
unify
Bridget
Therap
Luis Chao's party also?

4. Health Care -- AIDS/Congressional Black Caucus (CBC) Event: Next Wednesday, at Rep. Waters's request, you will take part in an event with the CBC to celebrate the \$130 million budget increase targeted to HIV/AIDS for minorities. African-Americans represent 44 percent of all new HIV/AIDS cases. Securing new targeted funding for minorities through a range of programs -- including new investments in prevention, women and children, and substance abuse -- was the top priority for the CBC in the budget. They are thrilled they received their full request and greatly appreciate the Administration's efforts in fighting for these increases. They are also pleased that there were significant increases in funding for Ryan White, as well as a new commitment to pay for programs designed to reduce health care disparities among the minority populations.

5. Health Care -- Safeguarding Medicare Beneficiaries who Lose HMO Coverage: On Friday, HCFA released a letter to state insurance commissioners outlining the rights of Medicare beneficiaries who have been involuntarily terminated from Medicare HMOs to access supplemental "Medigap" insurance. The letter made clear that insurers must provide such beneficiaries access to certain Medigap plans now offered regardless of health status, prior claims history, or medical condition. Although the letter will be well received by the aging groups (such as AARP), two issues will attract dissatisfaction from the disability community. First, because of concerns about adverse selection, the law does not give us the authority to mandate that Medigap plans with prescription drug coverage be guaranteed issued. Second, under current law we do not have the authority to require insurers not now offering Medigap plans to disabled Medicare beneficiaries to do so. As a consequence, in the 35 states that do not mandate offering Medigap to the disabled, disabled beneficiaries who were dropped from HMOs will not have guaranteed access to affordable Medigap plans. However, the HCFA letter does urge states to pass legislation to require a Medigap offering to the disabled. Moreover, you have been on record since last year as supporting bipartisan legislation in the Congress to require all insurers offering Medigap plans to seniors to also offer such an option to the disabled population.

6. Drugs -- Medical Marijuana: ONDCP and the Justice Department have tentatively scheduled a press conference early next week in D.C., at which General McCaffrey and Attorney General Reno will call on voters to reject medical marijuana ballot initiatives pending in six states (AK, AZ, WA, OR, NV, CO) and the District of Columbia. McCaffrey will urge voters not to change drug laws until scientific facts can confirm that the benefits of marijuana outweigh the risks. ONDCP also hopes to release a letter signed by former Presidents Ford, Carter, and Bush opposing these ballot initiatives.

7. Crime -- Law Enforcement: Last week, just prior to adjourning, the Congress passed legislation to provide college scholarships to the dependents of slain state and local law enforcement officers. You called on Congress to enact such legislation at last year's NAPO Top Cops event. Two years ago in a Rose Garden ceremony, you signed similar legislation, which provides scholarships to the children and spouses of slain federal law enforcement officers.

8. Immigration -- Budget Victories: The budget bill contains several significant achievements for your immigration agenda. We asked for and received a \$171 million increase to address the two-year backlog of pending naturalization applications at the INS. With help from the Hispanic Caucus, labor unions, and religious groups, we were able to delete provisions that would have reduced job opportunities, wages, and work standards for legal U.S. farmworkers by creating a new agricultural guestworker program. Finally, we were able to grant amnesty -- automatic eligibility to adjust to permanent legal status -- to approximately 48,000 Haitians who were paroled into this country after the 1991 overthrow of President Aristide or who applied for asylum prior to 1996. You temporarily suspended deportation of these Haitians last December and called on Congress to grant them permanent relief.

9. Immigration/Welfare -- Public Charge: The Justice and State Departments have agreed to issue guidance instructing INS inspectors and State Department consular officers to disregard prior or current receipt of Medicaid, CHIP, and/or Food Stamps when determining whether an immigrant is likely to become a public charge (unless an alien has received institutionalized care funded by Medicaid). In recent months, there have been documented instances of aliens being denied re-entry to the U.S. because they had received Medicaid and of aliens being told by immigration officials that receipt of Medicaid or Food Stamps could negatively affect their immigration status. Our goal is to have the new guidance issued by November 1st, when provisions which restore Food Stamp benefits to 250,000 elderly, disabled, and other needy legal immigrants go into effect.

10. Civil Rights -- EEOC: Your FY 1999 budget included \$279 million -- a \$37 million increase over the previous year -- to expand EEOC's alternative dispute resolution program and reduce the backlog of private sector discrimination complaints. The final budget fully funds your request, providing the first real increase for EEOC in several years.

CLINTON VICTORY ON SMALLER CLASSES WITH QUALITY TEACHERS

PRESIDENT CLINTON'S GOAL	ADMINISTRATION'S PROPOSAL	FINAL AGREEMENT IN OMNIBUS APPROPRIATIONS BILL	PRESIDENT'S GOAL MET
CLEAR PURPOSE	• Reduce class size to 18 in the early grades	• Reduce class size to 18 in the early grades	✓
FIRST STEP TOWARD HIRING 100,000 TEACHERS	• \$1.1 billion in first year • Help school districts hire more than 30,000 teachers in the first year of a seven year-initiative to hire 100,000 teachers	• \$1.2 billion in first year • Help school districts hire more than 30,000 teachers in the first year	✓
TARGETING NEEDIEST STUDENTS	• Targeted to high poverty communities using Title I formula	• Targeted to high poverty communities, with 80% of funds allocated by poverty and 20% by population count	✓
GETTING DOLLARS TO LOCAL SCHOOL DISTRICTS	• 99.4% of funds to local school districts • 0.0% for federal administration; 0.5% for costs to state of program administration and testing of new teachers; 0.1% for evaluation	• 100% to local school districts • 0.0% for federal administration; 0.0% for costs to state of program administration and testing of new teachers 0.0% for evaluation	✓
ENSURING TEACHER QUALITY	• Requires that local school districts spend at least 10% of funds on improving teacher quality • New teachers must meet state certification requirements • New teachers must pass state-selected competency test	• Establishes 15% cap for local school district expenditures on improving teacher quality • New teachers must meet state certification requirements • School districts may use funds for teacher competency tests	✓
ACCOUNTABILITY FOR RESULTS	• Must produce annual school report card to parents and the public on student achievement and class size	• Must produce annual school report card to parents and the public on student achievement and class size	✓

Preserve the Citizen Service Tradition

By STEPHEN E. AMBROSE

It is the nature of youth to want to explore. Youngsters yearn for challenge and new experiences and the sense of belonging to something larger than themselves. They are idealistic and want to advance their ideals through service.

It is one of the principle misfortunes of our time that we do not provide our 18- and 19-year-olds with enough opportunity to do these things, and it is one of the chief differences between America today and America a half-century ago. Then, service of some sort to the nation by the young was taken for granted, along with the notion that society would provide them with a place to serve.

In the Depression, it was the Civilian Conservation Corps, universally praised for the projects it undertook and completed and for the way it provided impoverished youngsters with a chance to serve, to travel, to get to know other young Americans from different backgrounds and parts of the country. In the Second World War and during much of the Cold War it was the armed forces, where millions of young Americans served. President John F. Kennedy tapped the same vein to create the Peace Corps. Today AmeriCorps is extending that tradition of citizen service, giving young people opportunity to serve their country here at home.

The generation of Americans now in retirement faced and overcame great challenges, starting with the Depression and including the Nazis, the Japanese militarists, and the Communists in Korea, Vietnam, and the Soviet Union. The challenges of today are not so clear, or terrifying, or dramatic. Nor are they as unifying: During World War II, a popular saying, used to respond to a complaint about this or that shortage, was "We are all in this together." Today's youth have never had that feeling. They have missed the experience of work-

ing together for a common goal as much as they have missed the chance to serve others.

It seems to me that one of the great things that came out of World War II, and to a lesser extent out of Korea and even Vietnam, was the way in which millions of young men learned to work together, to take responsibility, to become part of a team. They learned, too, to savor deferred



CCC workers near Camp Au Sable, Mich.

gratification, and to take pride in contributing to their fellow man.

Today, too often, our youngsters hardly know one another. Middle class kids have little or no contact with inner-city kids. As we become a more diverse society, it is critical that we provide our youth with experiences that bring Hispanic-Americans and European-Americans, Jewish-Americans and Muslim Americans, Asian-Americans and African-Americans together, working, living, serving side-by-side. Lord knows there are plenty of challenges out there and much to be done, improving educa-

tion, fighting poverty, and protecting the environment.

In Europe, several nations require that, at 18, young people give a year of service to their country. In the U.S. it is not required, but AmeriCorps provides a voluntary opportunity to make a similar commitment. Instead of fighting enemies abroad these young Americans battle against the everyday enemies of illiteracy, poverty, and violence that plague our nation. In four years, AmeriCorps members have taught, tutored and mentored more than 2.2 million children, provided after-school programs to more than a million at-risk youth, removed close to 70,000 tons of trash from neighborhoods, and recruited more than 1.8 million volunteers to assist in these and other efforts.

AmeriCorps members, most of whom are between the ages of 18 and 24, receive a loan living allowance, and after a year of service a stipend of almost \$4,800 to help pay for college. This is similar to the 1944 GI Bill of Rights, which was the best piece of legislation Congress ever enacted. The GI bill sent hundreds of thousands of GIs to college—guys who never dreamed it would be possible for them to get a higher education—and after earning their degrees they went out and built modern America. They were part of the best educated, best disciplined, hardest working, most innovative generation of Americans ever. Today's young people, through AmeriCorps and other volunteer groups, can emulate them.

Our young people are our future. Our very soul as a nation is at stake. I cannot imagine a better investment than in youth who want to work for others and then go on with their education, taking a hand up rather than a hand out. Since 1994, more than 100,000 young men and women have pledged to "get things done" for America. This month, as AmeriCorps celebrates this milestone, let us congratulate them for their service to our country—and hope that future generations have the opportunity to follow in their footsteps.

Mr. Ambrose is author, most recently, of "Citizen Soldiers" (Simon & Schuster, 1997).

THE WALL STREET JOURNAL

FRIDAY, OCTOBER 23, 1998

12-7-98

'98 DEC 5 PM 4:59

THE WHITE HOUSE

WASHINGTON

Copied
Reed
Kagan
Podesta

December 5, 1998

MEMORANDUM FOR THE PRESIDENT

FROM:

Bruce Reed
Elena Kagan

SUBJECT:

DPC Weekly Report

X/ 1. **Health Care -- Medicare Commission:** The Medicare Commission met last week for its first serious discussion of policy options. Although the Commission continues to suffer from weak staffing, poor communication among members, and a general sense of disorganization, the staff did manage to produce an options memo that presented several proposals meriting further consideration. The memo listed a number of fee-for-service reforms, such as rationalizing the program's cost-sharing requirements. In addition, the memo presented a "premium support" program -- i.e., a program that both defines a set of benefits and sets the government's contribution. (Henry Aaron and Bob Reischauer have advocated a similar proposal.) Many of the Democrats believe that a premium support approach, if done correctly, could inject more market competition into the Medicare system while providing a vehicle for establishing a prescription drug benefit. In addition to discussing this options memo, the Commission members also considered a set of principles that Congressman Dingell devised (with our assistance) to guide future consideration of policy options. The Democrats on the Commission (including Senator Breaux) responded favorably to these principles, and they may serve their intended goal of ensuring that Breaux does not endorse an option wholly unacceptable to other Democrats.

X/ All this generated positive momentum at the meeting, but the challenges facing the Commission remain enormous, especially if it hopes to reach its tentative goal of making final decisions next month. The Commission members are finally coming to recognize the scope of the Medicare financing problem, and to realize that more than program savings will be necessary to significantly extend the life of the program. The Commission probably will respond either by scaling back its ambitions (for example, aiming to keep the program solvent for only another 10 or 12 years) or by proposing to inject new funds into the program. We will continue to monitor the progress of the Commission, as well as respond to Democratic members' requests for assistance, as the Commission continues its efforts.

2. **Health Care -- Medicare Fraud and Abuse:** HHS Inspector General June Gibbs Brown released a report last week finding that the program managers that HCFA hires to reimburse Medicare providers are generally ineffective in detecting fraud and abuse. The report is only the latest in a series of reports the IG has issued criticizing HCFA's efforts to eliminate fraud and/or calling on Congress to give HCFA additional statutory authority in this

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area. In an event now scheduled for Monday, you can counter these reports by unveiling a set of legislative proposals and administrative measures to make HCFA's anti-fraud efforts more effective. The legislative proposals are similar to those we introduced in Congress last year, and should result in savings of about \$2 billion. The new administrative measures include a plan to contract with a special set of fraud investigators, rather than use the normal program managers, to identify fraud in the program. Most of these initiatives respond directly to the IG's recommendations, and we expect her to give them strong validation. We also anticipate that aging advocates, such as AARP and the National Council of Senior Citizens, will receive the initiatives favorably.

3. Health Care -- National Toxicology Board Recommendation: The National Toxicology Board of Scientific Counselors recommended on Wednesday that the Secretary of HHS classify alcoholic beverages as a known human carcinogen. Although the scientists acknowledged that moderate consumption of alcohol may produce some health benefits, they concluded that cancers of the mouth, pharynx, larynx, and esophagus are sufficiently linked to alcohol consumption as to compel this classification. The Board's recommendation will come to Secretary Shalala for decision in the spring of 1999. As you know, she rarely overturns a recommendation made by a scientific body. A decision to classify alcohol as a carcinogen will not prompt any other regulatory action. The only effect of the decision will be to list alcohol in HHS's ninth Report on Carcinogens, a congressionally-mandated publication designed to inform the public and regulatory agencies about substances linked to increased rates of cancer. In the wine, beer, and liquor industry, however, even this action will provoke intense displeasure.

4. Health Care -- Stem Cell Research: The Senate Appropriations Subcommittee on Health held a hearing on Wednesday to explore the medical, ethical, and legal issues raised by recent developments in stem cell research. Participants in the hearing devoted considerable attention to the medical potential of this research, noting that it may reduce the need for transplantable donor organs and suggest new treatments for Parkinson's, Alzheimer's, spinal cord injury, stroke, burns, heart disease, diabetes, osteoarthritis, and rheumatoid arthritis. Participants in the hearing also discussed whether and how the current ban on federal funding of human embryo research applies to stem cell experiments. Senators on the panel appeared deeply divided on this question. The Administration took no position on the issue in its testimony; Harold Varmus simply testified that the HHS General Counsel's office had not yet completed its review of the question. We expect, however, that the General Counsel soon will conclude that federal funding for at least some (but probably not all) stem cell research techniques is legal. When we get a more complete sense of the scope of this legal ruling, we will work with OSTP and HHS to present you with appropriate options.

*Some of
this
important
see report
from
HHS
Shapiro*

5. Consumer Protection -- Toxic Toys: The Consumer Product Safety Commission released on Tuesday the most comprehensive report to date on the potential health risks to children from teething, rattles, and toys containing chemicals called phthalates that are used to soften plastic. The report concludes on the basis of currently available data that children

using these products are not exposed to phthalates at levels that might be harmful; the report, however, also identifies several areas where additional scientific research is necessary. In keeping with these findings, the CPSC decided not to ban these products, but it did successfully encourage a large number of manufacturers and retailers to discontinue their sale. We are working with CEQ on ways to support the CPSC's continuing research on phthalates. We also have drafted a letter for your signature to about 20 Congressmen concerned about this issue; among other things, the letter assures the Congressmen that the Administration will not attempt to discourage other nations from banning these products.

Chrysler
X
OK - This has been suggested
6. Political Reform -- Gore Commission: The Gore Commission is now on schedule to release its report on December 18. As we have discussed, the report will fall short of what you had hoped for: it will content itself with announcing a voluntary commitment by broadcasters to provide five minutes of free TV for political discourse between 5:00 p.m. and 11:35 p.m. in each of the last thirty days of a campaign. Although Norm Ornstein agrees with you that the report does not go as far as it should, he believes that he has pushed the Commission members as far as possible. Ornstein also told Paul Weinstein of our staff that the press and even the reform movement will treat the broadcasters' voluntary commitment of free TV time as a major victory; he said, for example, that Paul Taylor is pleased with the agreement. We believe you should issue a statement when the report is released, encouraging the broadcasters to implement their commitment in a timely manner and suggesting that we will take all available steps to enforce it (or another free TV time proposal) if they do not. We expect Senator McCain to hold hearings on the report early in the next Congress and to send much the same message.

7. Abortion -- New CDC Report: The Centers for Disease Control reported on Thursday that the number of legally induced abortions increased by 0.9 percent between 1995 through 1996, to a total of 1,221,585. This change in the number of abortions may have resulted simply from variations in reporting by state health departments. Alternatively, it may indicate that the number of legal abortions in the United States is stabilizing after a pronounced decline in the first half of this decade. As you may recall, between 1990 (the year in which the number of reported abortions was highest) and 1995, the number of legally induced abortions decreased by a full 15 percent. Even with the slight increase in the number of abortions in 1996, the national abortion rate did not change; at 20 per 1,000 women of reproductive age, it continues to be at its lowest point since 1975.

8. Crime -- COPS Program: The COPS Office will announce on Thursday about \$77 million in grants to over 30 local law enforcement agencies through the COPS MORE (Making Officer Redeployment Effective) program. As you know, COPS MORE helps law enforcement agencies purchase equipment and hire support staff so that existing officers can be reassigned to community policing duty. These grants will assist in the redeployment of over 3,800 officers.

11-25-98

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THE WHITE HOUSE
WASHINGTON

November 24, 1998

MEMORANDUM FOR THE PRESIDENT

FROM:

Bruce Reed
Elena Kagan

SUBJECT:

DPC Weekly Report

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*good
argument
to
2000*

1. Education -- GAO Report on Goals 2000: Pursuant to a request from Congressmen Goodling, Hoekstra, and Riggs, the GAO issued a report last week on the implementation of Goals 2000. The findings of the report were very positive. The GAO found that states and school districts use Goals 2000 funds for a wide range of reforms based on high standards -- for example, to develop academic standards, update curriculum frameworks, provide professional development, and support technology acquisition and training. The GAO also reported that most state and local officials believe that the funding design in Goals 2000 is sufficiently flexible, and that many fear that proposals to fold Goals 2000 into a block grant will lead to a reduction in overall federal support of education reform.

2. Education -- Class Size Implementation: After consulting with governors, mayors, state and local education officials, and members of Congress, the DPC and Department of Education have decided to issue guidance within the next month on the use of class size reduction funds. The guidance will give communities maximum flexibility in using the funds so that they can sensibly deal with local conditions, such as a scarcity of classroom facilities or qualified teachers. At the same time, the guidance will ensure that the states and school districts focus on our goal of reducing class size in the early grades and hire a critical mass of new teachers for the next school year. In issuing this guidance, we are rejecting the recommendation of Congressman Goodling to forego all federal guidance until Congress determines whether to extend the class size initiative beyond the next fiscal year. We have told Goodling that the guidance will spell out both the current funding commitment and our intent to seek its extension.

3. Education -- Rand Study of State Education Reforms: The National Education Goals Panel last week released a study it commissioned from the Rand Corporation on education reform strategies in North Carolina and Texas. The Panel selected these two states because of their strong records of improving student achievement: they had the largest average gains on NAEP reading and math assessments from 1992-1998, comparable gains on state achievement tests, and particular success among minority students. The study attributed success in these states to the kinds of education reform strategies that you have promoted. The study particularly noted the states' efforts to (1) set clear and demanding grade-by-grade academic standards for all students, (2) measure students against these standards each year,

X (3) hold schools accountable for results by rewarding success and intervening in low-performing districts, (4) increase local flexibility, (5) and target resources to schools with disadvantaged students.

4. Education -- ESEA Reauthorization: We are working with the Education Department to develop an ESEA reauthorization proposal for transmission to Congress in the first few months of next year. We are trying to ensure that the proposal maintains a strong focus on helping students reach high standards and that it improves on current law by more effectively ensuring that program funds support best practices, providing stronger accountability for results, and more vigorously promoting public school choice. As part of this standards-based effort, the proposal will place greater emphasis than does current law on improving the quality of teaching, especially in high-poverty schools. We are also working to ensure that positions you previously have taken on strengthening bilingual education and the Safe and Drug Free Schools Program are fully incorporated into the reauthorization proposal. The Department is currently behind schedule in formulating its proposals, but we hope to make all major policy decisions by Christmas.

5. Children and Families -- Adoption Registry: You and the First Lady will take part in an event on Tuesday to celebrate National Adoption Month, at which you will release an executive directive to HHS to expand the use of the Internet as a tool to find adoptive homes for the 100,000 children waiting in foster care for adoption. Under the directive, Secretary Shalala will report back to you in 60 days with a plan to develop this national Internet registry. The White House event will also serve as the venue for D.C. Adoption Day, an annual event in which the D.C. Superior Court finalizes a number of adoptions. About 20 new adoptive families from D.C. will attend the event.

6. Children and Families -- Violence Against Women: The National Institute of Justice and the Centers for Disease Control released a report on Tuesday showing disturbing rates of violence against women. The report found that 52 percent of women surveyed had been physically assaulted in their lifetime, with physical assault defined to include behaviors ranging from slapping and hitting to the use of a gun. This finding suggests that about two million women are physically assaulted annually in the United States. In addition, 18 percent of women surveyed said that someone had raped or attempted to rape them; of these women, 54 percent were under 17 years old when the rape attack occurred. Finally, the survey found that violence against women is primarily partner violence: of women who were raped or physically assaulted after the age of 18, more than 75 percent suffered at the hands of a date, cohabiting partner, or current or former husband.

7. Health -- Massachusetts HMOs: After HHS allowed Massachusetts HMOs participating in the Medicare program to revise their benefit packages (in response to Senator Kennedy's request and in order to prevent withdrawals from the program), the plans all chose to provide limited prescription drug benefits, with maximum payout provisions of between \$300 and \$800. As you recall, all but one of the HMOs had announced that they would

provide comprehensive drug benefits if the remaining HMO -- the Harvard Community Health Plan -- agreed to go along; Harvard, however, refused this offer, and all plans then decided to offer only a limited drug benefit. Although the HMOs are taking a public relations beating, they probably will hold to this position. Perhaps surprisingly, no one is criticizing HHS's decision to allow the plans to modify their benefit packages; apparently, most people understand that without this action, plans would have withdrawn entirely from the Medicare program.

8. Health -- Embryonic Stem Cell Research: Your National Bioethics Advisory Commission (NBAC) responded on Friday to your request that it consider the ethical, medical, and legal concerns arising from the fusion of a human cell with a cow egg. The letter stated that any attempt to create a child through this technique would raise "profound ethical concerns" and should not be permitted. It also expressed ethical concerns about the technique if it results in a human embryo, even if there is no attempt to bring that embryo to term. The letter suggested, however, that if the technique does not produce a human embryo, ethical concerns are at a minimum. The letter said that there is insufficient scientific information currently available to determine whether this technique in fact produces a human embryo. We and Neil Lane are drafting a separate memo to you to explain more fully NBAC's opinion.

P.S.
Re Shirts
60.00/Told
20.00/each

THE WHITE HOUSE
WASHINGTON

12-14-98

December 11, 1998

Copied
Reed
Kagan
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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Health Care – CDC Guidelines for HIV Surveillance: The Centers for Disease Control (CDC) released draft guidance on Thursday to assist states in designing and implementing new HIV surveillance and reporting systems. The guidance recommends that states track people with HIV by name (as states now track people with full-blown AIDS). At our insistence, however, the guidance also allows states to use so-called unique identifier codes, rather than names. The HIV/AIDS community is relieved that the guidance gives states the option of using identifier codes, but is disappointed that it expresses a preference for using names. The community believes that names-based reporting jeopardizes confidentiality and discourages testing; CDC disputes these contentions and argues that name-based reporting generally leads to more effective surveillance. Members of the AIDS Council may raise questions about this issue when they meet with you on December 18. You can respond by indicating strong support for states (like California) that are developing effective alternatives to name-based reporting.

2. Health Care – Presidential Task Force on Employment of Adults with Disabilities: Your Task Force on the Employment of Adults with Disabilities will present the Vice President with its first report on Tuesday. The Task Force will recommend several new investments (e.g., the Jeffords-Kennedy Work Incentives Improvement Act), which we are considering in the context of the budget process; we are fairly confident that the budget will incorporate enough of these recommendations to elicit a positive response from the disabilities community. In addition, the Task Force will propose a number of administrative actions that we can implement immediately. For example, the Office of Personnel Management will develop a plan to increase the representation of adults with disabilities in the federal workforce, and the Small Business Administration will launch a new outreach campaign to improve opportunities for adults with disabilities. The Vice President, in accepting the report, will reiterate the Administration's commitment to passing a strong and enforceable patients' bill of rights to improve the quality of care for people with disabilities.

3. Health Care – Dean Ornish: Nancy Ann Min DeParle is meeting with Dr. Ornish today to discuss his proposal for a demonstration project on the cost-effectiveness of programs like his "Life Style Intervention." Nancy Ann will express support for the idea, although she will not be able to formally approve it at this meeting. We will stay on top of this issue in the

This is a good idea
it has been discussed
in the past
but we need
to be sure

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next few weeks, as HCFA makes decisions about the scope and financing of the demonstration.

4. Health Care -- New FDA Commissioner: The Vice President will swear in Dr. Jane Henney as the new Commissioner of the Food and Drug Administration on Tuesday.

5. Education -- ESEA Reauthorization: We are working with the Education Department to include in our ESEA reauthorization proposal a set of accountability requirements that are significantly stronger than any in current law. Some of the proposals under consideration would require states and school districts that receive funding under the ESEA to (1) take immediate steps to identify and intervene in their lowest performing schools; (2) phase out the use of unqualified teachers, including those who are not fully certified or are teaching out of field; (3) phase out the use of instructional aides as primary instructors, especially in high-poverty schools; and (4) have effective policies in place (including appropriate supports for students) to prevent social promotion. Our aim is to design a proposal that demands a serious commitment by states and school districts receiving ESEA funds to establish and enforce high standards for schools, teachers, and students. When you return from the Middle East, we will give you information on school reform efforts now going on around the country, and present you with specific recommendations for the ESEA and State of the Union.

6. Education -- National Education Goals Panel: The National Education Goals Panel released its annual progress report on Thursday. The report highlighted improvements in school readiness, student achievement in math, and participation of women and minorities in math and science in higher education. The report, however, also pointed to apparent backsliding in teacher quality, student achievement in reading, and student drug use. More generally, the report noted that none of the Goals would be met by 2000. Members of the Panel and others are now discussing what should happen to the Goals (and the Panel itself) after that year. We will soon present you with options on this issue.

7. Education -- GED Test: You asked at yesterday's budget meeting about the GED test. We have learned that the American Council on Education (ACE) is responsible for developing and administering the GED. The ACE is now in the process of upgrading the test to keep up with rising academic standards, and hopes to unveil a new version of the test in 2001. We will work with the Education Department on possible ways to make use of a strengthened GED in our education proposals.

8. Crime -- 1998 FBI Crime Statistics: The FBI will release on Sunday crime figures for the first six months of 1998. These data show a five percent decline in overall crime compared to the half-year figures of 1997, with violent crime down seven percent and property crime down five percent. In the category of violent crime, murder decreased eight percent, robbery decreased 11 percent, and rape and aggravated assault decreased five percent. In the category of property crime, larceny dropped five percent, motor vehicle theft dropped

THE WHITE HOUSE
WASHINGTON

12-14-98

December 11, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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1. Health Care – CDC Guidelines for HIV Surveillance: The Centers for Disease Control (CDC) released draft guidance on Thursday to assist states in designing and implementing new HIV surveillance and reporting systems. The guidance recommends that states track people with HIV by name (as states now track people with full-blown AIDS). At our insistence, however, the guidance also allows states to use so-called unique identifier codes, rather than names. The HIV/AIDS community is relieved that the guidance gives states the option of using identifier codes, but is disappointed that it expresses a preference for using names. The community believes that names-based reporting jeopardizes confidentiality and discourages testing; CDC disputes these contentions and argues that name-based reporting generally leads to more effective surveillance. Members of the AIDS Council may raise questions about this issue when they meet with you on December 18. You can respond by indicating strong support for states (like California) that are developing effective alternatives to name-based reporting.

2. Health Care – Presidential Task Force on Employment of Adults with Disabilities: Your Task Force on the Employment of Adults with Disabilities will present the Vice President with its first report on Tuesday. The Task Force will recommend several new investments (e.g., the Jeffords-Kennedy Work Incentives Improvement Act), which we are considering in the context of the budget process; we are fairly confident that the budget will incorporate enough of these recommendations to elicit a positive response from the disabilities community. In addition, the Task Force will propose a number of administrative actions that we can implement immediately. For example, the Office of Personnel Management will develop a plan to increase the representation of adults with disabilities in the federal workforce, and the Small Business Administration will launch a new outreach campaign to improve opportunities for adults with disabilities. The Vice President, in accepting the report, will reiterate the Administration's commitment to passing a strong and enforceable patients' bill of rights to improve the quality of care for people with disabilities.

3. Health Care – Dean Ornish: Nancy Ann Min DeParle is meeting with Dr. Ornish today to discuss his proposal for a demonstration project on the cost-effectiveness of programs like his "Life Style Intervention." Nancy Ann will express support for the idea, although she will not be able to formally approve it at this meeting. We will stay on top of this issue in the

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THE WHITE HOUSE
WASHINGTON

December 18, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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1. Welfare Reform -- IRS Notice on Workfare and Taxes: The IRS this week issued a long-awaited notice clarifying that welfare recipients who participate in workfare programs do not need to pay income taxes or payroll (FICA) taxes. State and local governments welcomed this ruling because it allows them to run workfare programs without paying the employer's share of FICA taxes. (As you may recall, Governors Carper and Chiles were especially insistent that we issue this ruling.) At the same time, unions decided not to oppose the ruling vigorously, principally because it makes clear that it does not affect the application of the minimum wage or other worker protections to workfare participants.

2. Welfare Reform -- GAO Report on Access to Jobs: A GAO report issued last week on Access to Jobs -- the welfare-to-work transportation initiative you urged Congress to include in the highway bill -- applauds the Administration's early efforts to implement the program. GAO commends the Department of Transportation for coordinating Access to Jobs with other federal welfare-to-work initiatives. It also specifically praises joint guidance by the Secretaries of Labor, HHS, and Transportation, issued even before Congress approved the program, to help state and local officials use available funds to provide transportation for working welfare recipients. The same three departments are about to release an updated version of this guidance, reflecting Congress's enactment of the Access to Jobs program. In addition, we have worked with OMB to include a 100 percent increase in the program (from the \$75 million appropriated last year to the \$150 million authorized) in your FY 2000 budget request.

3. Education -- Scholarships for Teachers: In Thursday's budget meeting, you asked about our scholarship program for students who commit to teaching in high poverty areas. This program, authorized as part of the Higher Education Act last year, receives 10 percent of the appropriation for a broader Teacher Quality and Recruitment Program, which also includes grants to states to raise licensing standards and grants to partnerships between school districts and universities to improve teacher education. The appropriation for the entire program in FY 1999 was \$75 million, which gave us \$7.5 million for approximately 1,400 scholarships. We and OMB are currently exploring whether to propose an increase in the program for FY 2000, with a greater percentage (say, 50 percent) going to the scholarships.

4. Drugs -- Study on Youth Drug Use: HHS released on Friday the 1998 Monitoring the Future study on drug use trends among 8th, 10th, and 12th grade students. The study found, for the second year in a row, a flattening of drug use rates generally, with significant decreases in some categories of use. In the good news department, the study shows: (1) declines among 8th graders in past-30-day use of inhalants (from 5.6 to 4.8 percent) and LSD (from 1.5 to 1.1 percent); (2) declines among 10th graders in past-year use of all illicit drugs (from 38.5 to 35 percent), marijuana (from 34.8 to 31.1 percent), and stimulants (from 12.1 to 10.7 percent), as well as in past-30-day use of marijuana (from 20.5 to 1.7 percent) and cigarettes (from 29.8 to 27.6 percent); (3) declines among 12th graders in daily use of LSD (from 0.2 to 0.1 percent) and cigarettes (from 24.6 to 22.4 percent); and (4) an end to the recent decline in perceived harmfulness of drugs in all grades and an increase in perceived harmfulness of marijuana and drinking among 8th graders. In the bad news department, the study shows: (1) that the use of drugs remains at unacceptably high levels, with for example 25.6 percent of 12th graders, 21.5 percent of 10th graders, and 12.1 percent of 8th graders using an illicit drug (typically marijuana) in the past 30 days; and (2) that cocaine use, while low overall, continues to rise slightly, with for example an increase in past-year use of crack among 8th graders from 1.7 to 2.1 percent.

5. Crime -- Juvenile Brady: You recently asked us how many states have passed laws prohibiting violent juveniles from owning firearms as adults. According to the most recent survey by the Justice Department, 22 states have passed some kind of prohibition on firearms possession by delinquents who have committed violent offenses. Of these states, four permanently prohibit the possession of firearms, six prohibit possession until a court or the Governor orders a restoration of rights, and the remainder prohibit possession for a set period of time (e.g., 10 years) following adjudication of the offense or release from a juvenile facility.

6. Health Care/Tobacco -- Meeting with Senator Kennedy: You are scheduled to meet with Senator Kennedy this week to discuss the FY2000 budget. Among other matters, he will raise the possibility of using tobacco receipts (either from an excise tax or from recoupment of state settlement funds) for a new Medicare prescription drug benefit. Such a benefit probably would cost between 5 and 15 billion dollars a year -- far too much for tobacco receipts to cover in the context of this year's budget. We do believe, however, that a prescription drug benefit is an essential component of any comprehensive reform of Medicare, and that you should indicate your desire to make progress on this issue during the coming year. We are currently considering a way for you to talk about the issue in the State of the Union (which we would like to discuss with you soon), but think it would be premature to raise the idea with Kennedy.

7. Tobacco -- Attorneys' Fees: An arbitration panel last week awarded \$8.2 billion in legal fees to the attorneys representing Florida, Texas, and Mississippi in tobacco litigation. The industry will pay the fees to the attorneys over the next 20 or so years, over and above what it will pay the states. (The industry's annual payments for arbitral judgments are capped at \$500 million per year.) The panel determined the fees by multiplying 10 percent of each

state's settlement by a figure (between 1.9 and 3.5) representing the risks taken and work done by the state's attorneys. The panel used the largest multiplier to calculate fees for Mississippi's attorneys, because they brought the very first tobacco suits. Minnesota's attorneys settled earlier this year for the relative pittance of seven percent of the state's award. Attorneys for the other 46 states have a choice between seeking fees from an arbitration panel and accepting an offer of "liquidated fees" from the industry. Fees for most of these attorneys will be much smaller, reflecting the fact that they did less work and took less risk in bringing their cases.

THE WHITE HOUSE

WASHINGTON

February 12, 1999

2-16-99

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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1. Tobacco -- Record Verdict: A jury in San Francisco awarded a former smoker \$1.5 million in compensatory damages and \$50 million in punitive damages in her lawsuit against Philip Morris Co., the largest award ever in a suit filed by an individual smoker. The verdict sent tobacco stocks reeling, and stunned tobacco analysts who considered this a relatively weak case. This award could open the floodgates to similar claims against tobacco companies and may increase the pressure on the tobacco industry to settle the federal claims being brought by the Justice Department.

2. Crime -- NY Gun Verdict: On Thursday, a jury in the Federal District Court in Brooklyn found 9 gun manufacturers collectively liable for shootings with illegally obtained handguns due to their negligent marketing and distribution practices. The case, Hamilton v. Accu-Tek, represents the first time a jury has found gun makers liable on a theory of negligent distribution. The suit was brought on behalf of 6 homicide victims and a severely wounded teenager, all of whom were shot with illegally obtained handguns. The plaintiffs argued that gun manufacturers oversupply the market in southern states with weak gun laws, enabling traffickers to move guns up the "iron pipeline" to New York. Even though the plaintiffs could not prove which manufacturers' guns were used in any of the specific incidents, they argued that the defendants marketed and distributed handguns so negligently that they contributed to the illegal gun trafficking that ultimately resulted in the shootings. Of the more than 25 gun manufacturers named as defendants, the jury found 15 negligent but only 9 liable for any of the shootings. However, the jury awarded damages only to one plaintiff -- the surviving teen -- in the amount of \$3.95 million, of which he is expected to collect about \$500,000. The Justice Department is currently reviewing the details of this decision, and we intend to meet with them soon to discuss its implications on similar lawsuits recently filed by New Orleans, Chicago, and other cities.

3. Health Care -- Ganske HMO Bill: On Wednesday, Rep. Ganske and 10 other Republicans introduced a new version of the Patients Bill of Rights, which denies access to punitive damages for individuals suing plans for actions that result in harm. Although there were other modest changes to the underlying bill, the legislation effectively retains the core protections that Rep. Dingell has been advocating. Ganske and Dingell are contemplating a

joint press conference after the recess to highlight the similarities of the two bills and to underscore their belief that a compromise is easily within reach that can attract far more than the 218 votes necessary in the House. In the Senate, however, any bill will have a much lower threshold of protections. Our strategy should be to expedite House action in order to influence the Senate bill.

4. Health Care -- Medicare Prescription Drug Benefit: Chris Jennings reports that an internal committee of the Pharmaceutical Research and Manufacturers Association (PhRMA) will recommend that the association endorse the development of a Medicare prescription drug benefit that would be administered privately. This recommendation apparently will be forwarded to PhRMA's Board of Directors this week, and they may endorse the proposal as early as Thursday of next week. If true, such an endorsement will increase momentum for the inclusion of a prescription drug benefit in any Medicare Commission recommendation. On Wednesday, Rep. Allen and 65 Democratic cosponsors introduced legislation that allows pharmacists to provide prescription drugs to Medicare beneficiaries at Federal supply schedule prices, creating a system similar to the one used by the Veterans Administration. Chris believes that despite the fact that the drug industry can defensibly label this as something very close to price controls, the bill will provide pressure to move forward with a more realistic Medicare drug benefit. Chris is also hearing that some Republicans, like Senator Roth, are also interested in a Medicare drug benefit for all beneficiaries.

5. Children and Families -- FMLA Verdict: Kevin Knussman, a Maryland state trooper who was denied the right to take 12 weeks of paternity leave, won a \$375,000 jury verdict against the state of Maryland. You met Knussman in August 1995, and the First Lady wrote about his story in *It Takes A Village*. A state trooper for 18 years, Mr. Knussman needed to take 12 weeks of family leave when his first daughter was born in 1994, but his employer allowed him only 2 weeks because he was a man. The jury found that this conduct violated the FMLA and constituted unlawful sex discrimination under Title VII. Maryland is expected to appeal.

6. Welfare Reform -- Elaine Kinslow: You recently asked about a news story noting that Elaine Kinslow, the welfare-to-work success story from Indianapolis you saluted in last year's State of the Union, had to change jobs when her employer lost its government transportation grant. We have been in communication with that company, Pathfinder Transportation Service, many times over the past year. As you may recall, Pathfinder ran a van service for welfare recipients going to work, but lost its contract when the state decided not to use state funds for this purpose and wrongly contended that federal rules prevented the use of TANF funds. To correct this misunderstanding, we worked with HHS, Labor, and DOT to issue official joint guidance last spring explaining how TANF and other federal resources can be used to address transportation challenges for people moving from welfare to work, and made sure Pathfinder as well as the right Indiana state officials received copies. You sent a letter to every governor stressing the importance of investing TANF savings in transportation, child care, and other services. Despite this information, Indiana decided not to

continue the contract with Pathfinder. However, Pathfinder does receive funds from local employers and job placement agencies, and is part of an Indianapolis consortium applying for a federal Access to Jobs grant that DOT will consider this spring.

7. Welfare Reform -- Washington State: A recent survey of individuals leaving welfare in Washington shows high rates of employment and earnings, even as caseloads continue to decline. Most people left welfare for employment (67%), with the next most common reasons being increased income through child support or SSI (9%), and conflict with program requirements (8%). Seventy-one percent of those who left the rolls between April and August 1998 were still working when they were surveyed in the Fall of 1998, at an average wage of over \$8 an hour. Washington systematically contacts people once they've gone to work to help them find opportunities to increase their skills through short-term community college courses or other training and to find better jobs. The state also is investing TANF savings in extensive supports for working families, and recently reallocated TANF funds to increase reimbursement for child care providers who accept infants or provide care during non-standard hours.

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THE WHITE HOUSE
WASHINGTON

3-27-99

March 27, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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1. Education -- Ed-Flex Legislation: As a result of activity last week, we are now in a very strong position to ensure that the Republican amendment undermining your class size initiative is dropped from Ed-Flex legislation. Over 200 House members voted in favor of a motion to instruct conferees to drop this provision, and at least 35 Senators have signed a letter (not yet released) recommending that you veto the Ed-Flex bill if this provision remains in it. We are working with OMB on a letter to the Ed-Flex conference committee to convey a veto threat on the class size issue and express support for the strongest possible accountability provisions. As you know, we made good progress in both the House and the Senate on accountability; now our challenge is to combine these somewhat different accountability provisions to ensure that waivers are tied to gains in student achievement.

2. Education -- Charter Schools and Desegregation: We are working with the Education and Justice Departments on issues relating to the relationship between charter schools and desegregation orders. An op-ed by Clint Bolick in the Wall Street Journal this week attacked Bill Lann Lee for "waging a war" against charter schools because of his efforts to prevent proposed charter schools from changing the racial balance called for in existing desegregation orders. The op-ed made special reference to actions the Department has taken in Louisiana to block the creation of new charter schools and /or to insist that the schools or school boards involved take new steps to ensure continued racial balance in the community. The issues involved in these cases are very tricky. The Justice Department notes that new charter schools can undermine hard-won desegregation orders that ensure racial balance in school systems. Charter school advocates, on the other hand, argue that a rigid enforcement strategy in this area will prevent many communities -- including predominantly minority communities -- from gaining the benefits of charter schools. (The proposed charter schools involved in the Louisiana cases, for example, are in largely minority communities; Justice is fearful that these schools either will siphon white students from other schools in the system or will lead minority parents to take their children out of more integrated schools in the system to enroll them in the new charters.) The Education Department is now in the process of developing draft guidance on these issues.

3. Education -- Social Promotion Policy: We are attempting, though not with any great success, to make the civil rights community comfortable with your no-social-promotion policy. As currently drafted, your proposal would insist that states have plans to prevent social promotion

by requiring students to meet performance standards (as measured by multiple indicators, including a valid test) at three key transition points and providing qualified teachers and intensive support and intervention services for children in danger of failing. In a speech last week, Hugh Price called for postponing any no-social-promotion policies until states could prove that they are providing equal educational opportunities to all students. Wade Henderson and several other civil rights leaders expressed similar views to us yesterday, complaining in particular that our rhetoric on social promotion lends itself to being appropriated and misused by people who share none of our interest in giving children the tools they need to meet high standards. We are continuing to explore ways of responding to the civil rights community's concern on this issue, including by incorporating measures that the National Council of La Raza proposed to strengthen Governor Bush's social promotion legislation. These ideas focus principally on staging the various timetables in the bill and insisting on independent assessments of the adequacy of support and intervention services. We are not terribly hopeful, however, that these ideas will convince the civil rights community to support this aspect of our ESEA proposal (they strongly support the other accountability measures in the bill), and at some point futile attempts to win this support may become counterproductive.

4. Education -- Detroit School Reform: Governor Engler is expected to sign a bill today to give Mayor Archer authority to oust the existing locally-elected school board and replace it with a new "reform board" made up of six of the Mayor's appointees plus the State Superintendent -- effectively giving Archer the same kind of power over the Detroit school system that Mayor Daley has in Chicago. The reform board will run the city's schools for five years, after which Detroit residents will vote on whether to keep it. Earlier versions of the proposal would have given effective control of the board to Engler rather than Archer, provoking general outrage among Detroit residents. Even as enacted, the bill remains controversial, although Archer strongly supports it.

5. Children and Families -- Child Care: The Senate last week passed an amendment to the Republican budget resolution increasing mandatory funding for the child care block grant by \$5 billion over five years and \$10 billion over ten years, with a corresponding decrease in any proposed tax cut. This action represents a significant step forward for your proposal to boost child care subsidies for low-income families (funded in your budget at \$7.5 billion over five years). The amendment, pushed hard by Senator Dodd with the help of Senator Jeffords, also includes a non-binding provision stating that tax relief for child care (through, for example, expansion of the Child and Dependent Care Tax Credit), should benefit all working families (presumably by making the credit refundable) as well as assist stay-at-home parents who care for an infant. Twelve Republicans -- Senators Abraham, Campbell, Chafee, Collins, Dewine, Frist, Hatch, Jeffords, Roberts, Snowe, Specter, and Warner -- voted with all Democrats to pass the amendment. The challenge now will be to ensure that the conference committee on the budget resolution retains this provision. We are looking for ways for you, the Vice President, and/or the First Lady to highlight this issue as the conference committee begins to meet.

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6. Health Care – Medicare Reform: We and the NEC are developing options for the new Medicare plan that you recently promised, taking into account both new projections on solvency and political demands from Democrats in the House and Senate. As you know, we expect the Medicare trustees to project on Tuesday that the fund will remain solvent beyond 2008 (perhaps until 2015 or so) as a result of increased revenues and curbed spending. These new projections will diminish the urgency of using the surplus to extend solvency; they also will make legislators in both parties reluctant to support additional provider cuts, as providers will argue that they already have made a major contribution to the health of the trust fund. (An AARP letter issued yesterday praised the Republican budget proposal for, among other things, not proposing such cuts.) Without significant provider cuts as offsets and with the near-term solvency of the program apparently assured, proponents of a generous prescription drug benefit will gravitate toward using more and more of the surplus for this purpose. One of the questions we will have to answer in developing our new Medicare plan is whether (and, if so, by how much) we want to fund a drug benefit through the surplus.

More generally, we were reminded this week that we will have to navigate some treacherous political shoals in putting together a plan. While Senator Daschle made it clear that Senate Democrats need a credible plan as soon as possible, Congressmen Gephardt, Dingell, Stark, and McDermott made it equally clear that they have no use for an alternative plan and wished we had not agreed to do one. We will be pushed from the Senate side to include serious reforms in our plans, while being pushed from the House side to abjure such reform proposals. The challenge will be to balance the need to offer credible reforms with the need to keep base Democrats on board our proposal.

7. Health Care – Organ Donation: Organ donation rates increased by six percent last year -- a big improvement from the one percent increases we saw in the previous two years. The jump is attributable in part to our new regulation on the issue; it is also attributable to recent media attention given to public figures needing organ transplants, such as retired NFL football star Walter Payton. The organ donation advocacy community would like you to highlight this issue sometime soon. If you are interested, we could put together an event at which you could announce a \$5 million grant program to increase organ donations, as well as some major private-sector commitments from the AFL-CIO, UAW, Aetna Health Plans, and Kaiser Permanente.

8. Health Care – Physical Restraints in Institutional Settings: In the wake of a new legislative proposal, we are preparing administrative action to prevent the inappropriate use of physical restraints in institutional settings. Senators Lieberman and Dodd announced on Thursday that they will introduce a Freedom From Restraint Act to prohibit hospitals and mental health facilities participating in the Medicare or Medicaid program from using physical restraints on patients except when necessary to ensure the physical safety of the patient or other patients and upon the written order of a physician. Dodd and Lieberman began working on this legislation after reports last fall that several mentally ill children in psychiatric institutions in Connecticut died as a result of the improper use of restraints by facility staff. Similar abuses have occurred in other parts of the nation. While expressing support for the Dodd-Lieberman bill, we are also

directing HHS to expedite a regulation that will go a long way toward achieving the statute's objective. The regulation will prevent the improper use of physical restraints in all facilities covered by the Dodd-Lieberman bill except hospices and residential care facilities for children. (Applying protections in these excepted facilities does require new statutory authority.) If you are interested, you can announce release of this regulation when it becomes final in the summer.

9. Tobacco – Medicaid Recoupment: As you know, the conference committee on the supplemental bill will include a battle over Senator Hutchison's provision to waive all federal claims to tobacco settlement money. Assuming the whole bill does not simply die, House conferees will be inclined to keep this rider off the bill, while Senate conferees will point to the overwhelming vote in the Senate and insist on its inclusion. We can expect the Governors to weigh in heavily with the House leadership and conferees during the recess. Public health advocates are going to attempt to use the recess to urge elimination of the Hutchison provision, but we doubt they will be particularly effectual. In the meantime, Congressmen Waxman, Dingell, Rangel, and John Lewis introduced a bill last week requiring the expenditure of 25 percent of tobacco settlement funds on tobacco control and farmers (with a portion of this money going to a federal fund for a national education campaign and prevention efforts targeted at minority smokers) and another 25 percent on other public health activities. The bill also would require tobacco product manufacturers to purchase a set amount of domestically grown tobacco each year. Our best hope on this issue is still to get the Hutchison provision stripped from the supplemental and then to go back to the governors and persuade them that in the absence of any other obvious vehicle for this provision, their best interest lies in reaching an agreement.

10. Tobacco – Florida Teen Smoking: Cigarette smoking in Florida declined in every grade since the state began its anti-smoking campaign last year, according to a study released last week. The state-sponsored survey found cigarette use declined 19 percent among middle school students and 8 percent among high schoolers. Florida spent \$71 million of its tobacco settlement dollars on this campaign last year (about 13 percent of the total), one-third on a counteradvertising campaign and the rest on community and school based programs. Nine out of ten youth surveyed were aware of the state's counteradvertisements, which the CDC has made available to other states. Notwithstanding the program's success, funding for it will go down next year: the Governor's budget requested \$61.5 million for the program, but the Republican House appropriated no funds and the Democratic Senate included \$50 million.

11. Welfare Reform – Urban Caseloads: You recently asked us whether we could do more to strengthen welfare-to-work efforts in cities with relatively small caseload declines. Two new initiatives will help to do so. First, the Department of Labor just launched a two-year technical assistance initiative to help ten large cities (Boston, Houston, Detroit, Philadelphia, Chicago, Los Angeles, New York, Seattle, New Orleans, and Minneapolis) to develop strategies to move hard-to-employ welfare recipients into good jobs; the initiative will promote close coordination between the welfare and workforce systems and emphasize job retention and advancement. Second, the Welfare to Work Partnership is starting a targeted effort in 30 cities

with high poverty rates and large concentrations of welfare recipients, including Atlanta, Baltimore, Chicago, Los Angeles, Miami, New Orleans, New York, Philadelphia, and Washington, D.C. The Partnership will hold a major convention in Chicago this summer for delegations from these cities, and Eli would very much like you to participate.

You also asked whether the slower rate of caseload decline in some cities is related to unemployment. In general, cities with slower rates of caseload decline did have higher unemployment rates. For example, El Paso, Los Angeles, New York, and Philadelphia had the slowest caseload declines and three of the four had central city unemployment rates above 7 percent -- compared to the national average of 4.5 percent -- when the caseload decline was measured. (The fourth city, Philadelphia, had an unemployment rate of 5.9 percent.) The correlation, however, is by no means perfect; for example, Baltimore and Cleveland also had high unemployment, but significantly larger caseload declines.

12. Welfare Reform -- Economist Article: We thought you might like to see the attached Economist article highlighting the Welfare to Work Partnership's success and chronicling the progress of welfare reform.

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THE WHITE HOUSE

WASHINGTON

February 20, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Education -- Ed-Flex Bill: Senator Lott intends to bring the Ed-Flex bill to the floor within the next two weeks to secure a quick victory on education for the Republicans. (You will hear a lot about this bill from the governors when you meet with them on Monday; your briefing materials for the NGA roundtable include talking points on Ed-Flex, as well as on education accountability and tobacco recoupment.) Hill Democrats are generally unenthusiastic about Ed-Flex, although most -- especially in the Senate -- have resigned themselves to voting for it. Their -- and our -- goals for the Ed-Flex debate are (1) to strengthen the bill's accountability provisions, and (2) to put the Republicans to a tough vote on class size reduction. We are working with Senator Kennedy on an accountability provision that will require states to assess the impact of education waivers and to change or discontinue those that are not working; we hope to get bipartisan support, including from the bill's sponsors, for this provision. At the same time, we are working with Kennedy and other Senate Democrats on an amendment to authorize our class size reduction initiative for seven years. If we can attract enough Republican votes to pass this amendment, we can convert an intended Republican victory into a huge win for our own education agenda. And even if we fail in this objective, we can use the amendment to emphasize the difference between the two parties when it comes to supporting needed school improvements.

2. Health -- Children's Health Insurance Outreach Event: You and the First Lady are currently scheduled to participate in an event on Tuesday to highlight new initiatives designed to identify and enroll the over 5 million children who are eligible for but not yet enrolled in CHIP or Medicaid. You will unveil a new national toll-free number (1-877 KIDS NOW) for children's health outreach; a major media campaign, which includes the airing of PSA's on NBC, Univision, and Black Entertainment Television and radio advertisements in the 47 states with CHIP programs; a number of private sector commitments, such as Safeway's agreement to print the new 1-800 number on all its grocery bags; and the next generation of efforts by your Federal Interagency Task Force on Children's Health Outreach. Governors Carper and Leavitt, the chair and vice chair of the NGA, will join you at this event.

3. Health -- Jeffords-Kennedy Bill: The Jeffords-Kennedy-Roth-Moynihan Work Incentives Improvement Act continues to gain bipartisan support in the Senate, and the Labor

and Human Resources Committee plans to mark up the bill on March 4. The bill is also attracting bipartisan interest in the House, although it is still unclear who will emerge there as the lead sponsors. Given the broad support for this legislation, your advisors agree that you should urge prompt passage of the bill when you meet with the Congressional leadership this week.

4. Health -- Stem Cell Research: Secretary Shalala will testify next week about her Department's legal ruling that the ban on federal funding of human embryo research does not apply to stem cell research. The Secretary has received two harsh letters on this subject from pro-life members of Congress -- the first from 70 House members and the second from seven Senators (Ashcroft, Brownback, Enzi, Helms, Kyl, Nickles, and Smith). The House letter characterizes the HHS legal opinion as "a carefully worded effort to justify transgressing th[e] law" and charges that the definition of an "embryo" used by HHS (cells that can develop into a human being if implanted in the womb) is encouraging researchers to engineer lethal defects in embryos to avoid the congressional ban. The disease and patient advocacy community strongly supports our interpretation of the law. Senator Spector and Congressman Porter support the result -- federal funding of stem cell research -- but have doubts as to whether current law allows it. They have expressed interest in developing new legislation that would explicitly authorize federal funding of stem cell research subject to certain safeguards. Secretary Shalala will testify that no new legislation is necessary, but we are drafting appropriate statutory language in case we later need it.

5. Health -- Medicare Commission: Senator Breaux released on Thursday a preliminary CBO analysis of his proposal to adopt a premium support model for Medicare. Although the CBO admitted that it lacked "specifics on many aspects of [the] proposal," it praised Breaux's general approach, saying it would foster competition, increase choice, and reduce costs. Breaux will trumpet this analysis in the coming week, as the Democrats on the Commission meet on Tuesday and the full Commission meets on Wednesday. The other Democrats (except for Senator Kerrey) will continue to raise concerns about the Breaux proposal and to insist on a plan that uses surplus funds, guarantees a defined benefit package, and provides a good prescription drug benefit. As you know, the Commission is scheduled to report on March 1, but Senator Breaux raised the possibility last week of extending the deadline.

6. Crime -- Gun Tracing Initiative: The Treasury Department will release on Sunday its second report on the Youth Crime Gun Interdiction Initiative (YCGII) now underway in 27 cities, as well as announce the extension of this initiative to ten more cities. As you know, this initiative is designed to fight gun trafficking by collecting and analyzing information about guns used in crimes ("crime guns") and then recovered by law enforcement officers. (In addition to using this information for law enforcement purposes, some of the cities filing lawsuits against gun manufacturers and dealers have relied on ATF's gun tracing data.) The new report finds that: (1) about eight of ten crime guns recovered and submitted to ATF for tracing were handguns; (2) over 11 percent were recovered from juveniles, and almost a third (32.4 percent) were recovered from 18-24 year olds; and (3) between 25 and 36 percent of the firearms

recovered from juveniles and between 32 and 49 percent of the guns recovered from 18-24 year olds were bought legally less than three years before their recovery, indicating a significant and rapid diversion of legally purchased guns to an illegal market involving children and youth. Your new budget will enable Treasury to extend its gun tracing program to New Orleans, LA; Oakland, CA; San Francisco, CA; Dallas, TX; Tampa, FL; Charlotte-Mecklenberg, NC; Louisville, KY; Portland, OR; Omaha, NE; and Denver, CO.

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to work
on this.*

7. Welfare Reform -- Urban Caseload Trends: A Brookings study released last week on welfare trends in the nation's 30 largest cities shows that caseloads are declining rapidly in these cities, although the rate of decline in some cities lags behind the overall rate of decline in their states. Welfare rolls in the 30 largest cities declined by 35 percent between 1994 and 1998, while caseloads declined by 44 percent in their respective states. As a result of these different rates of decline, the share of state caseloads attributable to these 30 cities grew from 45 to 53 percent. Not all the states involved in the study, however, experienced this greater concentration of welfare recipients: nearly one-third saw no change in concentration and one-quarter saw declining concentration. Cities with the fastest caseload decline (over 50 percent) included Milwaukee, Jacksonville, Denver, and Portland, while cities with the slowest caseload decline (between 18 and 26 percent) included Los Angeles, El Paso, Philadelphia, and New York. Not surprisingly, slower rates of caseload decline were closely correlated with higher levels of poverty. The Brookings report recommends additional welfare-to-work funding for the cities and highlights our Welfare-to-Work program as an important source of these funds.

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8. Children and Families -- Foster Care: Congressman Cardin, the ranking Democrat on the House Ways and Means Subcommittee on Human Resources, introduced legislation last week to provide additional support to the nearly 20,000 young people each year who "age out" of the foster care system. As you know, your FY 2000 budget provides nearly \$300 million over five years in enhanced support for these young people. The Cardin legislation differs somewhat from our proposal and will likely cost more, but our goals are similar and we will work closely with Cardin over the coming months. The Chair of the Subcommittee, Nancy Johnson, shares an interest in this issue and plans to hold a hearing on March 9.

9. Consumer Protection -- Child Car Seats: You are tentatively scheduled to use next week's radio address to announce a final rule on child safety seats in cars and light trucks. (You announced the proposed rule in February 1997.) The rule will ensure that by 2002, all new child safety seats will be equipped with three standard attachments -- one on top and two at the base -- and all new cars and light trucks will be equipped with standard anchors in the back seat linking to these attachments. The Department of Transportation estimates that this rule will prevent as many as fifty child deaths and 18,000 child injuries each year.

4-26-99

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THE WHITE HOUSE
WASHINGTON

Copied
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Podesta

April 23, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Crime -- School Safety Legislation: On Monday, you are scheduled to announce the details of our legislation to reauthorize the Safe and Drug-Free Schools program. This proposal will include a number of changes you have already called for: formally authorizing \$12 million a year for our FEMA-like emergency response teams; requiring participating schools to adopt comprehensive school safety plans; and reforming the overall program to require competitive funding at both the state and federal level. In addition, it is likely to include the following new proposals: increased funding for more mental health counselors; allowing schools to use federal funds to teach gun violence education and safety; and strengthening the current zero-tolerance policy -- which mandates expulsion, but nothing else -- to require schools to report students who bring a gun to school to law enforcement, and to provide mandatory counseling before returning them to the classroom. If we can find the funds, we will also recommend that you expand funds for character education programs and alternative placements for disruptive youth.

2. Crime -- Gun Legislation: On Tuesday, you are scheduled to announce the details of comprehensive youth gun crime legislation. As you know, the bill will make permanent the Brady waiting period, close the gun show loophole, ban violent juveniles from owning guns for life, require that gun dealers provide child safety locks with every gun sold, and hold adults criminally responsible for allowing kids easy access to firearms. In addition, we are considering the following new proposals: requiring Brady background checks for the purchase of all explosives; requiring gun dealers to keep records of used gun sales, so that these weapons can also be traced; increasing the number of cities engaged in comprehensive gun tracing from 37 to 75; banning the importation of large capacity clips manufactured before passage of the assault weapons ban; and generally banning the juvenile possession of all long guns, with certain exceptions.

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3. Education -- Ed-Flex: On Wednesday, Congress passed the Ed-Flex bill by a vote of 368-57 in the House and 98-1 in the Senate. In addition to strengthening the accountability provisions and dropping the Senate IDEA/class size amendment, conferees agreed to include a rural fix that we and Senate Democrats had sought for the class size program, to provide more flexibility for communities that don't qualify for enough money to hire a full teacher. You are tentatively scheduled to sign the Ed-Flex bill on Thursday, April 29.

4. Education -- Social Promotion: We made considerable progress this week in our negotiations with civil rights leaders on the social promotion provisions of ESEA, but some organizations are still pressing for more changes and we are not yet confident that we can nail down the community's support. The compromise includes language suggested by the Leadership Conference to highlight and describe in more detail the need for early identification, intervention, and other efforts designed to minimize the number of students retained in grade, but it maintains our bottom-line requirement that students meet challenging standards at three key transition points in order to move up and graduate. Senator Kennedy will likely support our compromise, even if the civil rights community ultimately does not. You are currently scheduled to introduce ESEA the first week of May.

5. Education -- Teacher Pay and Teacher Quality: At your request, we have asked NEA and AFT to prepare an analysis of what states are doing on teacher pay, and what they could do now that so many states have surpluses. Meanwhile, a panel of 52 governors, educators, and researchers -- including William Bennett and Governors Engler and Ridge -- have just issued an on-line manifesto that includes proposals to give school principals more authority to recruit and hire teachers who do not meet traditional licensure standards and to fire teachers whose students perform poorly on assessments. This manifesto is highly critical of federal and state approaches to teacher quality that focus on improving teaching colleges and toughening licensure standards.

6. Health Care -- New CBO Cost Estimate on Patients Bill of Rights: On Friday, CBO is scheduled to release its latest estimates on the cost impact of the Daschle-Kennedy-Dingell Patients Bill of Rights, as well as the Republican legislation that passed out of the Labor Committee on a party line vote three weeks ago. CBO previously estimated that the Democratic proposal would raise premiums by approximately 4 percent increase in 10 years about \$7 a month overall and only \$2 a month for the employee. Recently, CBO had indicated that it would increase its projection to 6 percent, largely because of the new estimates surrounding the bill's medical necessity and liability provisions. Democratic leadership staff met with CBO Director Crippen, who agreed to lower the new estimate to below 5 percent if certain relatively non-substantive modifications to the legislation were made. Nonetheless, Senate Republicans will use any increase as evidence that these protections are too expensive and would lead to an increase in the number of uninsured. We are coordinating with the Democrats to portray the new CBO numbers as further proof that these protections are affordable.

7. Health Care -- Medicare Update: On Tuesday, Senators Kennedy and Rockefeller and Congressmen Dingell, Stark, and Waxman held a press conference to announce the general outlines of the Medicare prescription drug coverage act of 1999. Because of concerns that their original benefit design was too modest, they modified and significantly expanded their benefit to provide for a \$200 deductible with a 80% coverage up to \$1500 of incurred drug costs. If beneficiaries exceed \$3000 of incurred drug costs, the new benefit will provide 100% coverage of any costs over that amount. Lastly, their proposal provides for Medicaid wrap-around coverage for those beneficiaries at or below 135% FPL (somewhat similar to the Breaux-Thomas Medicaid provision). Clearly, this legislation will be significantly more expensive than anything we are currently contemplating, as might be expected since Senator Kennedy is not restricted by having to lay out specific offsets.

8. Tobacco -- Recoupment: We are working with public health groups and others to try to draw attention to the failure of many states to devote tobacco settlement dollars to preventing youth smoking. Public health advocates are preparing a report on state action to date, which they may release as soon as next week. On Tuesday, ABC reported some of the worst examples: Rhode Island has a proposal to use the tobacco money to cut the car tax; New York, to retire state debt; Michigan, to provide college scholarships; Oklahoma, to fund teacher retirement; Louisiana, to improve sewer systems; and Los Angeles, to upgrade sidewalks. In the meantime, the Florida legislature is planning to cut the state's much praised program -- which helped cut smoking among middle school students by 19 percent last year -- so deeply that Governor Bush has come to its defense. In the meantime, we are urging appropriators to drop the Senate supplemental provision letting states keep all settlement funds without funding anti-smoking programs, and meeting with the NGA and other state proponents (including Senator Graham) to see if they would support an acceptable compromise.

9. Welfare -- Teen Pregnancy Prevention Events: On April 29, the Vice President will release encouraging new data showing that teen birth rates continue to decline in every state, and that the national rate has declined for the 6th year in a row, by a total of 16 percent since 1991. On April 28, the First Lady and Secretary Shalala will host a White House reception to honor individuals and groups selected by the National Campaign to Prevent Teen Pregnancy. In addition, the Campaign will release several publications highlighting the important role that peer influence plays in teen pregnancy, including recent research findings and practical advice from teens to their parents and to other teens.

10. Immigration -- Public Charge Issue. In the next few weeks, the Department of Justice (DOJ) will promulgate a proposed regulation to define "public charge" -- for purposes of exclusion, adjustment of status and deportation -- as an immigrant who is likely to become primarily dependent on government for subsistence, as demonstrated by either the receipt of: (1) public cash assistance for income maintenance or (2) institutionalization for long-term care at government expense. In addition, the proposed regulation will clarify that immigrants

who receive Medicaid, Children Health Insurance Program (CHIP), and a variety of other benefits will not be considered a public charge. Recent studies and anecdotal evidence indicate that legal immigrants and even U.S. citizen children who are eligible to receive federal public benefits such as Medicaid and CHIP have not applied for these benefits for fear that they will be penalized under immigration laws. California CHIP outreach efforts have been significantly undermined because of the public charge issue. This proposed regulation has been long-awaited and will be well received. We are looking for an opportunity for you or the Vice President to announce the proposed regulation, perhaps in California.

A handwritten signature in black ink, appearing to be "J. H. ...", located below the main text.

4-19-99

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THE WHITE HOUSE

WASHINGTON

April 17, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. **Education -- Ed-Flex:** In response to your veto threat, House and Senate conferees agreed Thursday to drop the Senate amendment that would have gutted the class size program, and will report out an Ed-Flex bill that you can happily sign. The conferees also agreed to strong accountability provisions to help make sure states that make use of this new flexibility get results. On Monday, Secretary Riley had sent conferees a letter threatening a veto over the Senate Republican provisions to weaken class size. Thirty-six Senate Democrats signed a letter in support of the veto. The final bill should reach your desk in the next few weeks.

2. **Education -- ESEA:** On Monday, we will meet with civil rights leaders and Sen. Kennedy's staff in our continuing effort to reach agreement on the social promotion provisions of ESEA. Bill Taylor is reviewing our language and drafting a counterproposal for the civil rights community. Once we see it, we will send you a separate memo on whether we can get the community -- or at least Sen. Kennedy -- to accept a compromise consistent with what you said in the State of the Union.

3. **Education -- National Teacher of the Year:** On Monday, you are scheduled to announce the National Teacher of the Year in a ceremony in Presidential Hall. Your remarks will focus on the importance of high-quality teachers and challenging young Americans to become teachers. After your remarks, you will present Andrew Baumgartner with the 1999 National Teacher of the Year award. Baumgartner, an ex-Marine, has taught for 22 years and is currently teaching kindergarten in Augusta, Georgia.

4. **Education -- Class-Size Study:** On April 29, Senator Patty Murray plans to announce the most recent findings of Project STAR -- the Tennessee study that has tracked the performance of students who were in smaller classes in grades K-3 in the mid-1980's. So far, the findings show that: students who were in smaller classes go on to take college entrance exams slightly more frequently than their peers in larger classes, and the gap in college entrance test-taking between poor and minority children and other children was substantially reduced. Researchers found no difference in ACT and SAT scores for students in smaller classes, although that could be due to the fact that a greater percentage of them were taking the tests. Senator Murray has suggested a White House event to release of the study, but we are waiting to see if stronger

additional data becomes available from the researchers comparing the performance of students in smaller vs. larger classes on high school graduation rates, completion rates of advanced placement and other challenging courses, and grade-point averages.

 **5. Children and Families -- Child Care:** The final budget resolution passed by Congress this week includes \$6 billion for child care -- \$3 billion over 10 years in new subsidy funding and \$3 billion over 10 years in enhanced child care tax relief. Although half the original amount sought by Senators Dodd and Jeffords, this action provides a real opening to achieve important pieces of your child care initiative this year. The Senate voted 66-33 in support of a Dodd-Jeffords motion to instruct conferees to include the funding increase. We will now turn our attention to working with the Senate Finance Committee, which has jurisdiction over child care subsidy and tax issues; four Republicans on the Committee voted for the Dodd-Jeffords measure (Jeffords, Hatch, Chafee, and Grassley).

6. Crime -- Prison Drug Treatment: As you know, as a result of the Administration's efforts, the FY 99 omnibus spending bill contained a provision to allow states to use up to 10 percent of their prison construction funds for drug testing, intervention, and treatment for prisoners and parolees. We were recently informed that half of the states have requested to use the full 10 percent of their construction grants to fund such activities. The Justice Department plans to issue a report on this soon.

 **7. Health Care -- Medicare Update:** Starting next week, the Senate Finance Committee will hold a series of Medicare hearings. Senator Breaux and Rep. Thomas want you to unveil your legislative proposal first before they produce their own bill. In our meetings with Congressional offices over the last week, we are hearing (1) growing discomfort with the Breaux-Thomas recommendations; (2) the desire to develop a meaningful prescription drug benefit; (3) a great interest in the status of your Medicare reform package; and (4) increasing concerns about the imposition of additional provider payment reductions as we implement the 1997 BBA. Base Democrats are very concerned about the type of structural changes and programmatic savings we are developing for your consideration. While most are quite interested in a drug benefit, they are concerned about our possible approaches to modernize the program, make it more competitive, and achieve savings to help offset the cost of the drug benefit. In the wake of the good news by the Medicare Trustees about the new 2015 trust fund exhaustion date, members of Congress are more receptive than ever to provider concerns about reimbursement rates. To the extent that providers are successful in convincing the Congress to moderate these savings, it will become more difficult to find significant offsets that credibly go very far towards defraying the cost of the drug benefit.

8. Health Care -- Shortcomings of HCFA Oversight of HMOs: You recently asked our response to a recent GAO report that criticized HCFA for not assuring that HMOs are distributing accurate information about benefits, cost sharing, and appeals rights to Medicare beneficiaries. The report suggested that the lack of such information made it impossible for beneficiaries to challenge HMOs that have not provided contractually obligated benefits. In

response to this report and our inquiries, HCFA has acknowledged shortcomings in this area. At our urging, HCFA has agreed to ensure that HMOs participating in the next Medicare open enrollment period will be required to provide information about their benefits and cost sharing requirements in a standardized format. This will ensure that HCFA can quickly and accurately evaluate the content of brochures and other marketing material. In addition, Medicare HMOs will be required to provide information about appeal rights and disenrollment in a standardized format in order to ensure that Medicare beneficiaries are informed about their right to appeal decisions denying care or payment for services. We have informed HHS (along with OPM and other affected agencies) that implementation of the Patients Bill of Rights must be carried out as smoothly and aggressively as possible and serve as a model for the private sector. The New York Times editorial criticizing HCFA on this matter did acknowledge that, even with its implementation problems, Medicare provides much greater protections to beneficiaries than the private sector.

Good
9/ Health Care -- Jeffords-Kennedy Update: Senator Helms added his name as a cosponsor to the Jeffords-Kennedy-Roth-Moynihan Work Incentives Improvement Act this week. This leaves Senator Nickles as the primary barrier to bringing this measure to the full Senate for a vote. Although Senator Nickles is pressuring Senator Lott not to bring this bill to the floor, there is a bipartisan movement in the Senate to permit a vote in the upcoming weeks. There is similar momentum on the House side as the Commerce Committee is hoping to finalize a full committee markup later this month or early in May. This legislation represents the highest legislative priority of the disability community and they hope to help us deliver you a bill for signature by June.

Good
10. Health Care -- Patients Bill of Rights Update: In the wake of your event promoting the Patients Bill of Rights last Friday and the positive New York Times editorial that the event inspired, moderate Republicans such as Senator Chafee have indicated interest in developing a strategy to pass a compromise proposal. These Republicans want to see this issue resolved prior to the 2000 elections. Unfortunately, the Senate Leadership, particularly Senator Nickles, have been able to seriously delay any progress on this issue within the Senate Finance Committee. In the House, Republicans such as Reps. Ganske and Norwood are reaching out to Rep. Dingell to determine if they can agree on a compromise measure that can attract well over 218 votes. Because these members are concerned about the lack of progress in the House on this issue, they may well be open to pursuing a discharge petition strategy in order to bypass a prolonged and unproductive committee process.

Good
11. Health Care -- CHIP Update: This week, the Washington Post reported that the CHIP program had enrolled 850,000 children to date, which they portrayed as a disappointing start to the program. On Tuesday, the First Lady will announce that in the first full year of program operation, the CHIP program has actually enrolled one million children. Your recent launching of the national toll-free number and a major public awareness campaign should help accelerate enrollment.

4-19-99

12. Tobacco -- Billboards: As part of the state tobacco settlement, tobacco companies agreed to remove their outdoor and transit advertising by next Friday -- although the settlement does not prohibit smaller signs that are placed inside or outside retail establishments or billboards at adult-only events. The companies also agreed to keep paying for the space after taking down their billboards until their leases expire so that states and tobacco-prevention groups can display anti-tobacco ads. Preliminary estimates from HHS conclude that the value of this anti-tobacco advertising could be as high as \$100 million. To support efforts to replace tobacco industry billboards with tobacco-prevention messages, CDC, FDA, and the National Cancer Institute (NCI) have been working together to provide technical assistance and the bulk printing of a select set of billboards. Thirty-nine states are expected to put up tobacco-prevention billboards, with 26 using the CDC/FDA selected ads and the remaining 13 states choosing to do their own. April 23rd coincides with the NATO summit, which may prohibit White House involvement, but we are hoping Secretary Shalala can do an event, perhaps in Boston.

13. Welfare -- Illegitimacy Bonus Rule: This week HHS published a final regulation defining how it will distribute \$100 million a year in bonuses to states that reduce the percentage of children born out of wedlock. Up to five states and three territories may qualify for bonuses of up to \$25 million each. This bonus was included in the 1996 welfare reform law. The statute makes clear that bonuses will go only to states that simultaneously reduce both out of wedlock births and abortions. Nationwide trends are moving in the right direction -- preliminary 1997 data show that the out-of-wedlock birth rate has declined for three years in a row after rising for 20 years, although the percentage of births to unmarried women, on which the bonus will be based, has remained at just over 32 percent in recent years after decades of increases.

14. Welfare -- Legal Immigrants Benefits: This week, Sen. Moynihan and Rep. Levin introduced a bill to restore health, disability and nutrition benefits to certain legal immigrants. The bill includes our \$1.3 billion proposal to restore SSI and Medicaid to immigrants arriving after 1996 who become disabled, furnish food stamps to those in the U.S. by 1996 once they become elderly, and provide states the option to provide Medicaid or CHIP to children and pregnant women who arrive after 1996. The Moynihan-Levin bill's food stamp and SSI restorations are more expansive than ours (the bill does not contain any offsets), but its Medicaid/CHIP proposals are identical. We are currently completing the legislative language for our proposal and will begin seeking bipartisan sponsors shortly.

4-12-99

THE WHITE HOUSE

WASHINGTON

April 9, 1999

99 APR 9 PM 5:24

MEMORANDUM FOR THE PRESIDENT

FROM:

Bruce Reed
Elena Kagan

SUBJECT:

DPC Weekly Reportcopied
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1. Education -- Ed-Flex: Hill staff met during the recess to hammer out differences between the Senate and House bills. On Monday, Secretary Riley will send conferees a letter threatening a veto over the Senate Republican provision to weaken class size. On Tuesday, Senate Democrats will release a letter with at least 35 signatures supporting that veto threat. We expect a quick conference and rapid action in both houses if the bill is acceptable.

2. Education -- ESEA: Despite extensive consultation with us, civil rights groups continue to oppose an ESEA bill that includes the Administration's position on social promotions. We and the Education Department have held a series of meetings with civil rights advocates including Hugh Price, Wade Henderson, Bill Taylor, and others in an unsuccessful effort to find a compromise. Education has suggested that we consider making one of several possible concessions, such as phasing in the requirement to end social promotions over a longer period -- but even that will not be enough to win the groups' support. Another option would be to split off the social promotion provisions in a separate bill. Senator Kennedy sympathizes with our predicament but would like to avoid a war with the civil rights community. We have asked his staff to take part in our continuing meetings with the groups, in the hope that we can at least secure Senator Kennedy's support, even if we fail to win over the civil rights community. You are tentatively scheduled to announce the ESEA bill on April 28.

3. Education -- 1994 ESEA Report: On Friday, the Department of Education released a congressionally mandated report evaluating the effectiveness of programs included in the 1994 ESEA reauthorization. The report submits that states have made progress in the development of academic standards, but that more accountability in federal education programs is needed -- along the lines of what you have called for in ESEA.

4. Education -- California Class Size Waiver: Last week Vice President Gore announced approval of a waiver sought by Gov. Davis to permit California school districts to use federal class size funding to reduce class size and improve teacher quality in any grade. The decision was based on California's progress in reducing class size in the early grades to 20 and the lack of additional school facilities and qualified teachers needed to accommodate smaller classes in those grades. Governor Davis will encourage California districts to use this funding

to reduce class size in 10th grade reading and math classes to help prepare students for a new high school exit exam that he signed into law.

5. Health Care -- Update on Aetna's Affordable Choice: On May 5, the Aetna Insurance Company is scheduled to hold an event to unveil a low-cost health plan option targeted to small businesses and their employees who cannot afford traditional health insurance. The plan is much less expensive than traditional insurance options because it limits its health coverage to capped, front-end benefits that provide front loaded coverage for hospital stays -- \$750 a day for the first three days, \$350 for days four through 10, and declining to \$100 a day after 10 days -- and up to eight physician's visits with a \$50 copayment. The plan allows enrollees to access a price discount on prescription drugs, which Aetna has extracted from the pharmaceutical industry in its negotiations on behalf of its other health plans. Past attempts to provide affordable, bare-bones coverage for this population have proven unsuccessful, primarily because employers and employees have not been attracted to coverage designed only to protect against catastrophic expenses. The Aetna plan takes the opposite approach. Even though these plans would not qualify as traditional insurance and are designed to avoid state mandated benefits, the Aetna plan will be endorsed by the NFIB and possibly the Chamber of Commerce. We are informed that a number of members of Congress (e.g. Representative Thomas and Senators Frist and Breaux) will endorse this offering and participate in the event. Eli Segal is also very supportive. Although the plan might help expand coverage somewhat, our traditional base Democrats, many provider groups, and consumer advocates are unlikely to be impressed with this coverage option. They will argue that the coverage provided is virtually meaningless, provides a false sense of security (since the average hospital cost per day is over \$1000 and the average length of stay is 7 days) and that the Kennedy-Kassenbaum insurance reforms you signed into law would not apply to this product.

6. Health Care -- Medicare Prescription Drug Update: Next week, Senator Kennedy and Senator Rockefeller are tentatively scheduled to introduce legislation to provide for a Medicare prescription drug benefit. As currently designed, in return for a \$10 to \$20 premium -- which would be added to the Medicare Part B premiums that provides for physician and other services -- beneficiaries would be reimbursed for 80 percent of drug costs after they paid a \$100 deductible. As currently designed, this benefit would be capped at \$1200 -- meaning that beneficiaries would not get any coverage after they had received \$1200 worth of prescription drugs -- and is projected to cost between \$50 and \$75 billion over 5 years (\$110 billion to \$140 billion over 10 years). The proposal, which is at the low end of the more modestly, front loaded benefits that we have been developing for your consideration, would require beneficiaries to pay catastrophic expenses out of pocket. Most health policy experts would be critical of the capped, front-loaded benefit because it leaves the sickest patients most vulnerable to excessive drug costs. However, this benefit is somewhat more generous than currently available in Medigap plans (particularly when one takes into account the lower premium) and the front-loaded nature of the program might be more popular than a back-end coverage policy. Because Senator Kennedy is introducing this legislation, it is more likely to be accepted as a substantial benefit than if we had produced the same package. Interestingly, Senators Moynihan, Gramm, and Bryant are in the process of developing a similar plan. While it clearly might be better strategically for Senator Moynihan to unveil his plan first, it is unlikely that he will be ready to

do so within the next two weeks. It is even less likely that Senator Kennedy can be convinced to delay the introduction of his bill until after Senator Moynihan introduces his. Notably, the Senate advocates of a drug benefit are unwilling -- if not completely unable -- to propose traditional Medicare provider and/or beneficiary savings that are significant enough to pay for the benefit. As a consequence, both Senator Kennedy and Senator Moynihan are likely to highlight the desirability of tobacco taxes and/or some use of the surplus to help finance their proposal. We are in the process of developing a number of options for your consideration, which we hope to review with you in short order.

7. Tobacco -- Medicare Lawsuit: This week the Justice Department entered into an agreement with the law firm of Robins, Kaplan, Miller & Ciresi, from Minneapolis to serve as consultants on the federal tobacco litigation. This firm represented the State of Minnesota and Blue Cross-Blue Shield in their lawsuit against the tobacco industry. The agreement is for the firm to advise and assist the Department's litigation team on a reduced-rate billing basis of \$75 per hour through June 30, 1999. The contract does not contemplate payment of any contingency fee related to potential recoveries. Jim Cramer, a leading Wall Street analyst, wrote that the hire shows "Justice means business."

8. Tobacco -- Kick Butts Day: The fourth annual Kick Butts Day is scheduled for April 14. The Vice President will participate in an event in Akron, Ohio where he will release a new HHS report on kids and tobacco. The report indicates that Marlboro (Philip Morris), Newport (Lorillard), and Camel (RJR/Nabisco) are the cigarette brands used most among teens who are current smokers. The dominant brand is Marlboro, which is preferred by about 60 percent of youth smokers and is as popular among girls as among boys.

9. Community Empowerment -- Low Income Housing Tax Credit: Shortly after coming back from recess, Senators Graham and Mack of Florida plan to introduce legislation to expand the Low Income Housing Tax Credit (LIHTC). Their bill will be very closely modeled on your proposal. In the House, Representative Nancy Johnson's bipartisan LIHTC bill has amassed 70 cosponsors.

10. Welfare -- GW Study on Diversion Policies: We expect George Washington University will issue the second of its reports funded by HHS which provides an inventory of state approaches and examines practices in five cities -- Atlanta, Annapolis, Kansas City, Missoula, and Cincinnati. The study finds that the most common form of diversion requires applicants for welfare to participate in a job search before they can receive cash assistance, and that the diversion payments offered by nearly half the states to help families meet short-term needs in lieu of welfare are being used on a limited basis. The study also notes that diversion has the potential to reduce initial access to Medicaid, especially as families bypass welfare entirely or go to work so quickly that they may not qualify for Medicaid under most states' current eligibility criteria. The study highlights the importance of our Medicaid outreach efforts and our initiatives to encourage states to take advantage of the flexibility they have under current law to expand Medicaid eligibility for low-income working families. HHS plans to award research

funds to several states or large counties to track what happens to families who are diverted from the caseload, including the extent to which they continue to participate in Medicaid and other programs to support working families.

11. Crime -- 1996 Correctional Population: On Friday, the Justice Department's Bureau of Justice Statistics released a report showing that an estimated 5.5 million adults were under some form of criminal justice supervision in 1996 -- comprising about 2.5 percent of all adults, up from 1.6 percent in 1985. Of the total 5.5 million adults: 510,000 were in jail; 3.2 million were on probation; 1.1 million were in state or federal prison; 704,700 adults were on parole; and 2,747 adults were held in military confinement. Between 1986 and 1996, the average annual rate increase for the jail population was 6.5 percent; for prisons, 8.4 percent; parolees, 8 percent; and for the probation population, 4.2 percent. Of the 1.6 million adults in local jail or prison, 821,900 were white, and 773,900 were black. Of the 3.9 million adults on probation or parole, 2.5 million were white and 1.3 million were black.

12. Crime -- Police Misconduct: Next week, the Attorney General is planning to give a speech at the National Press Club to discuss issues of police misconduct. As you know, she has convened meetings with leaders from the civil rights and law enforcement communities in response to your radio address last month. In addition, the Customs Service this week announced an independent commission to review its passenger processing policies and procedures. In recent months, there have been an increasing number of passenger complaints regarding the treatment they received during a Customs search, and there have been several lawsuits filed by passengers alleging personal searches based on racial profiling.

THE PRESIDENT
3-10-99

THE WHITE HOUSE
WASHINGTON

99 MAY 7 PM 7:45

May 7, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

He should
say something
positive about
this

1. **Education -- Achieve Math Test:** Achieve, Inc. -- a nonprofit group focused on education reform -- announced Monday that it will create a new challenging 8th grade math test to improve the performance of U.S. middle school students in mathematics. Ten states -- Illinois, Indiana, Maryland, Massachusetts, Michigan, New Hampshire, North Carolina, Vermont, Washington, and Wisconsin -- already have agreed to give the test, and more states are expected to sign up in the future. The result, of course, will be exactly what you proposed (and Congress rejected): a voluntary national test in eighth grade math that will measure student performance against world-class standards. Achieve also intends to train teachers and provide lesson materials in participating states to prepare students for the test.

2. **Education -- Charter Schools:** The Department of Education released on Friday its annual charter school report, which showed continued growth of the charter school movement. (We released an accompanying statement from you praising this progress.) The report found that the number of charter schools grew by more than 50 percent in 1998 -- to about 1,100 schools in 34 states and the District of Columbia, serving a total of about 160,000 students. The report also found that charter schools tend to serve a diverse group of students and that they often have many more applicants than they can accommodate. According to the report, the primary obstacle to charter school formation remains lack of start-up funding. This finding underscores the importance of your proposed 30 percent increase in funding for this purpose in the FY 2000 budget. It also highlights the need for a new rule, proposed last week, to ensure that new charter schools receive the federal funding for which they are eligible within five months of opening. This regulation implements provisions of the Charter School Expansion Act, which you signed last year.

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3. **Health Care -- Families USA Report on Medicaid Enrollment:** Families USA will release a study on Thursday stating that welfare reform is primarily responsible for the recent decline in Medicaid enrollment. The study asserts that 675,000 low-income people became uninsured as a result of welfare reform, that the majority of these people were children under 19, and that the number of uninsured people is likely to increase further as welfare reform is fully implemented. Although HHS has not seen the full study, experts in the department believe that the methodology used is problematic. They think that the study ascribes to welfare reform increases in the uninsured population actually attributable to (1) the decline of small firms that

offer any health insurance coverage, (2) the decrease in contributions by employers to health insurance costs (which makes health insurance less affordable), and (3) the decline in the number of people with sufficiently little income to qualify for Medicaid. Although HHS will make these points in response to the study, we expect a spate of negative press stories. We will reiterate your longstanding and strong commitment to health coverage for this population (including your insistence on maintaining the Medicaid entitlement during the debate on welfare reform), and emphasize that your proposals have given states vastly increased options to cover working families under Medicaid as well as to insure children under the new CHIP program.

4. Crime -- Federal Gun Prosecutions: You recently asked about the NRA's claim that the number of federal firearms prosecutions has decreased in this Administration. It is true that the Bush Administration brought a higher total number of gun cases in federal court. For the most part, however, these prosecutions involved minor offenses. The number of federal prosecutions of serious gun offenders (persons serving sentences of over 5 years) is up by nearly 30 percent in this Administration. In addition, better federal coordination with state and local law enforcement has contributed to a 25 percent increase in the number of criminals sent to prison for state and federal weapons offenses since you became President.

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THE WHITE HOUSE
WASHINGTON

April 30, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

5-4-99

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1. Health Care -- Bicameral Meeting of Democrats on Medicare Reform:

Congressman Gephardt and Senator Daschle hosted a meeting on Wednesday between House Democrats (e.g., Dingell, Rangel, Stark, Waxman, Pomeroy) and moderate Senate Democrats (e.g., Breaux, Conrad, Graham, Lieberman) to discuss Medicare reform. The Senate Democrats insisted on the need for a viable reform proposal; the House Democrats objected on both political and policy grounds to most of the Senators' ideas. Although the meeting was somewhat confrontational in nature, it concluded with an agreement to work with each other and the Administration to evaluate a number of competitive models and determine whether any consensus is possible. We are encouraged by this development, but will have to find a way to ensure that participating in these discussions does not limit your own options and/or risk problematic leaks.

2. Health Care -- Report on Importance of Medicare to Women: The Vice President will join the Older Women's League (OWL) on Monday to release a new report showing that women disproportionately depend on the Medicare program. The report will show that three-fifths of the Medicare population at age 65 -- and two-thirds of the Medicare population at age 85 -- are women. The report also will document how much money older women spend on health care (27 percent of their income by age 85), how many chronic illnesses they face (three of four have two or more chronic conditions), and how much they rely on prescription drugs (eight of ten take prescription medications regularly, with most of the costs paid out-of-pocket). At the event, OWL will indicate its support for the approach the Administration is taking to address the challenges facing the Medicare program. In particular, the group will endorse your proposal to dedicate part of the surplus to Medicare, your commitment to provide prescription drug coverage, and your opposition to increasing the eligibility age in the absence of a policy to prevent this change from leading to a larger uninsured population.

3. Health Care -- Asthma Initiatives: The First Lady will visit Draper Elementary School in Washington, D.C. on Tuesday to announce a new legislative proposal to fight childhood asthma and to help launch a new asthma screening program run by the American College of Allergy, Asthma, and Immunology. The nationwide screening program will identify children with asthma and educate their parents about appropriate treatment. The

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legislation will authorize a new \$68 million initiative to: (1) invest in research to determine the causes of asthma and to develop ways of reducing children's exposure to asthma triggers; (2) assist states and providers to implement effective disease management strategies -- including school-based programs that teach children how to manage their asthma -- to reduce asthma-related hospitalizations, emergency room visits, and deaths; and (3) conduct a new public information campaign to reduce children's exposure to asthma triggers.



4. **Health Care -- CHIP Program:** The Senate Finance Committee held a very positive hearing on Thursday to discuss the progress that HCFA has made in implementing the Children's Health Insurance Program (CHIP). Senator Roth opened the hearing by saying that the members were there to "focus on a success story." In her testimony, Nancy Ann Min DeParle noted that CHIP enrolled almost 1 million children in its first year and is on target to enroll 2.5 million children by the year 2000 -- a large step toward our goal of covering an additional 5 million children through both Medicaid and CHIP. She also said that the new toll-free number for children's health outreach (1-877-KIDS NOW), which you and the First Lady launched in February, already has received over 40,000 calls from parents interested in learning about free or low-cost health insurance options for their children. Witnesses from the Center for Budget and Policy Priorities and state Medicaid departments also praised the Administration for its implementation of the program and its record of initiating and supporting outreach efforts

5. **Drugs -- Arrestee Drug Use:** The Department of Justice's National Institute of Justice released on Thursday a report on drug use among arrestees in 1998. The study found that marijuana was the most commonly found drug in tests of male arrestees, with use particularly high among young male arrestees (aged 15 to 20): more than half of such youths tested positive for marijuana. Cocaine remained the most commonly found drug among female arrestees; although cocaine use declined slightly among male arrestees nationwide, in more than half of the sites surveyed for the study, more than one-third of adult male arrestees still tested positive for cocaine. High rates of methamphetamine use remained largely confined to Western cities, with over 20 percent of both male and female arrestees testing positive for this drug in San Diego, Las Vegas, Spokane, Sacramento, and Salt Lake City. Finally, opiate use remained stable nationwide, with nearly 70 percent of confirmed heroin users also testing positive for cocaine. While opiate use remained very low among juvenile arrestees nationwide, heroin use among these youth increased significantly in New Orleans, Philadelphia, and St. Louis.

6. **Tobacco -- FDA Rule:** As you know, the U.S. Supreme Court agreed last week to review the decision of the U.S. Court of Appeals for the Fourth Circuit striking down the FDA's tobacco rule. The Court is expected to hear arguments this fall and decide the case sometime prior to the summer of 2000. Options available to the Court include (1) agreeing with the Fourth Circuit that the FDA has no statutory authority to regulate tobacco products or advertising; (2) agreeing with the district court that the FDA has statutory authority to regulate tobacco products, but not the advertising for those products; or (3) holding that the

5-4-99

FDA has statutory authority both to regulate tobacco products and tobacco advertising. If the Court finds that the FDA has statutory authority to regulate tobacco advertising, litigation will continue in the lower courts regarding whether the advertising restrictions imposed by the FDA are consistent with the First Amendment. (No court has yet ruled on this issue, and the Supreme Court is very unlikely to address it.) While the Supreme Court considers the case, the only part of the rule that will be in effect is the requirement that retailers check photo identification of any tobacco purchaser who appears to be under the age of 27. Interestingly, however, we may begin to see some voluntary decisions to refuse tobacco advertisements: the New York Times last week became the first major newspaper to announce that it would no longer run such advertisements.

 **7. Tobacco -- Recoupment Issue:** The Campaign for Tobacco Free Kids and the American Heart Association issued a report on Thursday highlighting how few states are investing tobacco settlement funds in programs to prevent youth smoking. The report found that only nine states -- California, Florida, Maryland, Massachusetts, Montana, Oregon, Virginia, Washington -- are currently using funds for this purpose. Although other states could choose to join these nine in the future, the report found that at least 25 states are not now considering any proposal to use settlement funds to reduce youth smoking. We issued a statement expressing disappointment that so few states are devoting settlement funds to youth tobacco prevention programs, and reiterating our refusal to waive federal claims to the funds without a commitment from the states to support such programs.

8. Education - Class-Size Study: Secretary Riley joined Senator Patty Murray and various education leaders on Thursday to announce the most recent findings of Project STAR -- the Tennessee study that has tracked the performance through high school and beyond of a group of students taught in small classes (with 15 to 18 students) in grades K-3. The study's findings show that these students had higher grade-point averages in high school, better graduation rates from high school, and a higher probability of attending college.

THE WHITE HOUSE

WASHINGTON

July 9, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed

SUBJECT: DPC Weekly Report

1. Education - Class Size: As you know, the House Education and Workforce Committee recently reported legislation which we have threatened to veto because it would significantly undermine our class size program. The House bill would include class size funding in a broader teacher quality bill and allow it as an eligible purpose. However, it would not require a dedicated stream of funding for class size nor the achievement of any class size goals or targets. In other words, under the provisions of the bill, a state could spend virtually nothing on class size and still receive funding. This bill is expected to move to the House floor within the next two weeks.

House Committee Democrats are split on the issue. Some -- led by Congressman Roemer, possibly Miller and others -- do not share the Administration's view on the need for a dedicated funding stream for class size, nor do they seem to agree with us as to the importance of the class size goal. Others -- Representatives Clay, Kildee, Martinez -- strongly support us from a policy perspective but seem doubtful about our ability to hold Democrats on this issue. To broaden support for the Democratic substitute we plan to amend our proposal to give more flexibility to states and school districts that have a preexisting class size reduction plan in effect, and to districts that need to spend more on recruiting and training in order to attract qualified teachers to reduce class size.

DPC, OMB, the Department of Education, and Legislative Affairs recommend a legislative strategy to unite as many Democrats as possible on a class size Democratic amendment and to attempt to achieve a veto sustaining margin against final passage. Our conversations with staff this week suggest that it may be possible to achieve a good Democratic vote on the amendment but it will be difficult to ask members to vote against the bill. They believe that many Democrats will not want to oppose a bill which purports to promote teacher quality. However, we believe that it will also be very hard to explain away an overwhelming vote for the final bill as anything other than a defeat for class size since the Goodling bill clearly kills our program.

Democratic Leader Gephardt's staff has given a reluctant blessing to our approach but has conveyed concern about whether or not Democrats can remain united on this issue. It is our sense that the Democratic leadership's willingness to take on this issue will depend in part on our aggressive leadership and our ability to demonstrate that it has a reasonable chance of success. We will press Representative Gephardt to provide more leadership on the issue of class size,

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which was a critical victory for all Democrats last Fall.

AFT and NEA as well as the Great City Schools are highly supportive of our approach and have indicated that they will work members at the grassroots level. The Senate Democrats (as represented by their staff) are extremely firm on this issue and have already demonstrated their willingness to take this issue to the mat by agreeing to sustain a veto of the ED Flex bill if it had eliminated class size as it did in the Senate bill.

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2. Welfare – Food Stamp Announcements: Earlier this year, we promised that we would prepare a package of executive actions you could take to make the food stamp program more accessible for working families. These actions are now ready, and you may want to announce them in your DLC speech next week to highlight your record of requiring work and ensuring work pays better than welfare. Like child care, EITC, and Medicaid, food stamps are an important support for working families – a family of three with a full-time worker earning the minimum wage can get \$220 a month in food stamps. While families are eligible for food stamps up to 130 percent of the poverty line -- about \$8.50 an hour or \$17,748 for a family of three -- participation among working families is low. Presently, only 39 percent of individuals with earnings who are eligible for food stamps benefits receive them, compared to 71 percent of all eligibles and 97 percent of those on cash assistance. The package includes: 1) new policy guidance making it easier for working families to own a car and still receive food stamps; 2) new regulations making it easier for families to report income and ensure states serving working families won't be penalized for small errors in estimating families' future earnings; and 3) a new outreach campaign to inform low-income families of their food stamp eligibility.

3. Welfare – Welfare-to-Work Update: Our \$1 billion Welfare-to-Work reauthorization proposal is beginning to gain some momentum in Congress, though it will take a concerted effort from the White House to ensure that new funding is achieved this year. Our proposal -- including funds to help recipients with the greatest challenges to employment as well as fathers who need jobs to pay child support -- has been introduced by Democrats in both the House and Senate. Republican Ways and Means subcommittee chair Nancy Johnson has expressed some interest in working on a bipartisan basis on a fatherhood bill, but there are indications that she and her Republican colleagues are hesitant to move a bill with new funding. Meanwhile, Senator Bayh is developing a broad-based fatherhood proposal with Senator Domenici; we expect him to include elements of our Welfare-to-Work proposal, including an expanded focus on fathers using existing funds, but no new funding.

Since state and local grantees have up to three years to spend current funds, some resources will continue to be available even if we do not enact new funding this year. However, there is overwhelming demand for Welfare-to-Work funds: the Department of Labor received 1,400 applications for competitive grants last year totaling \$5 billion and only had funds to award grants of \$468 million.

On a more personal note, we thought you would be interested in news from Carlos

Rosas, the young father who introduced you at the January 25th event unveiling your Welfare-to-Work budget proposal. Carlos reports that he has now graduated from the technical college he was attending as part of the responsible fatherhood program in St. Paul, and has gotten a new job as a technician servicing business machines which will enable him to pay even more child support.

4. **Crime – Guns:** We have tentatively planned for about 80 Denver-area high school students to attend a White House event on Thursday to highlight the gun issue. The students, many of whom are from Littleton, are affiliated with S.A.F.E. (Sane Alternatives to the Firearms Epidemic) Colorado and will be in town to urge Congress to move quickly to pass gun legislation. At the event, we hope to release a brief report on the first six months of the National Instant Criminal Background Check System (NICS). The report will contain information detailing the types and number of gun sales blocked by the NICS. On a related note, on Wednesday, the D.C. district court dismissed a case filed by the NRA challenging the ability of the FBI to retain records for up to 6 months under the NICS.

✓ 5. **Health Care – Upcoming Activity on Medicare and Patients Bill of Rights:** Your advisors have developed a coordinated White House strategy to highlight your priorities on both Medicare and the Patients Bill of Rights over the next few weeks. On Sunday, Larry Summers and John Podesta are appearing respectively on *This Week* and *Meet the Press* to discuss your Medicare reform package and contrast your effort to strengthen and modernize the program with the proposed Republican tax cuts. On Monday, you are meeting with the bipartisan Congressional leadership to discuss Medicare reform within the context of the current negotiations on the budget. Before departing for Florida, where you will speak to the Communication Workers of America on Medicare reform, you will give a departure statement on the floor debate on the Patients Bill of Rights. Finally, early next week, you will hold an event promoting your proposed Medicare prescription drug benefit.

THE WHITE HOUSE
WASHINGTON

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8-10-99

August 6, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

1. Health Care - Patients Bill of Rights: On Thursday, Reps. Norwood, Ganske, and Dingell reached agreement on a strong, bipartisan bill that you could happily sign. The bill covers all Americans in all plans; provides real patient protections which the Senate bill does not (including access to specialists, continuity of care, and access to emergency care where and when the need arises); and provides a meaningful appeals process and the right to sue in state court. (The bill severely limits punitive damage awards to prevent frivolous lawsuits.) Democrats are united behind the bill, and 21 Republicans have already signed on as cosponsors. In a panicked attempt to win back some of those Republicans, Speaker Hastert agreed Friday to bring a compromise Republican version, sponsored by Rep. Coburn, to the floor this fall. The Republican leadership has asked the managed care lobby to advertise heavily over the recess. But unless the industry can change the dynamic, many Republicans are likely to put even more pressure on the leadership to produce a bill this session - especially if no deal is reached on tax cuts and they face the prospect of going home with no major achievements for the year.

2. Health Care - Medicare Update: After months of opposing a universal prescription drug benefit, some key Republicans are trying to develop their own alternative version. Senator Roth and Rep. Thomas (along with Senator Breaux) are attempting to design a catastrophic coverage benefit that is likely to have a deductible and to require higher income beneficiaries to pay more. Senators Snowe and Wyden just introduced a prescription drug benefit bill that would provide larger subsidies for lower income populations and smaller subsidies for higher income beneficiaries to purchase private Medigap-type drug coverage. We are reviewing the policy but believe that it would fall short of providing coverage to all in need of the benefit and would likely be administratively and structurally flawed. This week, we distributed background information on your Medicare plan to every Democratic member for the August recess.

3. Health Care – Medical Records Privacy: Last week, the House passed a Democratic motion to instruct conferees on the financial modernization bill to drop an extremely weak medical privacy protection provision that had sneaked into the House version. The provision would have undermined our current efforts to protect medical records privacy by preempting stronger state medical privacy laws, allowing personal medical data to be used by outside marketers as part of "marketing research," and permitting companies that receive sensitive medical data from insurers to use and sell the data without any Federal restrictions. Several members of Congress are still working on competing approaches to protect the privacy of medical records, but no consensus is in sight. We are pressing HHS to have its privacy regulation, which covers electronic records, ready for you to release later this fall.

4. Education – ESEA Update: On Tuesday, nine Senators led by Judd Gregg introduced a teacher quality bill similar to the one the House passed last month. The bill has a few similarities to our teacher quality plan in ESEA, including a focus on sustained, high-quality professional development and an effort to improve alternative routes to teacher certification. However, like the House bill, the Senate bill does not provide a separate funding stream for class size reduction, does not target the early grades, and makes it easy for districts to opt out of class size reduction altogether. The Senate is unlikely to take up the bill, because Senator Jeffords continues to insist on reauthorizing ESEA in an omnibus bill. Several Democrats have agreed to push for most of our ESEA package, although we are still looking for someone to champion our approach in two areas: (1) ending social promotion and (2) limiting the use of paraprofessionals in the classroom. Senators Kennedy, Feinstein, and Schumer are the best prospects.

5. Immigration – Parity Legislation: This week, we sent Congress legislation on Central American and Haitian parity relief. The bill was introduced with solid bipartisan support by Representatives Gutierrez, Chris Smith, and 26 cosponsors.

6. Livability – Better America Bonds: This week, Senators Baucus and Hatch introduced your Better America Bonds legislation. The proposal was also included in both the House and the Senate Democratic tax proposals.

7. Welfare – Faith-Based Policies: You asked for an analysis of recent faith-based proposals, and for ideas of what more we could do. We are working on a variety of new ideas (tax and non-tax), and will send you more detailed options shortly. In the meantime, you might be interested in the attached summary of how recent proposals compare to current law.

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THE WHITE HOUSE
WASHINGTON

August 13, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM:

Bruce Reed
Eric Liu

SUBJECT:

DPC Weekly Report

1. **Youth Violence – National Campaign:** On Tuesday you and the First Lady will participate in a three-part event on youth violence. *First*, you will unveil a new anti-violence PSA campaign, sponsored by the Advertising Council, the Kaiser Family Foundation, and Children Now. The ad features children talking about their fears of violence and closes with a clip of you urging parents to talk to their kids. You will announce that every major network has agreed to air the ad during prime time August 18th. *Second*, you will award \$15 million in Justice Department COPS grants for local law enforcement agencies to form innovative partnerships with schools or community organizations to target crime and violence in or around schools. *Third*, you will announce the selection of Jeff Bleich to be Executive Director of the National Campaign Against Youth Violence. Bleich is one of the nation's leading young attorneys and a nationally acclaimed pro bono advocate who has written on youth violence and the justice system. Eli Segal had wanted him to run the Welfare to Work Partnership, with Eli's help we were able to recruit him for this endeavor. We will send you under separate cover a memo outlining the Campaign's progress and structure. (You should also know that students at Columbine High School will have returned to class on Monday).

2. **Health Care – Patients Bill of Rights Update:** The Patient Access Coalition, which consists of about 100 professional health organizations, is delaying its endorsement of the bipartisan Norwood-Dingell-Ganske legislation at the urging of Congressman Coburn. Coburn is claiming that he can deliver the Republican leadership's support for *his* version of the PBOR, which he says largely mirrors Norwood-Dingell-Ganske but would have the advantage of Speaker Hastert's seal of approval. There is an outside shot that Coburn could secure the Speaker's blessing, if only because the leadership is desperate not to embrace a measure so strongly associated with the White House. The immediate effect of Coburn's activity, of course, is to slow momentum toward *any* legislative action. Recognizing this, the Coalition has agreed to delay their endorsement decision by one week only. If by next Friday the Republicans do not release workable statutory language with the Speaker's imprimatur, the Coalition has pledged to

us that they will endorse Norwood-Dingell-Ganske. We think the likelihood is low that Coburn can stitch together such language.

3. Education – Evolution and Creationism: This past Wednesday, the Kansas Board of Education voted six to four to adopt new standards for science curricula that do not include evolution as an underlying principle of biology and other sciences. The standards do not explicitly endorse creationism, but they no longer direct that students should develop an understanding of evolution or the “big bang” theory before graduating from high school. Since theories of evolution will no longer be included in state assessments, this vote essentially leaves the decision of what to teach on the subjects of evolution and creationism to local school boards.

Prior to the vote, the chancellors and presidents of Kansas’s six public universities said that the new standards “will set Kansas back a century and give hard-to-find science teachers no choice but to pursue other career fields or assignments outside of Kansas.” Republican Governor Bill Graves characterized the decision as “a terrible, tragic, embarrassing solution to a problem that didn’t exist.” There were, predictably, some questions from the media regarding your reaction. Though we held those questions off by casting this as a curricular issue best handled at the local and state level, it would be useful for future inquiries to know how you would like us to characterize your views on this issue.

4. Welfare – TANF Spending: You asked us to look into the question Governor Thompson raised with you about allowing states with large welfare caseload declines to spend TANF funds on education. Our short answer is that states already have considerable flexibility to use TANF funds for education, and that the risks of re-opening this question may outweigh the rewards. Such changes could, for example, enable funds to be diverted without any assurance that they be spent on low-income families. Using TANF as a funding pool for other priorities would also make it more difficult to meet remaining welfare-related challenges, and could undermine our efforts to secure additional resources for child care, training, and Welfare-to-Work.

Our more detailed answer is as follows. States, under current law, have significant latitude in how they spend TANF funds, so long as they meet these statutory goals: 1) to provide assistance to needy families; 2) to end the dependence of needy parents by promoting job preparation, work, and marriage; 3) to prevent and reduce out-of-wedlock pregnancies; and 4) to encourage the formation and maintenance of two-parent families. States may define “needy” for the first two purposes and may set differing eligibility levels for different benefits and services. Spending on the third and fourth purposes can be for anyone regardless of income.

Through the welfare reform rules you announced in April, and through TANF spending guidance released in May, we have encouraged states to use TANF funds in more creative ways. Among the wide range of activities states may now fund are: child care; transportation; literacy training and ESL; skills grants for low-income workers; job retention and career advancement services; vouchers for families who hit the time limit (using State MOE funds); substance abuse

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and mental health services; teen pregnancy prevention activities, including counseling and after-school activities; services to encourage fathers to work and pay child support; and parenting and employment programs for incarcerated fathers.

States may contract with a variety of organizations, including faith-based groups, to deliver these services. They can also use TANF funds for education programs for poor children – so long as the programs are reasonably calculated to achieve the purposes of TANF.

(Hypothetically, even a school voucher program for poor or at-risk teenagers could be described as an activity that helped reduce dependence, promote work, and reduce out-of-wedlock births – and could, hypothetically, be an allowable expenditure of TANF funds.) We will follow up with

Governor Thompson to make sure he is aware of how much flexibility governors already have. We do not believe it wise, however, to advertise this fact too widely because most governors are not doing as much as Thompson to invest in moving people from welfare to work.

THE WHITE HOUSE
WASHINGTON

September 24, 1999

MEMORANDUM FOR THE PRESIDENT

THE PRESIDENT HAS SEEN
9-27-99

FROM: Bruce Reed
Eric Liu

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pg 2:
VP
Podesta

SUBJECT: DPC Weekly Report

1. Tobacco – Federal Lawsuit. As you know, the Justice Department on Wednesday filed a sweeping civil complaint against the tobacco industry to recover federal health care costs associated with tobacco-related illnesses. The suit seeks recovery under the Medical Care Recovery Act, the Medicare Secondary Payer Act, and, most notably, civil provisions of the Racketeer Influenced and Corrupt Organizations (“RICO”) statute. The Department also seeks a number of injunctions to prevent further wrongful acts, mandate disclosure of relevant industry documents, and require defendants to fund education and cessation programs. As with any federal lawsuit, we are directing all inquiries to the Justice Department. But we can and should keep pushing for the \$20 million requested in your budget to fund the litigation, a request which has met with strong Congressional resistance.

2. Education – Appropriations Action. On Thursday, the House Appropriations Labor, Health and Human Services, and Education subcommittee passed its FY 2000 spending bill. The bill provides no funding for class size reduction and terminates GEAR-UP. It cuts \$148 from education technology and \$60 million from America Reads, and provides \$300 million less for after-school and \$507 million less for Head Start than your budget. It also does not include the \$200 million you requested for Title I accountability measures. (You should know too that the bill “reapportioned” \$3 billion in unspent TANF funds). We released a sharply critical statement from you, and are coordinating efforts by Congressional Democrats, Secretaries Riley, Shalala and Herman, governors, and others to highlight the potential harm caused by this bill. You will have a chance to condemn the bill, and call on Congress to pass your accountability plan, when you visit a failing school in New Orleans on Monday.

3. Health Care – Patients Bill of Rights Update. Now that a vote has been scheduled for the week of October 4th, the House leadership appears to have settled on a “campaign finance” strategy to weigh down the legislation with amendments and reduce its chances of passage. Norwood and Dingell will likely call for a “just say no to all amendments” counter-strategy. Accordingly, we are asking the AMA to support a clean version of Norwood-Dingell and to oppose provisions they have traditionally supported, such as medical savings accounts. An AMA decision to hew to this approach would provide crucial cover for Republicans who want to support Norwood-Dingell. Meanwhile, Dingell reported Thursday that he and Norwood are close to persuading Rep. Coburn – author of the main Republican alternative – to cosponsor

9-27-99

their legislation. This clearly would be a coup, since it would bring another significant bloc of Republicans behind Norwood-Dingell.

4. Health Care – Assisted Suicide. Next week, Hyde's anti-assisted suicide legislation is likely to come before the full House for a vote. This legislation has been significantly modified since last year; it no longer includes provisions that many health care providers and consumers felt would have had a chilling effect on the provision of pain relief to the terminally ill. As a result, many provider groups, including the AMA and the National Hospice Association, now support the bill. Senator Wyden and the state of Oregon continue to oppose it strongly. Although Wyden personally opposes assisted suicide, he sees the bill as a federal intrusion on states' rights. Because the Supreme Court has concluded that this issue belongs in the domain of states, and because of the administrative burden this legislation would impose on the Drug Enforcement Agency, the Justice Department also has strong concerns about the bill. A memo seeking your guidance on how best to position ourselves on this issue will follow shortly.

5. Crime – Juvenile Crime Bill Conference. Conferees were expected to hold their second and final meeting Thursday, but postponed until next week amidst continuing talk of possible compromises. Hyde has indicated to the media that he is developing a provision on gun shows that includes a three-day waiting period for persons with questionable arrest records, but early drafts suggest that he also will include troubling new loopholes. He has not released specifics, and members of both parties have reacted coolly. House Democrats this week also offered a series of motions to instruct conferees, which, while non-binding, put Republicans on record in support of favorable provisions. For instance, a Lofgren motion passed 305-117 instructing conferees to pass a loophole-free gun bill that does not weaken current law.

6. Crime – COPS Director. On Friday we announced that Commissioner Thomas Frazier of Baltimore will become the new Director of the COPS program. Frazier has served as Baltimore's Police Commissioner since 1994. Frazier has instituted a number initiatives supported by the Administration, including a Police Corps, a 3-1-1 non-emergency number, and a nationally recognized domestic violence program. Before coming to Baltimore, he served for more than 20 years in the San Jose Police Department, where he was instrumental in the implementation of community policing.

7. Welfare – Housing Vouchers. HUD is ready to award \$283 million in housing vouchers to help 50,000 families move from welfare to work. The vouchers will help families move closer to a new job, reduce a long commute, or secure more stable housing. They will be awarded to 92 communities in 35 states, as well as to two tribes. As you know, we have proposed 100,000 new vouchers in the FY 2000 budget, including 25,000 additional welfare to work vouchers, which neither the House nor Senate appropriations bill has funded. We have asked OMB and HUD to develop possible offsets that could enable the vouchers to be incorporated into a final appropriations bill. In the meantime, we will find an opportunity (a radio address or a VA/HUD veto) to release the 50,000 vouchers in a way that underscores our support for working families as well as the shortcomings of the Republican bills.

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8. Welfare – Welfare to Work Grants. Next week, Secretary Herman will announce \$223 million in competitive grants to 64 communities for innovative welfare to work efforts. (Among them is a multi-site grant for the Welfare to Work Partnership's efforts in several states.) In addition, the Department will award a \$20 million grant to a national community-based organization which will help as many as 10,000 welfare recipients become Census enumerators and then move to permanent jobs. Until Congress enacts our proposal to invest an additional \$1 billion in reauthorization, these will be the last grants made from the \$3 billion secured in the Balanced Budget Act. States and communities have up to three years to spend the funds.

9. Welfare – Individual Development Accounts (IDAs). Last week, HHS released the first grants under the Assets for Independence Demonstration Program to 40 non-profit community-based organizations. The grants, totaling nearly \$10 million, support demonstration programs under which every dollar a low-income worker saves for post-secondary education, a first home, or a new business is matched by \$8 in federal and local resources. The Republican FY 2000 budget funds IDAs at \$10 million, half the level we proposed.

10. Media and Violence – Senate Task Force on American Culture. Several months ago, Senator Brownback proposed the creation of a special Senate committee to investigate the "crisis in American culture." The panel, as conceived, would have had both a Republican majority and subpoena power. Not surprisingly, the open-ended proposal provoked a strong negative reaction – from Hollywood and the music industry, and from Senate Democrats like Dodd and Boxer, who proposed her own probe of firearms violence. Today it was reported that under an agreement brokered by Senators Lott and Dodd, the Brownback committee will be downgraded to a task force, with equal numbers Republicans and Democrats and with no subpoena power. The scope of the task force's work is still being negotiated but will be more limited than originally thought. A final vote on creating the task force could come next week.

11. Immigration – Citizenship Test. You requested a review of the citizenship test administered by the INS, as it was critically described in a recent New York Times article. In January 1999, the accounting firm of PriceWaterhouseCoopers (PWC) issued a report on the naturalization process that recommended, among other things, an overhaul of the current citizenship test. PWC recommended that INS establish new standardized tests for English and civics, as well as uniform procedures to ensure that tests are administered fairly and consistently. We are now working with INS to implement the PWC recommendations. We will also continue to draw attention to your proposed \$70 million English Language/Civics Education Initiative, which combines ESL training with life skills instruction.

THE WHITE HOUSE

WASHINGTON

October 1, 1999

10-5-99

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

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SUBJECT: DPC Weekly Report

1. Health Care -- Number of Uninsured Americans Rising. The Census Bureau on Monday will release its annual estimates of the uninsured population. Overall, there were 900,000 more uninsured in 1998 than in 1997 -- 44.3 million, up from 43.4 million. There was also a slight, though statistically insignificant, increase in the number of uninsured children, from 10.7 to 11.1 million. Some advocates may blame welfare reform for the rise in the uninsured, but notably, the increase occurred entirely among people *above* the poverty line. Moreover, there was a 1.7 million increase in the uninsured among those earning more than \$50,000 -- suggesting that changes in employer-based insurance may in fact be at the root of the problem. We will provide you an in-depth analysis of the trends. (You will also have an opportunity on October 12, before the American Academy of Pediatrics, to highlight our renewed efforts to decrease the number of uninsured children).

2. Health Care -- Patients Bill of Rights. We have dedicated two days of events around the scheduled House vote on the Patients Bill of Rights next week, including a Wednesday event with representatives of over 300 consumer and provider organizations that support Norwood-Dingell. The Republican leadership, it appears, is still unable to muster a majority for alternative approaches, and so will likely weigh down the bill with extraneous provisions or offer an alternative that weakens Norwood-Dingell's enforcement provisions.

3. Health Care -- Daschle Provider Give-back Legislation. On Friday, Senator Daschle, on behalf of over 30 Democratic Senators (including Moynihan), introduced legislation to moderate the impact of the 1997 BBA on Medicare providers. At an estimated cost of more than \$22 billion over 10 years, the package delivers relief to hospitals (particularly teaching and rural facilities), home health providers, nursing homes, and hospice care. Indirectly, it also provides relief to managed care plans, since increases in traditional provider payments result in higher capitated payments to plans. Daschle has not specified his offsets, but has said that none will come from the off-budget Social Security surplus. This legislation will no doubt raise provider expectations that a relatively generous BBA give-back is possible even in the absence of broader Medicare reform, which complicates our overall Medicare and budget strategy.

4. Education -- Senate Appropriations. The Senate Appropriations Committee on Tuesday passed an education spending bill with overall funding levels \$400 million above your request, but also with unacceptable cuts in key education programs. The bill, which you have

threatened to veto, does not authorize funding for class size reduction, and cuts funding for education technology. It provides \$60 million less than your budget proposal for GEAR UP; \$200 million less for after-school programs; \$30 million less for charter schools; and \$26 million less for Reading Excellence. It also does not include your Title I \$200 million set-aside to turn around failing schools. The bill is now before the full Senate, where amendments to improve after-school and class size funding were defeated this week. Senators Kerry and Bingaman plan to offer an amendment with your Title I set-aside; debate on the bill will continue into next week.

5. Education -- House ESEA Mark-Up. Next week the House Education and Workforce Committee will begin work on ESEA legislation. The committee is expected to consider Title I, bilingual education, and the House Republican "Straight A's" proposal (essentially a block grant). It appears the Chairman's mark on Title I will not include vouchers. While it does not include provisions on social promotion or discipline, the bill does contain somewhat encouraging language on teacher quality, public school choice, school report cards, disaggregation of achievement data by demographic groups, and intervention in failing schools.

6. Crime -- Juvenile Justice Update. Although conferees still have not met, Rep. Conyers has prepared a compromise proposal on guns that attempts to address Republican concerns without weakening the Senate-passed gun provisions. It emphasizes, for example, that records retained by NICS may not be used for the creation of a national registry, and that the GAO must oversee their timely destruction. The proposal has the support of Handgun Control. Hyde has not publicly rejected it, and has indicated he will prepare a counter-offer.

7. Families -- Fetal Protection Legislation. By a 254-172 vote, the House Thursday passed the "Unborn Victims of Violence Act of 1999." The bill, as you know, purports to punish violence against women but mainly would treat a fetus of any age as a life under federal law. We issued a veto threat as debate began, and this helped build a comfortably veto-sustaining bloc in opposition. Pro-choice groups have expressed their gratitude for the Administration's stance. Senators Hutchinson and DeWine will reportedly introduce companion legislation in the Senate.

8. Campaign Finance -- McCain-Feingold. You asked for a comparison of the Shays-Meehan bill recently passed by the House and the McCain-Feingold bill to be debated in the Senate later this month. McCain-Feingold has been scaled down to a ban on federal soft money contributions by corporations, labor unions and wealthy individuals. Shays-Meehan contains not only a soft money ban but also an expanded definition of the kinds of "express advocacy" that must be paid for with hard dollars, as well as improved disclosure and enforcement requirements. In our view, there is a significant difference in the likely impact of the two bills. A soft money ban alone -- without the restrictions or disclosure requirements of Shays-Meehan -- would simply unleash a flood of money for unregulated issue ads whose true sponsorship would not be known. While Shays-Meehan certainly does not represent the outer limit of reform legislation, it is certainly the more meaningful of the two measures.

9. Welfare -- Fatherhood. Next week, Reps. Cardin and Nancy Johnson will introduce a bipartisan bill on fatherhood. It includes eligibility changes from your Welfare-to-Work reauthorization proposal to help more low-income fathers work and pay child support, and to make it easier for communities to use Welfare-to-Work funds for long-term welfare recipients.

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It also provides \$150 million over five years for community-based fatherhood grants to promote marriage and successful parenting. It does not, however, include the \$1 billion in new funding you proposed for the Welfare-to-Work program. While we are encouraged by the bill's bipartisan thrust, we should continue pushing for increased investment in Welfare-to-Work.

10. Welfare -- Faith-Based Organizations. You recently made several inquiries on the involvement of faith-based organizations in federal social service activities. You asked first whether you had signed a law limiting the civil liability of charitable activities. The Volunteer Protection Act you signed in 1997 protects volunteers of nonprofits and charities from personal liability for harm they may cause, but does not limit the liability of the organizations themselves. Nor does the Act limit liability for harm caused by equipment or other tangible items donated to charitable organizations (Governor Bush supports such limits). The "Bill Emerson Good Samaritan Food Donation Act of 1996" did give relief from civil liability for donations of certain food products. When this legislation passed, however, both Congress and the Administration acknowledged that they were entering an area traditionally left to the states.

You also asked us to look at Wintley Phipps's U.S.Dream Academy, a nonprofit based in Columbia, MD, which assists young people with a parent or relative in prison and other at-risk youth. Using a new \$100,000 grant from the Department of Labor, the Dream Academy will create an after-school center in Washington, DC where participants can receive tutorial services, mentoring, character-based training, and other services. Because of constraints in the Labor Department funding source, this site will not include a faith-based curriculum, but Phipps aims to include faith-based activity in future programs funded through other means.

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Regarding second chance homes, which you asked about, HHS has not provided any guidance to states in the period since the welfare law was enacted. However, extensive reports designed for state policymakers have been distributed widely by two reputable policy groups.

Finally, you noted that Mayor Daley involves churches in the city's after-school programs. Chicago's Lighthouse after-school program works with four faith-based groups to recruit tutors, but the involvement of these groups is strictly non-sectarian. Though the Lighthouse program does not use federal funds, the Department of Education has made clear that faith-based groups can partner with programs funded through the agency's 21st Century Community Learning Centers program. The Department has in fact produced a new report to help faith-based groups become involved in after-school and other education programs. We are talking with the Vice President's office about their possible interest in releasing this report.

In preparation for the White House Conference on Philanthropy on October 22, we are also working with NEC and Treasury on an options memo that will include possible targeted tax incentives for foundations and charitable giving.

10/5/99

Should we send to VP?

Yes _____
No _____

to the VP (Treasury)

THE WHITE HOUSE
WASHINGTON

October 22, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

1. Education – Appropriations and ESEA Updates. As the Labor/HHS/Education appropriations negotiations unfold, we are working to secure funding for key education priorities. The current Republican bill purports to provide \$1.2 billion for class size but in fact does not require that a single dollar be spent on hiring new teachers to reduce class size. We are demanding a dedicated \$1.3 billion. On accountability, the current bill does not contain your proposed \$200 million Title I set-aside fund to turn around failing schools; we are asking for the full amount. Finally, the current bill falls well short of our budget proposals for after-school and summer school programs, as well as teacher quality and recruitment, Hispanic education, and mentoring programs like GEAR-UP; on all of these, we are seeking full funding.

On a separate track, the House yesterday passed its ESEA Title I reauthorization bill, 358-67. The bill has several positive features – public school choice, increases in overall funding – but also has flawed provisions on bilingual programs and other issues. As you know, an Armey amendment to allow vouchers was defeated by a large and bipartisan margin. However, a version of the block grants "Straight A's" bill later passed along party lines. In part because the House is addressing ESEA in piecemeal fashion, it has done nothing thus far on failing schools or social promotion. The Senate, meanwhile, will soon begin its work on ESEA. Sen. Jeffords this week released a prospectus of his comprehensive ESEA bill that does not include your accountability or class size initiatives. As the reauthorization continues in both houses, we will push to incorporate your reform agenda into the legislation.

2. Health Care – Medicare Drug Report. On Monday you will announce that you are directing HHS to conduct a study on prescription drug costs and their impact on Medicare beneficiaries. The study will be due in 90 days, enabling you to highlight its preliminary findings in the State of the Union. You should know that the Vice President today blasted the pharmaceutical industry for attacking your prescription drug proposal and for making millions of older Americans pay the highest prices in the world for needed medications.

3. Health Care – Medicare Provider Give-back Update. The key committees of jurisdiction in the House and Senate marked up their give-back proposals this week. Although both bills dedicate about \$1 billion in 2000 and at least \$15 billion over 10 years, both remain unfinanced and neither one dedicates surplus dollars to the Medicare trust fund. As a result, these proposals decrease the projected life of the trust fund by at least one year, to 2014. Both

the Finance and the Ways and Means committees rejected the Medicare modernization amendments that we supported, although those who voted against indicated they would be open to a reconsideration next year in the context of broader reform. Sen. Roth pledged that he would move to hold hearings on broader reform next year, but made no commitment on a markup schedule. Finally, the administrative actions you took this week were well received, and although the Medicare outpatient issue remains open we are working to resolve it. — *fanatic*

4. Health Care – Jeffords-Kennedy. By a 412-9 vote, the House this week passed its version of the Work Incentives Improvement Act. Our strategy in conference will be to strengthen the bill by including the Senate-passed option for states to expand eligibility, and by funding the demonstration project for workers with potentially severe disabilities. Our challenge now is preserving the bill's current offsets and finding additional provisions that we can accept.

5. Health Care – Medical Records Privacy Regulation. Next Friday, you are scheduled to unveil regulations to protect the privacy of medical records – an action you had promised to take if Congress failed to act. The proposed regulations apply to all medical records stored or transmitted electronically. They restrict the non-consensual release of private medical information and limit the amount of information that can be released. They require health plans and providers to inform consumers about how their medical information is being used and give patients access to their own medical files. They also create new criminal and civil penalties for improper use or disclosure of information.

6. Health Care – Labor-HHS Update on Health Priorities. The Labor-HHS appropriations debate has focused largely on education, but we are working to ensure that several health care priorities are not placed at risk. A number of key areas are currently funded below your request. There is, for instance, a shortfall of \$134 million for mental health and substance abuse prevention and treatment; \$75 million for HIV prevention, and for the prevention of emerging infectious diseases like the West Nile-like virus; \$20 million for graduate medical education at children's hospitals; \$25 million for the health care access provision advocated by Secretary Shalala; and \$48 million for the Administration's nursing home quality initiative.

7. Health Care – Enrollment of Native American Children in CHIP. You asked for an update on our efforts to speed enrollment of Native American children in CHIP. We have recently directed HHS to prohibit cost-sharing in CHIP plans for these children, thus removing a unique barrier to their enrollment. HCFA informed state Medicaid directors of this new policy on October 6th, and the decision was welcomed by advocates as well as by Lynn Cutler.

8. Families – Child Care. Secretary Shalala on Tuesday released a report showing that only 10 percent of children eligible for federal child care assistance actually receive it. The state-by-state percentages ranged from 4 percent in Mississippi to 24 percent in West Virginia. Overall, the study finds that 14.7 million children in low-income families were eligible for subsidies but only 1.5 million children in 1998 did. Your child care initiative would invest \$7.5 billion over five years to provide subsidies for an additional 1.15 million children. Sens. Dodd and Jeffords attached an amendment to the Labor/HHS bill adding \$818 million for child care subsidies; the provision, which we support, appears to have been dropped in conference.

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9. Youth – National Campaign Update. We asked Jeff Bleich for an update on the efforts of the National Campaign Against Youth Violence; his memo is attached. As you will see, Jeff has made contact with a wide array of private sector and nonprofit groups to develop a nationwide media campaign and an ambitious multi-city effort to highlight "what works" in local communities. He has also persuaded Steve Case of America Online to be the first member of the Board and has made offers to a number of others. His greatest challenge, however, has been raising enough funds to sustain the Campaign's basic operations.

10. Civil Rights – NAACP Tourism Boycott of South Carolina. The NAACP has called for a tourism boycott of South Carolina until the Confederate flag is removed from the state capitol and other sites. As you may know, Julian Bond has sent a letter asking you not to attend Renaissance Weekend this year in Hilton Head. The Administration has never taken a position on the flying of the Confederate flag; we are now revisiting the issue.

11. Tobacco – Florida Class Action Case. On Wednesday, a Florida appeals court ruled that the jury in a class action suit involving 500,000 Florida smokers may award punitive damages in a single lump sum rather than one smoker at a time. This was a reversal of an earlier court decision and a significant setback for tobacco companies. The jury, which in July had found that cigarette makers produced a defective and deadly product, is set to begin the damages phase of the trial November 1st. Tobacco stocks have been down sharply since the ruling.

12. Tobacco – International Framework Convention. As you may recall, last May the WHO adopted a resolution calling for a Framework Convention on Tobacco Control by 2003, and Secretary Shalala conveyed the support of the United States. Though formal negotiations will not begin until next May, we have developed guidelines for the U.S. delegation consistent with the Administration's tobacco policy. Our goal is a convention that places general obligations on signatory states to reduce tobacco use, but leaves precise details to each country's domestic legislation. The convention, like any treaty, will require Senate ratification and we will be consulting regularly with members of Congress and other interested parties.

13. Abortion – Partial Birth Abortion Act of 1999. The Senate passed this bill Thursday 63-34, with Sens. Mack, Gregg and Chafee not voting. Of the three, only Chafee would have opposed, leaving us with a narrowly veto-sustaining bloc against the legislation. Senator Durbin's alternative, which included an exception to preserve the health of the woman, failed 61-38. The Senate also adopted, 51-47, a Harkin resolution affirming Roe v. Wade.

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WASHINGTON

November 12, 1999

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FROM:

Eric Liu

SUBJECT:

DPC Weekly Report

4. Health Care – Organ Allocation. On Wednesday, we reached agreement with Congress permitting the release of the long-awaited regulation requiring organs to be distributed

My -
+ friend
help

on a "sickest first" basis. The regulation, which has been stalled for over two years, could save hundreds of lives a year. It will be implemented 42 days after enactment of the Labor-HHS bill.

5. Education – Kiryas Joel Village. You asked about efforts to help the Hasidic Jewish community of Kiryas Joel, New York establish a special public school district for disabled students. Because this case centers on the Establishment Clause rather than the Individuals With Disabilities in Education Act, it would be difficult for us to assist the village. The New York high court in recent years has struck down a number of state laws authorizing the village to form a special district; with each rebuff, the legislature has passed a new law re-crafted to pass constitutional muster. Under the latest such law, the village has already established a special school. Although another round of appeals is likely, there is bipartisan determination among state political leaders to find a solution satisfactory to the village.

6. Education/Crime – Bankruptcy Bill Amendment. This week, the Senate passed an amendment to the Senate bankruptcy bill that contains objectionable language on both education and drugs. The Hatch amendment, which passed 50-49, would establish vouchers for students in Title I schools who are victims of violent or drug-related crimes. In addition, it would narrow the disparity in penalties for crack and powder cocaine trafficking by sharply raising penalties for the latter. The amendment changes the threshold for mandatory cocaine penalties from 500 grams to 50 grams (5 year penalty) and from 5 kilograms to 500 grams (10 years). Our proposal, by contrast, would both increase powder cocaine penalties and modestly lower crack penalties. It is unclear whether there will be further action on the bankruptcy bill this session.

7. Crime – COPS Funding. As you know, this week we reached with Congress to provide over \$900 million of the Administration's \$1.27 billion request for the 21st Century Policing Initiative. Of the \$900 million provided, \$300 million is an unspent carry-over balance from FY 1999. The agreement will fully fund the first installment of our plan to hire and redeploy up to 50,000 more police officers over the next five years. In addition, the agreement provides \$230 million for law enforcement technology and \$10 million for community prosecutors (our budget requested \$350 million and \$200 million, respectively).

8. Welfare – Fathers and Welfare-to-Work. On Wednesday, the House passed the Fathers Count Act by a broad bipartisan margin. The bill, co-sponsored by Reps. Johnson and Cardin, establishes new grants to promote responsible fatherhood, makes Welfare-to-Work eligibility changes that we had proposed to help states and communities better serve low-income fathers and long-term welfare recipients with existing funds, and revises penalties for states that have not yet complied with certain child support requirements. It does not contain additional funding for Welfare-to-Work for FY 2000. While the Senate will not act on the broader fatherhood issues this year, we are pushing for enactment of the Welfare-to-Work eligibility changes and the child support provisions before Congress adjourns.

9. Welfare – Research on People Leaving Welfare. Eight of the 13 states and counties that received HHS funding to study the impact of welfare reform have released interim reports on families who left welfare in late 1996 or early 1997. The employment, earnings, and recidivism findings from these varied sites are generally consistent with other "leavers studies." Between 50 and 65 percent of former welfare recipients were found to be working immediately

THE PRESIDENT HAS SEEN

11-13-99

after leaving welfare. Between 65 and 75 percent were employed at some point during the year after exit, with average earnings in the quarter after exit ranging from \$2,185 to \$3,868 (the equivalent of \$5.65-\$10.00 an hour assuming a 30-hour work week throughout the period). In all sites, earnings for these former recipients steadily rose throughout the year following exit. However, between 5 and 20 percent of leavers were receiving welfare again within three months, with 24 to 35 percent receiving welfare at some point during the year after exit.

Six of the HHS-funded studies also tracked Medicaid and food stamps enrollment of families leaving welfare. Medicaid participation varied greatly, ranging from 25 percent to 76 percent in the first quarter after exit, with a substantially higher percentage of leavers enrolled in Medicaid at some point during the year after exit. Enrollment generally declined over the year and was slightly higher for children than for adults. Food stamps enrollment in the first quarter after exit ranged from 9 percent to 57 percent, again with a much higher percentage receiving food stamps at some point during the year. The low-end outlier was San Mateo County, which may reflect higher welfare grant levels in California, where families are earning more when they leave welfare and are therefore less likely to be eligible for food stamps and Medicaid.

10. Child Support – Medical Support Orders. On Monday, HHS will announce a proposed regulation to make it easier for children to get health insurance coverage through their non-custodial parents. The regulation creates a standard medical support form to enforce child support agreements that require non-custodial parents to provide for their children's health care needs. The regulation will be released with a statement from you stressing the Administration's commitment to child support enforcement and better health insurance coverage for children.

THE WHITE HOUSE

WASHINGTON

February 25, 2000

THE PRESIDENT HAS SEEN
2-28-00

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Podesta

MEMORANDUM FOR THE PRESIDENT

FROM:

Bruce Reed

Eric Liu

00 FEB 25 PM 9:28

SUBJECT:

DPC Weekly Report

1. Crime – Diallo Case. As you know, a state jury in Albany today acquitted all four police officers involved in the shooting death of Amadou Diallo. Mary Jo White, the U.S. Attorney for the Southern District of New York, has announced that her office, in conjunction with the Civil Rights Division, will review all available evidence to determine whether there were any violations of federal criminal civil rights laws. For a number of reasons, it would be improper for the White House to offer an opinion on the verdict, and we have referred all inquiries to the Justice Department. You should also know that after the Abner Louima incident in 1997, the Civil Rights Division and the U.S. Attorneys in Manhattan and Brooklyn began a joint investigation of the NYPD to determine whether incidents of excessive force were the product of systemic problems. In the aftermath of the Diallo shooting, Justice expanded the investigation to include the NYPD Street Crimes Unit. The investigation is continuing.

2. Guns – Canada Exports. We wanted to clarify today's New York Times report that firearms exports to Canada have been suspended. In fact, the State Department has not suspended the processing of all export licenses requested by Canada, but has deferred certain cases for further review. As part of its regular monitoring of export license applications, State noticed Canadian requests for very large numbers of firearms and ammunition rounds. Although most were purportedly for government and law enforcement use, this surge of large export requests raised concerns, particularly in light of Canada's strict gun control laws. State brought the issue to the attention of Canadian officials, and the Canadians then put on hold, pending an audit, the issuance of orders for large amounts of guns and ammunition for non-governmental license applicants. The audit may take a few weeks to complete; in the meantime, governmental export licenses continue to be processed. This issue is mainly in State's export control bailiwick, but we are watching it because of its potential collateral impact on our interactions with the gun industry.

3. Youth Violence – White House Council. As you may remember, in October 1999 you established the White House Council on Youth Violence to ensure more effective policy and programmatic coordination across federal agencies. On Thursday, the Council held its first meeting, which included Secretary Summers, Attorney General Reno, Secretary Shalala, Secretary Herman and Deputy Education Secretary Holleman. The Council will coordinate cross-agency efforts like Safe Schools/Healthy Students, develop a citizen's information hub and produce reports for parents and others. We have also asked the Council to pursue your suggestion of developing a school resource guide on counseling and support systems for students.

4. Health Care – Update on Patients’ Bill of Rights. Next Thursday, House and Senate conferees are scheduled to meet, and all reports indicate that very little progress has been made at the staff level. To keep the pressure on the conferees, you are scheduled to hold an event next week with doctors, nurses and patients to highlight the need for a strong piece of legislation.

5. Health Care – Release of State-by-State Report on Medicare. Next Tuesday, prior to your trip to Florida, we are planning to release a state-by-state report summarizing demographic and prescription drug trends in each of the 50 states. We are coordinating this release with congressional Democrats and are hoping to refocus public attention on the challenges the Medicare program faces. The release of this report will come on the heels of this week’s Senate Finance Committee hearing on Medicare reform, where Bob Reischauer and Dave Walker both testified that your Medicare proposal represents true structural reform.

6. Health Care – Update on Medical Errors. Your medical errors initiative received strong support from the editorial boards of the New York Times and Washington Post, and there is a great deal of interest in Congress on the issue. We are now reaching out to AMA and AHA to search for some common ground. It is worth noting that both AMA and AHA support virtually every part of your initiative except for the mandatory reporting provisions. We hope that further meetings will lay the foundation for a reporting proposal we can all agree on.

7. Native Americans – Hearing on Budget Initiative. On February 23, the Senate Indian Affairs Committee, chaired by Senator Campbell, held a hearing on your FY2001 Native American budget initiative. The Departments of Commerce, Education, Health and Human Services, Housing and Urban Development, the Interior, and Justice testified. The Committee response was very positive, with Chairman Domenici in particular expressing support.

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THE WHITE HOUSE

WASHINGTON

November 5, 1999

11-9-99

Copied

Read

Liu

Podesta

99 NOV 6 PM 12:00

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

1. Health Care – Unreported Deaths Associated with GeneTherapy Trials. You asked for an update on recent reports that gene therapy researchers failed to report six deaths and two serious illnesses of clinical trial participants to the NIH. The researchers were reportedly reluctant to report any adverse results out of fear that NIH's policy of publicly releasing this information (after removing identifiable patient characteristics to protect privacy) would hurt their company's financial standing. The researchers' failure to report these deaths is a clear violation of the current guidelines regulating research funded by NIH or conducted at institutions receiving NIH funding and can lead to suspension, limitation, or termination of NIH funding for the researchers and their facility. Recognizing these penalties, the investigators are now claiming that they withheld the names of the participants because the population studied is so small that it is impossible to maintain patient confidentiality. NIH does not believe that there is a viable confidentiality issue here (since no individually identifiable information is released). HHS is contemplating additional reporting requirements and enforcement action.

2. Health Care – Medical Records Privacy. Late this week, we met with the AMA and the American Psychiatric Association to review their concerns that the proposed privacy regulation would actually undermine current patient protections, rather than augment them. After reviewing the regulation in detail, representatives of the AMA acknowledged that our regulation provides a level of patient protection that is beyond what exists today. While they still would like to have a signed patient consent form before the release of information for any purpose, they pledged to emphasize their positive response to the privacy regulation as a whole and to work out any lingering concerns through an ongoing process with HHS, not through the media. Comments on the regulation are due in early January and we anticipate that the doctors, and hopefully the specialists, will give us constructive suggestions to strengthen the proposed regulation, which is due to be released next February.

3. Health Care – Jeffords-Kennedy. It appears very likely that the Republican conferees on the Work Incentives Improvement Act will complete work on this legislation in short order. Although we have not been invited to participate in these most recent discussions, we expect that the bill will be strong enough to gain your support. The primary outstanding issue continues to be the offsets for this solid bill, however, we expect that resolution on this legislation could be achieved by the end of next week.

4. **Crime – Guns.** On Thursday, the Vice President and congressional Democrats held an event with the domestic violence community calling on the Republican leadership to bring the gun bill to the floor with the Senate-passed provisions. The Vice President released a new Department of Justice report showing that more than 32,000 people with domestic violence convictions or restraining orders have been prevented from purchasing firearms by Brady background checks. Later that day, Rep. Carolyn McCarthy and Senators Schumer and Durbin held a separate news conference calling for a Presidential veto threat on any final budget agreement that does not contain legislation closing the gun show loophole.

✓ 5. **Crime – COPS.** On Friday, we met with all 12 major national law enforcement groups, including the Fraternal Order of Police and the National Association of Police Officers. The entire law enforcement coalition joined us in a press conference demanding that Congress go along with your budget request for 50,000 more police officers. John Podesta and Attorney General Janet Reno chaired the meeting and swore in our new COPS Director, Tom Frazier, the former police commissioner in Baltimore.

6. **Crime – Recent shootings.** (1) Honolulu. Because Hawaii has some of the toughest gun laws in the nation, the NRA has used the shooting in Hawaii to argue that gun laws don't work. Hawaii has licensing and registration laws that require local police to approve every handgun purchase by issuing a purchase permit and a 14-day waiting period. The alleged shooter, Byran Uyesugi, owned 17 legally registered firearms. While gun laws may not have prevented Uyesugi's tragic shooting spree, they have helped keep Honolulu's violent crime rate the lowest of any city its size in the nation. (2) Seattle. Washington State has weaker gun laws that do not include licensing or registration, although the state does have a five-day waiting period for handgun sales. As of this writing, the shooter is still at large and no murder weapon has been found. The ATF is utilizing ballistics technology to trace bullet casings left at the scene of the crime that may help them to determine the suspect's identity.

7. **Education – Bush Education Speech.** Governor Bush gave his third education speech, focusing on school safety, discipline and character. Once again, he borrowed heavily from our agenda, endorsing increased funding for character education, freedom of religious expression in the schools, and reforms in the Safe and Drug-Free Schools program to hold states and districts accountable for results. He also called for a lifetime gun ban for violent juveniles, which would already be law if House Republicans hadn't blocked the gun bill with his blessing. (Bush called for increased federal prosecution of juveniles who bring guns to school, but legislative provisions to do just that are hostage to the gun bill as well.) To increase discipline, Bush called for a "zero tolerance" policy for disruption and legal protection for teachers, principals and school board members enforcing that policy. Finally, he proposed vouchers for students in schools that are "persistently dangerous."

8. **Immigration – INS Restructuring.** For the past few months, Administration officials have been negotiating with Representatives Rogers (R-KY) and Lamar Smith (R-TX) on INS restructuring legislation and have made some progress toward reaching an agreement. On Thursday, the House Judiciary Subcommittee on Immigration reported legislation that includes some of the agreed-upon provisions, but does not ensure that a single, high-level immigration

official has the appropriate staff support to manage and direct our immigration system full-time. The Attorney General will continue to work with Congress to achieve an agreement.

THE WHITE HOUSE

WASHINGTON

December 10, 1999

THE PRESIDENT HAS SEEN
12-14-99

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

*Copied
Reed
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Podesta*

File **1. Health Care – Patient Abuse in Group Homes for the Mentally Retarded.** You asked if we could take any actions to address the appalling state of many group homes for the mentally retarded in the District of Columbia. The Washington Post recently reported that since 1993 at least 116 people have died in these homes; 34 of the deaths were linked to delayed treatment, neglect, and falsified reporting. HCFA is charged with ensuring that homes receiving Medicaid reimbursement meet certain health and quality standards. In response to the Post report, Nancy Ann Min DeParle ordered HCFA staff to survey all 133 intermediate care facilities that fall under their jurisdiction. These surveys will be conducted by personnel from outside the District. In addition, HCFA is meeting with the HHS Inspector General and the Department of Justice to discuss whether the abuse and neglect uncovered in these homes warrants the transfer of patients or criminal or civil prosecution. We will keep you apprised of further developments.

2. Health Care – Mental Health Report and Parity Issue. This Monday, Mrs. Gore, Secretary Shalala, and Surgeon General Satcher will release the First Surgeon General's Report on Mental Health. This long-awaited report provides a broad review of numerous mental health issues, and will further help dispel myths and stigma associated with mental illness. That said, it is also likely to raise again the issue of whether we want full mental health parity in private health plans. We avoided this question when we announced that FEHBP plans would implement full parity. Extending parity to private plans would raise premiums a projected 1 to 3 percent. Because of the premium increases already likely to result from the Patients Bill of Rights (3 to 4 percent), we would advise maintaining a low profile on the parity issue.

Pres **3. Health Care – Signing of the Work Incentives Improvement Act.** Next Friday, you are scheduled to sign into law the Work Incentives Improvement Act of 1999. Senators Jeffords and Kennedy, as well as a fairly large contingent of members of Congress and advocates, are likely to attend. As of this writing, we are hoping to hold the signing at the FDR Memorial, which would be a first choice of many within the disability community.

4. Food Safety – Legal Challenge to Meat Inspections. On Friday, a federal district court in Texas granted a preliminary injunction against the Department of Agriculture, barring USDA inspectors from shutting down a Supreme Beef Processors plant in Dallas. The plant had failed three consecutive tests for salmonella, prompting USDA to withdraw its inspectors November 30 and effectively halt operations. SBP brought suit, challenging the very legitimacy

of USDA's science-based inspection system. The new system – called the Hazard Analysis and Critical Control Point system – is the centerpiece of the Administration's advances in meat, poultry, and seafood inspections. As a result of the injunction, SBP's products continue to receive the USDA seal of approval, notwithstanding the Department's belief that these products should not be entering commerce at all. We are assuring consumer groups and the media that we are committed to defending this suit and moving forward on food safety issues.

5. Education – Standards Coming Under Strain. In the past several weeks there have been a number of press accounts about the inability of students across the country to meet rigorous state standards set for academic performance. The anniversary of the National Education Goals last week provided additional grist for these stories. As you told the National Education Summit in September, we are now reaching the hard part of standards-based reform – the stage where real and painful consequences begin to be felt. In the face of this pressure, Virginia, Massachusetts, New York, Arizona and other states are considering lowering their standards. Los Angeles also recently announced that it is retreating on its policy to end social promotion. We will continue to seek opportunities to get your message out about the importance of not backing down from high standards and accountability.

6. Crime – Texas Gun Prosecutions. This week, a front page story in the Houston Chronicle revealed that during Governor George W. Bush's tenure, the Texas Department of Public Safety neither investigated nor prosecuted several hundred known felons who had failed background checks in connection with their application for a permit to carry concealed handguns. The background checks were not conducted until *after* the felons completed the required training program, and it is believed that many of them trained with their own guns. The felons, including murderers, sex offenders and other violent criminals, not only falsified background check forms, but also broke state and federal laws prohibiting them from possessing firearms. Governor Bush, who endorses "enforcement of existing laws" as the best way to reduce gun violence, has directed the state police to follow up on the cases.

12-8-99

DPC Weekly

THE WHITE HOUSE
WASHINGTON

December 2, 1999

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(for reply 4/9/2)

EO 12958-1

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

[Handwritten initials]

1. Crime – Possible HUD Involvement in Gun Litigation. As you may recall, for some time now a coalition of public housing authorities, working with HUD, has been contemplating a class action lawsuit against firearms manufacturers to recoup the costs of gun violence borne by their residents. Working with Justice, Treasury and White House Counsel, we are now preparing a strategy to make the threat of this lawsuit public, so that we can spur along the settlement talks between the manufacturers and an array of plaintiff cities and states. This disclosure will be controversial – a clear sign of the federal government's willingness to litigate against the industry, it will fuel the debate over "the era of big lawsuits" – but it will enable us to push the manufacturers directly for meaningful remedies and to shape the ultimate outcome of the negotiations. We will provide you a more detailed briefing as we set this strategy in motion. An aggressive effort to pursue a settlement with the gun industry also will give us an opportunity to highlight Congress's failure to enact gun legislation.

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2. Health Care – New CHIP Enrollment Numbers. The latest figures (still preliminary and not yet public) show that nearly 2 million children are now enrolled in CHIP – twice the number we reported last summer. There are a number of reasons for this dramatic improvement, including implementation of state programs, back-to-school outreach efforts, and better reporting. We do not yet know, however, how many additional children have been enrolled in Medicaid, and given last year's decline in Medicaid-covered children, we still have much work to do. We are now reviewing a number of options for more aggressive school-based enrollment. For the FY 2001 budget development process, we also are looking at variants of the Vice President's policy proposal to cover the parents of children enrolled in Medicaid or CHIP.

[Handwritten: "are they to be enforced?"]

3. Health Care – ARKids Update. As you know, HHS is reviewing whether we may legally authorize parents to enroll their Medicaid-eligible children in ARKids. We expect a determination shortly. The Congressional delegation is split, with Democrats raising concerns about the Governor's request and Republicans generally supporting it. The Democrats' position has been influenced by recent reports indicating that parents of Medicaid-eligible children enrolled in ARKids had not been not informed by the state of their option to receive more generous Medicaid coverage. Amy Rossi, while concerned that the state refuses to drop its assets test requirement, remains generally supportive of the choice concept.

✓ **4. Health Care – Developments on Genetic Research.** On Wednesday, the National Human Genome Project announced that it had decoded the first complete molecular script for a single human chromosome. This development and others have heightened interest in both the promise and the perils of advances in this area. We are now developing a package of actions you could take to guard against the perils. First, we are preparing a joint proclamation with the British government that genetic research findings should, to the extent possible, be in the public domain and freely available to researchers. Second, we are working with the Patent and Trademark Office to develop new intellectual property standards for the patenting and licensing of genetic material, so that patents are not issued prematurely or without full consideration of the implications for health care research and development. Finally, we are re-opening our review of the viability of an executive order prohibiting the use of genetic information by Federal employers in hiring and promotion decisions. We had earlier considered such a ban on genetic discrimination, but a number of agencies, including State, CIA, Defense, and Peace Corps, sought exemptions. We will seek now to address their concerns and move forward on this.

Good
✓ **5. Health Care – Patient Safety Event.** Next week, you are scheduled to unveil an executive order directing federal agencies to develop an action plan to ensure patient safety through the prevention of medical errors. You will also announce new investments in research programs to improve health care quality; highlight new authority for the Agency for Health Care Policy and Research to explore issues related to medical errors; and direct HCFA to integrate patient safety initiatives into Medicare.

✓ **6. Education – Lieberman Education Bill.** Senator Lieberman and five other Democrats (Landrieu, Kohl, Bayh, Lincoln, and Wyden) have announced their intention to introduce a New Democratic ESEA reauthorization bill next session. Their proposal consolidates ESEA funding into four targeted and formula-driven grant programs for compensatory education, professional development, limited-English proficient (LEP) students, and innovative strategies. The bill includes a public school choice title encompassing charter schools and other choice strategies; it does not contain private school vouchers. The bill also contains an accountability title that would penalize states that fail to improve student achievement and fix failing schools.

Looks good - same we endorse
✓ **7. Welfare – Substance Abuse Treatment Grants.** We thought you would be pleased to know of a little-noticed budget victory on substance abuse: with significant support from the Congressional Black Caucus, our budget negotiators more than doubled funding for SAMHSA's Targeted Capacity Expansion Grants. These grants help communities address emerging substance abuse issues and unmet treatment needs, including HIV/AIDS, women moving from welfare to work, and substance abuse among Native Americans. The FY 1999 level for this program was \$55 million, and the final budget agreement provided \$114 million.

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✓ **8. Child Support – South Carolina.** You recently asked us to look into concerns raised by Gov. Hodges of South Carolina regarding his state's child support program. Under the 1988 Family Support Act, states must put in place a statewide child support computer system to make collections more efficient. Because South Carolina and a handful of other states have had difficulty completing these systems, last year we proposed and Congress enacted a provision to adjust the penalties for noncompliance: rather than lose 100 percent of federal child support payments, as originally mandated, states missing the deadline would lose only 4 percent of funds

the first year, with penalties rising in subsequent years. States choosing this alternative scheme would also need to develop a compliance plan.

South Carolina chose to appeal its original penalty rather than accept the alternative penalty, and the matter is now under review at HHS. Unfortunately, HHS has little discretionary authority to provide relief to the state. As Secretary Shalala has told the Governor, the law does not allow for the "good faith" exception he is seeking. We believe South Carolina's best option is the alternative scheme. By mounting an appeal it is unlikely to win, the state risks triggering the 100 percent penalty and could lose \$21.5 million this year. Secretary Shalala has offered to help the state develop a corrective compliance plan so it can qualify for the alternative penalty.

9. Children and Families – Foster Care Independence Act of 1999. On November 19, the Senate passed the Foster Care Independence Act of 1999. An identical bill was also passed by the House the week before, clearing the legislation for your signature. As you know, the bill is largely consistent with your FY 2000 budget request to provide additional support to older children in the foster care system. The Act doubles funding for the Independent Living program to \$140 million per year (and renames it in Senator Chafee's honor), allowing educational, vocational and job training services for more of the 20,000 youth who age out of foster care each year. The Act also provides Medicaid for these youth until they are 21, and provides additional funds for adoption incentive grants, enabling states to receive the full amount of the bonuses they earned for increasing the number of adoptions from the public foster care system. We are scheduling a date when both you and the First Lady can participate in a bill signing ceremony.

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THE WHITE HOUSE

WASHINGTON

January 14, 2000

THE PRESIDENT HAS SEEN

01-17-00

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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1. Crime – Boston Gun Event. Next Tuesday, at an event at the Orchard Gar Community Center in the Roxbury neighborhood of Boston, you will unveil the FY 2001 firearms enforcement budget. The initiative, which includes the largest increase ever in budget, includes: 1) 300 new ATF agents to increase cases against illegal gun traffickers and armed criminals; 2) 200 ATF inspectors to crack down on unscrupulous gun dealers, manufacturers and distributors; 3) 1,000 new state and local gun prosecutors; 4) over 100 additional federal prosecutors to focus on gun cases, including 20 enforcement coordination teams; and 5) additional resources to expand the Administration's crime gun tracing initiative to 50 cities, and provide ATF training and software for 250 cities to help trace more firearms. As you know, through its Operation Ceasefire Initiative, Boston has made significant progress in reducing crime and gun violence in recent years, particularly among youth. In the last decade, the homicide rate in Boston has dropped by 400 percent (24.9 per 100,000 residents in 1990 to 6.1 per 100,000 residents in 1998).

2. Crime – Federal Firearms Prosecutions. New internal Justice Department statistics show that the total number of federal firearms prosecutions increased by 25 percent between 1998 and 1999. Significantly, the 1999 total now exceeds by 15.7 percent the number of federal firearms cases brought in 1992. The updated figures will bolster our response to charges by the NRA and other opponents of gun safety legislation that this Administration is not doing enough to enforce laws already on the books. We plan to release these figures along with the FY 2001 firearms enforcement budget initiative for your crime event in Boston next Tuesday.

3. Crime – Data on Juvenile Gun Offenders. Earlier this week, the Justice Department posted new data on its website showing that between 1993 and 1998, the number of juvenile homicide offenders who used a gun fell 57 percent; from 1997 to 1998, the number fell 27 percent. The new statistic was released as part of an analysis of crime data previously released by the Bureau of Justice Statistics and the FBI.

4. Welfare – Second Chance Homes. Per your request, we are working with OMB to include funding in the budget for second chance homes. We proposed what seems to be a viable option, which is to earmark \$25 million of the proposed \$75 million increase in the Social Services Block Grant for this purpose. We will solidify details this weekend. To answer a question you raised, the latest data show that 17 states have obligated all their TANF funds:

01-17-00

Alaska, Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Maine, Massachusetts, Missouri, Montana, Ohio, Oregon, Texas, Virginia, West Virginia, and Wyoming. For certain technical reasons, however, we may not want to target this program only to states that have obligated all their TANF funds. We will update you further as this policy is finalized.

4. Health Care – Genetic Discrimination in the Federal Workforce. We are now preparing for you an executive order that prohibits genetic discrimination in the federal workforce. As you may recall, this order was stalled last year when a number of agencies, particularly CIA and NASA, insisted on retaining the right to screen out employees potentially unfit for dangerous billets. The compromise we have now developed bars genetic testing, but permits the taking of family histories to determine whether an employee or prospective employee has a *current* medical condition that would bar placement in a particular job. It does not, however, allow using family history as a way of speculating about the *future* possibility of a disqualifying illness. Dr. Francis Collins, director of the National Institute for Genome Research, was part of our process and is supportive of the compromise. You will be able to highlight this issue in the State of the Union, and can unveil the executive order soon thereafter.

5. Health Care – Announcement of Health Insurance Coverage Initiative. Next Wednesday, you are scheduled to unveil your health insurance coverage expansion initiative. It will include a range of policy proposals, but greatest interest will be focused on your family coverage proposal and your tax credit for individuals whose employers do not offer coverage. These and other policies will be made available to the media for publication on Wednesday, and you will highlight them that day. We will send you a memo early next week detailing all the provisions of the coverage initiative.

6. Education – Standards Report Answers. You asked about the NEAP performance of the five states cited as "exemplary" on the recent Thomas B. Fordham Foundation. The states were Texas, North Carolina, South Carolina, California, and Alabama. In brief, while Texas and North Carolina have made substantial and noteworthy progress on the NAEP since 1993, South Carolina, California, and Alabama have not. We can provide more detailed scores should you want them. You also asked for a copy of the Fordham report, which is attached.

7. Education – Education Week's Annual Quality Counts Report. Education Week released its fourth annual "report card" on school reform this week focusing on teacher quality. The report found that the "best and brightest" leave teaching early -- and that those who leave are twice as likely to have scored in the top 25 percent on the SAT as are those who stay. The report found that while most states set standards for who can teach, waivers and loopholes often erode those standards. The report also found fault with state efforts to recruit and retain high-quality teachers. Most states offer little or no extra incentives to become a teacher, and those that do offer something (such as loan forgiveness) do not tailor the incentives to high-need subjects or high-poverty schools. We are preparing a package of initiatives on teacher recruitment and quality for the State of the Union and the budget, including one program designed to cultivate teachers from and for high-poverty districts, and another that rewards states for making progress toward teacher quality improvement goals.

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THE WHITE HOUSE
WASHINGTON
February 11, 2000*delivered to the President by the Chief of Staff**copied
Reed
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Podesta*

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu
SUBJECT: DPC Weekly Report

1. Health Care – Action on Medical Errors. Next Friday you are scheduled to unveil an interagency report in response to your executive memorandum on medical errors. This report will validate virtually every recommendation made recently by the Institute of Medicine and will detail several initiatives you will be able to announce to help prevent these mistakes. Specifically, you will announce: (1) the establishment of the IOM-recommended Center for Patient Safety, which will coordinate the nation's research agenda on medical errors; (2) a commitment to require all hospitals participating in Medicare to establish medical error reduction systems as a condition of participation; (3) new efforts by FDA to improve medication safety; (4) a mandatory reporting system for all serious adverse events in DoD hospitals; and (5) your endorsement of a phased-in mandatory reporting system for *all* hospitals. This final recommendation will elicit the most scrutiny and concern because providers fear it will expose them to liability. We believe, however, that the phase-in and the absence of an explicit enforcement mechanism temper such concerns.

2. Health Care – Update on CDC Accounting Practices. The CDC has recently been criticized by Congress for ignoring explicit directions from the Appropriations Committees to spend \$7.5 million on hantavirus. A similar problem was highlighted last year when the Congress discovered that \$12 million funds dedicated for chronic fatigue syndrome had been diverted elsewhere within CDC. This has been an embarrassment for Secretary Shalala and CDC director Jeff Koplan, who have both met with key appropriators to apologize and offer steps for remediation, including audits, management re-organization, and mandatory training in appropriations for scientists. OMB has assured us they will closely oversee these interventions.

3. Welfare – Individual Development Accounts. The first results from a major study of Individual Development Accounts (IDAs) are in and they confirm that IDAs are an effective tool in helping low-income people save. On average, all IDA participants saved an average of \$33 per month (a conservative figure, which averaged in program dropouts and those with no savings). When combined with matching funds, participants accumulated an average of \$845 over a nine-month period, and this amount is expected to grow as the program matures. Especially noteworthy was that very poor IDA participants saved almost as much as other participants, and saved a much larger portion of their income. Ninety percent of the participants had household incomes below 200 percent of poverty, with about 43 percent below the poverty line. While there were some differences in savings based on demographic characteristics, the more important lesson was that a diverse group of low-income individuals were able to begin saving through IDAs. You may also be interested to know that former welfare recipients saved at least as much as low-

income individuals who had never been on welfare. These results come from the American Dream Demonstration, a privately funded demonstration operating in 14 sites around the country and including over 1,300 people, most of whom have been in the program less than a year. As you know, your proposed Retirement Savings Accounts are modeled on IDAs and your budget also includes \$25 million for HHS to create over 20,000 new IDAs in FY 2001.

4. Welfare – Research on Connecticut's Welfare Reform. Last week, the Manpower Demonstration Research Corporation released a generally positive report on Connecticut's Jobs First program which combines the shortest time limit in the nation – 21 months – with generous work incentives that allow recipients who earn less than the poverty level to keep their entire welfare grant. Overall, less than 40 percent of the Jobs First families studied had reached the time limit by late 1999. Of those who had reached the time limit, about half received at least one six-month extension and 75 percent were working when their cases were closed. Jobs First families enjoyed significantly higher employment rates and earnings than other families. Interestingly, Jobs First nearly doubled the employment rate of the hardest-to-serve families – from 17 percent to 32 percent – but had little impact on the most job-ready. Jobs First began under a waiver we granted in early 1996. In addition to the time limit and the income disregards, the program provides two years of Medicaid coverage for families leaving welfare for work, and continues child care subsidies as long as a family remains below 75 percent of the median income. The state also funds a non-profit-based Safety Net program to help families who hit the time limit but still have very low income; so far, few families have needed to access these services.

5. Education – Charter Schools. This week, as planned, we released the Department of Education's 4th-Year Report on charter schools and announced the \$30 million funding increase for charters in this year's budget. Among the report's key findings: 36 states now have charter laws; there were 1,633 charter schools nationwide as of last September, up 421 in the past year, and there are now an estimated 1,700; these schools are serving over 250,000 students in 30 states and the District of Columbia, a 57 percent increase in enrollment but still less than one percent of students in those states; median enrollment in charters is only 137 students, compared to 475 for other schools in those states. The ten states with the highest enrollment in charter schools are: California (73,905), Arizona (32,209), Michigan (25,294), Georgia (18,611), Texas (18,590), Colorado (13,911), Florida (10,561), Massachusetts (9,673), North Carolina (9,513), and Pennsylvania (5,474). As we noted last week, the report also finds that charter schools continue to serve a diverse student body very similar to the composition of traditional public schools.

6. Civil Rights – Traffic Stops and Racial Profiling. Next Tuesday, the House Judiciary Committee is scheduled to mark up H.R. 1443, *The Traffic Stops Statistics Study Act of 1999*, introduced by Rep. Conyers. This is the legislation you endorsed last year when you announced your directive on racial profiling, requiring certain federal agencies to collect data on the race, ethnicity and gender of individuals stopped or inspected by federal law enforcement. H.R. 1443 requires the Attorney General to conduct a nationwide study of stops for traffic violations by federal, state and local law enforcement officers, and provides grants to state and local agencies to assist them with data collection. As for your directive, plans for field tests were completed in December and the agencies have now begun data collection, with results and recommendations due the end of this year. In the meantime, we have also created a working group to be led by Deputy Attorney General Holder to consider possible immediate changes in policy and practice.