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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
~~001. memo~~	~~Bruce Reed and Eric Liu to the President re: DPC Weekly (partial) (1 page)~~	~~04/07/2000~~	~~P5~~ rms 4/6/15
~~002. memo~~	~~re: DPC Weekly Report (partial) (1 page)~~	~~04/10/2000~~	P5 rms 4/6/15

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P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
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b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

demo –
Kaiser Fam Found? check to see if enough $.
not enough $.

DEPARTMENT UPDATES
March 2, 1999

~~1.~~ **Unity Event** Medicare PBOR; daschle/gephardt talk about LTC

~~2.~~ **Democratic Leadership Event**
PBOR – VP to join them

LTC insurance hearing on 18th Rs will invite private LTC people.

~~3.~~ **Possible bipartisan PBOR event**
March 15th

~~4.~~ **TANF Letter** best practices.
Heard from ASPE that the letter is supposed to be put into clearance tomorrow.

~~5.~~ **Fraud and Abuse** Democratic Unity Event
Crime enforcement; elder crime

~~6.~~ **Bioterrorism** No new announcements, but highlights
Have DOJ activities, but would like to highlight something from HHS -- do they have anything? HHS smoke detector issue

~~7.~~ **Organ Transplant** pkg together w/ timeline April is better

~~8.~~ **Nursing Homes** week of 17th GAO report coming.
hearing 3/22
As per the conversation you had with Mike, HCFA was supposed to schedule a meeting with DOJ this week to close the loop. Have they? Mike will get back to us.

~~9.~~ **Genetic Discrimination** EO & poss for legislation
push back to be Dems only from Kennedy.

~~10.~~ **Assisted Suicide**

~~11.~~ **Medicare Commission**
PBOR in FEHBP fully implemented by FY2000.

~~12.~~ OTC reg radio address end of next week.

~~13.~~ Kentucky
McConnell

director of quality & cov.
Jeff Kahn
quote in health news daily.

Mark
Betsy
NAMD
Rich
Laraine
Mark Mc
Ed Flynn
Leslie
Debra

HCFA: put out comprehensive plan; error rate; Penny Thomson; Tim Hill

disability markup →
Roth doesn't want amendments.
Rich thinks relatively clean.

gary's staff
is supposed to send

insurers are going to oppose LTC
insurance; get business
support for this

Sandy | cc C Jennings
What about this?
12-18-98

18 December 1998

Dear Mr. President:

Copied
Berger
Jennings
COS

Your AIDS vaccine goal declaration was an inspiration around the world. But your courage and vision are now frustrated by halfhearted implementation, while essential needs remain untasked. Just sending additional funds designated for AIDS vaccines to the NIH will not solve these problems.

For example, your promise to create a dedicated AIDS vaccine research center towards achieving the goal has become a public relations embarrassment. The center's mission has blurred to cover all vaccines, and no one knows which scientists and labs will be folded into it. Its director will oversee but a small fraction of NIH's AIDS vaccine budget and have little external contracting authority. No wonder no accomplished vaccine scientist is willing to take the job, which remains unfilled 19 months after your Morgan State University speech.

What is needed are multiple, competing applied research teams with long-term institutional commitments behind them. These must be driven by performance goals and timelines, with strong, accountable leaders willing to risk failure to achieve success. Contracts must be let to engage the expertise of industry in producing various vaccine designs for which risk/return ratios discourage private investment. These are not the traditional strengths, mechanisms, nor philosophy of the NIH. When President Kennedy declared the goal of reaching the moon, he did not give the job to the grant-making National Science Foundation.

It is unwise to put all the AIDS vaccine eggs into one basket. New AIDS monies ought to go to streamlined entities which can act flexibly and quickly through international collaborations, such as the non-profit, private-sector International AIDS Vaccine Initiative. Underfunded vaccine programs at other capable agencies such as DoD and CDC should be ramped up to foster a healthy interagency competition in the race to the prize.

I would urge you to seek advice outside your science mandarins from experienced vaccine developers like General Philip K. Russell (US Army, ret.), Dr. Jerald Sadoff (Merck), and Dr. Myron Levine (University of Maryland), and to obtain independent counsel from public health statesmen like Dr. William Foege, Dr. D.A. Henderson, and Dr. Donald Kennedy.

What your AIDS vaccine goal lacks is a Basil O'Connor or a Vannevar Bush -- strong executives of great drive and visionary leadership appointed by President Roosevelt. With White House access and/or authority, they achieved such national priorities as developing the polio vaccine, mass-producing penicillin, perfecting radar, and building the bomb. They created the critical mechanisms for allocating tasks and resources among academia, industry, and government, so as to supersede parochialism and turf protection.

The pandemic is out of control and a growing threat to international security. A vaccine is the world's only hope. If your goal is pursued with substantial and comprehensive efforts, its first successful product will be called the Clinton vaccine, just as we honor Dr. Salk with his.

Respectfully yours,

Bruce G. Weniger

DEPARTMENT UPDATES
December 22, 1998

6755
2095

1. **LTC event**
2. **Disability event**
3. **Budget update -- outstanding items**
4. **Medicare Commission Update**

Rural grants as exchange for hosp. cuts?

List of numbers from HHS. ~~[illegible]~~

Public health init.

NIH outstanding.

SNF not appease folks like last years budget.

recalibrate RUG rather than doing leg fix & it's the same time frame. this is only going forward. the leg proposal would have given them retrospective funds.

NPR NAMD outreach.

(Oregon)? HCFA taking too long to approve waivers.

HMO withdrawals

risk adjustment administratively.

no budgetary impacts... As long as policy reflects the baseline.

timetable for this — conversation about what this will be.

OPM ASMB
DOL ASL
HCFA

66755

#8196

DEPARTMENT UPDATES
January 5, 1999

1. **LTC event**
   Thank you for all your help.

   VP Forums
   tax credit comparison sheet

2. **Disability event**
   Apparently, the Secretary has scheduled her meeting with ADAPT on the same day as the disability event. HHS will want guidance on rescheduling the meeting. They are also anxious about paper and would like to know which initiatives we are highlighting.

3. **OPM legislation**

   DA → leg comm strategy
   likely Rep house sponsor for this year.
   talk to Andie King

4. **Budget update -- outstanding items**

5. **PBOR Hill meetings**

6. **LTC Hill meetings**

7. **Medicare Commission Update**

   65 → 67
   cost sharing
   FFS reforms
   premium support prog.

Dan - asthma
conversations should be w/ John Callahan

set up NH mtg
IG
NH

• Risk Adjustment reg. ROLL OUT
does it absolutely have to go out in the middle of the month.

THE WHITE HOUSE

WASHINGTON

'99 JAN 9 PM1:46

THE PRESIDENT HAS SEEN
1-11-99

January 9, 1999

Copied
Reed
Kagan
COS

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

copied p.2
Waldman

1. **Health Care – Disability Package:** You are scheduled to participate in a bipartisan event on Wednesday to unveil the Administration's new work incentives initiative for individuals with disabilities. Your package, which costs $1.7 billion over five years, includes funds for: (1) the Jeffords-Kennedy Work Incentives Improvement Act, which would allow working people with disabilities to buy into Medicaid (at the states' option) and Medicare; (2) a new tax credit for work-related expenses of disability, such as transportation and personal assistance services; and (3) a program to help fund the development and dissemination of new assistive technologies for people with disabilities. Your proposal will receive strong support from the disability community. The package also should attract strong bipartisan interest in Congress, giving us an excellent chance of enacting Jeffords-Kennedy and the other components of the initiative this year.

2. **Health Care – Medicare Managed Care:** As required by the Balanced Budget Act, HCFA will announce by Friday a plan to implement a risk adjustment payment mechanism for Medicare managed care plans. This payment mechanism is meant to ensure accurate reimbursement by increasing compensation for plans serving disproportionately sick patients and lowering compensation for plans serving disproportionately healthy beneficiaries. Because current data indicate that HMOs are attracting fairly healthy patients, the implementation of this new system would reduce payment rates to most Medicare managed care plans, in many cases by as much as 15 percent in 2000. Managed care providers are now warning that the system would drive many participating plans out of the Medicare program, adding to the problems caused by last year's HMO withdrawals. In light of this danger, we have decided to use our administrative authority to phase in the risk adjustment payment mechanism over a five- to six-year period; we are also in the process of developing additional policies (in the nature of both carrots and sticks) to minimize the likelihood of plan withdrawals. The delay in full implementation of the risk adjustment system will save the industry hundreds of millions, if not billions, of dollars. We expect, however, that the industry will petition Congress for further redress, up to and including repeal of the system.

THE PRESIDENT HAS SEEN
1-11-99

3. Health Care – Medicare Commission: As the Medicare Commission nears its March 1 deadline, members are intensifying their efforts to come up with reform proposals and the press is paying greater attention to their progress. Most of the attention at last week's meeting focused on a "premium support" approach that Senator Breaux is pushing, but that most other Democrats on the Commission are now reluctant to embrace. "Premium support" is a term coined by Reischauer and Aaron to refer to models that have both a defined contribution and defined benefits. These models essentially guarantee a set of benefits, but limit government payment for those benefits in some way. The Commission's discussion of the premium support approach left many critical issues unresolved, and neither HCFA nor the CBO has yet scored these proposals. (HCFA hopes to complete its estimates within two weeks, while the CBO has declined to do any work for the Commission.) We took no position on the premium support ideas coming out of the meeting, noting that "the devil is in the details" and that we will be analyzing the ideas closely as the Commission gives them greater content. On a related issue, most Commission members now appear to agree that Medicare should include a prescription drug benefit, but have reached no consensus on its scope, design, management, or financing. (As you know, one critical question is whether all beneficiaries or only those in managed care should receive this benefit.) Finally, virtually all members now privately acknowledge (and Bruce Vladeck said publicly last week) that significant new revenues will be needed to extend the life of the Trust Fund.

4. Education – Education Week Report: In its annual "Quality Counts" report, released last week, Education Week focused on how states are (or aren't) holding schools, educators, and students accountable for results -- and in so doing, provided strong support for our ESEA proposals. The report demonstrates that although states are beginning to adopt accountability measures, relatively few are using the full set of measures needed to ensure high-quality performance. According to the report, 36 states issue report cards for each school, but only 26 place them on the internet and only 13 send them directly to parents. Perhaps even worse, only 19 states publicly identify and provide assistance to low performing schools; of these, 18 have the ultimate power to take over, reconstitute, or close down failing public schools, but only three (New York, Oklahoma and Texas) actually have applied this sanction (to a total of 55 schools). Only 19 states provide rewards to successful schools, with only fourteen giving such schools additional money. And only five states have what the report considers a comprehensive system for holding schools accountable for results -- school report cards and ratings, monetary rewards for success, and graduated sanctions for failure, up to and including reconstitution or closure. Significantly, other studies have shown that two of these five states -- North Carolina and Texas -- can boast the largest overall gains in student achievement and the greatest success in closing the achievement gap between minority and majority students. As you know, our ESEA proposal essentially would require states to adopt and carry out this set of accountability measures, as well as a number of others focusing on ending social promotion and ensuring teacher quality.

cc Bruce / Melanne
might want to cite some of them —

THE PRESIDENT HAS SEEN
1-11-99

5. Crime -- 21st Century Policing Initiative: You are scheduled to participate in an event on Thursday to unveil the 21st Century Policing Initiative contained in the FY 2000 budget. This $1.275 initiative includes (1) $600 million to continue to hire and redeploy police officers; (2) $300 million for new crime-fighting technology, such as crime mapping systems; (3) $200 million to hire community prosecutors; and (4) $125 million for innovative community crime prevention programs. In addition, you can release new data from the National Crime Victimization Survey showing continued declines in crime in the first six months of 1998.

6. Crime -- Victims Assistance: The Vice President will announce next week the release of over $300 million from the Crime Victims Fund to provide assistance for victims. These funds help to support nearly 3,000 victims' service agencies nationwide, including domestic violence shelters, child abuse and sexual assault programs, and programs to assist survivors of homicide. Money in the Crime Victims Fund comes exclusively from fines paid by criminal offenders, collected by U.S. Attorneys, federal courts, and the Bureau of Prisons. All 50 states will receive funding, including: $43 million for California; $17 million for New York; $23 million for Texas; $15 million for Florida, $12 million for Illinois, and $3 million for Arkansas.

7. Crime -- Prisoners Report: The Justice Department will release a report on Sunday indicating that prisoners, and particularly violent offenders, are serving out more of their sentences. The Bureau of Justice Statistics report, *Truth in Sentencing in State Prisons*, indicates that by the end of 1998, 27 states and the District of Columbia required violent offenders to serve at least 85 percent of their prison sentences -- up from five states in 1993. An additional 13 states have adopted truth-in-sentencing laws requiring violent offenders to serve some substantial portion of their sentences before becoming eligible for release. As you know, the 1994 Crime Act provides additional prison construction funds to states that adopt the 85 percent standard, and the Justice Department has awarded over $1.3 billion to states through this incentive grants program. The average time served by released violent offenders (those convicted of murder, rape, robbery, or aggravated assault) increased from 43 months in 1993 to 49 months in 1997. In addition, the release rate among murderers was cut in half between 1990 and 1996 -- from 10 percent to five percent of all murderers.

8. Welfare -- Work Participation Data: We released two weeks ago the first work participation data under the welfare reform law, which was better than anyone had expected. All 36 states (plus the District of Columbia) subject to participation rates in FY 1997 met their target. The data showed that 28 percent of all adults on welfare participated in a direct work activity (employment, work experience, or community service) or another welfare-to-work activity (job search or vocational education). The data also showed that the percentage of welfare recipients in a direct work activity tripled since 1992.

3-2-99

THE WHITE HOUSE

WASHINGTON

Copied
Reed
Kagan
Podesta

February 20, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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

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

3. Health -- Jeffords-Kennedy Bill: The Jeffords-Kennedy-Roth-Moynihan Work Incentives Improvement Act continues to gain bipartisan support in the Senate, and the Labor and Human Resources Committee plans to mark up the bill on March 4. The bill is also attracting bipartisan interest in the House, although it is still unclear who will emerge there as the lead sponsors. Given the broad support for this legislation, your advisors agree that you should urge prompt passage of the bill when you meet with the Congressional leadership this week.

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

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

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

3-2-99

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

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

+ Unemployment we need to work on this

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

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

THE PRESIDENT HAS SEEN
6-5-99

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Reed
Kagan
Podesta

THE WHITE HOUSE

WASHINGTON

May 28, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Health Care -- Patients Bill of Rights Discharge Petition: Congressman Dingell filed a resolution Thursday to begin the process for a discharge petition to bring patients' rights legislation to the House floor. Although Congressmen Norwood and Ganske did not cosponsor the resolution, they were happy with Dingell's decision to file it because they think it may put pressure on the Republican leadership to move a bill through committee. Also at the end of last week, Senators Lott and Daschle began negotiations on a time agreement to bring patients' rights legislation to the floor of the Senate.

2. Health Care -- Jeffords-Kennedy Legislation: The Senate leadership agreed Thursday to schedule a floor vote on the Jeffords-Kennedy Work Incentives Improvement Act immediately after the recess. We believe you should highlight the importance of the bill and its progress through the Congress when you deliver the President's Award of the Committee on Employment of People With Disabilities at an event on Friday.

3. Disabilities -- Employment of People with Disabilities in the Federal Workforce: We have worked with the Vice President's office to prepare two executive actions to help increase the employment of people with disabilities in the federal workforce. The first is a directive from OMB to all federal agencies to implement an employment plan for people with disabilities . This directive will ensure that agencies (1) recruit people with disabilities for positions at all levels; (2) establish policies to provide reasonable accommodations for applicants and employees with disabilities; (3) provide people with disabilities with opportunities for training and advancement; and (4) collect data on the percentage of adults with disabilities in the federal workforce. The second action is an executive order, to be followed by regulations, to change the civil service rules to eliminate existing disparities between people with psychiatric disabilities and people with other disabilities. We are discussing making these announcements at next week's disabilities award event (see above) or at the upcoming White House mental health conference.

4. Welfare Reform -- GAO Study on Welfare Outcomes: The Ways and Means Human Resources Subcommittee held a hearing Thursday to publicize a GAO study on the results of welfare reform legislation. The study concluded that welfare reform has dramatically increased the number of people moving from welfare to work. Summarizing

THE PRESIDENT HAS SEEN
6-3-99

seven state studies of welfare recipients who have left the rolls (most of which we have reported to you previously), the GAO determined that between 61 percent (Tennessee) and 71 percent (Washington) of former recipients were working at the time of follow-up and between 63 percent (Maryland) and 85 percent (Indiana, South Carolina, Washington, and Wisconsin) had worked at some point since leaving welfare. Clay Shaw summarized the findings by saying that welfare reform was "the most successful piece of legislation in this half century." Some other participants at the hearing expressed greater caution, noting in particular that many of the jobs for welfare recipients paid low wages and offered little opportunity for advancement. We will provide you soon with a comprehensive review of the GAO report as well as the other information presented by the panelists.

6-15-99

Copied
Reed
Kagan

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

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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

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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

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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.

THE WHITE HOUSE

WASHINGTON

7-19-99

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July 16, 1999

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.

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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

October 22, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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

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

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

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

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

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

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

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

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

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

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THE WHITE HOUSE

WASHINGTON

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Jennings
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November 8, 1999

MEMORANDUM TO THE PRESIDENT

FROM: Chris Jennings

SUBJECT: Proposal to Create a Medicare Board

CC: Bruce Reed, Gene Sperling

Secretary Shalala has drafted the attached memorandum to respond to a proposal by Senator Breaux and Congressman Thomas to create an independent board to supervise the Health Care Financing Administration's (HCFA) administration of the Medicare fee for service system, as well as to separately oversee operation of private plans participating in the Medicare program. Although it appears that proposals for a Medicare board will not be passed by this Congress, the ongoing frustration of the Congress and its constituents regarding HCFA's role in administering the Medicare program are certain to lead to future discussions about this issue.

Recognizing this, we have been strongly encouraging the Department to integrate a series of private sector practices that would hopefully lead to better coordination and administration of the agency's substantial responsibilities. Nancy-Ann Min DeParle has indicated her willingness to advocate for and implement these initiatives because she thinks that they will improve the agency's operational status and credibility, making it possible to fend off unconstructive initiatives that undermine the agency's ability to manage the program effectively.

BACKGROUND

HCFA remains one of the most passionately reviled agencies in the Federal government. This is logical, as it is responsible for denying reimbursement for desired claims from providers and state and local agencies alike. In addition, HCFA's numerous responsibilities makes it difficult for it to effectively manage, and there tends to be little time available for anything other than crisis management. Long-term planning is rare and frequently altered substantially by Congress and other outside entities, making stable and predictable management impossible.

Congressman Thomas and Senator Breaux believe that an independent board would help facilitate better management and utilize the best private sector management techniques. They believe the agency is inherently biased against private insurance plans participating in the program, causing the frustration and problems HMOs participating in the Medicare program have experienced. They also view this board as a possible vehicle to develop and implement benefit coverage and policy changes in a process independent of political intervention from the Congress and other outside sources.

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In the memo from the Secretary, she counters that a Medicare board would reduce beneficiary protections, dilute Presidential authority, and provide the infrastructure to end the Medicare entitlement. The Department also argues that such a structure would lead to limited accountability by the Medicare program to both the White House and the Congress, and create extreme difficulties in managing program integrity initiatives, including anti-fraud and abuse efforts, within all aspects of the agency. While these are valid arguments and should be taken seriously, the same effort that was exerted to make these arguments should also be applied to the Department's commitment to reform the agency.

While we concur with the Secretary's memo that proposals such as those developed by Congressman Thomas and Senator Breaux would be detrimental to the Medicare program and the beneficiaries it serves, this type of proposal should serve as a warning to the agency to be more efficient and responsive to both the White House, the Congress, and the various advocacy, provider, and insurer communities it deals with.

We believe that we should use this opportunity as a means to strengthen the Medicare program and push HCFA to ensure that it is more prudently managed. In so doing, the agency will have the additional benefit of strengthening its credibility when opposing harmful and poorly thought out reform proposals.

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THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

OCT 25 1999

MEMORANDUM FOR THE PRESIDENT

I am writing to express my deep concern over discussions occurring in Congress that could result in creation of a new, independent Medicare board. As envisioned by its proponents, this board would operate as an independent entity designed to oversee the Medicare+Choice program, including the competition among private plans and between private plans and fee-for-service Medicare. The creation of such a board seriously undermines your authority over Medicare, the beneficiary protections that you have worked hard to establish for this program, and the significantly improved refocused management which has reduced the Medicare error rate by over fifty percent. This new board also sets the stage for capping government expenditures for Medicare, threatening Medicare beneficiaries' entitlement to first-class medical care.

The board's advocates say they want to bring private-sector expertise into the administration of the program and say they want to avoid conflicts of interest in running a competitive system. Their first goal is being accomplished without undermining the current strengths of Medicare and their second contention is a false promise. Not only will their proposals not achieve their goals, but, for the reasons stated below, they would substantially undercut our ability to serve beneficiaries and efficiently administer the program. At the end of this memorandum, I will describe the activities that we have already undertaken to garner additional private sector expertise in administering Medicare.

Medicare Board Leads to Reduced Beneficiary Protections. Under your leadership and through the hard work of this Department, we have ensured that Medicare includes the beneficiary protections outlined in your Patients' Bill of Rights. Medicare was one of the first programs in the country to incorporate these protections and remains a model program. This would not have been possible if the Medicare+Choice program were administered by an independent board.

Given the hostility we have seen in the private sector to even the modest proposals in the Patients' Bill of Rights, I do not believe that a board comprised of private sector health officials would have taken a strong, pro-beneficiary stance. It is not surprising that the strongest proponents of a Medicare board, including managed care interests, are among the most active opponents of strong patient rights legislation. I believe that we must maintain our ability to keep Medicare in the forefront of beneficiary protection. Creation of an independent Medicare board is not consistent with that imperative.

Medicare Board Dilutes Presidential Authority. Placing the Medicare+Choice program under the control of an independent board splits accountability for the program and substantially dilutes your authority over a substantial portion of Medicare. This is a significant loss given that Medicare serves 39 million beneficiaries and makes up 11 percent of the Federal budget.

The Administration's ability to make changes to Medicare in the context of the President's Budget would be limited. This is especially true since proposals for treating traditional fee-for-service Medicare as a health plan under the structure of Medicare+Choice would allow a new board to exercise substantial authority over the entire program. In particular, a board could be given substantial authority over what private health plans would be paid by Medicare. It could also be given authority to oversee aspects of traditional Medicare, including benefits and, under some proposals, total spending by traditional Medicare.

As a result, the presence of a board would have hampered our ability to exert strong budget discipline, such as the steps we have taken to extend the life of the Medicare Part A Trust Fund to 2015. Similarly, it would not have been possible to use Medicare changes to help finance key domestic initiatives to improve the health of the nation, such as the Children's Health Insurance Program.

Furthermore, creation of a board would limit the Administration's authority to make key program changes to address Medicare problems identified by beneficiaries, providers, or other segments of the American public.

Medicare Board Diffuses Accountability for Medicare. Authority over certain key functions would be unnecessarily complicated by bifurcating control of Medicare between a board and the Health Care Financing Administration (HCFA).

For example, Administration efforts to reduce fraud and abuse in Medicare have been successful because we have provided clear, consistent policy guidance and because we have been willing to take the political heat generated by our aggressive stance. I do not believe that an independent board (especially one that includes private sector health care executives, as would be likely with any congressionally created board) would have initiated or sustained such a controversial, yet productive, program. Specifically, the HCFA actuaries credit aggressive fraud control efforts with bringing down the Medicare baseline through reducing either the rate of growth or the actual level of spending on inpatient hospital services, home health, and lab services. Our efforts have also led to the first-ever decline in hospital upcoding since the inception of a prospective payment system in 1984. The bifurcation of authority under a board would threaten the significant advances made by this Administration by complicating the relationship between the program and the HHS Inspector General and between Medicare and the Department of Justice.

Similarly, this Administration has taken significant steps to measure and hold health plans and providers accountable for quality of care for seniors and other vulnerable populations. The diffusion of accountability threatens our ability to move aggressively in this area as we have on the Patients' Bill of Rights.

Medicare Board Creates Potential Confusion of Authority That Would Be Detrimental to Beneficiaries. HCFA is currently responsible for a wide range of activities that might become the responsibility of either the board or HCFA, or both. These functions include beneficiary education, procedures for appeals and grievances, provider enrollment, survey and certification of providers, and quality assurance. If these functions were assigned to HCFA, their applicability to private plans would become uncertain; if assigned to the board, more functions would be removed from the lines of public accountability. If assigned to both, there would be confusion and uncertainty among all parties involved.

A Medicare Board Provides the Infrastructure for Ending the Medicare Entitlement. Although the proponents of a board deny that they intend to fundamentally change Medicare, it is clear that creation of an independent board would establish the administrative framework for a defined contribution plan, which specifies the government's financial contribution toward beneficiaries' health care but does not specify the benefits to which beneficiaries are entitled. Creating an independent board is an ideal first step toward capping government contributions for Medicare, and beneficiary advocates will see it as such. It is not surprising that some of the strongest advocates in Congress for a board are the same Members who tried to cap Medicare spending in the 1995 budget bill that you vetoed.

Claims About Current Conflicts of Interest in Managing Medicare Are Not Legitimate. Advocates for a board argue that HCFA has an inherent conflict of interest in both managing the competition among private health plans and fee-for-service Medicare and operating the fee-for-service Medicare program. In fact, the risk of conflict of interest could be greater if managed care executives, hospital administrators, physicians, durable medical equipment suppliers, or any other individual who benefits from Medicare payments were given statutory powers through participation on the board.

Today, HCFA manages both original Medicare and Medicare+Choice, having successfully supervised the growth of Medicare+Choice to a program that enrolls about one of every six beneficiaries. HCFA's role is not unique – conflicts of interest are successfully avoided by CalPERS and many private employers that run self-insured plans while contracting with competing health plans.

The assertion that HCFA's dual role creates a conflict of interest may stem from certain decisions that private plans may find onerous, such as those in setting standards for consumer protection and quality assurance. Such decisions stem directly from HCFA's primary concern for serving the needs of beneficiaries, not from any desire to bias the competition. If a Medicare board also places serving the needs of beneficiaries as its core mission, it will inevitably make similar decisions. Thus, it will also be subject to the same charges of conflict of interest.

Under your proposal for a competitive defined benefit, traditional Medicare and private health plans would compete on an equal footing, allowing both Medicare and beneficiaries to save when beneficiaries choose efficient health plans. As discussed above, I believe that many board proponents are using the conflict of interest accusation as an excuse to take the first step toward ending the entitlement.

Private Sector Involvement Can be Achieved Without a Medicare Board. While I am deeply concerned about the proposals to create an independent board to administer a portion of Medicare, I am committed to expanding the program's access to private sector expertise. In September, we chartered a Management Advisory Committee for HCFA. This step was part of HCFA management modernizations contained in your budget. The committee allows HCFA to get expert advice from individuals in the public and private sector regarding innovations in management practices. It also will allow HCFA to maintain critical relationships with public and private sector experts in management, leadership, and purchasing strategies. The committee will address issues including how HCFA can better manage its private sector contractors and how it can be a more prudent purchaser of fee-for-service Medicare services. The committee need not make recommendations regarding payment or coverage policy, because the Medicare Payment Advisory Commission (MedPAC) and the recently established Medicare Coverage Advisory Committee already fulfill these functions.

I will chair the committee, which will include up to 11 additional members that I will appoint. The members will be selected from among nationally recognized authorities in academia, private consulting, public and private sector health purchasing entities, and private companies. The committee would not include provider or beneficiary representatives since they are already represented in many advisory committees to the Congress and the Department.

If Medicare reform is successful, this committee could also easily be adapted to serve as an advisory body for the implementation of the fee-for-service modernization reforms included in your Medicare plan. Experts from private and public sector organizations that purchase health care for their employees and beneficiaries, as well as experts in public administration, would provide recommendations to the Secretary on how to implement these reforms to purchase services more competitively. HCFA would benefit from the advice of these experts in a forum open to public participation.

In Conclusion, Creation of a Medicare Board to Oversee a Portion of the Program Would Be a Grave Mistake. It would be a disservice to our successors and to future generations of beneficiaries if we were to weaken the executive management of Medicare, not only because it is a substantial and growing proportion of federal outlays, but because older and disabled Americans are particularly vulnerable and need government protection. This Administration has strengthened Medicare in innumerable ways: extending solvency, increasing benefits, advancing new beneficiary protections, and strengthening program integrity. The Medicare program would most likely not be experiencing the benefits of the Administration's improvements had the Medicare board, as proposed, been in existence.

Donna E. Shalala

THE WHITE HOUSE

WASHINGTON

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July 30, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

What does this mean?

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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

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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.

Need for keep funding

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.

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What else is there – should we try to do more?

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed

SUBJECT: DPC Weekly Report

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

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

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

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

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which was a critical victory for all Democrats last Fall.

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

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

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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 PRESIDENT HAS SEEN
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THE WHITE HOUSE
WASHINGTON

October 8, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

1. Health Care – Children's Health Insurance Outreach. On Tuesday, you are scheduled to speak at the American Academy of Pediatricians conference before approximately 8,000 pediatricians. You will highlight several of their high-priority issues, including our proposal to provide $40 million in graduate medical education funding to children's hospitals (strongly supported by the First Lady) and the importance of children's health insurance outreach. You will also make several announcements on enrolling children in CHIP and Medicaid: (1) an executive memorandum directing the Departments of Education, Agriculture and HHS to recommend ways to institutionalize school-based enrollment; (2) new guidance to states clarifying that federal CHIP dollars can be used to finance outreach activities in schools; (3) a report from the Interagency Task Force on Children's Health Outreach (an effort that AmeriCorps is now joining); and (4) a $9.5 million commitment by public and private entities to search out and publicize best practices on enrollment.

2. Health Care – Medicare Provider Give-back Update. Next week, House and Senate committees of jurisdiction are tentatively scheduled to mark up legislation to moderate the impact of the 1997 BBA on Medicare providers. The leadership appears to be dedicating several billion dollars for a short-term, two-year fix. However, they have not yet determined whether to finance the fix with Medicare offsets, on-budget surplus dollars, or perhaps from a small amount of available off-budget surplus funding. In any event, this proposed fix will cost far less than those advocated by Senator Daschle. As the committees finalize their legislative initiatives, we will complete our review of possible administrative actions. We anticipate releasing our response to Senator Roth's request on this issue early next week.

3. Welfare – Hunger Report. Next week, USDA will release a state-by-state report on the prevalence of food insecurity and hunger between 1996 and 1998. The data indicate that hunger among American families, after declining in 1997, has crept back to 1996 levels. In 1998, 10.1 million U.S. households were "food insecure" – that is, did not have enough food to meet basic needs at some point during the year – and 3.5 percent of households had one or more people who were hungry. That compares with 8.7 million households and 3.1 percent in 1997, and 10.4 million households and 4.1 percent in 1996. The data indicate that New Mexico, Mississippi and Texas had the highest food insecurity rates last year, while North Dakota, Massachusetts and South Dakota had the lowest. The state-by-state breakdown will be released by Secretary Glickman at the National Summit on Community Food Security on Friday.

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4. Education – Appropriations Update. The Senate on Thursday passed its education appropriations bill 73-25. The bill, which you have threatened to veto, does not authorize funding for class size reduction, cuts funding for technology, and provides less than your budget for after-school, GEAR-UP, and Reading Excellence. Senators Bingaman, Reed and Kerry offered an amendment to include your Title I set-aside to help failing schools but it was defeated 53-45. The House has not yet brought its education spending bill to the floor.

5. Education – Bush Education Speech. On Tuesday, Governor Bush gave his second major education address. He called for consolidating federal education programs into five broad grants and proposed using the NAEP test as an accountability tool to reward and penalize states for performance. He also proposed school report cards, a $3 billion fund to help charter schools, and an expansion of educational savings accounts from $500 to $5,000 annually (he would allow the proceeds to be spent on public and private schools). We will send a more detailed analysis.

6. Families – Fetal Protection Legislation. You asked what penalties exist for violence against a pregnant woman that results in injury or death of a fetus. Currently, federal law addresses such acts by prosecuting only the crime against the woman. The Unborn Victims of Violence Act, however, would create an additional federal offense for harm to the fetus, and would for the first time treat a fetus of any age as a separate and distinct life under federal law. (This bill, passed by the House last week, follows similar statutes in 19 states). You should know also that House Republicans reportedly plan to attach the Unborn Victims of Violence Act to the Commerce-Justice-State Appropriations bill for a floor vote.

7. Crime – Racial Profiling. In response to the directive you issued in June, the Departments of Justice, Treasury and Interior are submitting field-test plans that spell out how they will collect data on the race, ethnicity, and gender of individuals stopped by federal law enforcement agents. The Justice Department plan encompasses INS and DEA, and will include data collection at several airports, bus stations, and a fixed Border Patrol checkpoint. The Treasury Department proposal includes the Customs Service, which will conduct field tests at five airports. Finally, the Interior Department plan includes stops and police contact by the U.S. Park Police at seven sites, including the Baltimore-Washington Parkway. Under the directive, the agencies now have 60 days to implement their field tests and then a year to collect the data. The agencies have also prepared initial recommendations on how to improve their current policies and training practices; we will work with them during the year-long data collection period to make these recommendations more specific and useful.

THE WHITE HOUSE

WASHINGTON

July 28, 2000

MEMORANDUM TO THE PRESIDENT

FROM: Bruce Reed
Barbara Chow

SUBJECT: DPC Weekly Report

1. Health Care -- Patients' Bill of Rights: On Thursday evening Senator Kennedy and Congressman Dingell reported that a compromise agreement on the Patients' Bill of Rights had been worked out with Speaker Hastert. Senator Daschle and Congressman Gephardt advised caution, and by Friday afternoon, Hastert's office was already backing away from the compromise. Although the compromise is at least temporarily on hold, it may still serve as the foundation for a future agreement, and we are reviewing it to finalize a recommendation to you. The compromise appears promising in many respects; the major outstanding question on may be whether we would accept a $5 million cap on non-economic damages for violations of administrative protections that would fall under Federal jurisdiction. Under the proposed compromise, the jurisdiction over health plans is split between Federal and state courts, with the states being responsible for any dispute requiring an evaluation of medical facts and Federal courts having jurisdiction over administrative disputes. Senator Kennedy, Congressman Dingell, and the Departments of Labor and Health and Human Services believe that this provision is acceptable because it does not impose caps on any state laws, explicitly affirms that state laws have jurisdiction over disputes dealing with medical decisions (the great preponderance of cases), and provides for an expansion under Federal law for administrative disputes. Your advisors within the White House have made no final determinations on this or any other part of the legislation, but will be doing so in the near future.

2. Education -- RAND Report on NAEP Tests and State Reforms: On Tuesday, the RAND Corp. released an analysis of state scores from the National Assessment of Educational Progress (NAEP). The RAND report concludes that education reforms are working, but that progress is not uniform among the states. The report affirms your "invest more, demand more" education agenda with its conclusion that money matters to student success, and that accountability systems recently put in place will only benefit students if they are accompanied by significant investment. The report specifically cites smaller classes, access to preschool and resources for teachers and teacher working conditions as the most effective investments for improving student performance. High-performing states tend to invest in these priorities and target funding to disadvantaged students. The study also found that master's degrees, teaching experience and teacher salary all seemed to have comparatively little effect on student achievement scores. Texas ranks at or near the top in almost every measure of progress, but the report credited reforms adopted in the late '80's and early 90's. Governor Bush highlighted the report as support for his success in Texas and his educational agenda for the country. The Vice President noted that the report confirmed the importance of his education agenda, smaller classes, universal preschool, and enhancing teacher quality.

3. Education -- New York City Seeks to Turn Failing Schools Into Charters: New York City Schools Chancellor Harold Levy announced plans this week to convert some of the City's worst-performing public schools into charter schools and hand them over to private companies or nonprofit agencies beginning in the fall of 2001. Of the approximately 50 schools designated as failing, the Board plans to focus on 5-7 schools next year and as many as 20 in 2002. Mayor Guiliani has pushed for privatizing the management of the city's worst performing schools. The United Federation of Teachers opposed the move, calling it an unproven strategy for turning around schools. School privatization experiments have had mixed results. Large-scale efforts in Baltimore and Hartford failed decisively, while efforts where private companies have managed a few schools in a district have proved workable and relatively successful.

4. Education -- University of Georgia Affirmative Action Policy Ruled Unconstitutional: A federal judge ruled Tuesday that the University of Georgia's admissions program is unconstitutional because it discriminates in order to admit more black students. UGA admitted approximately 90% of its students based strictly on academic achievement. The rest were accepted on a combination of up to 12 characteristics, including race and gender. US District Judge Avant Edenfield, a Carter appointee, wrote that "to base racial preferences upon an amorphous, unquantifiable and temporarily unlimited goal is to engage in naked racial balancing." He ruled in favor of three white women who were denied admission in 1999. He ordered the university to offer the women admission and to compensate them for having to pay more money to attend other schools. UGA is considering an appeal of the decision to the 11th Circuit Court of Appeals. This decision joins the Hopwood case in Texas and Proposition 209 in California in undermining the ability of institutions of higher education to use race as a tool in making admissions decisions.

5. Crime -- Brady Law Studies: Next Wednesday, the Journal of the American Medical Association will publish a study indicating that the Brady Law has had no impact on the reduction in gun homicides. The study compares gun homicide totals in the 18 states that had background checks systems prior to the Brady Law with those in the 32 States that adopted background checks systems as a result of the Brady Law ("Brady States."). While the study found no difference in homicide reductions in Brady versus non-Brady States, it does conclude that the law helped to reduce gun suicides among the elderly. An important caveat is that the study does not evaluate whether the Brady Law affected the overall homicide rate by reducing illegal gun trafficking between States – an important measure of its impact on crime according to Handgun Control's prior research. Yesterday, in an attempt to blunt the JAMA study, Handgun Control released a new report which links passage of the Brady Law to a reduction in gun deaths. The report shows that since passage of the Brady Law, the gun-related crime rate has dropped faster than the overall violent crime rate. From 1994-98, an estimated 9,368 fewer people were murdered with guns because the percentage of robberies and assaults committed with guns fell each year after passage of the Brady Law.

6. Crime -- Bulletproof Vest Legislation: On Wednesday, the House passed legislation (413-3) to extend the bulletproof vest grant program through FY 2004, and to double the currently authorized funding level to $50 million per year. You announced your support for this bipartisan legislation at this year's Peace Officers' Memorial on May 15. The legislation has the strong support of all of the major law enforcement organizations. The Senate Judiciary Committee has passed companion legislation but there is a Republican hold on the bill.

7. Welfare Reform -- Evaluation of Welfare-to-Work Strategies: Next week, Los Angeles County will release the final evaluation of its Jobs-First GAIN program, conducted by the Manpower Demonstration Research Corporation and partially funded by HHS. Jobs-First operated from 1995-98 with a strong work-first message and tough enforcement of sanctions. After two years, the program led to a 17 % increase in employment and significantly higher earnings across single and two-parent families and various racial/ethnic groups, including families with limited English proficiency. The current CalWORKs program has added time limits and more comprehensive supports for families moving from welfare to work. HHS will release a statement highlighting the Los Angeles findings, along with its own report compiling previously-released results from 20 large city welfare-to-work programs. Like the LA study, the results show clear increases in employment and earnings and reductions in welfare costs for a wide range of welfare families, with impressive gains for the most disadvantaged families. The programs that focused on employment had better results– particularly for the most disadvantaged families – than those that primarily focused on education.

8.Welfare Reform -- California Welfare Caseloads: The Public Policy Institute of California recently released a report analyzing welfare caseload trends in California. The report notes that the state's 30% caseload decline since 1994 was smaller than the national average of 47%, in part due to the high level of child-only cases in the State. Two key factors appear to be responsible for the increase in child-only cases: (1) immigration trends in the early nineties increasing the number of recipients who are citizen children of undocumented immigrants and (2) state policy that allows children to continue receiving assistance even if their parents are sanctioned for failing to meet work requirements. California also has a disproportionate number of two-parent cases. If child-only and two-parent cases are removed, California caseload trends closely track national trends. The report also highlights significant regional differences within the state.

9. Welfare Reform -- New York City Court Case: On July 24, a New York district court judge ruled on two motions in a year and a half old lawsuit, *Reynolds v. Giuliani*, in which New York Legal Services charged the City with illegally deterring eligible people from accessing needed cash, food, and medical assistance. The judge: (1) found no reliable evidence that the City's welfare-to-work job centers had corrected the problems raised in the suit and therefore continued the injunction prohibiting the conversion of additional welfare offices to job centers and (2) granted the case class-action status, allowing the plaintiffs to sue both the city and state for violations of their civil rights on behalf of all poor New Yorkers who have sought or will seek aid at job centers. In late 1998, USDA conducted a formal investigation of the City's food stamps policy and instituted a corrective action plan. As you know, both USDA and HHS have also taken a number of steps to enforce existing laws, provide guidance to states on how to improve practices, and propose bonuses to states that improve participation of eligible families in food stamps and Medicaid.

10. Housing -- HUD Fair Market Rents Proposal: Secretary Cuomo plans to send you a memo recommending raising the Fair Market Rent (FMR) used to determine the limit on Section 8 rental assistance. HUD believes that in certain markets, raising the FMR will increase the number of people who are able to find housing with a Section 8 voucher. A recent Washington Post story highlighted difficulties with using Section 8 vouchers in booming markets such as Northern Virginia. Where local conditions limit voucher holders' success in finding an apartment, HUD proposes automatically approving a Public Housing Authority's request to increase the FMR from the 40th to the 50th percentile of local rent levels. (Currently, HUD requires PHAs to develop substantial justification to raise their payment standards). The announcement would be an opportunity to press Congress to fund the $50 million Voucher Success Fund included in your FY 2001 budget that PHAs could use to help address these issues. The memo may also present HUD's proposal on how to spend FHA surplus funds. As you directed in March, we've been working closely with OMB and HUD to assess available funds and develop proposals for using these funds to expand affordable housing; however, we have not yet reached a final consensus.

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THE WHITE HOUSE
WASHINGTON
April 7, 2000

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

1. **Guns – Maryland.** On Tuesday, you will travel to Annapolis, Maryland to highlight progress states are making to move forward on common sense gun measures and to join Gov. Glendenning as he signs new gun safety legislation into law. The new law will make Maryland the first state to require integrated child safety locks for all handguns by the year 2003 (the Smith and Wesson agreement requires internal locking devices within two years). The new law also includes a number of provisions similar to Administration proposals, such as: requiring ballistics fingerprinting for all new handguns; mandating safety courses for firearms purchasers; requiring the destruction of confiscated crime guns and used police service weapons or the transfer of those weapons to another law enforcement agency (a provision that mirrors current Federal policy); barring the most violent juvenile offenders from possessing firearms until age 30; and creating a new grant program to strengthen gun enforcement.

2. **Guns – Colorado Referendum.** On Wednesday, you will travel to Denver to join SAFE Colorado, Tom Mauser and Handgun Control for a rally in support of their voter-initiated state ballot initiative to close the gun show loophole. The rally will serve as a volunteer drive to help SAFE build the support they need to gather the 62,000 signatures required by August to put the language on the ballot this November. Signatures will not be collected at the rally because of delaying tactics by the gun lobby that could prevent SAFE from starting to collect them for as many as six weeks. SAFE initiated the referendum after the Colorado legislature failed to pass a bipartisan gun show bill spearheaded by Gov. Bill Owens. Similar to the Lautenberg gun show amendment, the Colorado referendum closes the gun show loophole by requiring background checks and recordkeeping for all purchases at gun shows and allowing law enforcement a full three business days to complete the checks.

3. **Crime – Violent Crime Reduction Trust Fund.** On Friday, the Vice President will announce that the Administration will now support extension of the VCRTF for another five years. The VCRTF was first created in the 1994 Crime Act and is set to lapse at the end of FY 2000. The VCRTF carved out sums from the discretionary caps for anti-crime programs to fund federal law enforcement, state and local grants, and crime prevention activities. While the funding levels set for many of these programs have been disregarded by appropriators, many in the law enforcement community believe the establishment of the VCRTF helped to significantly increase funding for law enforcement, particularly at the state and local levels. However, when it came time to recommend renewal of the 1994 Crime Act programs, the Administration accepted the OMB recommendation not to renew the VCRTF, which they viewed as an unnecessary restriction on Presidential spending authority. This position was opposed by Sen. Biden and

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national law enforcement organizations, who have urged you to reverse our position. Biden has made renewal of the VCRTF among his top priorities along with COPS reauthorization. Biden and the law enforcement groups will be very pleased with the announcement.

4. Tobacco – FDA Legislation. This week, bipartisan teams in both the House and Senate introduced legislation to grant the FDA authority to regulate tobacco products. Reps. Dingell, Ganske and Waxman offered a bill with 17 cosponsors. Sens. Harkin, Chafee and Graham introduced a similar version. The bills introduced this week both codify the 1996 FDA regulations. A recent poll conducted by the Campaign for Tobacco Free Kids shows that by a three to one margin (75 percent to 22 percent), voters want Congress to pass a bill that would give the FDA the authority to regulate tobacco products, including 61 percent who strongly favor congressional action.

5. Education – House ESEA Activity. The House Education and Workforce Committee began work on the remaining parts of the Elementary and Secondary Education Act that they must reauthorize. The markup was originally scheduled to wrap up on Wednesday, but by Thursday afternoon it became apparent that more time next week will be required and the mark-up was adjourned until Wednesday. The Chairman's mark block grants your after-school program, technology programs, and the Safe and Drug Free Schools program and contains none of your priorities including school modernization and class size reduction. It also includes a provision allowing for education funds to be transferred among programs with little accountability. Democratic amendments to include school modernization and increase funding for literacy were defeated on party-line votes. Rep. McCarthy attempted to add gun control amendments to the package, but they were ruled not to be germane. Chairman Goodling offered a substitute gun amendment to conduct a study of the effectiveness of child safety locks for firearms, which passed. The committee also passed a measure calling for the cessation of educational services for students caught carrying weapons to school.

6. Health Care – Medicare Prescription Drug Update. In the aftermath of your meeting with Sen. Daschle, the Robb-Daschle "Medicare drug benefit before tax cut" budget resolution amendment picked up six Republicans and 51 votes in an impressive showing that still fell short of the necessary 60 votes. On that same day, Sen. Gorton indicated his intention to introduce legislation designed to ensure that American consumers did not have to subsidize prescription drug prices in other parts of the world. This move shocked the drug industry at the same time it was trying to deal with new press reports of pharmaceutical manufacturers allegedly defrauding the Medicaid program by misinforming states of the discounts they were owed under current law. House Democrats are responding by attempting to develop a unified Democratic position on a Medicare drug benefit. The Senate Democrats seem closer to finalizing this process and could introduce a bill fairly similar to the Administration's initiative as early as next week. Congressional Democrats will ask you to participate in the unveiling of this legislation to emphasize party unity and their commitment to this issue.

7. Health Care – Update on TANF-Medicaid. On Friday, Secretary Shalala announced in a speech to the Robert Wood Johnson Foundation that HCFA is releasing an administrative directive to states to identify and automatically reenroll people who have inappropriately, and in many cases inadvertently, lost Medicaid coverage in the aftermath of welfare reform. This new requirement builds on the Federal financial and technical assistance we have provided to states after your NGA speech last August. The audits that you requested at that time are being finalized and will be released throughout the year. However, preliminary

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indications are that there continue to be enrollment problems, which vary from state to state. The HHS announcement Friday was supplemented by the release of a $26 million RWJ grant for private sector advertising, marketing, and technical assistance to help states in better enrolling eligible populations.

8. Health Care – Update on ARKids First. HHS has concluded that it should deny Gov. Huckabee's request to allow parents to opt to enroll their children who are eligible for traditional Medicaid in the less generous, more expensive (premiums and copayments) ARKids Medicaid waiver program. HHS believes to do otherwise would be inconsistent with the Congressional intent of CHIP, which explicitly decrees that Medicaid eligibles should be enrolled in the traditional Medicaid program – not CHIP. Secretary Shalala also strongly believes it would be extremely difficult to verify that the program provided fully informed choice and did not – intentionally or otherwise – impose inappropriate and ill-advised financial burdens on poor families. In fact, as you know, there continue to be reports that ARKids has, at least periodically, failed at advising Medicaid eligibles of their option to access the traditional program and its more generous benefits. Finally, HHS argues that approving the Arkansas waiver request would make it virtually impossible to deny inevitable future requests by states to create similar programs for CHIP. Doing so would enable states to not only save money by enrolling children in less generous insurance coverage, but would also serve as a cost-shift to the Federal government by allowing states to access the enhanced Federal matching dollars that are only available for CHIP.

Arkansas has and will continue to vociferously complain that denying their request is the worst of federal paternalism since some parents in Arkansas would choose to keep their children uninsured rather than enroll them in Medicaid because of the strong welfare stigma. They will further argue that they have been working in good faith to eliminate barriers to Medicaid enrollment by developing a joint application for both programs, eliminating the requirement for an interview prior to enrollment, and applying the ARKids First label to both programs. While this is true, the state has yet to fully implement these improvements and has shown no willingness to eliminate the assets test for Medicaid children, leaving a significant barrier to enrollment. The decision not to approve the ARKids waiver will undoubtably evoke a strong negative reaction from Gov. Huckabee and state advocates like Amy Rossi, who are committed to preserving this component of the ARKids program. However, we expect there will be strong support from Sen. Bumpers, Rep. Snyder, and Rep. Berry. Unless we advise the Department otherwise, HHS will announce its decision shortly after you travel to Arkansas on April 7th. If this decision goes forward, we will work to develop the best rollout possible.

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9. Health Care – HHS Drug Report Release. On Monday, we are planning to release the HHS drug coverage and pricing report you requested last December. The report will document that seniors without drug coverage typically pay 15 percent more for the same prescription drugs as those with coverage. It also finds that the percent of Medicare beneficiaries without drug coverage are five times more likely not to be able to afford a needed drug than those with coverage. When this report is released, we will also acknowledge, with dismay, the difficulties of obtaining much more accurate and comprehensive pricing and discounting practices in today's market and call for a major conference on drug pricing practices this summer. This will enable us to continue to highlight the drug coverage and pricing issue during the year if the Congress has yet to make progress on providing for an affordable, accessible, Medicare prescription drug benefit.

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10. Health Care – Update on Patients Bill of Rights. The Patients' Bill of Rights conferees continue to meet and are making extremely slow progress on important underlying issues, such as the appeals process included in the legislation. Since the conferees have yet to take up the three most controversial issues in the bill – who the legislation covers, how it is enforced, and whether and to what degree we include the Republican "access provisions" – we are becoming increasingly skeptical that this process will yield a bill in a timely or acceptable manner. We are taking our cues from Sen. Kennedy and Rep. Dingell, who are equally committed to doing everything possible to reach out to form an acceptable compromise. We are all evaluating options, however, on how best to pivot from the conference to an alternative legislative vehicle in the event that the conference fails to achieve agreement within the next month. Kennedy and Dingell appreciate the outside pressure we are maintaining, such as your comments in this week's radio address, which help keep this issue in play and make the Republican leadership pay a price for failing to act.

11. Health Care – Partial Birth Abortion. On Wednesday, the House passed the Partial Birth Abortion Ban Act with a veto-proof majority (287-141). The Senate, which passed similar legislation last fall, is two votes short of overriding your veto. Both the House and Senate bills lack a health exception, which you cited as your reason for vetoing the bill twice previously. Before the House considered the legislation you sent a letter to Rep. Hoyer expressing support for his alternative, which bans all late-terms abortions with exceptions for the life or health of the mother. The Rules Committee did not allow a vote on this alternative.

12. Internet Gambling. On Thursday, the House Judiciary Committee passed a bill sponsored by Rep. Goodlatte that purports to outlaw most forms of Internet gambling, but contains broad exemptions for closed-loop betting on parimutuel activities such as horse racing, dog racing, and jai alai. The Justice Department has several concerns with this bill, namely, that it will be inconsistent with other federal gambling laws, will permit types of gambling not permitted in the physical world, and has broad exemptions for parimutuel wagering without any policy justification. Goodlatte fended off several Democratic amendments by promising to work out acceptable language before the bill reached the House floor. Sen. Kyl's version passed the Senate last November. Concerns about states' rights and about regulating the Internet are guaranteed to resurface in any floor debate. We had hoped that Rep. Conyers would have offered a substitute that was very similar to a Department of Justice proposal, but the substitute was not offered. We will continue to work with Conyers and others to try to address some of the Department's concerns. The Department is also very concerned that this bill will pass the House on the suspension calendar.

13. Welfare – Federal Hiring. We are pleased to report that under the federal welfare to work hiring initiative led by the Vice President, the federal government has hired nearly 22,000 welfare recipients – more than double our goal to hire 10,000 individuals by the year 2000. A large part of the recent increase is due to Census 2000 hiring, although we would have more than exceeded our goal even without any Census hiring. As you may recall, last August the Labor Department worked in partnership with Commerce to award a \$20 million Welfare-to-Work competitive grant to Goodwill Industries to help as many as 10,000 welfare recipients become Census enumerators and then move to permanent jobs.

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indications are that there continue to be enrollment problems, which vary from state to state. The HHS announcement Friday was supplemented by the release of a $26 million RWJ grant for private sector advertising, marketing, and technical assistance to help states in better enrolling eligible populations.

8. Health Care – Update on ARKids First. HHS has concluded that it should deny Gov. Huckabee's request to allow parents to opt to enroll their children who are eligible for traditional Medicaid in the less generous, more expensive (premiums and copayments) ARKids Medicaid waiver program. HHS believes to do otherwise would be inconsistent with the Congressional intent of CHIP, which explicitly decrees that Medicaid eligibles should be enrolled in the traditional Medicaid program – not CHIP. Secretary Shalala also strongly believes it would be extremely difficult to verify that the program provided fully informed choice and did not – intentionally or otherwise – impose inappropriate and ill-advised financial burdens on poor families. In fact, as you know, there continue to be reports that ARKids has, at least periodically, failed ~~at advising~~ Medicaid eligibles ~~of their option~~ to access the traditional program and its more generous benefits. Finally, HHS argues that approving the Arkansas waiver request would make it virtually impossible to deny inevitable future requests by states to create similar programs for CHIP. Doing so would enable states to not only save money by enrolling children in less generous insurance coverage, but would also serve as a cost-shift to the Federal government by allowing states to access the enhanced Federal matching dollars that are only available for CHIP.

Arkansas has and will continue to vociferously complain that denying their request is the worst of federal paternalism since some parents in Arkansas would choose to keep their children uninsured rather than enroll them in Medicaid because of the strong welfare stigma. They will further argue that they have been working in good faith to eliminate barriers to Medicaid enrollment by developing a joint application for both programs, eliminating the requirement for an interview prior to enrollment, and applying the ARKids First label to both programs. While this is true, the state has yet to fully implement these improvements ~~and has shown~~ no willingness to eliminate the assets test for Medicaid children, leaving a significant barrier to enrollment. The decision not to approve the ARKids waiver will undoubtably evoke a strong negative reaction from Gov. Huckabee and state advocates like Amy Rossi, who are committed to preserving this component of the ARKids program. However, we expect there will be strong support from Sen. Bumpers, Rep. Snyder, and Rep. Berry. Unless we advise the Department otherwise, HHS will announce its decision shortly after you travel to Arkansas on April 7th. If this decision goes forward, we will work to develop the best rollout possible.

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9. Health Care – HHS Drug Report Release. On Monday, we are planning to release the HHS drug coverage and pricing report you requested last December. The report will document that seniors without drug coverage typically pay 15 percent more for the same prescription drugs as those with coverage. It also finds that the percent of Medicare beneficiaries without drug coverage are five times more likely not to be able to afford a needed drug than those with coverage. When this report is released, we will also acknowledge, with dismay, the difficulties of obtaining much more accurate and comprehensive pricing and discounting practices in today's market and call for a major conference on drug pricing practices this summer. This will enable us to continue to highlight the drug coverage and pricing issue during the year if the Congress has yet to make progress on providing for an affordable, accessible, Medicare prescription drug benefit.

THE WHITE HOUSE

WASHINGTON

March 12, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. T.M.
KRIS M. BALDERSTON

SUBJECT: **Summary of Cabinet Weekly Reports March 6 - 12, 1999**

DEPARTMENT OF TREASURY

- **Ecuador:** On March 11, President Mahaud announced a new economic program to deal with Ecuador's economic crisis. Core elements include tax increases, spending cuts, and restrictions on withdrawal of bank deposits. President Mahaud did not state an intention to institute a currency board to stabilize the currency as many had expected. He said Ecuador would seek to conclude quickly negotiations with the IMF on a financial stabilization program, and would also seek support from the World Bank and Inter-American Development Bank. The crisis was brought on in part by large fiscal and external deficits and a deeply insolvent banking system. Also on March 11, the Chairman and several Governors of Ecuador's central bank resigned. Treasury continues to consult with the IMF and the Government of Ecuador to promote pro-market, stabilizing policies.

- **Africa Conference:** On March 17, Secretary Rubin will lead a panel discussion on financing African development at the "U.S.-Africa Ministerial on the President's Partnership for the 21st Century." Treasury will also co-host with USAID a workshop on supporting microentrepreneurs, including microfinance.

- **Pennsylvania Commemorative Quarter:** On March 8, Mint Deputy Direct Mitchell, U.S. Treasurer Withrow, and PA Governor Ridge struck the first PA commemorative quarter. The quarter bears an outline of the state and State House statue with the motto, "Virtue, Liberty, Independence." This coin is part of the ten-year project to honor each of the 50 states with the issuance of special quarters designed by the individual states. The first commemorative quarter, honoring Delaware, was struck in January. Five special quarters will be released annually.

- **Medicare:** Treasury is developing a response to the final report of the Medicare Commission, which is likely to finish business next week. The Administration appointees to the Commission, Laura Tyson and Stuart Altman, have withheld their support for Commission Chairman Breaux's current plan, pending resolution of issues related to adequate financing for the program, and assurances that "premium support" -- which they favor -- will not impose a significant new financial burden on beneficiaries.

DEPARTMENT OF JUSTICE

- **Students with Disabilities:** On March 3, the Supreme Court issued its decision in a case involving the Individuals with Disabilities Education Act (IDEA), which requires States receiving federal special education funds to provide special education and "related services" to students with disabilities. The question presented was whether the Secretary's "related services" regulation reasonably interprets the "medical services" exclusion to exclude only services provided by a physician, and not health services which can be provided by a qualified school nurse or other qualified non-physician. The Court held that the IDEA requires the school district to provide the required medical services for any student.

- **Hate Crimes Bill:** On March 11, Deputy Attorney General Holder and a bi-partisan group of Senators and Representatives participated in a press conference announcing the Administration's Hate Crimes Bill. It is anticipated that the bill will be introduced in both Houses next week.

- **Clean Air Act Regulations:** Under the Clean Air Act, states are required to prepare state implementation plans to ensure that national ambient air quality standards are met. In preparing transportation plans and projects, localities must show that those transportation plans conform with the emissions goal of the state implementation plans and that the projects come from a conforming plan. Because many states are slow in creating and updating their state implementation plans and in ensuring that the transportation plan conforms with a current state implementation plan, EPA issued revised regulations in 1997 that gave states more flexibility in approving transportation projects. The D.C. Circuit struck down portions of these rules, holding that, for a transportation project to go forward, there must be a currently conforming transportation plan. Consequently, many transportation projects will not go forward until conforming transportation plans are prepared.

- **MidYear Incarceration Report:** On March 14, DOJ will release a 1998 midyear incarceration report that states that one in every 150 U.S. residents was incarcerated, with an estimated 1,802,496 men and women held in the country's prisons and jails. This is an increase of more than 76,700 inmates during the preceding 12 months, up 4.4 percent. Overall the incarceration rate has more than doubled in the past 12 years. From midyear 1997 through midyear 1998 the number of jail inmates increased 4.5 percent -- less than half the rate experienced 12 months earlier (9.4 percent) and less than the average annual rate (4.9 percent) since 1990.

DEPARTMENT OF INTERIOR

- **EIS Bison Management Plan:** Over 65,000 comments were received during the public comment period. An overwhelming majority of the comments were critical of the preferred alternative and favored the Citizens Plan which is an alternative submitted by a coalition of various environmental groups. The federal agencies have met and will begin negotiating the final EIS with MT.

- **Royal Teton Ranch Acquisition:** The recently released $6.5 million appropriated to DOI, coupled with $6.5 million appropriated to the Forest Service (USFS), was used to acquire a purchase agreement and option agreement for the Royal Teton Ranch package which includes 4,371 acres of fee land, 1,000 in USFS exchange lands, and 1,850 in conservation easements. Negotiation on Phase II (the exchange and easement parcels) will begin in March. The option must be exercised by December 31. In addition, DOI will be working with the property owners to negotiate the terms of a five-year cattle grazing moratorium on its lands, which are just north of Yellowstone National Park.

- **Avalanche Threat:** This year, Olympic National Park, WA has had more snow than any year since 1972. Five additional slides were found on February 26. Park officials are very concerned that thaws, throughout March and April, will increase the threat of avalanches in the Park and are advising visitors to check in at Ranger Stations and Visitor Centers to obtain the latest avalanche conditions.

- **Great Smokies:** Officials of Great Smoky Mountains National Park and the Federal Highway Administration face a tough decision on how to make needed repairs and modifications to the Park's main road and its many two-lane tunnels. The choices are to close the road to through traffic between Gatlinburg and Cherokee for seven months, close it for shorter periods over two winters or to accomplish the work while maintaining one lane of traffic. Whatever the decision, traffic problems will temporarily increase in the country's most visited National Park.

- **Tuskegee Airmen Site Restoration:** NPS has begun efforts to preserve the remaining airplane hangar and other historic structures at Moton Field, where pilots of the all-black air corps unit, the Tuskegee Airmen of World War II, received their initial flight training in the early 1940s. The Tuskegee Airmen National Historic Site is being developed in association with Tuskegee University, which is donating Moton Field and more than 80 acres of land to the federal government.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Crop Insurance Company:** On March 5, USDA's Risk Management Agency extended until March 15 the period certain rice farmers have to cancel their crop insurance coverage for 1999. USDA's action was precipitated after a private insurance company, American Agrisurance, cut in half the price protection it will provide on its privately-offered, non-USDA backed policy, known as *CRCPlus*. USDA's action was taken because CRC*Plus* was sold in connection with a USDA-reinsured policy. USDA has launched an investigation.

- **Agricultural Trade Developments:**
  - On March 3, USDA completed an agreement to donate 100,000 metric tons (MT) of wheat, worth approximately $14 million, to Jordan.
  - On March 5, USDA awarded an export subsidy under the Export Enhancement Program to facilitate the sale of 46 tons of frozen poultry to customers in the Middle East.
  - On March 5, USDA reinstated Pakistan to its agricultural export loan guarantee program; and on March 2, USDA completed arrangements with the Government of Pakistan to provide an additional donation of 200,000 MT of wheat to Pakistan, bringing USDA's total donation for FY99 to 300,000 MT.
  - During the period ending March 5, USDA awarded sufficient subsidies under the Dairy Export Incentive Program to facilitate the sale of over 5000 MT of dairy products to customers worldwide.

- **Commodity Markets:** Wheat cash and futures prices rose last week on news of large purchases by Egypt and dry weather in the Southern Plains. Corn prices were up modestly, as traders believe that the dry, hot weather in South Africa is harming the crop there. Soybean prices rallied on good export sales and continued dryness in Argentina, but plummeting soybean oil prices capped the gains. Rice cash prices dropped slightly, reflecting recent weakness in export sales, but futures were up as indications surfaced that point to lower acreage for the 1999 crop. Cotton prices jumped on massive short-covering by speculators, which was accompanied by a shortage of available stocks. Cattle prices rose following reports that retailers are gearing up for more beef specials in the weeks ahead. Broiler prices moved up, despite a drop in breast and leg quarter prices, and a glut of heavy birds. Cheese and butter prices were unchanged.

- **Food Safety Bill:** On March 4, Representative Baldacci introduced the SAFER Meat and Poultry Act, the bill the Administration proposed to give USDA stronger recall authority over contaminated meat and poultry products, and to impose civil penalties for violations of the inspection regulations. Senator Harkin has introduced a comparable bill.

Department of Commerce

- **Satellite Home Viewer Act (SHVA):** The SHVA permits satellite companies to deliver network programming *only* to consumers who cannot receive network programming from their local television stations. In response to a lawsuit filed by broadcast networks and their affiliated stations, a federal court ordered satellite companies to discontinue service to approximately 2.2 million households. Satellite companies began complying with the order as of March 1, disconnecting service to around 300,000 households. With bipartisan support, Representative Tauzin, introduced a bill to impose a 90-day moratorium on cutting off service to affected consumers.

- **West Coast Salmon:** On March 16, the National Marine Fisheries Service will announce the final listing determination on populations of west coast salmon under the Endangered Species Act. The listed species include four species of Chinook, two species of Chum, and two species of Steelhead. The final listings may be controversial because the listing determinations identify as risk factors several hatchery and harvest practices that will likely need to be changed, and they will also affect the large urban settings of Seattle and Portland, WA; and Salem and Eugene, OR.

- **Fisher Litigation:** The 11th Circuit Court of Appeals recently issued a favorable decision in a suit seeking an injunction, damages, and forfeiture for the destruction of historical and natural resources within the Florida Keys National Marine Sanctuary. The ruling affirmed NOAA's authority to manage treasure salvage and other potentially harmful activities to protect sanctuary resources, and recognized Habitat Equivalency Analysis as a viable damage assessment methodology

- **Digital Transition for Public Broadcasting:** To support public television's transition to digital broadcasting, National Telecommunication and Information Administration staff presented the Administration's proposal to public television station managers and their representatives at the annual meeting of America's Public Television Stations. Staff continue to work with Corporation for Public Broadcasting to develop plans for carrying out the initiative if approved by Congress.

- **International Trade Numbers:** On March 18, ESA will release indicators for U.S. International Trade in Goods and Services (January).

Department of Labor

- **Bankers Trust:** On March 11, Bankers Trust Corporation pled guilty to violations of Federal criminal law relating to its misuse of unclaimed assets, some of which were assets of employee benefit plans subject to DOL's ERISA jurisdiction. The effect of the guilty plea could be destabilizing to Bankers Trust, affect consumer confidence, and affect Bankers Trust's acquisition negotiations with Deutsche Bank of Germany.

According to Bankers Trust, the violations were discovered through an exit interview with an employee. In addition to an internal investigation and audit by an independent reviewer, investigations were also undertaken by DOJ and bank regulators including the Federal Reserve Bank of NY. DOL will move expeditiously on both the investigatory and regulatory matters over which it has responsibility.

- **Northwest Airlines:** Northwest Airlines announced a four-percent pay increase for its mechanics and cleaners, despite the fact that a representational dispute between the IAM and Aircraft Mechanics Fraternal Association exists at the airline facilities. The National Mediation Board has been investigating the situation and will announce their decision by May 19. Northwest is in contract negotiations with their flight attendants.

- **LIUNA:** On March 8, a dissident group of the Laborers International Union of America (LIUNA), Laborers for Justice, announced that they intend to oppose the current leadership of their union. Two days later, an independent hearing officer cleared President Arthur Coia and the rest of the executive union leadership of being influenced by organized crime. Examiner Peter Viara charged Coia with accepting favors from a Rhode Island car dealer but dismissed other charges. DOJ may file an appeal.

- **Job Corps (FL):** Next week, DOL plans to announce a $15,496,257 Job Corps contract for the operation of the new Homestead Job Corps Center located in Homestead, FL. The new center will provide job training to approximately 800 students annually. The operations contract is being awarded to a firm in VA.

- **Migrant and Seasonal Farmworkers:** Next week, DOL expects to announce the FY99 JTPA Title IV -- Section 402 allocations (totaling $67,596,408) to all states and territories to provide job training and other assistance to Migrant and Seasonal Farmworkers and their families. The Migrant and Seasonal Farmworker division of DOL's Employment and Training Administration (ETA) is currently reviewing the comments received in response to DOL's Federal Register notice about the proposed changes in the methodology used to calculate state awards. There is special interest in this announcement by states such as FL that will receive substantially reduced allocations under the new state formula calculations.

- **BLS Data Announcements:** On March 17, BLS will release the Metropolitan Area Employment and Unemployment figures (January).

Department of Health and Human Services

- **Mild Cognitive Impairment:** On March 15, the National Institutes of Health (NIH)/National Institute on Aging (NIA) will launch a nationwide treatment study targeting individuals with mild cognitive impairment (MCI), a condition characterized by a memory deficit, but not dementia. The initiation of the trial coincides with the publication of a separate NIA-funded study in this month's issue of *Archives of Neurology*, confirming that MCI is different both from dementia and normal age-related changes in memory. Accurate and early evaluation and treatment of individuals with MCI might prevent further cognitive decline, such as Alzheimer's disease (AD). The new study will test vitamin E and a new investigational agent to determine the ability of either treatment to prevent or slow the conversion from MCI to AD.

- **HHS Poverty Guidelines:** During the week of March 15, a notice should be sent to the *Federal Register* announcing the 1999 HHS Poverty Guidelines. The poverty guidelines, an administrative simplification of the Census Bureau's poverty thresholds, are used as an eligibility criterion by several dozen HHS and non-HHS federal programs and by some non-federal programs. HHS issues the updated figures each year to reflect increases in the Consumer Price Index (CPI). Based on a CPI increase of 1.6 percent from calendar year 1997 to calendar year 1998, the 1999 poverty guideline for a family of four is $16,700, compared with $16,450 for 1998.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Housing Crisis for Poorest Families:** The strong economy that has improved the lives of most Americans has hurt some of the poorest families by worsening the crisis-level shortage of affordable housing, according to a new HUD report issued in March. The report, *Waiting In Vain: An Update On America's Housing Crisis*, shows that 1) the time families spend on waiting lists for HUD housing assistance has grown dramatically, 2) market rents are rising faster than the incomes of poor people, and 3) the number of affordable housing units is falling. The report documents the ongoing shortage of affordable housing in America from 1996 to 1998, updating a report that was based on 1995 statistics. The number of households receiving rental assistance from HUD dropped by 51,000 from 1996 to 1998, when the Congress barred HUD from issuing new rental assistance vouchers. Congress provided HUD with 90,000 new vouchers in the current year. HUD now provides housing assistance through Section 8 rental assistance to 3 million households and subsidizes public housing units for another 1.3 million households -- for a total of 4.3 million.

- **FHA Loans:** On March 10, HUD requested congressional approval for FHA to insure up to $130 billion in home mortgages this year and another $130 billion next year -- at no cost to taxpayers. FHA's loan volume cap for the current fiscal year is $110 billion, and HUD is seeking to increase the cap to $120 billion next year.

DEPARTMENT OF TRANSPORTATION

- **Livable Communities:** On March 8, the Vice President, joined by Secretary Slater and Deputy Secretary Downey, launched a new Federal effort to help communities address traffic congestion and road safety concerns. The Vice President endorsed the adoption of a new national three-digit number, a proposal presented by petition to the Federal Communications Commission. The Administration's "commuter choice" initiative will make available the provisions in last year's transportation law that expand an employer's ability to offer employees taxable or non-taxable transportation benefits. This provision will provide increased pre-tax transportation options for commuters, and reduced payroll taxes for many employers.

- **Airline Passenger Bill of Rights:** On March 10, Secretary Slater joined the Vice President in unveiling the Administration's "Passengers Bill of Rights" proposal for airline travelers. The new protections will ensure fair treatment of consumers, disclosure of rights, beefed-up enforcement, and increased customer service. The bill stresses reliance on market forces and competition among airlines rather than focusing on punitive measures. Both House and Senate aviation leadership have already introduced bills.

- **Global Aviation Policy Meetings:** On March 20-27, Secretary Slater will visit Bonn, Germany; Brussels, Belgium; and London, England to meet with his counterparts, European Commission officials, and U.S. industry officials. The Secretary will address the Association of German Industry and the American Chamber of Commerce in Bonn and Brussels, respectively, to share U.S. advancements in Year 2000 readiness.

- **National Conference on Highway Safety Priorities:** On March 23, Deputy Secretary Downey will address "Lifesavers 17," a traffic-safety organization, in Seattle, WA, in the nation's largest and most important annual highway safety meeting. More than 1,200 traffic safety advocates from around the nation are expected to participate.

- **Albany Tower Dedication in NY:** On April 7, the FAA will dedicate the new Albany Airport Traffic Control Tower.

- **Haitian Migrant Deaths:** On March 6, one of two vessels bound for the U.S. carrying 45 migrants caught fire 26 miles east of Palm Beach. The second vessel approached the vessel on fire and capsized due to overloading. Multiple U.S. Coast Guard searches located three survivors and two deceased individuals. There were no signs of the remaining 40 migrants and the active search was suspended pending further developments.

DEPARTMENT OF ENERGY

- **Waste Isolation Pilot Plant (WIPP):** Though EPA certified in May 1998 that WIPP met EPA disposal requirements, WIPP operations are on hold pending resolution of litigation and because of continued delays in NM's issuance of a hazardous waste permit. A U.S. District Court ruling is expected during the week of March 22. DOE has diverted an initial $10 million of WIPP funds to meet the ongoing waste-storage needs at DOE sites in CO and other States. DOE is also reviewing options for meeting an April 30 deadline contained in an enforceable agreement with the State of ID for shipping transuranic waste from the state to WIPP or another site.

- **Fuel Cells:** On March 17, the Vice President and Secretary Richardson will present the Second PNGV Award, recognizing fuel processing advancements for automotive fuel cells. The awardees include representatives from Epyx, Plug Power, Argonne National Laboratory, Los Alamos National Laboratory and General Motors. With the sponsorship of DOE, the awardees have made great progress toward meeting the technical challenge of fuel processing for fuel cell vehicles.

DEPARTMENT OF EDUCATION

- **Safe Schools/Healthy Students Announcement:** In late March, Secretary Riley will join DOJ and HHS officials to announce the Safe Schools/Healthy Students initiative. The three agencies will combine funds to enable school districts to design and implement comprehensive approaches to school safety.

- **E-Rate Funding:** The Schools and Libraries Division (SLD) of the Universal Service Administrative Company has distributed a total of $1.66 billion in E-rate funds to 25,785 applicants. The states that have received the most in E-rate discounts are CA, NY, and TX. SLD estimates that 647,000 classrooms will be connected to the Internet as a direct result of E-rate discounts and that 81 percent of public schools have filed applications. In the latest wave of commitments, 1,135 applicants received letters on February 27 committing $257 million in E-rate funds for schools and libraries. The National Center for Education Statistics (NCES) reports that, as of the fall of 1998, 89 percent of public schools were connected to the Internet, up from 78 percent in 1997 and 35 percent in 1994.

- **Math:** John Glenn will chair the National Commission on Mathematics and Science Teaching for the 21st Century, which will review the current state of American K-12 math and science education, focusing on the challenges of teacher recruitment, preparation, retention, and professional growth. Preliminary efforts are under way to identify nominees for the Commission, which will report specific action steps that Federal, state, and local policy makers can take to address math and science teacher supply and quality issues. Meetings could begin as early as April and continue through mid to late 2000.

VETERANS AFFAIRS

- **Patient Safety Centers:** VA announced the establishment of four Patient Safety Centers of Inquiry and committed $6 million to support the centers over the next three years. In addition to researching new advancements in patient safety, the centers will focus on disseminating existing knowledge for immediate use.

- **Hepatitus C Virus:** VA plans to offer new drug treatments to veterans infected with the Hepatitus C virus (HCV). HCV is of particular concern for VA because of its prevalence in VA's patient population. The VA HCV initiative could cost \$250-\$300 million this year and \$400-\$500 million next fiscal year. The combination drug regimen to treat HCV infection, approved by the food and drug administration, will cost an estimated \$12,000 to \$15,000 a year for every patient who wants and needs the approved medications.

ENVIRONMENTAL PROTECTION AGENCY

- **Delegation to China:** On March 18-26, Administrator Browner will travel to China for meetings with key Chinese officials on issues proposed for discussion at the U.S.- China Forum in April. The Administrator will conduct negotiations on a series of 12 deliverables on air quality, climate change, and public health proposed by EPA for the Vice President's April forum. Administrator Browner also will discuss with Chinese government and industry officials the environmental and economic benefits of working cooperatively with industry to improve environmental performance and the potential economic benefits of adopting the Kyoto Protocol. Several U.S. industry, state, and environmental representatives will accompany the Administrator.

- **G-8 Environment Ministerial:** On March 26-28, Administrator Browner will attend the G-8 Environment Ministerial in Schwerin, Germany. The Ministers will focus on global climate change, enforcement of multilateral environmental agreements, global environmental security, and reform of the UN environmental sector. The Administrator will provide the Ministers with an update on progress made by G-8 nations on the children's environmental health communique, adopted during the 1997 Environmental Leader Summit, to take steps to protect children from environmental hazards worldwide.

- **Brownfields Grants:** On March 12, the Vice President announced \$4 million in Brownfields pilot grants -- 23 grants of up to \$200,000 each. These grants help local communities assess levels of contamination so they can clean up and redevelop brownfields -- abandoned, contaminated industrial sites -- and revitalize local economies.

UNITED STATES TRADE REPRESENTATIVE

- **U.S.-Africa Ministerial Meeting:** From March 16-18, Ambassador Barshefsky will attend the U.S.-Africa Ministerial. She will participate in a panel discussion on your Partnership for Economic Growth and Opportunity in Africa; host a roundtable for African trade ministers on U.S.-Africa cooperation in the multilateral trading system; and participate in the Closing Plenary. USTR will also host a workshop on the U.S. Generalized System of Preferences program and U.S. market access requirements for African trade ministers.

- **WTO Victory:** During the week of March 8, USTR received a confidential WTO panel draft report which examined a U.S. complaint against Australia involving subsidies to an Australian leather export. The panel ruled in favor of the U.S. and against Australia's subsidies. The U.S. and Australia will have an opportunity to react to the panel's draft before it is finalized. The draft will remain confidential until the panel process is complete. USTR expects a final report to be issued to the parties at the end of March and to the public thereafter.

- **Qualified Industrial Zone (QIZ) Designation:** On March 15, Ambassador Barshefsky will designate a new Israel-Jordan QIZ and expand the existing Irbid QIZ. QIZs are areas from which goods can enter the U.S. duty-free. Israel's Minister of Industry and Trade Natan Sharansky and Jordan's Ambassador Marwan Jamil Muasher will be present for the designation.

SMALL BUSINESS ADMINISTRATION

- **HUBZone Roll-Out:** SBA is preparing for the roll-out of the HUBZone Empowerment Contracting program in mid-March. The program promotes economic development in historically underutilized business zones (HUBZones) by establishing awards of Federal contracts to small businesses located in such areas. This program was designed for areas like the Mississippi Delta to create employment opportunities for small businesses. The announcement will focus on interagency participation in the program and highlight the HUBZone mission of Empowerment, Enterprise, and Employment, as well as reinforce the joint effort by the Executive and Legislative branches to increase federal contracting opportunities to all Americans.

OFFICE OF PERSONNEL MANAGEMENT

- **Veterans' Amendment:** The Federal Reserve Retirement Portability Act was marked up and referred to the House. An amendment was approved that would allow Veterans receiving appointments under section 2 of the Veterans Opportunities Act of 1998 to acquire career status as a result of their selection. At the present time, there is no opposition to the bill.

UNITED STATES INFORMATION AGENCY

- **Hurricane Relief:** Results from USIA's February poll in four Central American countries shows that the citizens in all four countries tend to be quite positive about the amount of disaster relief which has reached them and the efficiency with which it has been distributed. In contrast with this overall endorsement of relief efforts, those whose towns and neighborhoods were hit directly, or who were personally harmed by the disaster, tend to be dissatisfied with both the amount of aid and the efficiency of its delivery. This suggests that those who need assistance are not receiving it. On a related front, both Hondurans and, to a lesser degree, Nicaraguans report that a good number of residents in their towns and neighborhoods left after the hurricane struck. Apparently, relatives of Hondurans overwhelmingly head for the U.S.; about twice as many do not have "all the necessary documents" to enter the U.S. as have them. Relatives of Nicaraguans, on the other hand, cross the border into Costa Rica.

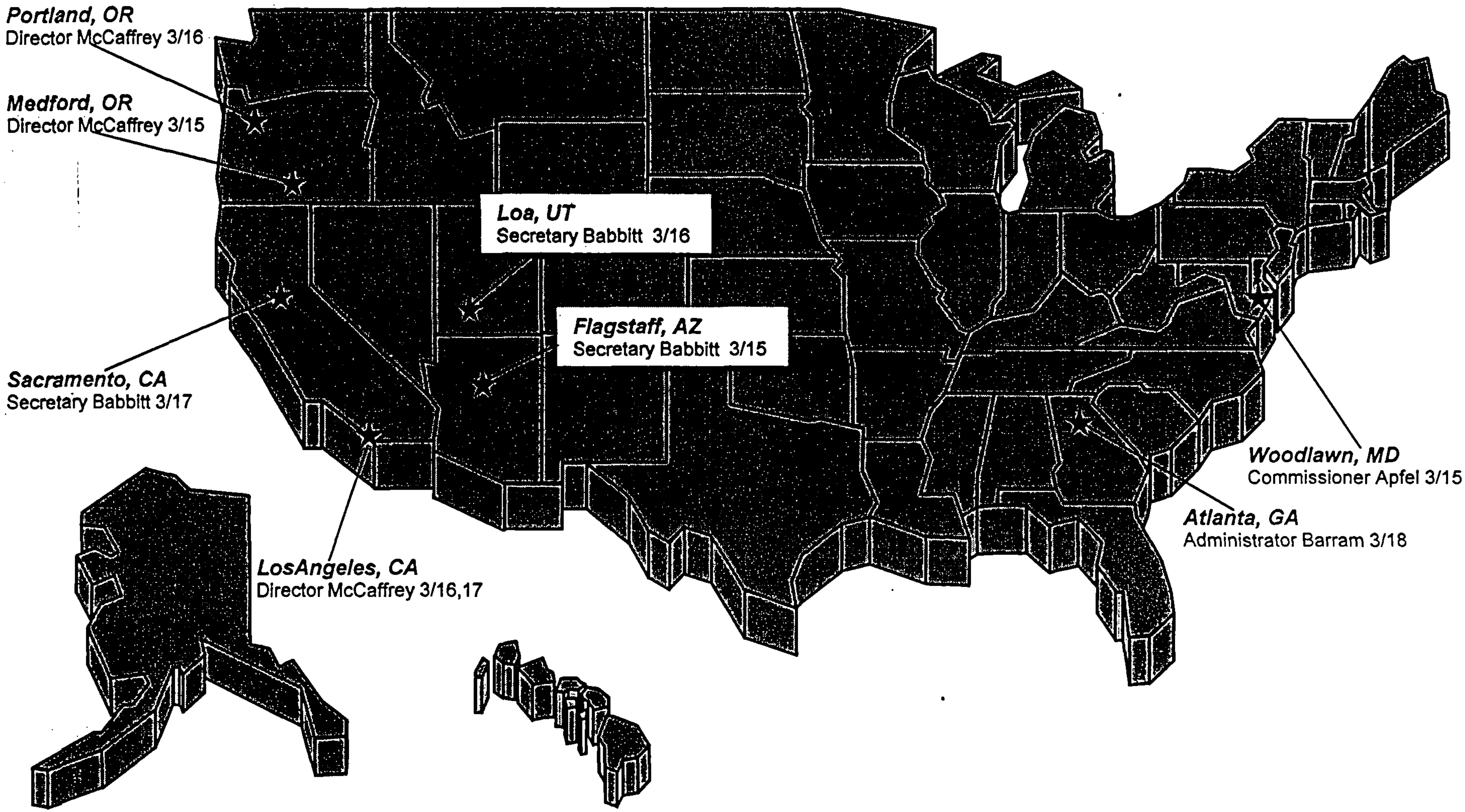
Social Security Administration

- **Disability Management Report:** On March 11, SSA released a report setting forth its approach to meeting the challenges of administering its two Federal disability programs for individuals with severe disabilities -- the Disability Insurance and the Supplemental Security Income programs. The report will highlight SSA's plan for meeting four primary challenges to enhance quality, integrity, and efficiency of service to the public. SSA identifies four challenges: improving the disability adjudication process, enhancing beneficiaries' opportunities to work, safeguarding the integrity of disability programs, and creating a knowledge base for the next century.

- **Six Countries' Meeting:** On March 22-26, Commissioner Apfel will head SSA's delegation to the Six Countries' Social Security Meeting in New Zealand. The Six Countries' meetings started in 1989 to provide social security administrators with a multilateral forum to discuss concerns of mutual interest across English-speaking industrialized countries. The six countries include Australia, Canada, Ireland, New Zealand, the UK, and the U.S. The SSA delegation will make three presentations at the meeting: Social Security Developments since the 1997 Six Countries' Meeting, Managing Social Security Reform, and Return to Work for Supplemental Security Income/Disability Insurance Beneficiaries.

Domestic Cabinet Travel

Saturday, March 13 - Friday, March 19, 1999



cc:
The Vice President
John Podesta
Sandy Berger
Sidney Blumenthal
Mary Beth Cahill
Maria Echaveste
George Frampton
Mickey Ibarra
Ben Johnson
Janis Kearney
Ron Klain
Neal Lane
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Ann Lewis
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Steve Ricchetti
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Larry Stein
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