

6-15-99

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THE WHITE HOUSE
WASHINGTON

June 14, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

'99 JUN 14 PM 12:27

SUBJECT: DPC Weekly Report

1. **Guns -- Crime Gun Report on Youths Age 18-20:** At a Monday event with the U.S. Conference of Mayors, the Vice President will release a report by the Treasury and Justice Departments on gun crime by 18-20 year olds. The report shows that this age group leads all others in using guns to commit both homicides and non-lethal crimes, such as assault, rape, and robbery. The homicide findings are particularly striking. In 1997, 18 year olds ranked first, 19 year olds ranked second, and 20 year olds ranked third among all age cohorts in committing gun homicides; together, youths in this age group committed a full 24 percent of all gun homicides. The report also finds that crime guns recovered and traced by law enforcement officials were more likely to have been possessed by 19 year olds than by any other age cohort. Most of the crime guns recovered from these youth were handguns, with an especially large number of semiautomatic pistols. The report concludes from these findings that the high rate of crime in the 18-20 age group is linked to excessively easy access to firearms.

2. **Guns -- Brady Report:** You will release early this week a Bureau of Justice Statistics (BJS) report showing that Brady has stopped over 400,000 prohibited users from buying guns. The report shows that between March 1994 and November 1998, Brady background checks stopped 312,000 prohibited purchasers -- including 207,000 individuals with felony convictions or indictments -- from buying handguns. The report also shows that since November 1998, when the National Instant Criminal Background Check System (NICS) went into effect, the FBI has blocked another 45,400 gun sales (both long guns and handguns) and states probably have blocked at least the same number (though the state number is an estimate based on the total number of checks they have done). We hope that release of this report, especially in combination with the youth crime gun report discussed above, will give a boost to our gun proposals when they come to the House floor later this week.

3. **Crime -- COPS:** The Senate Appropriations Committee last week reported out a Commerce Justice State bill that would zero out the COPS program (though the bill would fund, through a different office, the part of our new COPS proposal that focuses on law enforcement technology). Administration officials called attention to the elimination of the COPS program at the meeting of the U.S. Conference of Mayors last weekend. As you

know, the Mayors are strong proponents of the program.

4. Welfare – Two Parent Participation: As you may recall, we announced in December that all 39 states needing to report work participation rates for FY 1997 met the 25 percent work rate required for all families, but that about half these states missed the 75 percent rate required for two-parent families. HHS now has sent letters to the non-complying states notifying them of the amount of penalty incurred and advising them that they may either accept the penalty or submit a corrective action plan showing how they will achieve the work rate target by a future date. For every state except California, the penalties, if imposed, will be very small (ranging from \$224 in Alabama to \$223,000 in Washington) because the amount of the penalty is adjusted for the share of the state's caseload consisting of two-parent families and for the amount by which the state missed the participation rate target. The penalty for California could be \$4.5 million -- a large amount, but still less than one percent of the state's 1997 TANF grant -- because the state has a high proportion of two-parent cases and missed the target by a large amount. While we expect a few states to accept minimal penalties, most probably will submit corrective action plans. We expect to have participation rates for FY 1998 later this summer.

5. Welfare – Civil Rights Guidance: We and the counsel's office are currently reviewing the final version of civil rights guidance to be sent to state welfare agencies and other interested parties. This guidance -- intended for use by welfare caseworkers and other staff -- explains the civil rights laws that apply to federally funded programs and to the workplace, using clear language and numerous practical examples. As you know, civil rights laws apply to TANF programs as they do to any other federally assisted programs, and they apply to employees on TANF just as they do to any other employees. This guidance, prepared by HHS with assistance from the Departments of Justice, Labor, Education, and Agriculture, will be distributed shortly.

 **6. Education – Troops to Teachers:** The defense authorization bill passed by the Senate includes a provision to continue the Troops to Teachers program, but the provision differs from your ESEA proposal in a few important ways. Most important, the defense bill does not include your proposal to extend the Troops to Teachers model to other mid-career professionals interested in teaching high-need subjects in high-poverty schools. We are currently working with OMB to draft a SAP for conferees noting how we would change the provision. In addition, Congressmen Roemer and Davis plan to introduce our Troops to Teachers proposal this week as a freestanding bill.

7. Education – Republican Teacher Empowerment Act/Class Size: House Republicans have introduced a teacher quality bill that in many ways resembles the teacher quality provisions in your ESEA proposal, but attempts to eliminate or undermine two of your signature programs. The Republican bill, like your proposal, focuses on supporting sustained, high-quality professional development and improving alternative routes to teacher certification. The bill, however, turns your class size initiative into little more than an

allowable use of funding by allowing districts to opt out of class size reduction activities for a wide variety of reasons (e.g., lack of facilities or qualified teachers). Equally problematic, the bill appears to preclude federal funding for the National Board for Teacher Certification. We currently expect committee mark-up of this bill before the end of the month. DPC and Department of Education staff will meet with congressional staff this week to try to work out differences on the bill. We will stress that we will oppose the bill unless it continues the class size program and authorizes funding for the National Board.

8. Education – Social Promotion in Los Angeles: Officials of the L.A. Unified School District unveiled a \$71 million initiative on Monday to end social promotion and launch intervention programs for students having difficulty meeting education standards. The District will use the Stanford 9 test and teachers' assessments to determine whether students in grades 2,3,4,5, and 8 meet standards in reading, language arts, and math. The District will provide students in danger of failing with special summer school, after school, and weekend classes. The community has responded very positively to the program, with parents overwhelmingly in favor of the effort and 7,000 teachers applying to provide the special instruction.

9. Education – School Uniforms: You recently requested an update on the number of school districts adopting school uniform policies. The Department of Education has not collected new data on this practice since July 1998. At that time, the Department estimated that 3 percent of all public schools had mandatory school uniform policies -- including schools in New York City, Dade County (Miami), San Antonio, Houston, Chicago, Boston, and Albuquerque. We know that other school districts have adopted mandatory uniform policies since the Department's last report, and Massachusetts is now considering putting the policy into effect on a statewide basis. The Department of Education is currently updating our data; we should have a new report for you within three months.

10. Health Care – Testimony on BBA's Provider Payment Provisions: The CBO, GAO, and Medicare Payment Advisory Commission testified before the Senate Finance Committee on Thursday about the effects of the Balanced Budget Act on health care providers. All three entities said there is little evidence that the BBA is causing significant access or quality problems, and all three counseled against any move to repeal or significantly modify the law. They attributed most of the decline in the Medicare baseline to success in curbing fraud and abuse, an excellent economy with low inflation, and some payment cycle issues that are short term in nature. The single provision of the BBA they all criticized is the physical therapy cap, which we also would like to eliminate. This testimony may take off some of the pressure to enact significant BBA giveback provisions, but given

the significant lobbying efforts of providers, we should not expect it to arrest the move toward changing BBA provisions on teaching and rural hospitals, nursing homes, and other matters. For this reason, we believe that our own Medicare reform proposal must signal some willingness to moderate any excessive burdens on providers' ability to ensure affordable quality care to Medicare beneficiaries.

11. Health Care -- Privacy Legislation: The Senate Labor Committee is scheduled to mark up health care privacy legislation on Tuesday. Two critical issues have not yet been resolved. First, both the standard of liability and the enforcement mechanism are in hot dispute. The Chairman's mark could allow suit only if a violation is willful and intentional (a very hard standard to meet), and could limit non-economic damages to \$50,000 and eliminate punitive awards entirely. All Democrats on the Committee would view these provisions as unacceptably undermining privacy protections. Second, provisions in the bill for protecting minors' privacy have become a concern of both the pro-choice and the pro-life communities because of the potential for these provisions to affect teenagers' ability to get abortions without parental approval. Both sides claim they want to maintain the status quo, but both sides also say the current language does not achieve that end. Senator Jeffords is attempting to work out a compromise on this issue. If he succeeds, he will go forward with the mark-up despite the absence of consensus on the liability and enforcement issues; if he fails, he probably will postpone the mark-up.

3-29-99

THE WHITE HOUSE
WASHINGTON

3-29-99 12:05

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

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May 7, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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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.

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

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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.

THE WHITE HOUSE
WASHINGTON

April 30, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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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

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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.

7-12-99

THE WHITE HOUSE
WASHINGTON

July 9, 1999

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to do reply

99 JUL 9 PM 7:15

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,

which was a critical victory for all Democrats last Fall.

7-12-99

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.

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

Do a memo
Curtis to
Lynn to
to Jim
to John

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

July 16, 1999

7-19-99

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Podesta*

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

THE PRESIDENT HAS SEEN
8-2-99

July 30, 1999

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Podesta

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report
What does this mean?

1. **Crime – Juvenile Crime/Gun Legislation:** This week, the Senate and House appointed conferees to the juvenile crime bill. We issued a statement from you urging the Congress to have a strong bill ready when school resumes in September. On Friday, by a vote of 305-84, the House passed a Democratic motion to instruct conferees to include provisions on background checks at gun shows and not weaken current law on background checks. We have heard that the conferees may meet once before the August recess, but timing for the completion of the conference remains uncertain.

2. **Crime – Housing Authority Gun Lawsuit:** We have been working with Secretary Cuomo on a potential lawsuit by a broad coalition of housing authorities against the gun industry. The suit would be based on the premise that because of its distribution practices, the gun industry should bear some of the costs housing projects incur from gun violence (e.g., security guards and alarms). This approach is similar to lawsuits filed by Chicago and Los Angeles. We will be working with HUD and federal law enforcement agencies to determine what remedies should be pursued in such a suit. The Wall Street Journal reported Wednesday that HUD was considering this action, but the Administration has not publicly confirmed it. Already, House Republicans have scheduled a hearing for next Wednesday to interrogate HUD about its plans. If the housing authorities decide to go forward with a suit, you could announce it the first week of the August recess.

3. **Drugs – Anti-Drug Media Campaign:** On Monday, you will unveil new advertisements as part of ONDCP's anti-drug media campaign. You will also release an ONDCP analysis showing that the campaign is reaching over 90% of its target audience an average of 4-7 times a week. One of the new ads stars national skateboard champion Andy McDonald, who will introduce you at Monday's event.

4. **Health Care – Patients Bill of Rights Update:** On Thursday, the Kaiser Family Foundation released a report demonstrating widespread discontent among health care providers about the quality of care provided by managed care plans. Seventy-two percent said that

managed care had decreased the quality of health care for people who are sick, 77 percent said it had decreased the ability of patients to get the tests and treatments they needed, and 86 percent said it had decreased the ability of patients to see medical specialists. Meanwhile, a number of House Republicans have been working with Congressman Norwood on a possible compromise with Congressman Dingell. Divisions within Republican ranks are forcing Speaker Hastert to renege on his commitment to bring a managed care reform bill to the floor next week and delay action until later this fall.

WMA to
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pressing

✓ 5. **Health Care – New CHIP Enrollment Data:** On Friday, Kaiser released a new study which reported that states have now enrolled an estimated 1.3 million children in CHIP – 300,000 more than HHS estimated in January. We also are seeing signs that CHIP outreach is paying an added dividend by increasing the number of children states enroll in traditional Medicaid.

6. **Welfare – Faith-Based Organizations:** You asked for an assessment of Governor Bush's recent proposals to promote charitable giving and faith-based organizations. His centerpiece proposal – to let non-itemizers claim a federal charitable deduction – is an idea we considered in 1996 but rejected because it costs \$8 billion a year. He also proposed allowing charitable contributions from individual retirement accounts (IRAs) without penalty. Treasury is concerned that this idea could invite tax shelters and abuse. Bush's third tax proposal – to let states use TANF funds to finance tax credits for charitable contributions – could be an interesting way to help make sure states use their TANF surpluses, but it would divert money from welfare-to-work efforts unless the credits were highly targeted. Like the Vice President, Bush proposed expanding charitable choice to other social programs (TANF, the Community Services Block Grant, and the Welfare-to-Work grant program already allow federal funding for faith-based groups).

7. **AIDS – Vaccine Research Update:** The Wall Street Journal reported on Friday that Merck is planning to begin human trials of an AIDS vaccine. Merck says it will test gene-based vaccines to elicit an immune response capable of either preventing HIV infection or keeping it from overwhelming the immune system. We should be pleased that a major pharmaceutical company is launching this effort, but NIH scientists warn that even under the best of circumstances such a product will not be available for widespread use for at least five years.

+ Americans
want the gov't
to try to do more?

THE WHITE HOUSE
WASHINGTON

10-10-10

8-10-99

August 6, 1999

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Reed
Liu
Podesta

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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12-21-98

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THE WHITE HOUSE
WASHINGTON

December 18, 1998

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Kagan
Podesta

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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

12-14-98

December 11, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena KaganSUBJECT: DPC Weekly ReportCopied
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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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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 PRESIDENT HAS SEEN
10-28-98
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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.

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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

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.

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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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.

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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 ~~reject~~ 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,

(3) hold schools accountable for 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.

12-7-98

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THE WHITE HOUSE
WASHINGTON

December 5, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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.

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

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.

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This
from
disagreement

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.

8-10-98

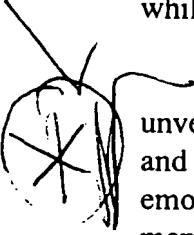
THE WHITE HOUSE
WASHINGTON

August 7, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena KaganSUBJECT: DPC Weekly Reportcopied
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1. **Health Care -- Patients' Bill of Rights Event:** You are scheduled to go to Kentucky on Monday to participate in an event on patients' bill of rights legislation. In line with your pledge to the Democratic caucus last week, you will highlight the many shortcomings of the Republican bills and show how they differ from the Kennedy-Dingell-Ganske alternative. The President of the Kentucky Medical Association, a lifelong Republican, is currently scheduled to give a speech at this event, expressing the AMA's disappointment with the Republican proposals. Other major provider and consumer organizations will repeat the same message and praise your leadership on this issue. In addition, you will announce at this event that the Federal Employees Health Benefits Program is now ready to implement an anti-gag rule -- thus taking still another step in our continuing effort to bring all federal health programs into compliance with the patients' bill of rights, even while Congress delays in passing legislation.



2. **Health Care -- Elder Abuse:** We are working on an initiative that you could unveil as early as Thursday to respond to continuing reports of elder abuse. By that time, HHS and NIH should be ready to release reports documenting the physical, psychological, emotional, and financial abuse which older Americans suffer, often at the hands of family members. As part of the initiative, you would (1) announce the creation of a new center on elder abuse; (2) release new Justice Department grants to help identify and prevent elder abuse; and (3) call on Congress to reauthorize the Older Americans Act, which includes services to help elders at risk for abuse. We also will work with aging advocates and others to help highlight some of the best practices in the states to crack down on elder abuse. This initiative complements your recent efforts to ensure that patients in nursing homes receive high quality services, and we will try to draw that connection.

3. **Health Care -- Home Care Reimbursement:** Home care providers are pressing Congress to modify a Medicare reimbursement policy passed as part of last year's Balanced Budget Act. In that Act, Congress established a phased-in prospective payment system, similar to the system that has constrained hospital payments, to curb the dramatic increase in home health expenditures (from \$4.7 billion in 1990 to \$17.2 billion in 1997). Now home care providers are claiming that the new policy reduces rates too much, penalizes efficient providers, and disproportionately harms some providers who serve very ill patients. A number

of the providers' complaints appear to have some validity, but there is little HCFA can do about them without new legislation. Congress would like to respond, but so far has failed to devise a viable alternative. Budget-neutral changes in the reimbursement policy cannot attract sufficient support because they inevitably would hurt as many home care providers as they would help. But non-budget-neutral revisions also have significant problems, because they would require new and almost certainly unpopular Medicare offsets. In response to this difficulty, Congressman Thomas and other members of the Ways and Means Committee have begun to allege that the Administration bears primary responsibility for solving the problem. We expect pressure to grow even stronger over the next month or so for the Administration to identify new Medicare savings and provide cover for using them for this purpose.

4. Education -- National Board for Professional Teaching Standards:

Congressman Goodling agreed to drop the provision in the Higher Education Act to prohibit funding for the National Board for Professional Teaching Standards in exchange for OMB's promise to accept the CBO's scoring of the student loan program. Goodling also agreed not to attack the Board in any other legislation that Congress will vote on this year. While this deal protects the Board for the time being, we expect Goodling to pursue his vendetta against the Board in next year's reauthorization of the Elementary and Secondary Education Act. Our efforts over the last few weeks have demonstrated that although the Board enjoys broad bipartisan support in the Senate, it has no real following in the House; in addition, our efforts have shown that even champions of the Board have questions about certain aspects of its work -- particularly about the very high cost of certification. We will continue to work closely with Governor Hunt and others on a strategy to shore up support for the Board among members of Congress, including by urging the Board to make needed reforms.

5. Education -- Bilingual Education: The House Republican Leadership scheduled Congressman Riggs's bilingual education bill for a floor vote on Thursday, but pulled the bill at the very last minute. Democratic opposition to the bill was strong, and a few Republicans from New Mexico, Texas, and Florida also might have voted against it. It is unclear whether the Leadership will schedule new time for the bill in September.

6. Community Empowerment -- Empowerment Zones: A bipartisan coalition of Senators including Senators Jeffords, Leahy, and Warner last week introduced legislation that would provide grant funding for the second round of Empowerment Zones (EZs). This bill, the result of months-long negotiations between Administration and Senate staff, not only would provide flexible grants to the second-round EZs (as the Administration's earlier proposal did), but also would provide: (1) funds for a new demonstration program called Rural Opportunity Communities (ROCs) to spur economic development in communities that cannot qualify for the EZ/EC program; (2) a new pool of money for high-performing EZs and ECs that have exhausted their existing resources; and (3) a preference for high-performing first-round ECs that are applying for a second round EZ. In the next weeks, DPC, OVP, and NEC will continue to work closely with HUD and USDA in procuring additional cosponsors for this

legislation, and will work to secure its passage as part of any revenue-related legislation coming out of the Senate Finance Committee.

7. Crime -- Concealed Weapons Legislation: The House Judiciary Committee approved legislation last week to expand the right of certain persons to carry concealed weapons across interstate lines. As originally introduced -- upon the request of the Fraternal Order of Police -- this bill would have allowed current and former law enforcement officers to carry concealed firearms across state lines. As amended in the Judiciary Committee -- with strong support from the NRA -- the bill also would allow private citizens with permits to carry concealed weapons in their home states to do the same in any other states that permit concealed weapons.

Currently, 29 states must issue concealed-weapons permits upon request to all persons not prohibited from owning a firearm (generally, convicted felons); 13 states may issue concealed-weapons permits, but retain some discretion in approving and denying applicants; one state -- Vermont -- does not even require a permit to carry a concealed weapon; and only seven states flatly prohibit the carrying of a concealed weapon. Thus, the practical effect of the legislation passed last week is to allow millions of gun owners to carry concealed and loaded weapons on an interstate basis in 43 of the 50 states. We are considering making this legislation a central piece of the gun event you will do in California next week (which also will focus on Brady), but first must consult with Grey Davis and others.

8. Crime -- Law Enforcement: The House Crime Subcommittee is scheduled to mark up legislation next week to provide college scholarships to the children and spouses of local law enforcement officers killed in the line of duty. You called on Congress last year to pass this legislation, after signing a bill in 1996 to provide such scholarships to the dependents of slain federal officers. Similar legislation passed the full Senate in May.

9. Gay and Lesbian Issues -- Sexual Orientation Executive Order: The House last week voted down an amendment, sponsored by Congressman Hefley, to prohibit funding to implement your executive order of May 28 banning discrimination based on sexual orientation in the federal civilian workforce. The vote was 252 to 176, with 63 Republicans rejecting the Hefley measure. A recent Wall Street Journal/NBC News Poll showed that 72 percent supported the order, while only 20 percent opposed it.

10. Children and Families -- After-School Programs and Service: You recently asked us to look into a proposal from a White House Fellow to earmark 15 percent of proposed funding for the 21st Century Community Learning Centers program for after-school programs run through the Corporation for National Service (CNS). Strengthening the connection between service and after-school activities is important, and service is in fact already a significant part of the current 21st Century program. But specific earmarking from an Education Department program to the CNS might be disadvantageous for both programs for the following reasons: (1) funds from the Education Department come with

many more restrictions on their use than CNS dollars; (2) additional earmarking would drain the 21st Century program of needed resources (the Administration's budget proposal already targets 10 percent of program funding to community-based organizations, and the House Appropriators cut our budget request from \$200 million to \$60 million); and (3) this kind of earmarking would lessen our ability to promote greater utility of public school buildings during after-school hours. We will, however, continue to explore ways in which we can provide greater support and funding both to traditional after-school learning programs and specific service-oriented programs.

E.C.

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THE WHITE HOUSE
WASHINGTON

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October 3, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Tobacco -- State Settlement: Rumors continue about an upcoming settlement between the states and the tobacco companies, as R.J. Reynolds and Brown & Williamson returned yesterday to the negotiating table. The parties, however, still have not worked out some difficult problems -- most prominently, how to prevent companies that do not join the settlement from gaining a competitive advantage -- and the return of RJR and B&W to the table may make resolution of these issues even more complicated. As you know, some plaintiffs' lawyers continue to suggest a broadening of the current negotiations to include the federal government. Both the states and the companies, however, have responded negatively to these proposals, fearing that the intrusion of the federal government would queer the deal they have been working on for so many months.

2. Health -- Medicare Managed Care Program: As you know, Friday marked the last day that HMOs participating in Medicare could decide whether to stay in the program for the upcoming year. Preliminary data from HHS indicates that some 25 companies in 320-400 counties serving 240,000-300,000 beneficiaries -- about 5 percent of the six million beneficiaries now in Medicare HMOs -- have decided to withdraw from the program. Most affected beneficiaries will have the option of joining another HMO in the same county. But in 60-100 counties, some 30,000-75,000 beneficiaries -- less than two percent of the total -- will no longer have any HMO option and will have to return to traditional fee-for-service coverage. Secretary Shalala has recommended that in these 60-100 counties we (1) expedite the approval of new plans, and (2) allow plans that have just withdrawn to come back into the market with increased premiums and/or decreased benefits. She argues that these steps will allow us to say that we have done everything possible to ensure that Medicare beneficiaries have access to managed care plans. We believe, however, that the second part of the Secretary's recommendation would reward bad actors and create perverse incentives for the future. We will meet with the Secretary and Erskine Monday to resolve our differences on this matter (and if necessary, come to you), so that we can announce our response as soon as possible.

3. Health -- CHIP Waiver Request: Governor Thompson is pushing HHS to approve a waiver that would allow Wisconsin to use federal match dollars from the Children's Health Insurance Program (CHIP) to provide insurance coverage for parents as well as

children. Thompson has broad support in Wisconsin for this proposal (including among some traditionally Democratic constituencies), and last week Senators Lott and Roth sent a letter to Secretary Shalala saying that she should grant the waiver and suggesting that they would seek legislation next year if she did not do so. HHS so far has refused to approve any waivers from CHIP, reasoning that we should first get the baseline program off the ground. HHS also has serious substantive objections to Thompson's proposal, believing that CHIP dollars were designed for children rather than adults, and that granting waivers of this kind could prevent us from reaching our goal of covering five million children. Many supporters of the CHIP program in Congress agree with HHS, including Senators Hatch, Rockefeller, Jeffords, and Chafee and Congressmen Dingell and Waxman. We believe that HHS should refuse the waiver request and work with this bipartisan group of legislators to try to defeat any legislative attempt to reverse this ruling.

4. Health -- Statistics on Uninsured: You asked last week about the increase in the uninsured population since 1993. About 43.4 million Americans are now uninsured, up almost 10 percent from 39.7 million in 1993. Among the total number of uninsured are 10.7 million children, up from 9.6 million in 1993. As we noted last week, the number of uninsured children did not increase at all last year, in part because of our focus on children's health. We anticipate that within two years, we will see a noticeable decline in the number of uninsured children as a result of the full implementation of CHIP. In contrast, the number of uninsured people ages 55 to 64 increased by 7 percent last year, validating the need for your initiative to increase coverage options for this population. We will soon send you a more detailed memo shortly describing the new Census data and outlining additional policy options.

5. Health -- Dean Ornish: We have worked with Dr. Ornish in recent weeks to obtain funding for his research on the impact of diet on prostate cancer. The conference report on the DOD appropriations bill now includes \$2.5 million for this research initiative. Although Ornish had hoped for a \$5 million grant, he was very pleased with this amount. Ornish also has requested that we provide assistance in his ongoing efforts to obtain Medicare reimbursement for his diet treatment plan. Ornish will meet with high-level officials at HCFA later this month to discuss this issue, and we will ensure that they give his proposal full and fair consideration. We also discussed ways for him to engage members and staff of the Medicare Commission on this issue. Ornish is pleased with the Administration's responsiveness and asked us to pass along his personal appreciation to you.

6. Education -- Charter Schools: We are hopeful that Congress will pass charter school legislation prior to adjourning this year. House and Senate staff met last week to pre-conference the bill, and reached agreement on virtually every issue. We think that they will finish their work within the next few days, and that the leadership then will bring up the bill for a vote. The NEA and AFT continue to be lukewarm to the legislation, but we do not now anticipate that any Democrats will try to derail it.

7. Education -- Class Size Reduction: We are talking with Democrats in Congress about whether to insist on a scaled-down class size reduction initiative in the Labor-HHS-Education appropriations bill. Senators Murray and Harkin have developed a proposal to provide \$500 million in new Title 1 funds specifically for class size reduction. Secretary Riley believes that if we push hard enough, we can get the Republicans to sign on to this kind of proposal. Senate Democrats appear supportive of this approach. House Democrats, however, have sent mixed signals about whether to get a class size initiative in the bill or leave it out and preserve a campaign issue. We will continue to engage them on this matter.

8. Welfare Reform -- Noncustodial Fathers Study: The Manpower Demonstration Research Corporation released last week the first full-scale study of a program focusing on the non-custodial fathers of children on welfare (the Parents' Fair Share program, which was created by the Family Support Act). The results were generally disappointing. The program, which operated in 7 cities, raised child support payments by an average of \$173 or 7 percent, but failed to improve participants' employment status or earnings level. We are currently holding discussions with policy experts and government officials to try to find more effective approaches. Many states are using their Welfare-to-Work funds to serve the fathers of children on welfare, and we want to make sure that these funds are put to the best possible uses. We are hoping to have policy proposals ready for this year's budget and State-of-the-Union.

9. Welfare Reform -- Federal Welfare-to-Work Hiring Numbers: Federal agencies hired 926 former welfare recipients last month, bringing the total number hired to 7,087 since April 1997. As you recall, our goal is to hire 10,000 welfare recipients by the year 2000, so we are well on our way to success in this area.

10. Crime -- COPS Grants: You asked last week about the total number of law enforcement officers that the COPS program has funded. The program now has provided \$5.2 billion to fund over 88,000 new and redeployed officers across the country. We will probably reach the 100,000 mark ahead of schedule -- in the middle of Fiscal Year 1999, rather than at the end of Fiscal Year 2000. As you know, however, there is a lag of about 18 months between the time funding is provided to hire police officers and the time the officers actually hit the street.

11. Crime -- NAPO Event: You are currently scheduled to participate in the NAPO Top Cops Award ceremony on Friday. Although we are still considering message options, we probably will recommend that you blast Congress for failing to pass legislation that would extend education benefits to surviving children of law enforcement officers killed in the line of the duty, despite widespread bipartisan support. At the same time, you could criticize Congress for failing to pass a host of measures that would continue our progress in fighting crime.

*OKS - just
have suggestions*

12. Drugs -- Medical Marijuana: Five states (AK, WA, OR, NV, CO) and the District of Columbia have medical marijuana initiatives on their ballots for November 3. We are working with ONDCP and other federal agencies on a targeted media and outreach strategy to inform the public about the Administration's position on this issue. The strategy will place special emphasis on D.C.'s medical marijuana initiative, and will include communications to local opinion leaders, elected officials, churches, and law enforcement officials. There are currently eight states with medical marijuana statutes.

13. Children and Families -- Head Start Reauthorization: We expect that Head Start Reauthorization (part of the Community Services bill that also includes LIHEAP and IDA demonstrations) will pass by the end of next week. The bill coming out of conference is generally quite good -- authorizing the program at levels near your request and adding an important new "school readiness" goal for Head Start grantees. The bill does include a requirement -- championed by Congressman Goodling and insisted upon by the Republicans in conference -- that a greater percentage of Head Start dollars be spent on activities to promote quality. Currently, 25 percent of dollars are set aside for quality improvement; this bill requires that 60 percent be set aside in fiscal year 1999, 50 percent in 2000, 47.5 percent in 2001, 35 percent in 2002, and 25 percent in 2003. Unless we obtain additional investments in Head Start in the future, this requirement will prevent us from reaching our goal of serving one million children by 2002.

14. Community Empowerment -- CDFI Fund: The CDFI Fund awarded \$75 million to 190 institutions last week. Of the total, \$44 million in loans and grants went to 42 CDFIs in 21 states, \$2.9 million in technical assistance grants went to an additional 70 CDFIs, and \$27.9 million went to traditional insured depository institutions that have increased their lending to distressed areas or invested in CDFIs. We are working closely with Treasury to ensure appropriate funding of your Fiscal Year 1999 CDFI budget request.

'97 DEC 20 AM 11:5

THE WHITE HOUSE
WASHINGTON

December 19, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

Don -
I think Patino is asking
here whether we're on
schedule for 100,000 cops
and (it is) whether we're
just barely on schedule.
12-29-97
Could you give him a
summary for next week's
weekly in ~~the~~ how we're
doing generally - including
a response to recent reports

1. **Welfare -- Welfare-to-Work Competitive Grants:** The Department of Labor will release a notice in early January seeking welfare-to-work competitive grant applications. DOL will award a total of \$711 million in five rounds of competition, two in FY 1998 and three in FY 1999. Projects will be funded for up to three years. Both public and private entities may apply, including state and local governments and community and faith-based organizations. We worked with DOL to ensure that the notice seeks projects designed to place welfare recipients into jobs quickly and to provide the support services and skills training they will need to succeed in the work force. Like the activities supported by formula funds (the rest of the \$3 billion welfare-to-work program), these projects must serve long-term welfare recipients with multiple barriers to employment. DOL intends to award about 70 percent of competitive funds to projects in cities with high concentrations of poverty and about 30 percent to projects in rural areas. The first round of applications will be due in March.

2. **Crime -- COPS:** The Justice Department last week announced \$47 million in grants to fund an additional 800 police officers under the COPS Program. The grants went to law enforcement agencies in 32 states, and included a grant to New York City to fund 300 officers. The announcement brings the total number of officers funded under the COPS Program to 66,000.

3. **Crime -- 3-1-1 Community Policing Number:** Dallas launched a new citywide 3-1-1 non-emergency response system last week. Dallas residents will be able to call 3-1-1 and request any city service 24-hours a day, seven days a week. Baltimore celebrated its one-year anniversary as the nation's first 3-1-1 project on October 1. The 3-1-1 initiative in Baltimore has helped to reduce the volume of calls to 9-1-1 by 25 percent and to cut the average response time to emergency calls by two-thirds.

4. **Crime -- Brady Handgun Checks:** Ohio signed an agreement with the Justice and Treasury Departments last week to conduct background checks for all handgun sales. Arkansas is now the only state not conducting background checks. Despite an opinion issued by Arkansas Attorney General Winston Bryant that the state has the necessary authority, the Governor continues to refuse to allow the checks. As a result, Attorney General Bryant has asked the Treasury and Justice Departments to name him the designated chief law enforcement officer authorized to conduct background checks statewide. The proposal is currently under consideration by both Departments.

That many jurisdictions will let this police
officers go after the grant expires. Thanks
much

answer
first
brially
on schedule
now on 10/20/97
Gym

12-29-97

5. Tobacco -- Document Disclosure: Chairman Bliley released last week 834 tobacco industry documents that his committee had subpoenaed. The documents do not seem to contain any smoking guns, but reveal the industry's persistent efforts to conduct and support "scientific" research to support its litigation positions. More documents may come to light over the next month, as a result of either judicial rulings or additional congressional subpoenas. Chairman Bliley worked very closely with Rep. Dingell in demanding and releasing the documents; this cooperation may bode well for the progress of tobacco legislation in the House when Congress returns in January.

6. Tobacco -- Smoking Cessation: You recently asked about the possibility of funding smoking cessation efforts through national tobacco legislation. As the CEA informed you, a recent study in the *Journal of the American Medical Association* found that intensive smoking cessation programs can be among the most cost-effective of preventive intervention programs -- more cost-effective, for example, than mammography screening. Because of the proven success of these programs, you have stated that expansion of smoking cessation activities is a critical element of comprehensive tobacco legislation. The settlement itself proposed that \$1 billion annually for the first 4 years and \$1.5 billion annually thereafter would go to smoking cessation efforts. We have protected this level of funding in the budget process, rejecting proposals to use this projected revenue for non-smoking-related programs. This level of funding would be insufficient to allow the exact method of providing cessation services studied by *JAMA*, but neither HHS nor OMB thinks this method the most efficient. HHS is now preparing options for allocating smoking cessation funds, with estimates of how many quitters each option will produce. One potentially effective approach is to provide incentives to managed-care plans to encourage participation in smoking cessation programs.

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.

THE WHITE HOUSE
WASHINGTON

'98 SEP 27 PM 7:28

September 26, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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1. Tobacco -- State Settlements and Federal Recoupment: Rumors about a state settlement with the tobacco companies continue to run rampant. We heard in the middle of last week that the states were only days away from wrapping up an agreement that would give them about \$200 billion and a limited set of advertising restrictions. We heard on Friday, however, that new disputes had emerged and that there is not likely to be a settlement this week.

In preparation for a settlement, the NGA and NAAG are asking Congress to pass legislation extinguishing the federal government's claim to any share of the money that the companies will pay the states. (As you know, the federal government is entitled to an average of 57 percent of any state recovery of Medicaid expenditures; although the states will try to argue that the tobacco settlement is not -- or at least is not primarily-- a Medicaid recovery, the Justice Department will disagree strongly.) Governor Bush, who already has a settlement in hand, is pressing especially hard for this legislation.

During a meeting with Erskine last week, Governor Chiles urged the Administration to support compromise legislation on this subject, predicated on the agreement we reached with the NGA in the context of the McCain legislation. Under this approach, the federal government would relinquish its claim to a state recovery if but only if the state agrees to use half its money on a menu of seven items: child care, child welfare, the maternal and child health block grant, the substance abuse block grant, the safe and drug free schools program, Eisenhower education grants, and the state match for the children's health insurance program. Erskine, Secretary Shalala, Jack Lew, Bruce Lindsey, and we believe that this solution is a good one, and Erskine responded fairly positively to the proposal. Such legislation, however, would involve a serious budget issue, because the Congressional Budget Office currently scores the federal share of state tobacco recoveries as worth \$1.2 billion over five years. Chiles apparently has a plan for the states to reimburse the federal government this amount, thereby making the legislation budget-neutral, but neither we nor OMB has yet seen his proposal.

2. Health -- Medicare Managed Care Program: A number of major HMOs currently participating in the Medicare program are likely to pull out of select markets prior

to the October 1st plan enrollment deadline. As of this writing, we expect these defections to affect between 100,000 and 500,000 Medicare beneficiaries -- about five to seven percent of the five to six million beneficiaries participating in Medicare HMOs; these individuals will have to find a new HMO (if one is available) or return to traditional fee-for-service coverage. The HMOs will blame excessive regulation and inadequate payment rates for their actions. Many health economists, however, note that (1) most of these plans comply with similar regulations in the private sector, and (2) the plans are "cherry picking" among regions for those with the most generous payment rates and/or the largest HMO market shares.

The industry is now urging HHS to stop the anticipated exodus of plans from the Medicare program by allowing them to increase premiums or reduce benefits, particularly drug coverage. HHS is currently evaluating the effects of such action on HMO participation in the program, and will brief Erskine on Monday. In the meantime, we are consulting with key members of Congress and aging advocates (like AARP). Although some Republican members may use this development to impugn our patients' bill of rights proposal (arguing that increased regulation leads to decreased health care choices), so far we have found little sympathy among the Republicans most knowledgeable about health care issues for the HMOs' position.

3. Health -- Number of Uninsured: The Census Bureau will release on Tuesday new statistics showing that the number of uninsured Americans has increased by about 1.7 million, from 41.7 million in 1996 to 43.4 million in 1997. According to the Bureau, the number of uninsured children remained constant at 10.7 million, and the number of uninsured poor stayed at about 11.2 million. The increase in uninsured appears to consist mostly of Americans who are working and earning income above the poverty level, but whose firms do not provide affordable coverage. Although some of these individuals may have come off the welfare rolls (becoming ineligible for Medicaid because they now make too much money), the total increase far exceeds the size of this welfare-to-work population. Most of the increase probably reflects general trends in employer-based coverage, particularly among small to mid-sized firms. We will continue looking into this matter, and provide you with whatever further information we can discover.

How much has # of uninsured increased since 1993?

4. Health -- FDA Commissioner Update: The Senate Labor and Human Resources Committee last week reported out by voice vote the nomination of Jane Henney as FDA Commissioner. Although the vote was very encouraging, we remain concerned that one or more conservative Republicans (perhaps Senator Nickles) will object to bringing the nomination to the floor for a vote. We will work closely with Senator Domenici, Henney's homestate Senator, to try to prevent this from happening.

5. Health/Crime -- Event on Elder Abuse and Fraud: We have prepared an event for you on elder abuse and fraud, scheduled for either this week or next. At the event, you would announce a new HHS study finding that more than 500,000 Americans aged 60 and

over were the victims of abuse or neglect in their own homes during 1996. You also would note the extent to which fraudulent telemarketers target older Americans as their primary victims. To combat these problems, you would: (1) announce the creation of a new national center on elder abuse, which will train officials to detect and respond to elder abuse; (2) call on Congress to reauthorize the Older Americans' Act, which helps states to prevent and redress elder abuse; (3) launch a new partnership between the Justice Department and AARP to create Elder Fraud Prevention Teams; and (4) release a small amount of grant money to prosecute telemarketing scams and other forms of fraud against the elderly.

6. Crime -- COPS Grants: The Vice President will announce this week a total of \$370 million in grants to hire or redeploy about 11,000 more police officers. This total includes over \$100 million for Los Angeles and other communities in California to hire 800 new police officers, and \$200 million in COPS MORE grants for communities across the nation to redeploy almost 10,000 officers.

What does this mean for total?

7. Welfare Reform -- New Employment Statistics: The Census Bureau's new statistics on income and poverty show that the rate of employment among former welfare recipients is at an all-time high. Thirty-four percent of the individuals who received welfare in 1997 were working in 1998 -- the highest percentage ever reported. This employment rate has risen by nearly 60 percent since you took office and by about 28 percent since you signed the welfare law (from 21 percent in March 1993 to 26 percent in March 1996 to 34 percent this year). These numbers indicate that the movement from welfare to work is proceeding apace even while the caseloads decline and the harder cases begin to predominate. We are continuing to analyze these trends, with an eye toward putting together another welfare event (perhaps also involving new caseload numbers and state work participation rates).

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8. Welfare Reform -- National Child Support Case Registry: HHS will initiate this week a new national database of child support cases, called the Federal Case Registry. This database will make it easier to locate deadbeat parents, especially if they have moved to a different state. HHS will check the Registry daily against an existing database of new employees; when it finds a match, it will report the information to the state, which then will arrange to garnish the wages of the delinquent parent. You proposed this mechanism for finding delinquent parents in 1994, and two years later Congress made it part of the welfare law. The new system has extensive privacy protections in place to guard against any unauthorized use of child support data. We expect USA Today to run an article on Monday about the new database, as well as the Administration's other efforts to increase child support collections.

9. Education -- Congressional Agenda Event: We are working with Senator Daschle's and Congressman Gephardt's offices on a rally event in which you and Congressional Democrats would call on the Republican Leadership to devote just one day before Congress leaves to voting on your education agenda. Though we are still discussing with Congressional staff the particular education programs to highlight, we probably will

make class size the centerpiece of the event. As you know, Senator Murray has introduced legislation to enact your full class-size proposal, and has identified offsets to pay for it. In addition, she and Senator Harkin have prepared a scaled-down class-size initiative that would involve about \$500 million in additional Title 1 funding. Democrats on the Hill want to call attention to these efforts and to the Republicans' refusal to give them serious consideration.

10. Education -- Charter School Legislation: We are continuing to work with congressional staff to bring charter school legislation to the floor of the Senate. Senator Harkin promised Secretary Riley last week that he would refrain from offering his amendment to the bill so long as no other Senators offer amendments. We are currently not aware of any other amendments, and we are working with congressional staff on a consensus manager's package to bring to the floor within a week.

11. Food Safety -- Salmonella Report: USDA will release on Monday a report showing that your science-based food safety program -- called the Hazard Analysis Critical Control Point (HACCP) program -- has led to an almost 50 percent reduction in the frequency of salmonella in broiler chickens and an almost 40 percent reduction in the frequency of salmonella in swine. We leaked this report to the Washington Post, which ran an excellent story in Sunday's newspaper and may run a supportive editorial tomorrow. The new data comes just as the Agricultural Appropriations conference begins deliberations on funding for your food safety initiative.

12. National Service -- AmeriCorps Recruitment: You recently asked about the status of AmeriCorps recruiting and the feasibility of a proposal to locate AmeriCorps recruiters in military recruiting offices. AmeriCorps is currently recruiting very successfully, and it expects to pass the 100,000-member milestone this fall. ~~(By way of comparison, it took the Peace Corps two decades to reach the 100,000 member mark.)~~ AmeriCorps has identified a number of ways to improve recruiting further, but believes that it should steer clear of proposals involving closer links to the military. AmeriCorps already relies to a limited extent on the Selective Service: the acknowledgment sent to people who register for the draft asks if the person would like more information about joining the Armed Forces or AmeriCorps. Republican members of Congress have criticized this arrangement as interfering with military recruiting efforts, and Rep. Ron Paul has introduced legislation to prohibit the practice. Given this response to a much more limited kind of joint arrangement, AmeriCorps is reluctant to locate recruiting personnel in military offices.

13. Children and Families -- After-School Poll: Secretary Riley participated in the release of a new national poll on Thursday finding that Americans overwhelmingly endorse the expansion of after-school programs. Ninety-three percent of those surveyed said they favor making safe, educational programs available to all children in the hours after school, with strong support across party lines and among parents and non-parents. In addition, 80

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percent said they would be willing to use additional federal or state tax dollars to fund after-school programs in their community at a cost of \$1,000 per child, even if doing so raised their individual tax bills by \$10 a year. The Secretary also announced a new partnership among the Administration, NBC, "People Magazine," the Ad Council, and the Entertainment Industry Foundation to create a new public service announcement campaign to support the expansion of high-quality after-school programs in public schools.

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THE WHITE HOUSE
 WASHINGTON

September 16, 1998

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
 Elena Kagan

SUBJECT: DPC October Event Ideas

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Health Care

Long-Term Care: If Democrats decide to introduce an alternative tax bill, we could do an event (either before or concurrent with the Democratic unveiling) that highlights the President's long-term care initiative. The President's proposal would provide for a \$500-\$1,000 tax credit to people with long-term care needs or their caregivers. It would cost about \$5 billion over 5 years and help about 2.2 million people. At the same time, the President could call for the Federal Employees Health Benefit plan to offer long-term care insurance to federal employees. OPM estimates that 300,000 people would buy these policies.

Work Incentives and Health Care for People with Disabilities: Within a week, we will know whether the Senate will vote on the Jeffords-Kennedy Work Incentives Improvement Act -- the disability community's top health priority -- this year. If the bill does come to a vote, we could do a strong event with the disability and AIDS communities emphasizing our involvement in developing the bill and calling on the Senate to pass it. We also could announce the approval of four states for the new "date certain" grant program. This initiative (long sought by the disability community) gives states the ability to use Medicaid funds to offer a time-limited opportunity for institutionalized disabled persons to return to their communities to receive the long-term care services they need. The disabilities community views the program as an important step in moving Medicaid away from its historic bias toward institutionalizing the chronically ill.

Children's Health: October is the first anniversary of the effective date of the Children's Health Insurance Program (CHIP), and October 5 is Child Health Day. We could release the first annual report on states' progress in implementing CHIP, which is expected to coincide with a sufficient number of state approvals to cover 2.5 million kids. At this event, we would launch phase one of our children's health outreach campaign with NGA, which includes new radio ads in 10 states (set to begin October 1) targeted to parents of uninsured children eligible for CHIP or Medicaid. We also are trying to get a commitment from Americorps to participate in signing families up for Medicaid and CHIP on the local level.

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Cancer Event(s): In addition to the September 26 Cancer March (and the President's possible involvement through a radio address), October is National Breast Cancer Awareness month. It is also the fifth anniversary of the President's launching of the National Action Plan on Breast Cancer. We have tentatively scheduled October 21 for an event with the First Lady to (1) release a new report on the progress the Administration has made in the fight against breast cancer, and (2) highlight a new information outreach and screening campaign focused on underserved minorities. Because of the President's strong cancer record, as well as his desire to underscore our commitment to ending health disparities among races, the President might want to participate in this event.

Elder Abuse: See Crime section of this memo.

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September Grants: The Education Department will announce prior to September 30: (1) technology grants (\$30 million to 17 states); (2) charter school grants (\$60 million to 20 states); (3) safe and drug free school grants (\$5 million for model school partnerships and universities); and (4) school-to-work grants (\$40 million to urban and rural communities, which must be given on September 30). We can try to combine as many of these grants as possible into a single event, perhaps in Chicago.

Potential Bill Signings: (1) The Higher Education Act is virtually certain to pass this session, though the timing is uncertain. It is likely to contain provisions to reduce student loan interest rates, as well as programs based on our High Hopes and Teacher Recruitment and Preparation proposals. (2) Prospects for passing the charter schools legislation are decent, though hardly guaranteed. (3) Ditto the prospects for passing an early literacy bill.

Safe Schools Conference: On October 15, the President will host a White House Conference on School Safety and take the following actions: (1) release the first annual report on school safety, including school crime data, information on model safe schools, and recommended action steps for parents and teachers; (2) unveil a proposal to reform the Safe and Drug Free Schools program and call for additional funds in the FY 2000 budget; (3) announce a new FEMA-like program of assistance for communities that have experienced school-related violence; (4) launch new comprehensive school safety grants that will bring together disparate streams of funding from the Departments of Justice, Education, and Health and Human Services; and (5) start a partnership with MTV on school safety, which includes a year of PSAs.

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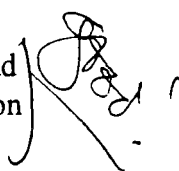
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Youth Crime Gun Interdiction Initiative: Anytime after October 23, the President could: (1) release the second annual report on the Youth Crime Gun Interdiction Initiative (YCGII), which will provide new ATF data on guns used in crimes in 27 cities; (2) announce the availability of new funds to hire new ATF agents to investigate gun trafficking in these 27 cities; and (3) propose a dramatic expansion of this initiative in the FY 2000 budget to all major cities (i.e., the 65-70 cities with populations of 250,000 or more), which would cost about \$30 million (pending OMB's approval). Additionally, because we expect the YCGII report to make a strong case for cracking down on "straw purchasers" and gun shows, we are considering whether the President should announce his support for legislation requiring background checks for all secondary market gun purchases.

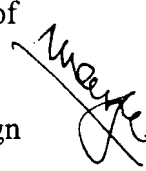
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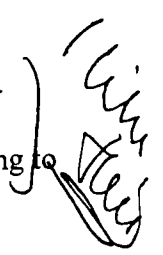
Quality Child Care for Federal Employees Act: The President may get an opportunity to sign the Quality Child Care for Federal Employees Act, which makes important improvements to federally-sponsored child care by building on an executive memorandum that the President issued in March 1998. (Congress, however, might add this measure to an appropriations bill.) We could announce new CCDBG data (see just below) at this signing.

New Child Care Data. The President could announce new data of the number of children served with child care assistance through the Child Care and Development Block Grant (CCDBG). This data will point to the need for increased investment in the block grant; we expect the data to indicate that we are serving approximately 1.8 million children of the 10 million eligible for assistance. This is the first data to examine the CCDBG created by welfare reform in 1996 (when four child care assistance programs were consolidated).

CEO Roundtable Discussion on Work/Family Issues: The President could host a meeting of CEOs to discuss "family-friendly" workplace practices that meet the needs of the nation's changing workforce. The President could release a new CEA report, if it is ready, on Families and the Changing Labor Market. Additionally, the President could signal support for the design of a paid parental leave program (policy development process required). This meeting would build on the work of the Treasury Child Care Working Group, run by Secretary Rubin. 

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Work Participation Rates and Other Statistics: In late October, the President could visit a welfare-to-work program and announce (1) new state work participation rates, showing that almost all states are meeting the welfare law's single-parent requirements, but some are failing to meet the law's separate two-parent requirement; (2) new caseload data showing continuing 

declines; and (3) new data on the number of people who were on welfare in 1997 and working in March 1998.

Tobacco

OSHA Rule: The President could sign an Executive Order directing OSHA to issue within one year a standard establishing a smoke-free workplace for all private sector employees. OSHA has been working since 1991 on a standard regulating all indoor air pollutants (including but not limited to environmental tobacco smoke), but is years away from completing the standard, principally because there is scanty scientific evidence to justify the regulation of certain non-ETS pollutants. If the President ordered a separate standard only on ETS, OSHA believes it could complete the work within a year. The resulting standard would be similar to the August 1997 Executive Order banning smoking in federal buildings.

Counteradvertising: In an event focusing on counteradvertising, the President could direct HHS to: (1) designate the CDC's Media Campaign Resource Center as a National Clearinghouse on Tobacco Counteradvertising; (2) collect and disseminate a package of the top-10 advertisements for preventing youth smoking, and make these available to states and organizations for television placement free of charge; and (3) make effective anti-tobacco curriculum available to every school. Supermodel Christy Turlington and the musical group "Boyz II Men" have made PSAs that would be among the top-10 package, and we could invite them to participate in the event.

Department of Defense Anti-Tobacco Plan: The President could help unveil the DOD's new comprehensive anti-tobacco plan. This plan includes: health plan coverage of over-the-counter nicotine replacement therapies; an extensive counteradvertising campaign; and the incorporation of anti-tobacco messages into military education and training programs. The total cost is about \$60 million. The Secretary of Defense and/or Chairman of the Joint Chiefs of Staff could join the President.

Food Safety

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Service

yes **AmeriCorps 100,000th Member Event:** CNS is planning national service events in Washington and around the country on October 23 to celebrate the swearing-in of the 100,000th AmeriCorp member. At this event (or at some other time), the President also could announce: (1) new grants

to support 500-1000 Americorps Promise Fellowships to support the goals set at the Presidents' Summit; (2) the recipients of the President's Service Awards, the nation's highest volunteer service award; and (3) the recipients of the President's Student Service Awards.

Community Empowerment

Individual Development Accounts: The President may have an opportunity to sign a bill to provide funds for IDAs, which the President has supported since 1992. At the bill signing, the President could announce that he is sending a letter to the bank regulators asking that IDA accounts count towards a financial institution's CRA requirements.

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THE WHITE HOUSE
WASHINGTON

September 16, 1998

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FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC October Event Ideas

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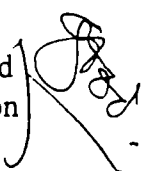
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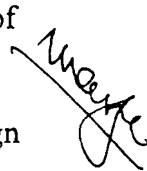
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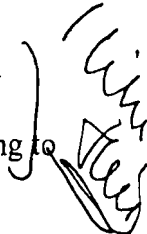
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may **Salmonella and Research:** The President could announce a preliminary USDA study showing that salmonella risks have declined by almost 50 percent in chicken and almost 40 percent in swine, largely because of the HACCP program. At the same time, he could participate in a kind of "show and tell" event demonstrating the importance of research to food safety, showing for example how federal research has led to technologies dramatically reducing salmonella in chicken and e-coli in cows.

Service

yes **Americorps 100,000th Member Event:** CNS is planning national service events in Washington and around the country on October 23 to celebrate the swearing-in of the 100,000th Americorps member. At this event (or at some other time), the President also could announce: (1) new grants

to support 500-1000 Americorps Promise Fellowships to support the goals set at the Presidents' Summit; (2) the recipients of the President's Service Awards, the nation's highest volunteer service award; and (3) the recipients of the President's Student Service Awards.

Community Empowerment

Individual Development Accounts: The President may have an opportunity to sign a bill to provide funds for IDAs, which the President has supported since 1992. At the bill signing, the President could announce that he is sending a letter to the bank regulators asking that IDA accounts count towards a financial institution's CRA requirements.

THE WHITE HOUSE

WASHINGTON

September 4, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

RE: DPC Weekly Report

9-8-98

COPIED

REED
KAGAN
BOWLES

1. Health Care -- FDA Commissioner Update: Jane Henney's confirmation hearing before the Senate Labor Committee this week went well. The two major remaining roadblocks are: an unpopular regulation on the dissemination of information about off label uses of prescription drugs; and a likely hold by Senator Nickles and others who may attempt to trade her nomination for a nomination they care about or to make hay over FDA's approval of RU-486. We are pushing to have Dr. Henney voted out of committee within the next two weeks and are developing a strategy to get her confirmed in this session.

2. Health Care -- Medicare Commission: The Medicare Commission is scheduled to meet again September 8th and 9th. Senator Breaux says he is most interested in reforms that include: some type of prescription drug benefit; changes in the cost sharing structure to reduce the need for inefficient Medigap policies; and having health plans compete for Medicare business through regional bids. This last idea is similar to an approach advocated by Bob Reischauer that assumes Medicare pays the median bid and Medicare beneficiaries pay for the additional costs of more expensive plans. While we believe this concept has some promise, it is unlikely to achieve significant savings at least for the foreseeable future.

3. Health Care -- FEHBP Premium Increases: After Labor Day, OPM will announce that FEHBP plans will have a 10 percent increase in premiums. This follows an 8 ½ percent increase from last year. OPM believes that these hikes will closely reflect the premium increases expected in other private sector health plans. We are reviewing all available data to determine if FEHBP growth rates are significantly exceeding other private health plans and, if so, why. The increase also somewhat undermines the arguments of those who advocate using an FEHBP type system for Medicare. It may well be, however, that one important constraint on OPM to be more efficient is its statutory obligation to include all health plans who wish to participate in its health care system, which limits its ability to use market leverage to get better prices from a fewer numbers of plans.

4. Consumer Product Safety -- Advanced Air Bags: You will announce on Thursday a new proposed rule that will require *advanced* air bags in American cars and light trucks. The new air bags will be safer than the air bags that are now in many cars while preserving the significant

benefits of air bags. Air bags have saved almost 3,500 lives, and they are projected to save 3,000 lives each year once they are in all cars. But we also now know air bags have killed 113, mostly young children and small-sized adults. The proposal you will announce should help prevent virtually all of these deaths. It will also make air bags more effective than the 20-35 percent depowered bags now being installed in most new vehicles. The rule will expand the crash dummy family by adding 1-, 3-, and 6-year-old child dummies, and a 5-foot female dummy, to the standard 170-pound male dummy that is now the only dummy used to test air bags. The rule also will add a 30-mph crash test with belted and unbelted male and female dummies to test the entire safety system. This test will replace the less effective, but industry-favored sled test now in use. The proposal will require companies to phase in advanced air bags into their fleets beginning in model year 2003. The Department of Transportation estimates that advanced air bags could save 640 additional lives each year. The new air bags will add \$4-126 to the cost of each vehicle depending on the technology that is used. The rule will be supported by consumer and safety groups. Car companies have already publicly announced their opposition to replacing the sled test. There is significant media and Congressional interest in the rule.

5. Welfare Reform -- Food Stamp Fraud: We are preparing three anti-Food Stamp fraud announcements for you to make as part of a radio address on the 12th or the 19th. We have prepared directives that will: 1) Ensure that Food Stamp recipients who die are immediately removed from the rolls, by requiring the Social Security Administration to share its death records with Food Stamp program; 2) Require USDA to develop a plan to create an interstate matching system to ensure Food Stamp recipients are not receiving benefits in multiple states; and 3) Require Treasury to collect (through offset of federal payments and other means) unpaid fines owed by retailers that have violated Food Stamp rules, such as exchanging Food Stamps for cash.

6. Welfare Reform -- Wisconsin: September 1st marked the one-year anniversary of implementing Wisconsin Works (W2). Caseloads are down 68% in the past year alone, and there are only 11,000 families left on welfare in Wisconsin. Five counties have no one left on cash assistance, and over half of the counties have fewer than 10 cases. The state reports that the average starting wage for people leaving welfare is \$6.77 an hour, which puts a typical family 25 percent above the poverty line even after paying a child care co-payment (the state pays a share of child care costs for low income working families whether or not they receive welfare).

A recent study of people leaving the welfare rolls in Wisconsin shows encouraging results. The study found that 70% of those who left the rolls did not return; the 30% who did return did so within four months of exiting. Leavers were more likely to: have more education; be white, or to a lesser extent Hispanic, and U.S. citizens; have fewer children and other adults in the household; not be receiving SSI for the mother or children; and have more work experience and higher earnings in the two years before they left the rolls. Families were generally better off when they left welfare, though small families did better than large families. Over half of all families saw their income rise when they left welfare, though slightly less than half of families with more than three children experienced income gains. Leavers had earnings well above their income on

9-8-98

welfare, and these increased over time. All leavers earned about \$1,000 more during the quarters they were not receiving AFDC than they did while they were on AFDC.

7. Welfare Reform -- Rockefeller Institute Research: Last week, we met with Dick Nathan, director of the Rockefeller Institute, about a nationwide study his group is doing on the effect of welfare reform on the culture of the welfare office. Already, the study has found a surprising degree of bureaucratic change. Nathan finds a strong and consistent change in signaling by all levels of government on the importance of work and time limits which has been matched by immense change in individual welfare recipient behavior, particularly in terms of increased work. Nathan believes the broad public support for time-limited welfare linked to work has resulted in a "detoxification of welfare" that now makes it politically feasible to provide services to help people get and keep jobs. While sanctions have become more frequent, they tend to be selective and graduated. Based on extensive interviews with front-line staff, he finds most workers support the welfare reform changes and see them as an opportunity to help people improve their lives. He is also struck by the amount of devolution from states to localities. A major concern is the importance of good information systems for oversight, evaluation, and helping front-line workers do their job. We will explore what more can be done to help in this area.

8. Drugs -- Youth Drug Use and Attitudes: On Tuesday, the National Center on Addiction and Substance Abuse (CASA) at Columbia University released its 1998 Back to School Teen Survey. One thousand teens, age 12 to 17-years-old were surveyed, as well as over 800 teachers and 800 principals. The survey found the transition from age 12 to 13 as a critical turning point in use of, access to, and attitudes towards drugs. The survey found that at age 13, teens were about three times more likely than a 12-year-old to know other students who use and sell marijuana, acid, cocaine, or heroin; to learn where to buy drugs and from whom to buy them; and to report students who use and sell drugs.

For the third straight year, the number of high school teens reporting that drugs are used, sold, and kept at their school has risen: from 72% in 1996 to 78% in 1998. Meanwhile, only 18% of high school principals believe that their schools are not drug-free. Teens who attend religious services four times a month were significantly less likely to smoke cigarettes or marijuana, or drink alcohol than those who did not regularly attend services. Although nearly half of teens reported that their parents never discussed the dangers of drugs with them, the 43% of teens who never smoked marijuana cite their parents as having the most influence over their decision. On the other hand, 50% of those who do smoke marijuana cite their friends as most influential. Teens who used one substance were found to be much more likely to use another. For instance, 79% of teen smokers also smoke marijuana, compared with 14% of teens who have never smoked. And of teens who smoke marijuana, 45% also smoke cigarettes, as compared with only 3% of non-marijuana smokers.

9. Crime -- Senate Democratic Crime Bill: Senate Democrats will introduce an omnibus crime bill on Thursday. While we have not reviewed the legislative language, we understand the

9-8-98

bill will be primarily comprised of Administration and legislative proposals already before the Congress -- and is intended to give Senate Democrats a consensus piece of legislation to rally around between now and the November elections. Provisions in the draft bill include: a patchwork of school safety and juvenile crime proposals that mirror the Administration's juvenile crime strategy; a prospective gun ban for violent juveniles; funding for high-intensity gang activity areas; an extension of the COPS program and the Violence Against Women Act; funds for drug treatment and testing; a reauthorization of the Drug Office; funds to improve state criminal history records, communications systems and forensic labs; money laundering improvements; new drug, gang, and gun penalties; and portions of the Administration's International Crime Bill.

10. Education -- McKay Event: On Wednesday, you will visit an elementary school in Orlando with Buddy McKay to announce the release of a report by the Department of Education on the gap in NAEP achievement levels of 4th graders in high- and low-poverty schools. While the gap in reading and math achievement is significant, there are recent signs of improvement, particularly in math. However, the continuing gap allows you to point to the need for the education investments you have proposed: smaller class sizes and well-prepared teachers; modernized schools; after school programs; America Reads; and extra support for disadvantaged children to enable them to master the basics through increases in Title I funding. You will also announce the release of over \$16 million in COPS school-based partnership grants to 155 law enforcement agencies across the country. The grants will be used by policing agencies to work with schools and community-based organizations to address crime at and around schools using principles of community policing.

11. Political Reform -- Campaign Finance Reform Letter: We have prepared a letter for you to send Lott and Daschle next week calling on the Senate to join the House and pass Shays-Meehan/McCain-Feingold this Fall. There is a good possibility McCain and Feingold will try to bring their legislation to the floor next week.

MR PRESIDENT.

The campaign finance letter
was sent on Friday at
Rahm's urging. I had it
autoopened on your behalf.

Phil Caplan

9/5

THE WHITE HOUSE
WASHINGTON

7-29-98

98 JUL 27 4:05

July 24, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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1. Health Care -- Patients' Bill of Rights: The House passed the Republican Leadership's Patients' Bill of Rights on Friday by a 216-210 margin, while defeating the Dingell-Ganske substitute by a 217-212 vote. The Democratic Leadership believes that the Administration's veto message helped secure the strong showing (including about 10 Republican cross-over votes) for Dingell-Ganske. The Senate appears likely to postpone a vote on patients' bill of rights legislation until after recess. Senators Chafee, Lieberman, and Graham will unveil compromise legislation later this week. From all reports, it will be a strong package that has no poison pills and includes many if not all of the patients' protections we have supported. The enforcement mechanism is still unknown, but the Senators may allow suits in federal (but not state) courts for economic (but not non-economic) damages. We still do not think that this bill will attract much support -- perhaps as few as two to four Republican votes.

X/ You have two events scheduled next week in which you can raise patients' rights. You will meet with key members of the disabilities community on Wednesday to discuss a range of issues, and can take the opportunity to plug a strong bill. (Members of the community are joining with Senator Kennedy and other Democrats for a rally in support of Daschle-Kennedy the day before.) In addition, you are tentatively scheduled to go to a health care facility on Long Island with Republican Congressman Michael Forbes on Saturday to highlight his support for the Dingell-Ganske bill, as well as to announce that the Department of Defense is now ready to come into compliance with the Patients' Bill of Rights.

2. Health Care -- Provider Taxes: After your line-item veto of legislation permitting New York to use provider taxes to fund its Medicaid program, we notified all states that we would seek legislation giving the Secretary of HHS authority to waive enforcement action against states with impermissible provider taxes so long as they drop these taxes and begin complying with the law. We also informed states that if Congress did not grant us this authority by August, we would have to begin enforcement proceedings. It is now becoming clear that Congress will not pass this legislation. States that have complied with the law see no reason to forgive states that have not. States that have not complied with the law do not believe we will enforce it in any event. As a result, no one has pushed this legislation. In a meeting with Erskine last week, we discussed whether and when to start enforcement activities. We arrived at a consensus, pending consultation with HHS

Remember
every public
evening

7-29-98

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and DOJ lawyers, to delay action until after the Congress adjourns so that neither Congress nor the states can charge that we have provided insufficient time to pass the necessary legislation.

3. Tobacco -- Court Decision on Second Hand Smoke: A Federal district court judge in North Carolina ruled for the tobacco companies in a case challenging the EPA's finding, in a 1993 risk assessment, that environmental tobacco smoke (ETS) is a Class A carcinogen causing lung cancer in adults. (The decision left standing the EPA's finding that ETS causes respiratory harm to children.) The court found that the EPA "disregarded information and made findings based on selective information; deviated from its risk assessment guidelines; failed to disclose important opposing findings and reasoning; and left significant questions without answers." The ruling has no direct impact on federal, state, or local second-hand smoke rules, but the industry may try to use it to lobby against new restrictions or ease existing ones. The decision also will make second-hand smoke litigation much more difficult to win. We hope to be able to announce an appeal of this decision very shortly. We also can unveil a new EPA public service announcement that targets ETS in the home by informing parents of ways to protect their children from second hand smoke.

4. Education -- NEA/AFT International Teachers Congress Speech: You are scheduled to speak on Wednesday to the International Congress of Teachers, an international teachers organization tied to both the NEA and the ATF. Because national education standards are commonplace in most other industrialized countries, this forum provides a good opportunity to restate the case for national standards and tests, and to renew your threat to veto the Labor-HHS-Education appropriations bill for blocking work on the tests and failing to support necessary education investments. We also may use the occasion to highlight Congress's failure to fund summer job programs.

5. Disability Issues -- ADA Anniversary Event: You will commemorate the eighth anniversary of the Americans with Disabilities Act on Wednesday by signing a directive recommended by your Task Force on Employment of Adults with Disabilities. As you recall, you created the Task Force by executive order in March, and it is co-chaired by Secretary Herman and Tony Coelho. Its mandate is to help bring the employment rate of adults with disabilities "as close as possible" to that of the general population. The directive will instruct DOJ, EEOC, and SBA to do outreach on the ADA, and instruct HHS to do outreach on a state option, enacted as part of the Balanced Budget Act, to enable people with disabilities to buy into Medicaid as their earnings increase. In addition, you will announce that we are working with Senators Kennedy and Jeffords on additional health care legislation for people with disabilities who want to return to work. The disabilities community will greet this announcement very warmly because the Kennedy-Jeffords bill is their top priority. The current version of the bill costs \$5 billion over five years, but we are working with the Senators' staff on a more affordable alternative.

6. Crime/Guns -- Appropriations Votes: During floor consideration of the Commerce-Justice-State appropriations bill last week, the Senate voted on several important gun issues. First, the Senate defeated (61-39) Senator Boxer's amendment to require federal gun dealers to provide a child safety lock with every handgun sold, while passing (72-28) Senator Craig's amendment to

good require dealers only to make safety locks available. Second, the Senate defeated (69-31) Senator Durbin's amendment to hold adults liable for failing to store firearms away from children. Third, the Senate passed (69-31) Senator Smith's amendment to prohibit the FBI from collecting a fee for Brady background checks when the National Insta-Check System (NICS) goes into effect in November. If the FBI cannot charge a fee for checks, DOJ estimates that the cost to the federal government will be \$75 million in the first year, with the potential to rise in subsequent years. In the wake of this vote, we are planning an event in early August in which you would (1) call for a five-day waiting period even after NICS goes into effect, (2) release a long-planned DOJ rule on funding the NICS through user fees, and (3) attack the Smith amendment as a veiled attempt to gut the Brady law. These actions should attract a great deal of attention, particularly after last week's tragic shooting in the Capitol.

7. Drugs -- Methamphetamine Penalties: The House Judiciary Committee marked up legislation last week to equalize federal penalties for methamphetamine trafficking and crack cocaine trafficking. Under current law, 10 grams of pure meth triggers the 5-year mandatory sentence and 100 grams of meth triggers the 10-year sentence; under the House bill, 5 grams of meth would trigger the 5-year sentence and 50 grams would trigger the 10-year sentence. Consistent with our prior statements, we endorsed the concept of equalization, but not at these low levels. At the same time, the Senate passed an amendment to the Commerce-Justice-State Appropriations bill offered by Senator Hutchison that would undermine DEA's regulatory authority over precursor chemicals that can be used to manufacture drugs such as methamphetamine. The amendment would (1) increase the difficulty of proving that drug sellers have violated record-keeping and reporting provisions of the Controlled Substances Act, and (2) decrease the penalties on drug sellers for violating these provisions. These measures would weaken the Comprehensive Methamphetamine Control Act you signed in 1996 by making it easier for drug sellers to divert legal chemicals into the manufacture of methamphetamine, and we will strongly oppose them.

8. Welfare Reform -- Urban Institute Study: A study to be released this week by the Urban Institute shows that people moving from welfare to work enjoy significantly increased income, even if they move into low-wage, part-time jobs. The study -- *Does Work Pay? An Analysis of the Work Incentives Under TANF* -- examines how monthly income for a family of three changes as a family member moves from no work to a part-time minimum wage job to a full-time minimum wage job, and finally to a full-time \$9.00 per hour job. The study calculates these changes in 12 states (AL, CA, CO, FL, MA, MI, MN, MS, NJ, NY, TX, WA). Not surprisingly, the lower the welfare payment, the greater the incentive to work. (For example, moving from welfare to a part-time minimum wage job increases family income by 38 percent in Washington and 108 percent in Mississippi.) Across all 12 states, family income increases by an average of 51 percent in the transition from welfare to a part-time minimum wage job, with income growing by another 20 percent between part-time and full-time minimum wage work and still another 16 percent between a full-time minimum wage job and full-time work at \$9.00 per hour.

Release

The study confirms that federal and state policies make a big difference in making work pay. In particular, the EITC helps families maintain income as they lose other benefits over time. For

* example, in Mississippi the EITC almost doubles the increase in family income between welfare and a part-time job -- from 67 percent to 108 percent. In New York, EITC makes the difference between a 19 percent and 45 percent increase in income.

9. **Welfare Reform -- Washington State Report:** A recent survey by the State of Washington shows relatively high levels of employment and earnings for people who left welfare between December 1997 and February 1998. The study found that 68 percent of people who have left welfare are currently working, at an average hourly wage of \$8.42. Total family income for these families, including child support, was 137 percent of the federal poverty level. Though Washington has a generous child care program, only 31 percent of families reported using subsidized care. More than half responded that they did not need subsidies because they received care for free.

* 10. **Welfare Reform -- Mayor Giuliani's New Plan:** In a speech last week, Mayor Giuliani announced that he would transform New York from the welfare capital of the country to its work capital, by requiring everyone able to work to do so. Giuliani's new approach is similar to that adopted in Wisconsin -- which is unsurprising given that he recently hired Jason Turner, Governor Thompson's former welfare reform guru, to head New York's welfare program. Although not publicly backing away from the workfare program he has championed, the mayor is now making workfare only one part of a comprehensive work-first, employment-focused approach which includes unsubsidized and subsidized private sector employment. The mayor announced that under this approach, he would transform every welfare office into an employment center, divert as many applicants as possible to work so that welfare is the last rather than first resort, require mothers with newborns to attend a parenting class, expect those with disabilities not severe enough to qualify for disability payments to work (in specialized settings if necessary), and compel those with substance abuse problems to participate in work and treatment.

both good ✓ The Mayor's new approach sets very high expectations for both recipients and the welfare system. An approach this ambitious will have a lot to overcome given New York City's size, bureaucracy, political dynamics, and continuing high unemployment. But if welfare reform can make real headway in New York City (as well as in California, which has lagged behind the rest of the country), it can succeed anywhere. HHS intends to contact city officials to determine whether we can give them any assistance in implementing this far-reaching program.

good 11. **Welfare Reform -- NGA Report on Employment Retention:** The National Governors Association will release a report next week on how states can help people remain employed once they have left welfare. The report emphasizes that "work first" means not simply placing people in entry level jobs, but working with people after they are employed to help them keep their jobs, avoid returning to welfare, and advance within the labor market. The report suggests that states should: promote learning at the workplace; help people get jobs that give them access to career ladders; improve the quality of "transitional employment" by combining it with education, training, career guidance and job placement; and improve access to education and training that complements work. The report also encourages: ongoing case management and mentoring; access to supportive services such as child care, transportation, health care, housing; and financial incentives such as the federal

and state earned income tax credits. We are working with HHS to put out a press release praising the report and highlighting once again an NGA report issued in May (which we previously described to you) showing that states are investing more than ever before in child care and work opportunities.

Re: House WIC program

12. Children and Families -- Nutrition Bill: With Administration support, the House on Monday passed a reauthorization bill for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); the Summer Food Service Program; the Farmers Market Nutrition Program; the Nutrition Education and Training Program; and State administrative support for the School Lunch Program. The bill advances your after-school care agenda by incorporating a variety of Administration recommendations, such as enabling States that are enrolled in the School Lunch and Breakfast Program to provide snacks to children in after-school education and enrichment programs, and allowing institutions that provide after-school care for "at-risk" school children aged 12 through 18 to participate in the Child and Adult Care Food Program. The bill also strengthens protections against WIC fraud and abuse, and requires states participating in WIC to provide program participants with education on drug and alcohol abuse. The Senate is expected to act on its bill shortly.

13. Children and Families -- Child Care: The House Government Reform and Oversight Committee unanimously passed the Quality Child Care for Federal Employees Act last week, and both the House and Senate are likely to pass the bill by unanimous consent before they recess. The legislation in part mirrors the executive memorandum you issued in March to improve federally-sponsored child care in the executive branch, by ensuring proper background checks of child care providers, and achieving full accreditation of child care facilities. The pending legislation also applies to child care sponsored by the judicial and legislative branches of the federal government, and includes additional important provisions, such as: (1) giving GSA new oversight responsibilities for most federally-sponsored child care and directing GSA to develop, issue, and enforce uniform health and safety standards; and (2) authorizing agencies to use appropriated funds for child care subsidies for their low-income employees.

THE WHITE HOUSE
WASHINGTON

'98 JUL 21 PM1:26

July 21, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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Reed
Kagan
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7-22-98

1. Health Care -- Patients' Bill of Rights Update: Congressional Democrats were thrilled with the two patients' bill of rights events you held last week. The media gave these events good coverage, but expressed skepticism about whether Democrats really want to pass legislation this year. Our best response to these doubts -- regardless of whether we want legislation or a political issue -- is to remain nonpartisan in tone, as you did in your remarks. As of now, both the House and the Senate may bring patients' bill of rights legislation to the floor this week. In the House, the Republican Leadership is attempting to pass a rule for separate up or down votes on the Republican Task Force bill and the Dingell/Ganske legislation. Under this scenario, the Task Force bill may pass, but with few or no Democrats and with a few Republican defectors. The Dingell/Ganske bill probably will receive about 200 votes. In the Senate, the Leadership will allow amendments, as well as complete substitutes, to the Republican bill; for this reason, the Senate is likely to produce a stronger bill than the House even though the Senate Republican bill is the weakest proposal on the table. It is still unclear whether Senators Chafee and Graham will introduce a bill. If they do, it is likely to have a full set of patient protections and an enforcement mechanism that is stronger than the limited civil monetary penalties in the House Republican bill but not as strong as the state-court enforcement option in the Dingell-Ganske bill. Because of the partisan divide on this issue, this kind of compromise approach may receive little support.

2. Health Care -- Nursing Home Enforcement: Senators Grassley and Breaux will release next week a scathing GAO report on inadequacies in nursing home care across the country. This report will criticize HCFA sharply for failing to monitor or oversee nursing home quality. As you know, we have worked with HHS to develop a strong initiative, including both legislative proposals and administrative actions, to make improvements in this area. The package provides for criminal background checks on nursing home workers, strengthened penalties for nursing homes that fail to meet standards, and closer federal oversight of state enforcement mechanisms. (The briefing memo we sent you described the initiative more fully.) Your announcement of this package today should blunt the impact of the GAO report, though it still will receive media attention.

3. Health Care -- Long Term Care: Congressman Mica, the Chairman of the Government Oversight Committee with jurisdiction over the Federal Employees Health Benefits

Program (FEHBP), is planning to mark up a bill this week that would allow federal employees to purchase private long-term care. We have serious concerns about Mica's proposal, primarily because it does not ensure that the packages offered will be high-quality. We are developing an alternative proposal on this subject to include in a broader long-term care package that you can announce later this summer. In the meantime, OPM will write Mica a letter noting your longstanding interest in this issue while raising concerns about his proposed policy.

4. Tobacco -- Meetings with Hatch: Bruce Lindsey, Larry Stein, and we met with Senators Hatch, Feinstein, Torricelli, and Breaux last week to explore options for moving their tobacco bill in the Senate. As you know, the bill is based on the June 20th settlement, but with a slightly higher price and somewhat increased lookbacks. We expressed some concerns about the FDA provisions in his bill, and noted our fear that the absence of any company-specific lookback penalties and the scope of the liability provisions -- including not only a liability cap, but also a prohibition on class actions and punitive damages -- would prevent the bill from gaining strong Democratic support. Because Torricelli and Feinstein said that a significant number of Senate Democrats look to Senator Conrad for guidance on this issue, we all agreed to have another meeting, this time with Conrad in attendance. That meeting will take place on Tuesday afternoon. Following the principals' meeting, we also sat down with Hatch's staff to discuss further his FDA proposal. Although we continue to have some differences on this issue, the meeting went well; there is little reason to think that the FDA issue would stand in the way of a deal if everything else could be satisfactorily resolved.

5. Tobacco -- Counteradvertising Campaign: We are exploring with ONDCP whether to incorporate tobacco counteradvertising in our national youth anti-drug media campaign. Although ONDCP's \$195 million budget must go toward anti-drug ads, we could encourage the television networks to use some of the matching funds they provide to air anti-tobacco messages. If we decide to go down this route, we would work with HHS and public health groups such as the Campaign for Tobacco Free Kids to propose programming ideas and produce specific advertisements.

6. Crime -- Values-Based Anti-Crime Initiative: You are scheduled to unveil a new values-based violence prevention initiative at an event on the South Lawn this Wednesday. The initiative will support the efforts of community organizations, including faith organizations, to provide values-based instruction and activities for at-risk youth to improve public safety. Some of the activities undertaken by the grant recipients, in partnership with law enforcement, schools, courts, and service providers, include gang intervention, gun abatement, truancy prevention, mentoring, drug and alcohol abuse, conflict resolution, and job training. The initiative will provide grants of between \$75,000 and \$150,000. The grant recipients are located in 16 cities: Salinas, CA; Los Angeles, CA; Washington, DC; Miami, FL; Chicago, IL; Indianapolis, IN; Baltimore, MD; Detroit, MI; Kansas City, MO; Hempstead, NY; Portland, OR; Philadelphia, PA; Charleston, SC; San Antonio, TX; Richmond, VA; and Seattle, WA.

7. Crime -- Appropriation for Youth Crime Gun Interdiction Initiative: The Senate now has joined the House in fully funding your Youth Crime Gun Interdiction Initiative. The new funding will allow us to place additional ATF agents in each of the 27 cities in which the initiative is now operating; it also may enable us to expand the initiative to other cities.

8. Education -- Charter School Legislation: The Senate Labor and Human Resources Committee is scheduled to mark-up a charter schools expansion bill this week. The bill will contain many of the provisions we have recommended, and has solid bipartisan support. We will work to convince Democrats to use other bills -- perhaps including the Ed-Flex bill discussed below -- as a vehicle for forcing votes on other education priorities, so that we have a chance of moving this bill expeditiously through the Senate and to conference. In addition, we are planning to release an estimate of charter school enrollment for the upcoming school year and two Education Department reports -- one on what parents should look for in charter schools, the other on what guidelines chartering agencies should set -- at your speech to Boys Nation this Friday.

9. Education -- Ed-Flex Legislation: The Labor and Human Resources Committee also is scheduled to mark-up a Frist/Wyden Ed-Flex bill this week. As you know, the 12 states now participating in the Ed-Flex demonstration program have authority to waive most requirements in the major federally funded elementary and secondary education programs. The Frist-Wyden bill would give this flexibility to any state meeting specified requirements. We and the Education Department have worked hard with Frist and Wyden's staff, as well as with the NGA, to ensure that the preconditions for participation in Ed-Flex are sufficiently stringent -- i.e. that states get waiver authority only if they have in place standards and assessments, school report cards, and procedures for intervening in failing schools. You announced support for this kind of approach at the last NGA Winter meeting. Democrats and most of the education community are at best lukewarm to this bill; even if Senate Democrats support it in committee, they are likely to use it as a vehicle for trying to move higher priority items, such as our class size reduction initiative. Republicans also may attempt to use the bill as a vehicle for their favorite proposals -- e.g., vouchers and block grants -- so its ultimate fate is quite uncertain.

10. Food Safety -- Appropriations Victory: The Senate passed last week, by a vote of 66-33, an amendment offered by Senator Harkin to restore \$68 million for funding of your food safety initiative. Harkin's amendment funded the increase by requiring the tobacco industry to take over the administrative costs associated with the USDA's tobacco program. We worked closely with Harkin and consumer groups to promote the amendment, and several newspapers, including the Los Angeles Times, published strong editorials in support. We will continue this effort to ensure that we get a good result on this issue in conference.

11. Welfare Reform-- Wellstone Amendment on Work Requirements: As part of its passage of the Higher Education Act, the Senate approved an amendment offered by Senator Wellstone, by a vote of 55-43, to allow states to count up to two years of vocational education or college toward the welfare work requirements. States currently can count one year of vocational

education toward the work requirements, subject to a 30% cap on the percentage of the caseload that can count this activity as work; the cap would continue to apply under the Wellstone proposal. Supporters of the amendment argued that it would help welfare recipients increase their earning potential and improve the chances of their permanently leaving the welfare system. Opponents argued that it would weaken the work requirements, which are the lynchpin of the welfare law and the engine for caseload reduction. We understand that House Republicans will try to eliminate the Wellstone amendment in conference.

One possible compromise might be to let college attendance count for up to half of a person's work requirement (i.e., 10-15 hours) for up to two years. Amended in this way, the law would expect college students receiving welfare to perform some work, but would recognize the difficulty of juggling work, classes, and parenting responsibilities. Of course, if the Republicans succeed in simply knocking out the Wellstone amendment, we will continue our efforts to encourage states to use the existing flexibility in the welfare law (and in work-study programs) to accommodate college students.

12. Welfare Reform -- Illegal Immigrants: HHS will issue a list this week of "federal public benefits," which illegal immigrants are not eligible to receive under the welfare law. The list includes adoption assistance and foster care, child care, low-income heating assistance, Medicare, Medicaid, the Social Services Block Grant, the new Child Health Insurance Program, and TANF, as well as 20 smaller programs. The list excludes community health centers and maternal and child health programs, which will continue to be available to all comers. House Republicans (e.g., Lamar Smith) may argue that HHS should not have excluded these programs, but there are good policy reasons and a sound legal basis for doing so. At the same time, DOJ will issue a proposed rule instructing providers of federal public benefits on how to determine whether a potential recipient is an illegal alien. The rule requires a provider to look at documents for everyone, unless the provider has applied for and received a temporary waiver. Providers will view this requirement as a serious administrative burden, but the law left little room for any alternative approach.

13. Abortion -- Congressional Update: A series of contraception- and abortion-related votes occurred last week in the House, and we expect more next week. First, the House passed by a vote of 224-198 the Lowey proposal to require health plans participating in the FEHBP to provide coverage of contraceptives. Second, the House passed by a vote of 276-150 legislation making it illegal to transport a minor across state lines in order to avoid a state's parental consent law. Third, a House committee passed an amendment offered by Congressman Istook to require parental consent for Title X family planning services. We can expect the House to turn this week to the Partial Birth Abortion Act and the "Mexico City" international family planning restrictions.

14. Community Empowerment -- Community Reinvestment Act (CRA): According to a report by the National Community Reinvestment Coalition (NCRC), the private sector has pledged more than \$1 trillion going forward in loans to distressed communities, with more than

95 percent of these financial commitments made since 1992. The NCRC also reported that there have been 23 times more financial commitments to distressed communities from banks in the past 5½ years than in the previous 15 years. In addition, lending commitments under the CRA have increased 69-fold from the pre-1993 era -- from an average of \$2.6 billion per year between 1977 and 1992 to about \$180 billion per year in the past 5½ years. Despite the success of your Administration's reform of CRA, some in Congress are working to attach riders to the Credit Union Membership Access Act which would gut the program. Over the next weeks, the NEC, DPC, and Treasury will monitor this situation closely.

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THE WHITE HOUSE
WASHINGTON

August 22, 1998

THE PRESIDENT HAS SEEN

8-28-98

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Health -- Patients' Bill of Rights: You are tentatively scheduled to devote next week's radio address to patients' rights. You will call on Senator Lott to bring up patients' bill of rights legislation for a vote as soon as the Senate returns from recess. (Just prior to the radio address, we will release your response to Senator Lott's recent letter on patients' rights legislation, in which you will call attention to the shortcomings of the Republican proposal, but continue to urge bipartisan cooperation.) You also will continue your effort to protect patients rights through executive action, by announcing the release of a new Department of Labor regulation that will require all self-insured health plans -- which cover a total of 50 million Americans -- to have a strong internal appeals process for enrollees. We expect both employer and consumer advocates to support this regulation.

2. Crime -- COPS/School Safety Event: We have prepared a crime event for you to do in Boston in case you want to take a short break from your vacation. At the event, you would announce: (1) the release of an Early Warning Guide for youth violence, which you asked the Departments of Justice and Education to prepare after the Springfield, OR school shooting; (2) \$30 million for states to fund college scholarships for aspiring law enforcement officers through the Police Corps; and (3) roughly \$80 million for more than 1,000 communities to hire and retain police officers. Education and Justice will send out over 200,000 copies of the Early Warning Guide to schools, and will post the full text on their websites. The guide provides teachers and principals with information on how to identify and respond to early warning signs of youth violence; it also provides a crisis response checklist in the event that violence does occur. The event program probably would include Mayor Menino (who could announce new, positive crime statistics) and Police Commissioner Evans. The program also could include a recent Police Corps graduate who became involved with the Corps because of his brother's gang-related death, and a citizen (yet to be identified) who could discuss the importance of communities and schools working with law enforcement.

3. Drugs -- Household Survey: HHS and ONDCP release on Friday the 1997 National Household Survey on Drug Abuse. The survey shows the following:

Overall Drug Use Flat -- The total number of Americans who are current drug users (or who used illicit drugs during the past 30 days) did not change significantly between

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THE WHITE HOUSE
WASHINGTON

July 31, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena KaganSUBJECT: DPC Weekly Reportcopied
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1. Health Care -- Patients' Bill of Rights: The Senate adjourned this week without bringing patients' bill of rights legislation to the floor. Earlier this week, Senators Chafee, Lieberman, and Graham introduced their own bill of rights proposal. The proposal includes all of the rights recommended by your Quality Commission, in addition to enabling individuals to sue health plans for economic (but not non-economic or punitive) damages in federal court. This enforcement scheme is an attempt to split the difference between the provision in the Kennedy bill, which allows individuals to sue health plans in state court for all damages, and the provision in the Republican Leadership bill, which relegates individuals to a schedule of civil monetary penalties that bears no relation to the amount of damages actually suffered.

Senator Lott is placing pressure on Republicans not to co-sponsor the Chafee-Lieberman bill, and Senator Spector is the only Republican likely to join it. At the same time, Senators Daschle and Kennedy have criticized the bill, especially its enforcement provision, as inadequate. We have kept our distance from the bill, both because most Senate Democrats do not yet want to compromise and because early Administration support for such an approach could *decrease* the likelihood of eventually getting a strong bill out of the Senate. We have tried, however, to refrain from any sharp criticism of the bill, given that it is in fact a quite strong piece of legislation. Our task for this month is to emphasize the differences between the Republican and Democratic bills, so that when the Senate Republicans return, they feel a need to engage seriously with the Administration and Senate Democrats on this issue.

2. Health Care -- DeSario Case and Guidance: The Department of Health and Human Services will issue a guidance letter to all state Medicaid directors this week on their obligations to cover medical devices. The guidance comes in the wake of a controversial decision by the U.S. Court of Appeals for the Second Circuit in the DeSario case, holding that Connecticut could limit coverage to a list of approved medical devices, which the State had compiled by reference to the needs of the average Medicaid beneficiary. The HHS guidance letter will adopt a contrary interpretation of the law, stating that although states may set some limits on coverage of medical devices, they must take into account when doing so the special needs of Medicaid beneficiaries with disabilities. The guidance also will remind the states of their obligation to provide notice of any coverage restrictions, and to put in place a public and timely appeals process. Some Governors will complain that HHS's interpretation will increase

their Medicaid expenditures; and although most disability advocates will welcome the letter, some will complain that it allows states to impose certain restrictions, rather than requiring them to pay for all medically necessary devices. We believe that the letter represents the best possible balance between these competing interests.

3. Tobacco -- Legislative Update: House Republicans have decided not to introduce tobacco legislation next week, as originally planned, and are arguing among themselves as to whether to do so when they return from recess. Speaker Gingrich and Congresswoman Pryce (whom Gingrich appointed to head the tobacco effort) continue to want to pass a skinny tobacco bill, with a counteradvertising campaign, some access restrictions, limited FDA authority, and no lookbacks or price increase. Other prominent Republicans, however, argue that such a bill will be subject to attack by Democrats and that there is no advantage in reviving this issue. If the Republicans do decide to bring a bill to the floor after recess, Democrats are ready with numerous amendments, including two full substitutes: the comprehensive Hansen-Meehan bill and a new Waxman bill that replaces an up-front price increase with lookback penalties of huge proportions.

Senator Hatch is talking with Democrats -- particularly Senator Conrad, to whom a great many Democrats defer on tobacco -- about possible compromise legislation, but their talks have not yet progressed very far. Conrad is willing to make some compromises on price and perhaps even on lookbacks, but he is insistent that liability protections be put into the bill only in conference and that they be limited to an \$8 billion annual cap. Hatch wants more extensive liability protections, and remains adamant that they go into the bill prior to conference (even though he knows that Senators Gregg and Leahy will again try to strip the liability protections on the floor). We have been talking to both sides in an effort to move them closer together, but something more dramatic is probably necessary to break the current impasse.

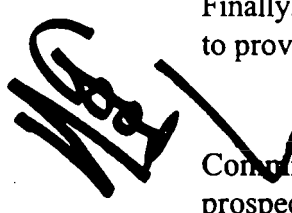
4. Tobacco -- State and Federal Suits: The settlement discussions between the industry and the state attorneys general "recessed" late last week, with industry negotiators saying that they needed further guidance from the CEOs of the companies. The talks so far have focused on non-monetary issues, with both sides apparently assuming that the industry will pay about \$200 billion. Opinions are very mixed as to whether the AGs and industry will return from the recess ready to strike an agreement.

We continue to have discussions with Justice Department attorneys about the possibility of filing suits against the companies for federal Medicare costs. (We say "suits" because the most likely way to bring such litigation is to file not a single national suit, but a number of suits in different states.) They continue to be very resistant, arguing that these suits probably would be thrown out of court on a motion to dismiss, and that this result would subject the Department to criticism that it brought litigation for political reasons. Other attorneys experienced in tobacco litigation -- Dick Scruggs, Stan Chesley, John Cole, etc. -- have far greater confidence that federal suits could survive a motion to dismiss and that such suits could bring the tobacco companies to the table and force them to make substantial concessions (perhaps even before

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motions to dismiss are decided). The Attorney General may raise this matter with you when she sees you this week.

5. Tobacco -- New CDC Data: The Centers for Disease Control released a study on Thursday indicating that minority populations would be more likely than whites to quit smoking in response to a cigarette price increase. The study found that controlling for income and education, blacks are twice as responsive as whites to price increases, and Hispanics are even more price responsive. For example, the study found that about 25 percent of 18-24 year old Hispanic smokers and approximately 10 percent of 18-24 year old black smokers would quit smoking in response to a 10-percent cigarette price increase, while only about 1 percent of white smokers of the same age would do so. The study examined data on adults only, finding that in African-American and Hispanic communities price responsiveness decreased with age, while among whites, price responsiveness remained steady.

6. Welfare Reform -- Medicaid 100-Hour Rule and Anniversary Event: You are scheduled to participate in an event this week to mark the progress of welfare reform over the past two years and announce steps to ensure that even more families make a successful transition from welfare to self-sufficiency. Most important, you can announce new administrative action (repealing the so-called 100-hour rule) to allow states to provide Medicaid to two-parent working families. (Old welfare rules precluded states from providing Medicaid to these families if the adults worked more than 100 hours each month.) You also can announce the release of HHS's first report to Congress on the new welfare law. This report focuses on the dramatic gains made in moving welfare recipients into work opportunities. Because this month is also the one-year anniversary of enacting the \$3 billion Welfare-to-Work program, we are also planning for you to announce new formula grants to 5 states (MD, VA, WV, NM, NH). Finally, we may recommend that you use this opportunity to endorse the House and Senate bills to provide Individual Development Accounts for low-income families.

**7. Education -- Charter Schools:** The Senate Labor and Human Resources Committee reported out the charter schools bill unanimously last week, increasing the prospect that Congress will send this bill to you in September. We are attempting to work out one remaining issue with Senator Coats before the bill comes to the floor, so that we can avert a controversial amendment that could derail the bill's smooth passage. Coats wants to modify a requirement in existing law that charter schools use a lottery to select students if the school is oversubscribed. Coats thinks that charter schools should be able to guarantee slots for the children of founders and siblings of students already enrolled, as well as to use certain kinds of selective admission requirements (e.g., an audition for a performing arts school). We are working with the Education Department and Coats to see if we can accommodate Coats' concerns through new administrative guidance, without violating current law and without opening the door to abuses that could increase the number of racially identifiable schools.

Education -- D.C. Charter Schools: We are working with Congress to address a potential shortfall of funding for charter schools in the District of Columbia during the next academic year. The budget developed earlier this year by the Control Board and the D.C. Government significantly underestimated the number of students likely to attend charter schools, providing only \$12 million of the approximately \$30 million needed for full per-pupil allocations to support the 4,000 students projected to attend charter schools this year. Although the original D.C. appropriations bills introduced in the House and Senate included only the \$12 million recommended for charter schools, the House has added \$20 million from the federal payment, with the support of the Administration. In the Senate, we are encouraging a manager's amendment on the floor either to provide additional funding for charter schools out of the D.C. surplus or to direct the Control Board to find an offset within the D.C. budget for additional funding.

Education -- National Board for Professional Teaching Standards: In preparation for the conference on the Higher Education Act, we are working on a strategy for eliminating the Goodling provision that prohibits continued funding for the National Board. This fight will be very difficult, given (1) the overwhelming majorities by which this bill passed both Houses; (2) Goodling's apparent unwillingness to compromise on the issue; and (3) the lack of interest in the Board among House Democrats. There is bipartisan support for the Board in the Senate, and we are working closely with the NEA and AFT, Governors Hunt and Voinovich, and a variety of business leaders to put pressure on conference members to remove the Goodling provision. At the same time, we are working on compromise proposals that would give Goodling the ability to say that he corrected abuses or problems in the program, relating for example to the high salary of the Board's President and the high financial cost of seeking board certification.

10. Education -- Ed-Flex: The Senate Labor and Human Resources Committee reported out an Ed-Flex bill which would allow all states to waive federal education requirements if they have academic standards, assessments, and accountability measures in place. We worked hard to improve the bill, and it now reflects the principles you announced at last winter's NGA meeting. The prospects for floor action are not clear at present.

11. Crime -- Prison Population: The Justice Department will release a report on Sunday showing that in 1997, the nation's adult prison population grew by 61,186 men and women -- a 5.2 percent increase from 1996, but lower than the average annual growth of 7 percent since 1990. The total number of federal and state inmates reached over 1.24 million adults, with 1.13 million inmates in state prisons (a quarter in California and Texas alone) and 112,900 in federal prisons. The report shows that since 1990, the inmate population increased by 60 percent. Violent offenders were responsible for much of this growth, accounting for a full 50 percent of the increase.

12. Service -- Work-Study Funds: New figures show that colleges and universities are spending more work-study funds on community service, but that there is still much room

for improvement. According to the data, the average college/university spent 10 percent of its work-study funds on community service in 1996-97, up from 7 percent in 1994-95. As you know, a law enacted in 1992 required schools to spend at least 5 percent of work-study funds on community service. In 1996-97, 9 percent of all schools failed to meet this requirement, as compared with 24 percent two years earlier. (The Education Department does not penalize schools that fail to meet this requirement.) Only 12 percent of schools use more than 20 percent of their funds for service, and only 2 percent of schools use more than half their allocation for service. We are beginning discussions with the Education Department and Corporation for National Service on possible ways to improve these numbers.

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT
7-7-98

July 2, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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1. **Tobacco -- Legislative Strategy Update:** We and Larry Stein believe that we should proceed along two fronts in our effort to get tobacco legislation back on track. On the first track, we must try to bring increased pressure to bear on Senator Lott to pass a comprehensive bill. To this end, we have worked with the public health community (which is generally demoralized and weak) on various grassroots activities over the congressional recess. We also have worked with Senator Daschle's office on a strategy for continuing to force votes on tobacco legislation on the Senate floor. Our preferred approach (which we think we can persuade Sen. Daschle to adopt) is to offer a tobacco amendment that makes no spending decisions (and so refutes somewhat the "tax-and-spend" argument) and therefore is not subject to a point of order (and so requires only 50 votes). Democrats could offer this amendment on either the VA-HUD appropriations bill or the product liability bill this week. We do not expect this amendment to win, but hope that it will make Lott recalculate the costs of killing comprehensive legislation. On the second track, we should explore with Lott and other Republicans what they need to support comprehensive legislation and whether a new deal is in reach. We will discuss with Erskine as soon as he comes back how to proceed with this part of our strategy.

2. **Tobacco -- Executive Orders:** We are also working on additional executive actions on tobacco to keep the pressure on Congress over the coming weeks. As you know, your announcement of a new HHS survey of youth tobacco use received a very favorable response. We are now completing a directive to HHS and DOJ to make the recently released tobacco documents more accessible to the public health community, the scientific community, litigants, and the general public. Although these documents are currently available on the Internet, no one can make effective use of them because they have not been organized in any comprehensible manner. The directive will require the departments to (1) create a user-friendly database and/or index of the documents and make this database and/or index widely available, and (2) require scientific analysis of the documents for information advancing public health goals. We are also exploring directives to (1) produce counteradvertisements on youth smoking for use by states and serve as a clearinghouse for state-produced counteradvertisements; (2) ban underage smoking on federal property and deny filming privileges on federal property for movies that portray youth smoking; (3) require strict enforcement of a Goals 2000 provision to ban smoking in facilities receiving federal funds to

provide children's health care, day care, education, or library services; and/or (4) require OSHA to issue within a year a standard protecting workers from environmental tobacco smoke.

3. Health Care -- HIPAA Enforcement: You are scheduled to announce on Tuesday that the federal government will take additional action against insurers who are circumventing the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Earlier this year, we received a number of troubling reports that insurers were giving financial incentives to agents to avoid or delay enrolling Americans with pre-existing conditions, in contravention of the intent of HIPAA. Although the number of reports has declined since you directed HCFA to send guidance to insurers in March, insurer misconduct of this kind may still be a problem. To help ensure full compliance with HIPAA, you will direct the Office of Personnel Management (OPM) to take all appropriate action -- up to and including termination of a participating health plan from the Federal Employees' Health Benefit Plan (FEHBP) -- if the agency determines that a plan is engaging in insurance practices that are inconsistent with the letter or spirit of HIPAA. FEHBP, which contracts with 350 carriers and has 9 million enrollees, also will require health plans to certify that they are abiding by HIPAA before they can participate in the program. You also will direct HCFA to report any abuses they discover to OPM, and you will announce that the National Association of Insurance Commissioners has agreed to report any violations of HIPAA to OPM.

4. Health Care -- CBO Cost Estimates of Patients' Bill of Rights: The Congressional Budget Office (CBO) is expected to release on Thursday estimates of the cost of the Dingell/Ganske/Kennedy patients' bill of rights legislation. We anticipate that the CBO will project that this legislation will increase premiums by about 4 percent for the average employee, which amounts to about \$7 a month (a cost that will be split between employers and employees). We are working on a positive roll-out strategy for this estimate to buttress our claim that the benefits of such legislation are more than worth the modest costs. Opponents of this legislation will try and use the estimates to argue that the patients' bill of rights will increase health care costs and the number of uninsured. Assuming we are successful at portraying these costs as moderate, the primary outstanding issue on patients' bill of rights legislation will concern the appropriate enforcement mechanism. We will send you an options memo soon on how best to position the Administration on this issue.

5. Health Care -- Report on Low-Income Medicare Beneficiaries: Families USA will release a report early this week showing that over 3 million low-income Medicare beneficiaries are eligible for but not enrolled in the Qualified Medicare Beneficiary (QMB) program. The QMB program pays Medicare copayments and deductibles for beneficiaries below 100 percent of poverty and pays premiums for beneficiaries below 135 percent of poverty. (Prior to last year's Balanced Budget Act, premium assistance went to beneficiaries below 120 percent of poverty). Many beneficiaries, however, are not aware of this assistance or have difficulty applying for it. To respond to this problem, we are preparing a multi-faceted effort by SSA and HCFA to enroll eligible beneficiaries in QMB by: (1) encouraging simple

mail-in applications; (2) posting information about QMB in SSA offices; (3) including information about QMB in the pamphlets going to all Medicare beneficiaries this fall, and in annual cost-of-living-adjustment (COLA) notices received by Social Security beneficiaries; and (4) creating a new task force to find other ways to enroll eligible beneficiaries. We are preparing to announce these measures just around the time the Families USA report is issued.

6. Health Care -- Medicare Handbook: Secretary Shalala decided recently not to release this year's version of the Medicare handbook, which was supposed to inform beneficiaries of their new program options. The draft of the handbook that the Secretary received was unintelligible, and the Secretary decided that it would confuse beneficiaries. The Secretary instead instructed HCFA to send beneficiaries a short pamphlet providing basic information on the new choices and making clear that beneficiaries can remain in fee-for-service plans. Senator Breaux and Congressman Thomas sharply criticized the Secretary's decision, but advocates generally supported it on the ground that the handbook as written would have misled beneficiaries.

7. Health Care -- Catholic Health Plans and Medicare: We have reached agreement with the Catholic Health Association (CHA) on a way to allow Catholic health plans to become Medicare contractees even though they will not provide abortion services. Under this approach, Catholic health plans will disclose that they do not cover abortion services and Medicare will reduce payment to the plans by a small amount. (Beneficiaries of Catholic plans needing an abortion can go to fee-for-service providers.) We are meeting with HHS to determine whether to implement this plan through new legislation or administrative action; we should conclude this matter in a few weeks.

8. Health Care -- FDA Commissioner Nomination: We are working with Senator Domenici to introduce Jane Henney to as many Senators as possible. In meetings last week, most Senators appeared open to her candidacy. Senator Coats, who is expected to be the lead Republican on the Labor committee for this confirmation, expressed discomfort with Henney's link to Senator Kennedy and David Kessler, but also acknowledged that Doc Bowen, President Reagan's HHS Secretary, strongly supports the nomination. We will continue to work with Domenici on this nomination, and to try to secure a hearing date before the August recess; right now, we are cautiously optimistic about Henney's prospects.

9. Crime -- Youth Handgun Safety: You are scheduled to participate in an event on Wednesday that will focus on keeping firearms out of the hands of children. You will announce a final Treasury Department regulation requiring all federally licensed gun dealers to display signs (17" by 22" in size) warning prospective gun purchasers that: (1) misuse of handguns is a leading contributor to juvenile violence and fatalities; (2) safely storing and securing firearms will help prevent the unlawful possession of handguns by juveniles, stop accidents, and save lives; (3) federal law prohibits, except in certain limited circumstances, anyone under 18 from knowingly possessing a handgun, or anyone from transferring a handgun to persons under 18; and (4) a knowing violation of the prohibition against

transferring a handgun to a juvenile is, under certain circumstances, punishable by up to 10 years in prison. You also will endorse in principle Child Access Prevention (CAP) legislation introduced by Senators Durbin and Chafee to impose legal liability on adults who allow juveniles access to firearms. We are working with the Justice Department and staff from Durbin's and Chafee's offices to improve this legislation by carefully defining the standard of liability and toughening the penalties for violating it.

10. Drugs -- National Anti-Drug Media Campaign: You are scheduled to announce on Thursday that the national anti-drug youth media campaign -- currently a pilot project in 12 cities -- is now going nationwide. New television ads will appear during prime time on all the major networks that night; new radio ads will begin to air in the top 100 markets; full-page print ads will run in 25 major newspapers; specialized spots with targeted anti-drug messages will appear in 75 media markets reaching approximately 80 percent of the population; a new web site will open on the internet; and a national 800-number, featured in all of the new ads, will become operational. Your comments at the announcement will be linked by satellite to five regional events and 200 community watch parties.

11. Drugs -- Drug Courts and Arrestee Data: You are currently scheduled to make two drug-related announcements in your radio address next week. First, you will release new Drug Use Forecasting (DUF) data from the Justice Department showing that the number of arrestees testing positive for most drugs -- and especially for cocaine and crack -- is down in most cities, but that the number testing positive for methamphetamines is climbing (after falling substantially last year) in key Western and Midwestern cities. Second, you will announce \$27 million in Justice Department grants to implement and enhance drug court initiatives in 150 cities across the nation. We also are exploring a new policy announcement to promote coerced abstinence programs.

12. Civil Rights -- EEOC and Fair Housing Initiatives: We have been working with the EEOC, Congressional staff, and civil rights leaders to try to maximize funding for the Commission while avoiding a rider prohibiting the EEOC from using its funds to hire employment testers. Some months ago, Speaker Gingrich testified that he would support your proposed increase in funding for the EEOC conditioned on a number of "reforms," the most controversial of which relates to the use of testers. The EEOC in fact has no plans to hire testers with FY99 money, but wants to avoid a rider, which will be difficult to remove in future years. We are exploring whether a letter from the EEOC committing not to use FY99 money to employ testers would enable us to avoid a rider and secure a significant funding increase. The civil rights community supports this strategy so long as we do nothing to signal that testing is an illegitimate tool for civil rights enforcement. Ironically, the House VA-HUD appropriations subcommittee mark-up includes \$7.5 million (we requested \$10 million) to fund your proposal for a nationwide program using testing to measure housing discrimination and facilitate enforcement actions against those who violate fair housing laws.

7-7-98

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13. Welfare Reform/Housing -- Welfare-to-Work Housing Vouchers: The House Appropriations Committee included \$100 million in the VA/HUD appropriations bill for 17,700 welfare-to-work housing vouchers. Although this appropriation is only one-third of our request, it is more than double the Senate committee level of \$40 million for 7,000 vouchers, and represents significant progress for this new Administration initiative. The House language on how to distribute and use the funds is virtually identical to our proposal, whereas the Senate establishes a narrower demonstration program. We are continuing to push for our full request.

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14. Welfare Reform/Community Empowerment -- Individual Development Accounts: The Coats/Harkin IDA demonstration program was included in the Human Services Reauthorization bill passed unanimously out of the Senate Labor and Human Resources Committee last week. The bill authorizes \$100 million over four years to provide matching funds for low-income individuals who save to buy a home, pursue higher education, or start a small business. It is not clear whether the House will include a similar program in its Human Services Reauthorization bill, which will be marked up after the recess. The DPC and NEC have worked with staff for Senators Coats and Harkin to improve their legislation, and we are exploring an appropriate time and place to announce your support for the IDA program.

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15. Abortion -- RU-486: Just prior to recess, the House passed an amendment to the agriculture appropriations bill that would prohibit the use of FDA funds for the testing or approval of RU-486. The amendment, which passed by a vote of 223-202, represents the first time that Congress has interfered with the drug approval process at the FDA. In response to press inquiries about this vote, we criticized Congress for restricting scientific research that can offer women the safest possible medical choices. We are reaching out to the pharmaceutical industry and scientific community during this recess to minimize chances that the Senate will pass a similar amendment.

16. Education -- Ed-Flex: Just prior to Congressional recess, Senators Frist and Wyden introduced a new bill, strongly supported by the NGA, to extend Ed-Flex to all fifty states. The bill is generally constructive, but it does not incorporate all the accountability measures of the current Ed-Flex program -- e.g., a requirement that states have standards and assessments in place and that they submit a statewide reform plan to the Secretary. We will work with Frist, Wyden, and the NGA to improve the bill's accountability provisions. In the worst-case scenario, the Education Department can send up an alternative Ed-Flex bill.

17. Education -- Education Block Grant: Also just prior to the Congressional recess, the House Education and the Workforce Committee passed a block grant bill by a straight party-line vote to consolidate 31 federal education programs, including Goals 2000, Eisenhower grants, technology literacy grants, afterschool grants, and school-to-work grants. The bill also would expand Ed-Flex to all fifty states, but in a way that fails to link increased

flexibility to real accountability for high standards. Secretary Riley sent a letter to Rep. Goodling indicating that he would recommend a veto.

18. Children and Families -- Head Start Reauthorization: The Senate Labor and Human Resources Committee unanimously approved the Human Services Reauthorization bill, which would reauthorize Head Start, the Low-Income Home Energy Assistance Program, and the Community Services Block Grant programs, while establishing a new demonstration program for Individual Development Accounts (see above). Sponsored by Chairman Jeffords and Senators Kennedy, Coats, and Dodd, the bill included most of the Administration's priorities, including an increase in the new Early Head Start program over the next five years. The bill will be named after Senator Coats, who is retiring this year. We will be working with the bipartisan sponsors of the bill to secure full Senate approval as quickly as possible. In the House, there are danger signals: the Education and the Workforce Committee may schedule a mark-up on the legislation in July, but Subcommittee Chairman Riggs has indicated an interest in attaching several highly controversial measures to the bill, such as Head Start vouchers.

THE WHITE HOUSE
WASHINGTON

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July 10, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

RE: DPC Weekly Report

7-13-98

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1. Tobacco -- State Attorneys General: Next week, the state attorneys general will meet to consider a possible new agreement between the states and the tobacco industry. The industry is interested in a new "state-only" deal that would give the states the \$200 billion over 25 years they negotiated last year in return for settling the state cases. No federal or state legislation would be required. The deal would produce a price increase of 30-35 cents per pack, but would not say anything about FDA authority, farmers, lookback surcharges, or federal investments in research, counteradvertising, cessation and so on (although states would have substantial funds to invest in counteradvertising, tobacco education and prevention, etc.). The industry would agree to the advertising restrictions from the Minnesota settlement (no billboards, no promotional products, no film placements). Apart from settling the state cases, the industry would receive none of the liability protections of the June 20th agreement.

If such a deal materializes, we believe we should 1) embrace it, and try to bring the attorneys general to the White House to announce it; and 2) challenge Congress to finish the job by passing a streamlined bill that includes a smaller (e.g. 50-cent) tax increase to pay for targeted tax cuts (marriage penalty, long-term care), along with FDA authority, counteradvertising, and lookback surcharges. We'll still need to figure out what to do about farmers (paid for by the industry) and whether we can persuade the states to use a portion of their settlement for tobacco control, children's health, and/or child care. The state-only deal may take some pressure off Hill Republicans on tobacco (although it's not clear they were feeling much pressure anyway). But they remain under intense pressure to find revenue for a tax cut, and they can hardly sustain the argument that it's better to use Social Security and the surplus than tax tobacco.

2. Tobacco -- House and Senate Legislative Activity: When the House returns from recess, we can expect Rep. Pryce to unveil the Republican Leadership's tobacco legislation. Although we have not yet seen the legislative language, we are preparing to say that it will not save lives because it lacks a significant price increase and contains weak advertising restrictions (OMB and Treasury are preparing draft estimates based on likely scenarios). In addition, Representative Waxman is planning an event to highlight that members of the Republican House Leadership have taken hundreds of rides in recent years on tobacco industry corporate jets, paying only commercial fares for trips worth tens of thousands of dollars.

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In the Senate, Senators Conrad and Kerry are approaching Domenici and Gorton about a streamlined bill that would settle the state cases in return for a 75-cent price increase (with another 50-cent increase in five years if teen smoking is not cut in half), FDA authority, warning labels, and other public health provisions, but no new federal programs. Three-quarters of the money would go to the states, which would have to spend one-third on tobacco control and one-third on our menu, with one-third unrestricted. The rest of the money would go for a marriage penalty tax cut. The industry would be required to pay for Ford's tobacco farmer program over the next ten years. Domenici does not seem very interested in a comprehensive bill, even at 75 cents, and Gorton raised concerns about the FDA authority and the proposal's lack of attorneys' fees limitation (a state-only settlement would diminish Gorton's interest as well)

3. **Tobacco -- Executive Memoranda on Industry Documents:** On Friday, July 17, in your remarks to Girls Nation, you will announce two directives to make tobacco industry documents far more accessible to the public. The first directive will require HHS to develop a plan for a user-friendly database and/or index of the documents and make them widely available. The second directive will instruct DOJ to file a brief to support the State of Minnesota's effort to make public an industry-created index to their documents. The release of this index would provide the public with a critical roadmap to industry documents and may identify documents that have not yet been produced.

4. **Tobacco -- Study on African Americans and Nicotine:** On Tuesday, the Journal of the American Medical Association published a study revealing that African American smokers have higher levels of metabolized nicotine than whites or Mexican Americans. This is true even though African Americans smoke fewer cigarettes per day than white smokers. This finding may help explain why African American smokers have more difficulty in quitting smoking, and are at higher risk of developing and dying from lung cancer than whites, and will prompt more research in this area.

5. **Education -- Charter Schools:** The Education Department is completing its second year evaluation of charter schools, as well as a guide to help chartering agencies (e.g., state and local school boards) do a better job selecting charter schools and holding them accountable. We will package these reports together for you to release, perhaps at an AFT/NEA event on July 29. The Senate Labor and Human Resources is expected to mark up a charter schools bill on July 22. The bill strengthens incentives for states to promote charter schools, and provides greater flexibility for charter schools while demanding increased accountability. There is growing resistance from the education community to passing a charter schools bill this session, and growing pressure on Democrats to drag their feet on the bill. We continue to support the committee in its efforts, and believe the bill will ultimately be reported out of committee.

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6. **Education -- Bilingual Ed:** The Education Department has completed work on its bill to overhaul bilingual education, and it is ready for transmittal if and when needed. Next week, we will begin consultations with House Democrats, seeking their views on whether an alternative to Riggs is needed, and sharing with them the approach in our bill. In addition, we are working closely with the Education Department and other agencies to make sure we have a robust package of steps you can take or propose, in addition to changes in the bilingual education program, that will actually make it possible for students to succeed in learning English. These steps include strengthening Head Start to better prepare LEP students for school, forming partnerships to help school districts recruit and train qualified teachers, and using technology to train teachers of LEP students and help students acquire English skills. We anticipate completing work on the entire package within the next 2 weeks.

7. **Health Care -- Patients' Bill of Rights Update:** Next week, we are planning two events to increase your visibility on the patients' bill of rights legislation. The first is a roundtable with physicians and patients who have had bad experiences with managed care plans, such as being denied access to a specialists, that would have benefited from a patients' bill of rights. We are currently working with the American Medical Association to see if they would be willing to host this event. The second event could be with the Democrats on the Hill. It may also be possible to highlight Congressional Budget Office estimates of the Dingell-Kennedy-Ganske legislation, which we expect will project premiums to increase by about 4 percent for the average employee, which amounts to about \$7 a month (a cost that will be split between employers and employees). We are also looking to see if we could unveil a new Families USA report that highlights what states are doing in this area. On the Hill, the Senate Republicans are working on their patients' rights bill. We expect that their legislation will contain many, but not all of the patients' protections, including some type of modest enforcement provision.

8. **Health Care -- 25th State Approved for Children's Health Insurance Program (CHIP):** Next week, HHS is planning to approve Utah and Maryland, which will represent the 24th and 25th states for CHIP. Taken together, these 25 state proposals will provide health care coverage for more than 2 million uninsured children. We should highlight this, possibly through a public event with these Governors, both of whom have expressed interest in participating. If you are not available, we may want to consider having the Vice President do this event.

9. **Children and Families -- Well-Being Report:** Next Wednesday, the Federal Interagency Forum on Children and Family Statistics will release its second annual report, *America's Children: Key Indicators of Well-Being*, which you called for in 1997 by Executive Order. The report compiles regularly measured and representative Federal Government statistics on children. This year's report will show positive trends in the overall condition of the nation's children, including decreases in childhood mortality (with infant mortality at an historic low); increases in childhood immunization; dramatic decreases in the number of children with high blood lead levels; lower teen birth rates; and higher college graduation rates. The report will also point to high levels of cigarette smoking, alcohol consumption, and drug use among children; high numbers of children without health insurance (10.6 million in 1996, up from 9.8 million in

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1995); an increase in low-birth-weight babies; and no significant change in the number of children in poverty (about 20 percent). We will try to time the CHIP approvals to coincide with this data, and the First Lady will highlight the findings in her weekly column the following week.

10. Welfare Reform -- Child Support Penalties Bill Coming to You for Signature:

With our strong support, the House and Senate have passed legislation that makes a number of positive changes to child support law. The bill creates more sensible penalties for states that fail to meet the 1988 Family Support Act's requirement to establish state-wide child support computer systems. Instead of the current draconian penalty of withholding all federal child support funds -- a penalty unlikely ever to be imposed -- it puts in place smaller, automatic, and escalating penalties, ranging from 4% of funds for the first year to 30% for the fifth year that a state fails to implement such a system. A dozen states may face penalties. The largest is California, which is still years away from having a functioning system. Los Angeles County unsuccessfully sought an exemption from its portion of California's penalty on the grounds that its system has performed well even if the state has not, but Republicans opposed it.

The bill provides a new formula, proposed by an Administration-led working group, for distributing child support incentive funds based on states' performance on a number of key child support goals, such as paternities, child support orders, and collections, rather than simply cost effectiveness as under current law. It will also make it easier for states to establish medical support orders in cases where the non-custodial parent has private health insurance, by putting in place a process to create a medical support order form that all companies will recognize.

While the bill is a good one, we have not pushed for an event in connection with the signing because it could serve to emphasize how long it has taken some states to comply with the 1988 law requiring state-wide computer systems, and because the press may choose to stress the fact that the bill significantly reduces penalties for those states that have not yet put them into place.

6-8-98

THE WHITE HOUSE
WASHINGTON

June 4, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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1. **Tobacco -- Senate Update:** The Senate passed two amendments to the McCain bill this week. The first, sponsored by Senator McCain and approved by voice vote, provides \$3 billion over five years to the Veterans' Administration to assist veterans with smoking-related illnesses. The second, approved by a 66-29 vote, greatly increases the surcharges imposed on individual companies that fail to meet youth smoking targets. This amendment, supported by most Democrats as well as by those Republicans who want to kill tobacco legislation (on the theory that a lack of balance will bring the bill down), would impose penalties equaling or exceeding anticipated industry profits on a company that has a significant youth market and misses its youth reduction targets by 20 percent.

Next week, the Senate is scheduled to consider a proposal by Senator Gramm to use tobacco revenues for a tax cut to all married couples earning less than \$50,000 per year (whether or not they now pay a marriage penalty). A prior version of this proposal would have decimated just about all other spending immediately, but Gramm reportedly is phasing in his amendment to avoid this result. The latest version would cost \$13 billion over the first four years (28 percent of total receipts), an additional \$30 billion in the next five years (42 percent of total receipts), and \$225 billion in the remaining years of the bill (78 percent of total receipts). Even this "scaled back" version of the amendment, of course, is incompatible with our and the Democratic Caucus's spending priorities. For this reason, Senator Daschle has prepared an alternative tax amendment, which would provide relief for those married couples earning less than \$60,000 per year who now pay a marriage penalty, as well as accelerating the deductibility of health insurance costs for the self-employed. This alternative proposal would cost \$11 billion over the first four years and would continue to consume between 20 and 25 percent of total revenues throughout the lifetime of the bill. It is conceivable that McCain and Senator Kerry will strike a deal with Gramm next week that splits the difference between these two proposals. Such a compromise certainly would grease Senate passage of the tobacco bill, but at some cost to our public health and research priorities.

The Senate also is expected to vote next week on an amendment offered by Senators Craig and Coverdell, which would allocate about \$2 billion each year to anti-drug efforts, again cutting into the funding available in the bill for public health and research. The Craig-Coverdell amendment also includes a permanent prohibition on the use of federal monies for

This is a tobacco policy

needle exchange and a program to allow education vouchers to students who have been the victims of school violence. We are working to draft a modified version of the Craig-Coverdell amendment that spends less money on anti-drug efforts and eliminates the amendment's poison pills. We hope that we will be able to convince a bipartisan group of Senators, including McCain and Kerry to support this modified anti-drug amendment.

Cloture votes are scheduled for Tuesday and Wednesday, but because Senator Lott strenuously opposes cutting off debate at this time, no one expects these motions to pass. We are hopeful that by the end of the week, the Senate will have dealt with the tax and drug issues, as well as the two Republican substitute bills and the farmers provisions, and that it then will be ready to vote for final passage.

Good!
try to get this done!

2. Health – Patients' Bill of Rights: Congressman Norwood called Chris Jennings on Thursday to express interest in organizing a discharge petition that would send patients' bill of rights legislation immediately to the House floor for a vote. As you know, Norwood is the author of a patients' bill of rights bill with over 200 co-sponsors. Norwood told Chris that he might be interested in entering into negotiations with Congressman Dingell to merge their bills and bring the resulting legislation to the floor. Norwood said, however, that he would wait until the end of this month before firmly committing himself to this course of action, in order to give the House Republican Task Force a final chance to offer a proposal that he believes can pass the Congress. Chris is meeting with Dingell this week to discuss Norwood's proposal.

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3. Health – Prostate Cancer: We will announce on or around Father's Day the release of over \$25 million in new Department of Defense grants for prostate cancer research. This announcement will allow us to highlight significant actions the Administration has taken or can take in the future to prevent prostate and colorectal cancer. In response to new scientific developments, the National Cancer Institute (NCI) is increasing funding for research in this area, and these new research efforts will proceed even more quickly if Congress passes your proposed 67 percent increase in cancer research. In addition, the NCI is beginning new clinical trials on prostate cancer, which will have the greatest chance of success if Congress enacts your proposal, now included in the McCain tobacco bill, to provide Medicare coverage of cancer clinical trials. Finally, the new Medicare preventive benefit for prostate and colorectal screening will go into effect in the year 2000, by which time further developments in testing and treatment should ensure that this benefit will lead to lower mortality rates.

4. Health – Assisted Suicide: The Justice Department issued an opinion letter on Friday stating that the Controlled Substance Act (CSA) does not give the Drug Enforcement Agency the authority to take adverse action against physicians who assist their patients to commit suicide. As you will recall, Senator Hatch and Congressman Hyde requested this opinion in the hope that the CSA would preempt Oregon's new assisted suicide law. As you directed, the Justice Department's letter notes your "longstanding position against assisted suicide" and indicates that you "remain open to working with . . . members of Congress on this

complex but extremely important issue." We expect Hyde and Hatch, and perhaps Senator Nickles as well, to introduce legislation soon that would make physician-assisted suicide a federal offense enforceable by the DEA or some other federal agency.

Let's try to get it done w/ legislation

5. Health -- Medicare Coverage of Abortion: We are currently considering issues relating to Medicare coverage of abortions, which have been raised by Senator Nickles and the Catholic Health Association (CHA). The issues arise because some women of child-bearing age receive Medicare benefits as a result of their eligibility for Social Security Disability Insurance. The CHA is concerned that Catholic institutions will have to provide abortion services if they wish to become Provider Sponsored Organizations eligible for Medicare payments, as allowed under the Balanced Budget Act. CHA and Nickles have asked the Administration whether the Hyde Amendment applies to the Medicare program and/or whether Catholic institutions can refuse to provide abortion services for religious reasons under the Medicare program. We are working with HHS, OMB, DOJ, and the Counsel's office to determine current Medicare coverage practices as well as to develop options on how to respond to these inquiries. We are very concerned that Senator Nickles will soon highlight this issue, adding it to the growing list of abortion proposals Congress will take up this year. We will send you an options memo this week.

6. Health -- Medicaid Coverage of Viagra: HHS is expected to announce this week that the Medicaid statute requires coverage of Viagra as long as it is prescribed for a medically necessary reason. To prevent abuses, states can impose a prior authorization requirement (which requires physicians to provide an explicit medical rationale for the dispensing of this medication) and limit the number of pills an individual can receive. Even with these protections, states will oppose the HHS ruling vigorously; they fear that it will open the door for required coverage of numerous other "designer drugs." In issuing its ruling, the Department will stress that the Secretary has authority to reverse the ruling and exclude the drug if experience shows that the drug is being inappropriately or excessively prescribed. HHS will work closely with state Medicaid directors to collect data on Viagra prescriptions, so that it can determine in the future whether such an exclusion is warranted.

Pro-Choice grounds govt. program

7. Health -- Private Plans' Coverage of Viagra and Birth Control: Although most private plans have decided to cover Viagra (with various kinds of limitations), many still do not cover birth control pills. Some women's groups charge that these coverage rules demonstrate a kind of double standard; these groups support a bill, introduced this year by Senator Snowe, that would require private plans to cover birth control. (Medicaid does require coverage of birth control pills, so there is no federal disparity on this issue.) Since the debate on the Health Security Act, we have generally hesitated to endorse benefit mandates in private insurance. We can expect, however, to face increasing pressure on this issue from the women's community during the next Congress.

8. Health -- Genetic Discrimination Legislation: Labor and Human Resources Committee Chairman Jeffords has asked us to participate in a workgroup to develop a bill

prohibiting genetic discrimination by health insurance plans. This legislation responds to your call to build on the anti-genetic discrimination provisions in the Kennedy-Kassebaum law by passing new protections (1) to ensure that genetic information is not used to deny access to health insurance or to raise premium rates and (2) to prevent insurance companies from disclosing genetic information to other parties. Jeffords intends to put forward a freestanding bill containing these protections because he believes that the Senate may not pass any broader health initiative this year. We are somewhat concerned that Jeffords will produce a watered-down bill in order to increase its chance of passage, but we will participate in his workgroup in the hope that we can prevent this outcome.

9. Health -- Ricka Powers Case: The Vice President spoke on Wednesday to the AARP Conference in Minneapolis, where he called on Congress to pass a patients' bill of rights and highlighted the experience of Minneapolis resident Ricka Powers to show the need for such legislation. Following the event, the HMO that Ms. Powers accused of mishandling her case (Health Partners) vehemently denied her accusations. Because Minnesota law prohibits the plan from releasing specific information about a case without the patient's permission -- which Ms. Powers declined to give -- we cannot determine the full truth of the matter. We therefore recommend that you and the Vice President avoid referring to this case in the future.

10. Welfare Reform -- HHS Study: HHS just announced that it will make funds available to eight to ten states to track people leaving the welfare rolls. The studies also will attempt to collect information on families that are not coming onto the welfare rolls because of diversion programs, new eligibility rules, or other factors. Results of the study probably will not be available for several years.

11. Drugs -- Drug Courts: The National Center on Addiction and Substance Abuse (CASA) released last week the first major study on the effectiveness of drug courts. The study found that drug courts provide more comprehensive supervision, monitoring, testing, and treatment than other forms of community supervision of drug offenders. According to the report, 55 percent of drug courts require at least two drug tests per week, 35 percent require weekly tests, and 10 percent require tests every other week. By comparison, among jurisdictions using simple probation supervision, none require drug tests more than once each week, eight percent require weekly tests, 52 percent require monthly drug testing, and 33 percent test on a less frequent or random basis. In addition, CASA found that drug use and criminal behavior are substantially reduced while offenders are under drug court supervision, as well as after they leave the program. Drug courts have flourished in the past few years, largely because of the 1994 Crime Act which authorized the first-ever federal funding for drug courts. Between 1995 and 1997, the Justice Department provided \$56 million to drug courts, and as of last month, drug courts existed in 275 jurisdictions.

12. Children and Families -- Child Support Bill: You will soon receive for signature the legislation you called for in 1996 making it a federal felony for parents to cross

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state lines to evade child support. The Senate approved the bill by voice vote yesterday, while the House passed it by a vote of 402-16 last month.

13. Women's Issues – Equal Pay Act Event: You, the Vice President, and the First Lady are currently scheduled to participate in an event on Wednesday to commemorate the 35th anniversary of President Kennedy's signing of the Equal Pay Act. Dr. Dorothy Height, who attended the signing in 1963, is also expected to participate. You will urge Congress to pass Senator Daschle's and Congresswoman DeLauro's equal pay bills, which would strengthen enforcement of the Equal Pay Act -- primarily by providing for compensatory and punitive damages, rather than mere liquidated damages and backpay. (The Vice President previously announced the Administration's support for this legislation.) You also will release a report by the Council of Economic Advisors on the wage gap, which shows that although the gap between women's and men's wages has narrowed substantially, women still make just over 75 percent of what men do.

14. Education – Class Size Reduction: Senator Murray is preparing to introduce your class size proposal within the next week to ten days. She has lined up 10 to 12 cosponsors, and believes she can more than double that number before the bill is introduced if she can identify a credible offset to replace the tobacco funding we proposed in our budget. We and OMB have been working with Murray's office to identify potential offsets, and will suggest several to her this week. We are also working closely with Murray, as well as with Senator Daschle, the teachers' unions, and other education groups, to design and carry out a coordinated legislative, communications, and grass roots strategy on this issue.

15. Education – Bilingual Programs: The House Education and Workforce Committee passed, on a party line vote, Congressman Riggs' proposal to replace the existing bilingual and immigrant education programs with a block grant to states that requires all students to be placed in regular English-language classes within 2 years. The Education Department is nearing completion of an Administration alternative to this bill, which will be ready for transmission by the end of next week, should you wish to put an alternative forward now rather than waiting for the reauthorization of the bilingual program next year. The Hispanic Caucus is strongly opposed to the introduction of any alternative at this time, but other Democrats may want the cover that an alternative bill would provide in order to vote against the Riggs bill. We will send you a memo on this issue this week.

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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
11-19-97

November 14, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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1. **Family -- Adoption Legislation:** You are scheduled to sign new adoption legislation on Wednesday, in an event giving a prominent role to the First Lady. The legislation is a huge step forward in promoting adoption and improving our nation's child welfare system. The final bill largely incorporates the Administration's proposals in this area. In particular, the bill (1) makes clear that children's health and safety are the paramount concerns of the public child welfare system; (2) clarifies the "reasonable efforts" standard; (3) speeds up court hearings for children in foster care and generally requires states to initiate proceedings to terminate parental rights after a child has been in foster care for 15 of the previous 22 months; (4) provides states with financial incentives to increase the number of children who are adopted; (5) reauthorizes the Family Preservation Program (staving off an expected battle next year) and increases its funding; (6) ensures health coverage for adopted children with special needs by requiring states to provide coverage through Medicaid or the new child health program; (7) expands HHS's authority to issue waivers to states for child welfare and foster care demonstration projects; and (8) breaks down barriers to adoptions across state lines by prohibiting states from denying a suitable out-of-state adoption when no in-state adoption is available.

2. **Health -- FDA Reform Legislation:** You are scheduled to sign FDA reform legislation on Friday. This legislation reauthorizes the very successful user fee program that has enabled the FDA to speed the approval of new drugs. The bill also codifies the REGO reforms, emphasizing agency performance and accountability, that the Vice President successfully implemented at the FDA in 1995 and 1996. In the course of considering the legislation, Congress deleted or amended the provisions (involving, for example, off-label uses of drugs and devices) to which consumer advocates most strongly objected. We worked closely with Senator Kennedy in the effort to ensure consumer protections, and he happily cast the 100th vote in the Senate's unanimous passage of this legislation.

3. **Health -- Quality Commission:** You are scheduled to accept the Quality Commission's Bill of Rights on Thursday. We plan to submit a memo to you early this week summarizing the Bill of Rights and recommending an appropriate response. We are also reviewing possible executive actions to improve the quality of health care in the federal government. We will discuss these proposals in the memo as well. As a lead-up to your announcement on Thursday, we have

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asked the board of the Journal of the American Medical Association (JAMA) to brief the Vice President, Secretary Shalala, and Secretary Herman on its upcoming issue, which is dedicated entirely to concerns about health care quality. JAMA representatives are previewing this issue at the National Press Club on Tuesday, and an event with the Vice President on the same day should take advantage of media interest and provide a good basis for your announcement later that week.

4. **Health -- Satcher Nomination:** The Senate adjourned before acting on the nomination of Dr. David Satcher, notwithstanding a 12-5 committee vote in favor of confirmation. Senator Ashcroft placed a hold on the vote on the ground that Dr. Satcher supports the Administration's position on late term abortion. Some have suggested that the Senator took this action solely to position himself for a 2000 Presidential run. Dr. Satcher has never played a prominent role in the abortion debate and has disavowed any intent to use the Office of the Surgeon General to forward any "abortion rights agenda." Dr. Satcher continues to enjoy the strong support of a number of Republican Senators (Frist, Nickles, Jeffords) and of virtually every credible health care group in the nation, including the AMA. Although we are optimistic that the Senate will vote to confirm Dr. Satcher soon after returning in January, we will work hard throughout the recess to ensure that this nomination does not become a referendum on partial birth abortion.

5. **Health -- HHS Study on Take-Up Rates for Health Insurance:** You recently asked about an HHS study showing a decline in take-up rates for health insurance. The study reported on 10-year trends in access to and participation in employer-sponsored health insurance. It found that between 1987 and 1996, the proportion of workers with access to employer-based insurance remained constant at about 82 percent. The proportion of workers accepting that coverage, however, declined from 93 to 89 percent. The decline was most pronounced for young and low-income people; only about 75 percent of the individuals in each of these groups with access to insurance decided to purchase it. The study noted that the decline in take-up rates occurred during a period when premiums increased three times as much as wages. These findings confirm what the Administration has long recognized -- that affordability of insurance is as important as access to insurance. We hope that we will have an opportunity to build next year upon our efforts in granting Medicaid waivers and enacting the Children's Health Insurance Program to provide premium assistance for uninsured Americans.

6. **Tobacco/Health -- Florida Tobacco Settlement and Children's Coverage:** You asked last week whether we could agree to Florida's proposal to keep all the money it will gain from settling with the tobacco industry on condition that it use that money to expand children's health coverage. Current law gives us little room to enter into this kind of arrangement. The statute explicitly requires us to collect a specified share of any Medicaid dollars that states have recaptured. If we do not, private plaintiffs are likely to bring *qui tam* suits on behalf of U.S. taxpayers against Florida and other settling states; recovery in such suits would be split between the federal treasury (70-85 percent) and the private plaintiffs (15-30 percent). Of course, the federal government would have no right to recover (and any *qui tam* suits would fail) if the monies gained from the settlement were not Medicaid-related. But the Department of Justice believes that the damages Florida claimed -- and the amount it received in the settlement -- derive

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defining what has been "recaptured"

from costs to the Medicaid program. Given these circumstances, we think it most fruitful to pursue a legislative solution to the problem of allocating tobacco funds between the federal and state governments -- preferably through a comprehensive national settlement, but if necessary (in the event no comprehensive settlement is reached) through legislation authorizing states to retain all Medicaid funds recaptured in tobacco litigation provided they use these funds for agreed-upon purposes.

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7. Tobacco -- Proposed Legislation: A number of Senators introduced tobacco legislation in the last two weeks. Sen. McCain introduced a bill precisely incorporating the terms of the settlement, except for the addition of provisions to protect tobacco farmers. Sen. Hatch introduced legislation increasing the cost of the settlement from \$368 billion to \$397.5 billion, raising (but not eliminating) the cap on penalties for failing to reduce youth smoking, and amending the FDA provisions, though not in a way that the public health groups will view as much of an improvement. Sen. Kennedy introduced a bill raising the cost of the settlement to more than \$600 billion, primarily by increasing the tobacco excise tax by \$1.50 over three years; the Kennedy bill does not provide tobacco producers with any relief from litigation. Sen. Lautenberg introduced a similar bill, costing \$494 billion.

No one has introduced comprehensive legislation in the House, and last week the Speaker indicated interest in breaking the settlement into a number of separate bills and acting on each as a consensus emerges. Also last week, Rep. Bliley said that he would not move legislation until the tobacco companies release 864 documents currently at issue in Minnesota's lawsuit. (The trial court found that these documents fall within the crime/fraud exception to the attorney-client privilege, but the tobacco companies have appealed this ruling.) Gingrich's and Bliley's statements may suggest a strategy of delay, but could as well have some altogether different meaning.

We are continuing to seek a bipartisan process for enacting comprehensive tobacco legislation. Both the Speaker and Sen. Lott, however, are proceeding slowly -- in part because they have had to attend to more immediately pressing matters, in part because they have not yet settled on an overall tobacco strategy, and in part because so many Members wish to play a role in developing tobacco legislation. We and John Hilley are keeping in close touch with Congressional leadership so that we can take advantage of whatever opportunities emerge in the next few months.

8. Welfare -- Cessna Event: At an event in Wichita on Monday, you will dedicate a new state-of-the-art welfare-to-work facility at Cessna Aircraft Company, which is one of the founding members of Eli Segal's Welfare to Work Partnership. You will announce (1) that in six months 2,500 companies from all 50 states have joined the Welfare to Work Partnership -- far exceeding the goal of 1,000 set at the launch of the Partnership; (2) that the U.S. Chamber of Commerce has committed to enlist every local chamber of commerce in persuading their members to join the Welfare to Work Partnership; (3) that welfare caseloads fell 236,000 in July 1997, 1.9 million in the 11 months since you signed the welfare law, and 3.8 million since you took office; and (4) that the Departments of Labor and Health and Human Services are issuing new work-focused welfare regulations (see below).

9. **Welfare -- New Regulations:** The Administration will announce two sets of new regulations on Monday: (1) proposed regulations from HHS to states operating the TANF program (essentially, the regulations for the entire welfare law), and (2) interim final regulations from the Department of Labor to states and localities receiving grants from the \$3 billion Welfare to Work fund you won in the balanced budget agreement. The welfare to work regulation should arouse little comment. The TANF regulation, by contrast, may provoke extensive reaction from both Governors and advocates. As we told you in a prior weekly report, we worked extensively with HHS on this regulation. In the end, we were able to resolve all issues in a way that we think reinforces the importance of the law's work requirements while giving states flexibility to design welfare reform programs and a fair opportunity to correct any failures.

Under the TANF regulations, states that fail the work rates will be levied a penalty based on performance -- how close they came to meeting the rates. States will have the opportunity to correct or eliminate violations through a corrective compliance plan, and states that make substantial progress during their corrective compliance period will be eligible for a reduced or eliminated penalty. To protect states from unreasonable risk, the penalty for failing to meet the two-parent participation rate will be proportional to the size of the two-parent caseload in the state.

The regulation creates a system of disincentives to prevent states from gaming the work requirements, either by placing hard-to-employ individuals in state maintenance-of-effort programs (where the work rates do not apply) or by reclassifying the benefits received by these individuals as child-only (so that the individuals do not figure in the state's calculation of work rates). If the Secretary finds that a state has diverted recipients into a state program or reclassified benefits as child-only to evade the work requirements, she will refuse to reduce or limit the size of any penalties levied for failing to meet the work rates or time limits. The same disincentives apply when a state places individuals receiving child support payments in its state maintenance-of-effort program so as to prevent the federal government from gaining a share of these payments.

The regulation, like the law, allows states to reduce the required work participation rate by the percent the caseload has declined since 1995, so long as the lower caseloads are not due to new eligibility restrictions. HHS initially proposed that states should not get a credit for caseload reductions attributable to enforcement measures like fingerprinting, but ultimately agreed to change this position.

The regulation also addresses Sen. Murray's concerns about victims of domestic violence without threatening the integrity of the work rules. Under the regulation, a state will not be penalized for failing to meet work rates or time limits if its failure to do so is attributable to granting waivers to victims of domestic violence -- provided that the waivers are temporary and that they are accompanied by services to help the individual prepare for work and self-sufficiency. Sen. Murray may think that the regulation does not go far enough, but we think it represents the best accommodation of the full range of interests.

10. **Immigration -- Central Americans/Haitians:** The D.C. appropriations bill, as finally enacted, includes provisions to (1) give amnesty to certain Nicaraguans and Cubans, (2) ensure application of the old immigration law's standards to certain Guatemalans, Salvadorans, and East Europeans, and (3) reduce the number of unskilled worker visas and diversity visas. Although the bill provides no relief to Haitians, we were able to secure commitments from the Republican leadership to consider legislation on this issue early next session. These commitments allowed the Attorney General to announce that the Department of Justice would suspend the deportation of any Haitians covered by the proposed legislation for approximately six months.

11. **Crime -- Crime Statistics:** The Justice Department released new crime data on Saturday from the annual National Crime Victimization Survey (NCVS). The highlights of the survey were included in this week's radio address. Crime victimization rates are today at their lowest level since the inception of the NCVS in 1973. The murder and violent crime rates fell 10 percent and property crime rates fell 8 percent in 1996. The decreases are even more significant when viewed over time: since 1993, violent and property crime rates dropped 16 percent and 17 percent respectively, and murder rates dropped a stunning 22 percent. Equally notable, these reductions were felt by all Americans -- by men and women alike, and by individuals from every racial group and income level.

12. **Crime -- Juvenile Crime:** The final Commerce/Justice/State appropriations bill contains significant new funding for our key juvenile crime priorities. The bill authorizes and funds a new \$250 million Juvenile Accountability Incentive Block Grant, 45 percent (\$113 million) of which must be spent on prosecutors, probation officers, and juvenile gun and drug court programs. Our budget contained \$150 million in direct funding for the same purposes. In addition, the Labor-HHS appropriations bill provides substantial new funding (\$40 million) for afterschool programs through the 21st Century Schools Program at the Department of Education. We proposed \$63 million for afterschool programs in our budget.

13. **Race/Education -- Urban Education Initiatives:** DPC staff met this week with senior representatives of several national organizations interested in urban education, including the Council of Great City Schools, the U.S. Conference of Mayors, the National Urban League, the Rainbow Coalition, the AFT and NEA, and MALDEF. Our staff provided a broad overview of education proposals under consideration for FY 1999, including (1) the College-School Partnership initiative to increase college enrollment among low income and minority students by providing mentoring and other support services and (2) the Education Opportunity Zone initiative to provide increased educational assistance to high-poverty districts that agree to adopt a standards-based reform agenda involving the end of social promotions, the removal of bad teachers, and the reconstitution of failing schools. The groups generally liked these proposals, but expressed a wide range of views about student accountability provisions. The AFT felt strongly that even the mentoring initiative should include a requirement that students meet certain academic standards, while the civil rights groups expressed opposition to any performance requirements.

14. **Race/Education -- California Bilingual Education Ballot Initiative:** Opponents of bilingual education in California have collected enough signatures to place an initiative on the June

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1998 ballot to require that Limited English Proficient (LEP) children be taught in English (specifically, in "sheltered English immersion" classes for one year and then in ordinary English-language classes) unless a parent requests bilingual instruction. A recent Los Angeles Times poll found that over 80 percent of Californians supported such an initiative, including 84 percent of Latino voters. Most Hispanic groups have come out against the initiative, as has the California Teachers Association and Sen. Boxer. Other education groups and most public officials (Gov. Wilson, Lt. Gov. Davis, Attorney General Lungren, and Sen. Feinstein) have not yet taken positions on the initiative. The DPC has convened a working group with representation from the Department of Education and other White House offices to review the educational, legal, and political issues this initiative raises and provide you with appropriate analysis and advice. At this early stage, everyone in the group agrees that you should refrain from taking a formal position on the initiative. → *agrees*

X 15. **Race -- Service Initiatives:** We are working with the Corporation for National Service and the PIR on several race-related service initiatives that you might want to take a part in announcing. The actions are designed to lead up to Martin Luther King Day, which Congress officially designated in 1994 as a day of service -- "a day on, not a day off" -- in recognition of Dr. King's belief in service activities. The CNS will award \$225,000 in mini-grants to 70 communities to organize local days of service in observance of Martin Luther King Day. In addition, Harris Wofford wants to promote something called the "Kindness and Justice Curriculum," which is the brainchild of a youth service group involving Dexter King. The group is encouraging schools and students to do acts of "kindness and justice" in the two weeks leading up to Martin Luther King Day, to discuss them in class, and to post them on the Web. Finally, we are exploring ways to encourage interracial dialogue in the Corporation's service-learning programs, where children serve together and then reflect on that experience in school. These efforts can build on successful AmeriCorps service projects, like the CityYear program, that focus on diversity issues as part of the service experience.

→ *you - I should do service that day in national effort - hopefully w/ AmeriCorps*

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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT WAS SEEN
1-12-98

January 9, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

replied
Reed
Kagan
COS-

SUBJECT: DPC Weekly Report

1. Child Care -- Response to Announcement: We are pleased with the response so far to your child care initiative. Children's advocates and child care experts are overjoyed at both the level of funding and the composition of the package (e.g., the ratio of subsidies to tax cuts). Hill Democrats and some moderate Republicans are enthusiastic about the package, as you heard at Thursday's congressional meeting. Governors -- including a few Republicans -- have praised the extent of state flexibility in the plan. Even conservative Republicans in Congress had a hard time attacking your proposal. Rep. Pryce, whom Speaker Gingrich asked to respond to the proposal for the House Republican leadership, admitted that you had "resisted the urge to have the federal government control child care." Some Republicans alternated between accusing you of spending too much money and trying to claim that they had spent even more for child care in the past.

The most serious criticism, which we knew we would face, is that the package does little to help parents who want to stay at home to care for their children. (A similar point was made in the opinion piece by David Blankenhorn appearing in the New York Times that you recently asked us about; as you recall, he criticizes tax cuts for child care and supports expanding the child tax credit to help parents of young children stay at home.) As you know, we can blunt this charge somewhat by coming out for an expansion of the FMLA in the State of the Union to allow more workers to stay at home for longer periods with their newborns. We are also open to discussing with members of Congress an expansion of the child tax credit, although we found such proposals too expensive to incorporate into our package. Most important, we cannot let anyone forget your consistent record of providing families with real opportunity and choices -- for example, through the child tax credit, FMLA, EITC, minimum wage, and CHIP.

2. Health -- Response to Medicare Buy-in Announcement: Your Medicare buy-in proposal provoked a great deal of comment. Some Republicans, including Senator Gramm and Rep. Bill Thomas, were extremely critical of the proposal, arguing that it would exacerbate Medicare's financial problems. (Gramm compared Medicare to the Titanic and warned about putting extra passengers on board.) The base Democrats were very pleased with the proposal -- particularly after Republicans strongly opposed it. Though liberal groups also were pleased that we are addressing this issue, they believe we must include some kind of subsidy for low-income Americans. Elite validators gave this policy mixed reviews: while uniformly recognizing the

need of this population for affordable insurance, some (including the New York Times) praised the self-financing feature of the program, while others expressed concern that the proposal would create the demand for further, less fiscally responsible subsidization.

✓ **3. Drugs -- Substance Abuse and Prisoners:** The National Center on Addiction and Substance Abuse released a study on Thursday finding that drug or alcohol use helped lead to the incarceration of 80 percent of all inmates in the nation's prisons and jails. According to the report, 1.4 million prisoners (out of a total 1.7 million) were high on drugs or alcohol when they committed their crimes, stole property to buy drugs, and/or had a history of drug and alcohol abuse.

As you know, the 1994 Crime Law mandates that 100 percent of all federal prisoners defined as eligible receive substance abuse treatment by 1997. According to the Bureau of Prisons, the federal prison system has met this requirement. Since 1994, we have made some form of substance abuse treatment available in every federal prison facility, tripled the total number of inmates treated in the federal system, and increased the number of residential treatment centers in federal prisons by 30 percent (from 32 to 42). In addition, legislation you offered requires states to submit comprehensive plans of testing, sanctions, and treatment by March 1998 as a condition of receiving prison construction funding.

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To build on these efforts, we are preparing a directive from you to the Attorney General to: (1) require states, as part of their testing and treatment plans, to estimate current drug use in prisons and measure progress yearly; (2) draft legislation to allow states to use prison construction funds to implement their testing and treatment plans; and 3) draft legislation to require states to enact increased penalties for smuggling drugs into prisons as a condition of receiving prison construction monies. An event focusing on this directive is tentatively scheduled for Monday.

4. Drugs -- Anti-Drug Media Campaign: The anti-drug media campaign began on Thursday in Washington, D.C. -- the first city in the 12-city pilot. Anti-drug advertisements have started to air in the District during prime-time network television shows, with radio and Internet ads to commence next week. ONDCP will roll out the media campaign in the remaining pilot cities throughout the month of January. The other 11 pilot cities and rollout dates are as follows: Atlanta (1/20), Baltimore (1/13), Boise (1/13), Denver (1/16), Hartford (1/23), Houston (1/15), Milwaukee (1/21), Portland (1/22), San Diego (1/9), Sioux City (1/20), and Tucson (1/15).

5. Crime -- Brady Checks: As you know, Arkansas remains the only state that is not conducting background checks prior to handgun sales. Although Attorney General Winston Bryant issued an opinion saying that state police have the legal authority to conduct checks, Governor Huckabee has ordered the police not to do so. In response, Bryant has asked the Treasury and Justice Departments to make him (rather than the state police) the designated chief law enforcement officer for the entire state; under this scheme, federally licensed dealers would refer the names of potential handgun purchasers to the AG's office, and employees of that office

C: Palmer
1/12/98
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+ Bryant
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meeting

would check the names in the FBI's NCIC (rather than the state police's) database. Justice and Treasury are currently inclined to grant Bryant's request later this month. This action may provoke a strong response from Huckabee, who is currently not aware of Bryant's request.

6. Crime -- Slain Officers: The National Law Enforcement Officers Memorial Fund (NLEOMF) reported last week that the number of officers killed in the line of duty increased by nearly 40% in 1997, from 116 in 1996 (the lowest number since 1959) to 159 last year. The 1997 figure exceeds the 1990s average of 151 line-of-duty deaths per year. NLEOMF attributes the rise in deaths to: (1) an increase in firearms-related deaths (70 in 1997, as compared to 56 in 1996); (2) an unusually high number of traffic fatalities; and (3) 10 multiple-death incidents, in which a total of 22 officers were killed.

7. Welfare -- Child Support Computer Systems: We are working closely with a House-Senate group convened by Rep. Clay Shaw's staff on the child support computer systems issue you discussed with Senator Feinstein this fall. Our goal is to put in place a new system of penalties that are large enough to ensure that states develop effective computer systems, but not so large as to disrupt states' child support collection efforts. As you know, current law requires us to withhold all federal child support funds from a state without a statewide child support computer system -- a penalty we intend to retain in the legislation (at least as a threat) for egregious cases. Shaw's initial proposal, which we think makes sense, would impose an initial penalty of 4 percent of federal child support funds in the first year, with higher penalties in later years. Once a state's system is complete, it could earn back a portion of the penalty. Shaw wants to introduce legislation the first day of Congress and move it through the House by the second week of February. As always, the Senate is expected to move more slowly, but could pass the legislation by April. By then, HHS expects nine states to remain without statewide computer systems: California, Michigan, Illinois, Ohio, Pennsylvania, Indiana, Hawaii, Oregon, and New Mexico.

8. Welfare -- Welfare Recipients in College: You recently asked us about a report in the Washington Post that some college students on welfare are dropping out of school to meet new work requirements. As you know, the welfare law does not count education that is not directly related to a job toward the work participation rates. States, however, have significant flexibility to excuse college students from work, given that the required participation rate is now at 30 percent and peaks at 50 percent. In addition, welfare recipients can combine work with their studies (as most college students do), particularly if work-study jobs are available. To encourage this result, we asked Secretaries Riley and Shalala to write to the nation's college presidents in September to explain the law and stress the importance of providing work-study jobs to welfare recipients enrolled in their schools. (Most work-study jobs are only 10 hours per week, but the letter explained that this is not a legal requirement.)

9. Welfare -- Delaware Evaluation: Governor Carper released on Monday an evaluation of the state's welfare reform waiver program called A Better Chance (ABC). The program began in 1995 as one of the first comprehensive statewide waivers granted by the

Administration. Initial results are encouraging: by the fourth quarter after the program started, program participants had 24 percent higher employment, 16 percent higher earnings, and 18 percent lower average benefits than the participants in the control group. The evaluation found a fairly high rate of sanctioning: 49 percent of the participants were sanctioned at least once for failing to comply with the program's employment or family responsibility (immunization, school attendance) requirements. It is interesting to note in evaluating these results that Delaware's caseloads have not gone down as dramatically as those of many other states; the decline since January 1993 has been 21 percent. This relatively low decline may result from ABC's "make work pay" incentive that allows recipients to keep more earnings and still remain eligible for welfare.

10. Education -- California Math Standards: Proposed new math standards in California have provoked a heated debate in the last few months, pitting educators who emphasize problem solving against those who favor a more basic skills approach. The California State Board of Education last month adopted the more conservative view, over the objection of Superintendent Delaine Eastin. The head of the Education Directorate at the National Science Foundation subsequently sent a letter to the Chair of the California State Board strongly criticizing the decision and implying that it would jeopardize continued NSF funding for six Urban Systemic Improvement sites in California. The letter upset conservatives (and others), who viewed it -- in our view, correctly -- as an example of inappropriate federal intrusion in state curriculum matters. Diane Ravitch warned us immediately that it could give Bill Bennett a pretext for withdrawing his support of your national testing initiative. As a result, we worked with NSF this week to draft a letter from NSF Director Lane to the California State Board clarifying that NSF would not second-guess state standards and emphasizing the importance of basic skills. Based on recent conversations with Ravitch, we believe this step has been sufficient to prevent Bennett's reversal.

11. Education -- Urban Education Report: Education Week issued its annual report on education reform in the 50 states on Thursday, focusing on the plight of urban school districts. The study noted that approximately 40 percent of students in urban districts reached the basic level on the most recent NAEP 4th grade reading and 8th grade math and science exams in 1994 and 1996, compared to over 60 percent in each of these subjects in non-urban areas. The study also found discrepancies in resources, with urban districts spending about \$500 less per child annually than non-urban districts. The Education Week issue also detailed a dozen promising reform strategies to raise achievement in districts around the nation -- e.g., setting high standards; holding schools accountable for results and giving schools greater flexibility; creating small, more intimate schools or schools-within-schools; recruiting well-prepared teachers and providing them with continuing training and support; training principals to be effective school leaders; and promoting school choice. Your existing and planned initiatives -- including the new Education Opportunity Zones proposal that you previewed in December -- match up very well with these reform prescriptions.

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12. Education -- Life-long Learning Card: You recently asked us about Bob Reich's idea of a life-long learning card -- essentially a bank card consolidating all federal education benefits (Pell, IRAs, education tax credits and deductions, and job-training funds), against which education expenses could be deducted. DPC and NEC staff have begun to look into this proposal, but we do not yet have a specific recommendation. The Education Department is currently intending to begin a pilot project by October 2000 to use bank cards to disburse federal aid to post-secondary students. Our instinct is that bank cards may be effective to deliver grants and loans, but less useful for tax credits and deductions. We will continue to explore this issue.

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NEP (see p. 10) could
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THE WHITE HOUSE
WASHINGTON

May 29, 1998

6-1-98

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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1. Tobacco -- Senate Update: When the Senate returns from recess, it is scheduled to return to the McCain legislation and resume consideration of an amendment by Durbin to increase look back penalties and an amendment by Sen. Gramm to provide cut for married couples with income of less than \$50,000 per year. Other potential amendments include: two complete substitutes (one by Senator Nickles and one by Senators Hatch and Feinstein), additional tax proposals (possibly including a slimmed-down version of the Gramm amendment, as well as a Roth-Boxer proposal for health care tax cuts), several anti-drug measures (see our separate memo on Monday), an anti-smuggling provision authored by Senator Leahy, a provision on the deductibility of tobacco advertising costs by Senator Reed, and efforts to cut back on FDA jurisdiction. Senator McCain's strong preference is for an early cloture vote, which he believes he can win. Senator Lott opposes an early cloture vote, on the theory that his caucus will only harden if it feels jammed. Senator Daschle is still considering the question. We tend to agree with McCain, for fear that the bill will become weighed down with too many amendments and consideration of it will drag on forever. We and Larry will have further discussions of this question with the relevant Senate players this weekend.

2. Tobacco -- Farmers: The DPC and USDA are trying to ensure a favorable conclusion to the current dispute over providing assistance to tobacco farmers. As you know, the McCain bill now contains both Senator Lugar's and Senator Ford's proposals. The Ford measure, which we, public health groups, and most Democrats support, provides for an optional buy-out and preserves the price support program, at a cost of \$28.5 billion over 25 years. The Lugar measure, which most Republicans support, provides for a mandatory buy-out and ends the price support program (creating a free market in tobacco), at a cost of \$18 billion over three years. USDA calculates that Lugar would lead to an increase in the amount of tobacco grown in this country and a consequent decrease in its cost -- saving companies as much as \$20 billion over 25 years. In addition, OMB estimates that Lugar would displace 69 percent of the research and public health spending in the McCain bill in the first three years, assuming spending to the states were held constant. We have distributed this information widely, especially to moderate Republicans who should be concerned about the impact of Lugar on public health. We also have made clear to both sides our willingness to broker a compromise (for example, a phase-out of the price support

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program over 10 or 15 years, or the creation of a commission to work out the best approach to this issue). As of now, however, both sides think they have the votes to defeat the other (which, in fact, they both might), and compromise discussions have not proved productive.

3. Tobacco -- Minority Caucus Concerns: DPC, OMB, and HHS will meet next week with members of the House Minority Caucuses to discuss their views of tobacco legislation -- especially the McCain bill's approach to public health spending. These members have concerns about the Senate bill's use of block grants to states for smoking prevention and cessation programs. They also are upset that the bill contains no direct grants to historically black and predominantly Hispanic colleges, universities, and medical schools. These members have sent us an alternative proposal for public health spending, but the agencies believe that it raises significant constitutional and administrative concerns. The proposal includes funding set-asides for minority groups that the Department of Justice believes run afoul of the Supreme Court's Adarand decision. In addition, the proposal's funding mechanism would create major administrative burdens for the Department of Health and Human Services. We anticipate holding several discussions with members of the Minority Caucuses to work out ways of making them more comfortable with the public health provisions of the legislation.

4. Welfare Reform -- State Use of TANF Funds: The NGA Fiscal Survey of States, released on May 27, contained some encouraging information about the way states are using welfare monies. The report showed that states are shifting funds from direct cash payments to work-related supports. Since 1996, spending for cash assistance has decreased 26 percent, while spending for child care has increased 85 percent and spending on work activities has increased 34 percent. Total welfare spending declined by 9 percent, but given caseload reductions, this figure represents increased spending per welfare recipient.

Savings mentioned at UGA & in Milwaukee

5. Education -- GAO Report on National Testing: In response to a request from Rep. Goodling, the GAO will issue a report next week on the roles played by NAGB and the Department of Education in developing the national tests in 4th grade reading and 8th grade math. The report finds that NAGB has full control over development of the tests, as required by law; it finds not a single instance of improper interference by the Department. In addition, the report finds no reason to criticize the procedures NAGB has used to award test development contracts. Although we do not expect the report to mitigate Rep. Goodling's adamant opposition to the tests, it should prevent him from making the claim that test development somehow remains under the influence of the Administration.

6. Education -- Adult Education: You recently asked what the Administration had accomplished with respect to adult education and whether we need to take additional steps. The Senate and House workforce investment bills, which Congress is expected to pass by July 1, provide for the reauthorization of all federal adult education programs. Your FY 1999 budget requests a \$16 million increase in grants to states for adult education programs. It also includes a request for funds to develop model English-as-a-second-language programs

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for adults, since 40 percent of adult education participants are in such programs. In addition, the Department of Education has funded a PBS series, called "Crossroads Cafe," which is a kind of "Sesame Street" for adults learning English. The program is now shown in 35 states (and 50 foreign countries) and will be expanded shortly. DPC will begin a working group with NEC and the Education Department to explore how we can best-highlight the efforts we already have underway, and what additional steps would be appropriate.

7. Health -- Assisted Suicide: The Department of Justice plans on releasing a letter next week, in response to an inquiry from Senator Hatch and Congressman Hyde, concluding that the Controlled Substances Act does not give the Drug Enforcement Agency (DEA) authority to take action against physicians who assist their patients to commit suicide. Consistent with your directions, this letter will include a restatement of your longstanding position opposing assisted suicide and an indication of your willingness to consider workable legislation addressing this issue. As you know, we expect that Hatch and Hyde will respond to the Department's letter by introducing a bill authorizing the DEA to take action against physicians for assisting suicide -- a legislative approach that we believe is ill-advised. We will work closely with DOJ to roll-out its letter, and will keep you advised of legislative developments.

8. Health -- HCFA Letter to Ravenswood Hospital: The Health Care Financing Administration (HCFA) sent a letter yesterday to Ravenswood Hospital of Chicago threatening it with loss of Medicare funding for policies posing a grave threat to the health and safety of patients. The letter followed an incident in which a 15 year-old died of gunshot wounds just 35 feet from the hospital door after hospital workers refused to leave their posts or even to give police officers a stretcher to bring the young man into the hospital. The HCFA letter states that the hospital will lose funding in three weeks, unless it provides credible evidence within that time of having reformed its emergency room policies and practices. We issued a statement in your name highlighting HCFA's action, as well as urging all hospitals to follow recently released guidance by the American Hospital Association on appropriate emergency procedures.

9. Health -- Medicare Commission: The Medicare Commission will hold a meeting on Monday, most of which will be devoted to discussions among the members on the major issues of benefits, costs, eligibility, administration, and financing. (We have told our members that they should feel free to talk openly about controversial policy reforms such as benefit changes, eligibility age changes, and means-testing proposals, but should avoid at this time any serious discussion of new taxes.) In general, the Democratic members are becoming nervous that the Commission's staff is focusing exclusively on questions of program financing, while ignoring issues of program design. They will use this meeting to urge the Commission to address ways of making the Medicare program more responsive to the needs of beneficiaries, at the same time as the Commission takes up the program's financing challenges.

6-1-98

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10. Health -- Long Term Care: Aging and disability advocates are placing increased pressure on us to address the issues surrounding long-term care. Demographic changes will heighten the demand for these services greatly in the coming years, but cost considerations have deterred both the public and the private sectors from taking up this challenge. Although truly comprehensive approaches are politically and financially unrealistic, we can develop targeted policies that will begin to address the problem. These policies might include: requiring the Federal Employee Health Benefit Plan to offer (but not pay for) long-term care policies; informing Medicare beneficiaries that Medicare does not cover long-term care and advising them of other coverage options; giving more flexibility to States to use home- and community-based care options for elderly and disable people on Medicaid; and providing tax incentives to increase the purchase of private long-term care policies. We are setting up a working group to explore these and other ideas so that you begin to address this important issue shortly.

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6-15-98

THE WHITE HOUSE
WASHINGTON

June 11, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Tobacco -- Senate Update: The Senate passed several important amendments to the McCain bill this week. The Craig-Coverdell amendment, approved by a 52-46 vote, authorizes about \$2 billion per year for anti-drug efforts. Although we support most of these efforts, the money for them would come out of the funds previously reserved for public health programs: if the appropriators were to provide the full amounts authorized for these anti-drug efforts, funding for smoking cessation, education, and counteradvertising programs would decrease by about 80 percent. The amendment also prohibits the use of federal monies for needle exchange and allows states to give education vouchers to students who have been the victims of school violence.

The Senate also passed by a vote of 50-48 the Gramm tax-cut amendment. The Gramm amendment would cost \$16 billion over the first four years and an additional \$30 billion in the next five years; in these years, all the cost would come out of tobacco revenues. After 2008, the estimated cost of the proposal would increase dramatically to over \$10 billion each year; one-third of all tobacco revenues would go to pay for this tax cut, with other revenues (presumably the surplus) accounting for the rest. The amendment would provide all couples with annual incomes below \$50,000 a new tax deduction of \$825 this year, rising to \$3,300 in 2008, and would provide full deductibility of health insurance for the self-employed.

Finally, the Senate passed by a vote of 66-33 an amendment sponsored by Senators Kerry and Bond to require states to spend 25 percent of the funds they receive under the bill on child care subsidies. (States would have to spend another 25 percent of their funds on the menu of programs we negotiated with the NGA, which includes child care subsidies; states could do whatever they wished with the remaining 50 percent of their funds.)

As a result of these votes, key groups have expressed concern about the diminishing dollars available to them. The Governors have drafted a letter objecting to the state financing section of the bill because the funding level has dropped below the \$196.5 billion over 25 years originally provided in the bill (the same level contained in the June 20 settlement). The Governors also may object to the further restrictions placed on state spending by the passage of the Kerry-Bond amendment. At the same time, public health groups such as the Campaign for Tobacco Free Kids, the American Cancer Society, and the American Heart Association are

deeply concerned that sufficient funding will not be available for anti-smoking programs. Erskine, Secretary Shalala, and we met with them on Friday to explain that the bill would not move through the Senate without funding for tax cuts and anti-drug programs, and to urge them to work hard over the next few days to achieve final passage.

With the addition of a tax cut and anti-drug programs, Republicans should find it more difficult to oppose the bill. Many Republican Senators, however, harbor a very deep hostility to this legislation, and they read new polls to suggest that obstructing it will have little electoral consequence. Senator Lott sharply criticized the bill on this Sunday's talk shows and indicated that it would not pass the Senate. He noted that the Senate still had not dealt with the issues of tobacco farmers or attorneys' fees and that either issue could cause the legislation to explode. (Actually, the Senate has rejected two amendments to cap attorneys' fees -- one limiting fees to \$250 per hour and the other limiting fees to \$1,000 per hour -- but apparently Lott believes this issue remains open.) He also indicated that while there were not 50 votes in the Senate to defeat the legislation, there also were not the 60 votes necessary to pass it.

You will be speaking on Monday to 150 high school Presidential scholars and can use the event to urge swift passage of the tobacco legislation.

2. Education -- National Testing: The National Academy of Sciences (NAS) released an interim report last week, as required by last year's Labor-HHS-Education appropriations bill, on the feasibility of linking scores from existing commercial and state reading and math tests to each other and/or to NAEP. The NAS concluded that it is not technically feasible to compare student scores on different tests to each other and/or to the NAEP standards. This conclusion of course undermines Rep. Goodling's argument that existing tests could be used to accomplish the purpose of a national test in reading and math. We do not expect, however, that this report will dampen his opposition to our testing initiative. Indeed, earlier this week, he received assurances from the Republican leadership about supporting an anti-testing rider on this year's appropriations bill. (The leadership provided these assurances when they decided to remove an anti-testing provision, as well as a sweeping education block grant provision, from the conference report on the Craig-Coverdell education tax bill; as you know, they believe that removing these provisions will make it harder for you to veto the bill.)

3. Crime -- PRIDE Study: The National Parents' Resource Institute for Drug Education (PRIDE) will release on Thursday its annual survey on teen drug use and violence for the 1997-98 school year. We have not yet seen the data on drug use among teens, but PRIDE has shared with us some of its findings on school violence. The study finds that the percentage of students who reported carrying a gun to school decreased by over a third since the 1993-94 school year -- from 6 percent to 3.8 percent (or nearly 1 million students). Of those students who brought a gun to school, almost half did so six or more times, over half threatened to harm a teacher, and nearly two-thirds threatened to harm another student. Drug use was very high among students carrying guns: 30 percent used cocaine in the month prior

to carrying a gun to school; 32 percent used stimulants such as methamphetamine; and 31 percent used hallucinogens. Perhaps most important, the survey reaffirms the effectiveness of involving kids in after-school programs and school activities. Students who did not bring guns to school were 53 percent more likely to be involved in after-school programs and 34 percent more likely to be active in school activities (such as band and sports teams) than those who carried guns.

4. Child Care -- House Legislation: The First Lady and Secretary Shalala joined House Democrats last week as they unveiled a comprehensive child care bill that includes all the pieces of your child care initiative, plus a tax credit for families with a stay-at-home parent and children under four years of age. The \$20 billion package will be sponsored by more than 100 members. The proposal does not specify funding sources.

5. Child Care -- After-School Event: You are currently scheduled to announce on Wednesday \$40 million in grants for after-school programs. These grants, the first awarded under the new 21st Century Learning Centers Program, will allow 315 schools in 36 states to establish or expand after-school initiatives. You also will release a new report, titled *Safe and Smart: Making the After-School Hours Work for Kids* and jointly authored by the Departments of Justice and Education, which finds that quality after-school programs decrease juvenile crime and improve the academic performance of participating children. This event, also involving the First Lady and Vice President, will support our efforts to expand the 21st Century Learning Centers Program in this year's appropriations process.

6. Health -- Patients' Bill of Rights: Larry Stein and Chris Jennings met with Rep. Dingell last week to discuss patients' bill of rights legislation. Dingell said he would work closely with the Administration in the event that he and Rep. Norwood begin to talk seriously about developing a unified bill to be brought to the floor by way of a discharge petition. For the moment, Dingell believes (and we agree) that he should stand firmly behind his bill as written, including its state-court liability enforcement provisions, rather than signal any willingness to compromise. Dingell noted, however, that the CBO may soon issue a high estimate of the costs associated with his bill's enforcement provision. We have heard that the Republican leadership has insisted on reviewing the CBO's estimate before it is released and is subjecting the CBO staff to relentless pressure. We will talk with Dingell about an appropriate response when we learn more about the CBO's estimate.

7. Health -- Vice President's Announcement of the Quality Forum: The Vice President is scheduled to unveil on Wednesday a planning committee to establish a "Quality Forum," a private sector entity that will develop and disseminate uniform standards for high-quality health care. Your Quality Commission recommended establishing this Forum, and you asked the Vice President to oversee the process. In conjunction with this announcement, we are releasing a report that highlights the many shortcomings of the current system: the report will note, for example, one study's estimate

that preventable errors in hospital care lead to 180,000 needless deaths each year. Developing uniform measures of quality and encouraging health plans to adopt these measures has great potential to improve health outcomes, increase confidence in the health care system, and save costs. We will describe this effort as the natural complement to our patients' bill of rights proposal in the effort to promote health care quality.

8. Health -- FDA Commissioner: We plan to announce the nomination of the new FDA commissioner, Jane Henney, as soon as the Senate completes consideration of the McCain bill. (We do not think it would be helpful either to confirming Henney or to passing the tobacco bill to announce her nomination in the middle of the current debate in the Senate.) So far, advance word of her nomination has prompted neither major objections nor strong support. It is possible that Republicans will try to portray Henney as a David Kessler protégé essentially chosen by Senator Kennedy. One positive development is that Senator Domenici has agreed to accompany Henney on courtesy visits to Republican members of the Senate Labor Committee.

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9. Housing/Welfare Reform -- Welfare-to-Work Housing Vouchers: The Senate Appropriations Subcommittee for VA and HUD last week voted in favor of a demonstration program that would give \$40 million to seven cities or counties for 7,000 "self-sufficiency" housing vouchers targeted to people moving from welfare to work. The seven sites chosen were New York City, Los Angeles, Cleveland, Miami-Dade County, Anchorage, Charlotte, and Prince George's County. Although the Subcommittee provided substantially fewer welfare-to-work vouchers than the Administration requested -- 7,000 instead of 50,000 -- the vote is a good first step for the Administration's initiative. The Chair of the VA/HUD Subcommittee in the House (Jerry Lewis) has expressed interest in the program, and we are hopeful that he will support a greater number of vouchers.

10. Welfare Reform -- Portland Study: HHS is preparing to release an evaluation of Portland, Oregon's mandatory welfare reform program which shows that the program has led to increased employment and earnings and reduced welfare expenditures. The study, conducted by Manpower Demonstration Research Corporation as part of HHS's national evaluation of welfare-to-work strategies, tracked over 5,500 recipients from 1993 through mid-1996. The study found that after two years, participants in the program had earnings that were 35 percent higher and employment levels that were 11 percent higher than comparable individuals in the control group. Participants also received 17 percent less in welfare payments than people in the control group; 41 percent of program participants still received welfare after two years, as compared with 53 percent in the control group. The program had a measurable positive impact both for people with few barriers to employment and for people considered harder to place.

Portland required all welfare recipients with children older than one year to participate in its program and sanctioned 21 percent of recipients for failure to comply with program rules. (The sanction rate is in the mid-range for comparable programs.) The

program generally had a strong employment focus, but a significant number of participants also participated in short-term education and training activities. The staff emphasized child care arrangements in their case management, and the program had relatively high child care usage and costs. The program, however, did not increase overall welfare costs.

✓ 11. **Welfare Reform -- New Jersey Family Cap Study:** Secretary Shalala has sent you a memo on the draft Rutgers University study issued last week which concluded that New Jersey's family cap policy has resulted in a "small but non-trivial" effect on abortion rates (an estimated additional 240 abortions per year). As the memo relates, both New Jersey and HHS have raised serious questions about the study's methodology and findings. Rutgers is currently revising the study in response to these criticisms. A total of 22 states have adopted a family cap policy since the passage of the welfare law (up from 15 states that had waivers to implement this policy).

✓ 12. **Disabilities -- Bunning-Kennelly Legislation:** The House last week passed legislation, sponsored by Reps. Bunning and Kennelly and supported by both the Administration and the disability community, to move SSDI and SSI beneficiaries into the workforce by using a "pay for performance" approach. People on the SSDI and SSI rolls currently get rehabilitation services through state vocational rehabilitation agencies, which receive reimbursement for their costs. Under Bunning-Kennelly, beneficiaries could choose their own rehabilitation providers from among a number of public and private entities. Providers that successfully assist beneficiaries to leave the rolls and return to work would receive a percentage of the disability benefits saved. These payments would continue as long as the person remained off the rolls, up to a maximum of five years. The premise of the bill is that providers will have a greater interest in their clients' long-term success if they are rewarded for results rather than reimbursed for costs. Notwithstanding widespread support for this approach, the bill's fate in the Senate is uncertain. Senators Jeffords and Kennedy may not want to move the bill unless it is paired with their proposal to extend Medicare and Medicaid benefits to those leaving SSDI or SSI. We have a number of problems with the Jeffords-Kennedy bill, including its cost (estimated at over \$1 billion each year) and complexity. We are meeting this week with staff for the Senators to discuss these issues, as well as the possibility of moving the Bunning-Kennelly bill forward.

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THE WHITE HOUSE
WASHINGTON

June 19, 1998

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FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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On July 1
Reed
Kagan
COS

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THE WHITE HOUSE
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WASHINGTON

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original to Bernstein

March 20, 1998

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FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Tobacco -- Senate Commerce Committee Activity: We have been meeting regularly with staff for Sens. McCain and Hollings, as they try to put together a comprehensive tobacco bill that a bipartisan coalition on the Commerce Committee can support. McCain is very pleased with our cooperation, as we are with his genuine desire to gain our support, and he is aiming to complete a mark-up before the April recess. But at least two serious obstacles remain. First, many Republicans -- including Sens. Jeffords and Hatch, who are not on the Committee, but whom McCain feels he must work with closely -- object to our proposal on FDA authority. Whereas we want Congress to affirm that the FDA can regulate tobacco products under its normal drug-and-device authority, these Senators want Congress to create a separate -- and we believe, less potent -- statutory scheme to govern the regulation of tobacco products. We have met with a bipartisan group convened by McCain and Hollings -- including staff for Sens. Hatch, Jeffords, Kennedy, and Conrad -- to discuss this issue, but so far have made little progress. One problem is that the Republicans have no incentive to give us what we want on FDA jurisdiction until they know whether we will approve the limits they want on the tobacco companies' liability.

Second, Sen. Daschle will pressure Democrats on the Committee to oppose any bill with liability protections, regardless of what else is in it. Daschle argues that if Congressional Democrats give up liability limits as an issue now, they will find it more difficult to get what they want on spending priorities later. (The Commerce Committee bill will not address the issue of how to spend the revenues it generates.) But because McCain believes he must include some liability limits in his bill -- he is leaning toward the Chafee-Harkin model of a cap on annual damages, with no limitations on class actions or punitives -- Sen. Daschle's approach poses a risk of wholly derailing the Commerce Committee effort. Although Daschle will not be able to control the votes of Hollings, Ford, or Breaux, he could persuade Inouye, Wyden, and Kerry, who are now generally supportive of McCain's effort, to repudiate the legislation. At that point, McCain might decide to abandon the project, rather than face a partisan attack on this issue. Erskine and Larry will talk with Daschle this week to ask him not to discourage Committee Democrats from supporting an otherwise good bill.

2. Tobacco – State by State Numbers: In a speech to the PTA on Monday, the Vice President will unveil new Treasury Department statistics demonstrating that your tobacco plan

will cause a significant reduction in youth smoking -- and therefore in premature deaths -- in every state in the nation. As you recall, you announced last month that over the next five years, your plan would deter 3 million American teens from smoking and prevent one million from dying prematurely. The new Treasury statistics break down these figures on a state-by-state basis, showing for example that California alone will have 83,000 fewer tobacco-related deaths. We are giving these numbers to the state Attorneys General for separate announcements on the same day; after the Vice President holds a conference call with them in the morning, many will hold news conferences to release the numbers and demand that Congress pass bipartisan, comprehensive tobacco legislation. Later in the week, Deputy Secretary Larry Summers will give a speech at the George Washington University School of Public Health on the economic costs of smoking.

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3. Crime and Drugs -- Conference on Drug Treatment: The Justice Department, ONDCP, and HHS will hold a three-day conference on drug treatment in the criminal justice system next week. The conference will explore effective drug treatment services, obstacles to their adoption, and gaps in scientific knowledge on drug addiction. The Attorney General will unveil a new legislative proposal -- developed pursuant to your January 12, 1998 directive -- to allow states to use their Federal prison construction and substance abuse treatment funds to provide a full range of drug testing, treatment, and sanctions for offenders under criminal justice supervision.

4. Crime and Drugs -- Probation Study: The Department of Justice will release the first survey of the nation's 3.2 million probationers on Sunday. The survey found that:

-- Forty percent of all probationers were under the influence of alcohol, and another 14 percent were on drugs, at the time they committed the criminal offense for which they were sentenced.

-- Almost 70 percent of probationers reported past drug use, 32 percent during the month of their arrest. Overall, 67 percent had used marijuana, 31 percent crack or other forms of cocaine, 25 percent stimulants, 20 percent hallucinogens, 15 percent barbiturates, and 8 percent heroin or other opiates.

-- Almost half of all probationers reported having been tested for drug use while on probation. This figure rose to 65 percent among those who had used drugs during the month before their criminal offense, and to 74 percent among those who committed their offense to obtain drug money.

-- About 17 percent of all probationers reported participating in a drug treatment program during their sentence, but this percentage rose as the severity of their prior drug use increased. More than half -- or 52 percent -- of probationers who were on drugs when arrested had participated in a drug treatment program.

-- Sixty four percent had driven a car while drunk or drugged; 50 percent had been involved in a domestic dispute while drunk or high; and 35 percent had consumed as much as a fifth of a gallon of alcohol in a single day.

5. Crime -- COPS: The COPS Office will announce on Thursday \$58 million in hiring grants to 285 police departments to fund about 900 additional officers. This announcement will put the total number of officers funded through the COPS Program at over 72,000.

6. Health -- Patients' Bill of Rights I: Rep. Gephardt is insisting that the Democratic Leadership's version of patients' rights legislation include whistleblower protections for hospital employees. Although we are sympathetic to these protections, we believe their addition to the bill would diminish the prospect of passing legislation this year. Rep. Dingell believes equally strongly that including whistleblower protections would be a strategic mistake, because they would prevent Blue Dog Democrats like Reps. Stenholm, Tanner, and Barry from supporting the bill. Indeed, Dingell has said that he would reconsider his decision to be the bill's lead sponsor in the House -- still further decreasing the chance of Congressional action -- if these provisions were added. We will continue to work with Gephardt, Dingell, and the Blue Dogs to see if compromise language can be developed. The Democrats are currently scheduled to introduce their bill as early as Wednesday.

7. Health -- Patients Bill of Rights II: Larry Stein and Chris Jennings had a good meeting on Thursday with Rep. Norwood, the Republican sponsor of patients' rights legislation in the House. Norwood believes there is strong bipartisan support in the House to pass this legislation, and wants to work with us to achieve this goal. We agreed that we should aim to pass a bill by July, and that the House would have to act first to put pressure on the Senate. Norwood said he would continue to support a strong enforcement scheme for patient protections, in part because he thinks such a scheme is necessary to maintain the backing of the AMA and consumer groups. He also indicated that he and his Republican colleagues would oppose any provisions mandating insurance plans to provide certain benefits.

8. Health -- Children's Health Implementation: HHS will announce the approval of Ohio's and California's children's health program next week. Because of the size and strength of these programs, we may want to highlight their approval at the White House, possibly with the Vice President participating in your absence. Also within the next ten days, HHS will make a decision on whether to approve New York's children's health proposal. New York's application has a controversial provision involving provider taxes that may lead HHS to disapprove it. The plan also takes insufficient steps to ensure that federal dollars not substitute for health insurance currently covered by the private sector.

9. Health -- Assisted Suicide Law: We met this week with representatives of the Catholic Health Association (CHA) to discuss the Justice Department's likely ruling that doctors in Oregon who assist their terminally ill patients to commit suicide, in conformance with state law recently enacted through referendum, do not violate the federal Controlled Substances Act

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Among the selectees were Baltimore, Chicago, Dallas, Kansas City, Los Angeles, St. Paul, Salt Lake City, Seattle, and Trenton. The program was very popular, with over 231 communities submitting applications, and we are exploring the possibility of funding a second round in the future.

THE WHITE HOUSE
WASHINGTON

March 13, 1998

3-16-98

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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✓ 1. **Tobacco -- Senate Commerce Committee Activity:** As you know, Senator McCain is leading an effort, blessed by Senator Lott, to report a comprehensive tobacco bill out of the Commerce Committee. McCain plans to begin marking up a bill on March 25th. His staff spent last week in discussions with staff for Senator Hollings; they plan to start meeting next week with staff for Senators Gorton, Breaux, and Wyden. McCain has asked us to participate in the meetings of this bipartisan staff-level group, and we have agreed to do so. He has told us that he wants to understand our views so that he can produce a bill we can support -- or at least, that we will not sharply criticize. Many Senate Democrats are fearful that we and/or Committee Democrats will cut a deal with McCain, depriving them of the opportunity to have a floor fight on the issue. Our recommended approach to these discussions is to set a high bar consistent with your oft-expressed principles on tobacco legislation. If, as we expect, McCain meets some but not all of our demands (on matters such as price, penalties, and FDA jurisdiction), we should praise the progress he has made, but explain what Congress must do to improve the bill further. On the off chance, however, that McCain gives us all that we ask for, we should support the bill. Erskine, Larry, and Bruce will meet with McCain again on Monday.

✓ 2. **Tobacco -- Chafee-Harkin Legislation:** The public health community responded very favorably to the Chafee-Harkin bill, notwithstanding its annual caps on legal liability. Even Drs. Koop and Kessler, who have expressed the strongest views against granting legal protections to the tobacco companies, wrote a letter congratulating the senators "for crafting a very strong comprehensive package of tobacco reforms" and calling the proposal "tough medicine for a tough problem" and "a major step forward." The bill, however, may not gain much support from Members of Congress. Senator Lott has made clear to Republicans that his preferred vehicle is the McCain bill and that they should not sign on to Chafee-Harkin. Senator Daschle similarly has indicated his strong desire that Democrats unite around the Conrad legislation.

3. **Tobacco -- Funding for Counteradvertising Campaigns:** You recently asked how much money the various tobacco bills spend on counteradvertising. The original June 20th settlement proposed to spend \$500 million each year. The Jeffords and Kennedy bills match that figure; the Conrad bill provides \$700 million; and Chafee-Harkin proposes \$750 million. Our budget does not specifically allocate money for counteradvertising, instead including these funds

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in a broad "other uses" category (also including money for farmers, states, and legal judgments) totaling \$22 billion over the five-year budget window.

 **4. Health -- Medicare Buy-in Event:** You are scheduled to join the Democratic sponsors of your Medicare buy-in proposal on Tuesday for the unveiling of their legislation. The recent, very positive CBO analysis of this proposal has increased support for it among Members and others. The Kaiser Foundation is planning to release a report next week that underscores the difficulty many older Americans have in gaining access to health insurance. Kaiser has agreed to let us discuss some of its key findings in our announcement. Senator Moynihan, the lead sponsor of this legislation in the Senate, will figure prominently in the event next week. So too will the three Democratic members of the Medicare Commission who are co-sponsors of the legislation (Sen. Rockefeller and Reps. Dingell and McDermott). We are still holding out some hope that Senator Kerrey will endorse the bill, but Senator Breaux will not do so.

✓ **5. Health -- Missouri Children's Health Proposal:** HCFA met last week with Governor Carnahan's staff to discuss Missouri's children's health insurance proposal. As you know, Missouri previously insisted on financing its program through provider taxes that HHS believes to be illegal. The State now has offered a new proposal that HCFA may be able to accept. HCFA has asked the State to provide additional information, and negotiations remain very delicate. We are hopeful, however, that we have turned a corner in dealing with this problem.

✓ **6. Health/Crime -- Assisted Suicide:** The Department of Justice soon will decide whether doctors in Oregon who assist their terminally ill patients to commit suicide, in conformance with state law recently enacted through referendum, violate the federal Controlled Substances Act (CSA). In response to a letter from Sen. Hatch and Rep. Hyde, the DEA Administrator informed Congress in November that the CSA authorizes him to bring actions against doctors who engage in this activity. We understand, however, that the Attorney General probably will reverse this legal determination and find that the federal government does not have authority under the CSA to take adverse action against a physician for assisting a suicide. If she does so, Hatch and Hyde are likely to offer legislation amending the CSA to make physician-assisted suicide a federal crime, punishable by the revocation of professional licenses or even more severe penalties.

✓ We should consider carefully our approach to this issue, including what the Attorney General should tell Hatch and Hyde about the Administration's receptivity to such legislation. Although you historically have opposed physician-assisted suicide, you have not indicated (at least as far as we know) that it should be made a federal crime. Many medical groups argue that highly-publicized federal legislation on this issue will inhibit physicians from the appropriate use of painkillers for the terminally ill. Indeed, even the Catholic Health Association (CHA), which strongly opposes physician-assisted suicide, has concerns about a new statute for this reason. We are meeting with CHA officials this coming week to discuss the issue. For the moment we urge some caution in addressing this kind of legislation.

7. Education -- TIMSS Roundtable: You will meet on Monday with leaders of the education, science, and business communities and other public officials to discuss ways of improving math and science education in the wake of the recently announced TIMSS results. The roundtable will take place at Springbrook High School in Silver Spring, Maryland, and participants will include Govs. Glendening and Underwood, Mayors Daley, Riordan and Lee Clancey (Cedar Rapids IA), Sandy Feldman and Bob Chase, Bill Nye "the Science Guy" from the PBS show, Diane Ravitch, and New York City schools chancellor Rudy Crew. Secretary Riley and Secretary Pena also will participate. You can use this event to highlight your overall K-12 education agenda, including national standards and tests, smaller class size, the elimination of social promotions, school modernization, and mentors and reading tutors. You also can use the event to urge others to do their part -- to challenge, for example, students to take more rigorous academic courses, businesses to emphasize and reward academic achievement, and states to require new teachers to pass tough tests of subject matter competency.

8. Education -- Single-Sex Schools: As you recall, the ACLU filed a complaint last year with the Education Department's Office of Civil Rights, charging that New York City's Young Women's Leadership Academy, an all-girls public high school in East Harlem, violates federal civil rights law. Staff from the Education Department and the New York City Chancellor's office will meet next week in a continuing attempt to develop the soundest legal basis -- probably a remedial justification -- for keeping the school open. We and the Counsel's Office have urged the Education Department to bring this matter to a successful conclusion as soon as possible. As you know, Chancellor Crew feels passionately about this school, and he could discuss it with you when he attends the TIMSS meeting on Monday.

Complicating the situation somewhat, the American Association of University Women (AAUW) released a report last week finding no evidence that single-sex education is better for girls than coeducation. The AAUW urged school districts to focus on raising standards and reducing class size, rather than creating separate schools, to improve educational opportunities for young women. Secretary Riley issued a statement agreeing with the report's emphasis on standards and class size, but also restating the Administration's commitment to maximizing choice within the public school system wherever consistent with the law.

9. Education/Crime -- School Safety: The Department of Education and the National Center on Education Statistics will be ready to release a survey on school safety next week; if your schedule allows, you could announce the results on Thursday morning. The survey finds that:

- Fifty seven percent of public schools experienced at least one crime incident that was reported to law enforcement officials in the 1996-97 school year; 37 percent experienced one to five of these incidents, and 20 percent experienced six or more.

- Ten percent of schools experienced at least one serious violent crime during that year (i.e., murder, rape, other sexual battery, suicide, physical attack or fight with a weapon, or robbery).
- Overall incidents of crime and violence include: 190,000 physical attacks or fights without a weapon; 116,000 thefts or larceny; 98,000 incidents of vandalism; 11,000 physical attacks or fights in which a weapon was used; 7,000 robberies; and 4,000 rapes or other forms of sexual battery.
- Middle and high schools were more likely to experience an incident of crime and violence than elementary schools (74 and 77 percent, as opposed to 45 percent, for all violent incidents; 19 and 21 percent, as opposed to 4 percent, for serious violent crimes). Differences in robbery rates were not significant.

10. Welfare -- Transportation Funding: The ISTEA bill passed by the Senate includes an amendment offered by Senators Specter, Santorum, and Moseley-Braun that authorizes \$150 million each year -- \$50 million more than we requested -- for welfare-to-work transportation services. Like our proposal, this provision would provide competitive grants to communities to design innovative transportation solutions for low-income individuals, including those moving from welfare to work. The Senate amendment authorizes another \$100 million each year for grants to help transport any workers, regardless of income, from the cities to the suburbs. We expect that the final ISTEA bill will include these authorization levels. House appropriators, however, have expressed doubts about whether any additional monies are needed for welfare-to-work transportation services; we will have to mobilize both welfare and transportation groups to support our request for this funding.

11. Children and Families -- Intimate Violence Study: The Department of Justice will release a study on Monday showing a marked decline in violence by intimates (current and former spouses, boyfriends, and girlfriends) during your first term in office. The number of female victims of non-lethal intimate violence declined from 1.1 million in 1993 to 840,000 in 1996 -- a 23 percent decline. The number of victims of lethal intimate violence declined from 2,300 to 1,800 -- a 22 percent decline -- in the same years. The report notes that slightly more than half of female victims of intimate violence live in households with children under the age of twelve. Although the report does not address the causes of this decline, many experts believe it is at least partly attributable to the enactment of the Violence Against Women Act and increased federal funding for the prevention and prosecution of domestic violence. The First Lady will highlight the report in her speech at a child abuse center in Texas on Monday.

