

Nicole Rabner

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THE WHITE HOUSE

WASHINGTON

January 14, 2000

THE PRESIDENT HAS SEEN

01-17-00

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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

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

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

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

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

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

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

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

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

THE PRESIDENT HAS SEEN
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THE WHITE HOUSE

WASHINGTON

January 7, 2000

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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

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

Main thing
here is not
the lawsuit
but going
through the
Native American

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

Also see the
progress of the
NAEP
for 15-17
states

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

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

Harvey

Should consider
 mentioning Bush's school
 reform in SOU - maybe
 have Gray Davis in the book

THE WHITE HOUSE
WASHINGTON

September 24, 1999

MEMORANDUM FOR THE PRESIDENT

THE PRESIDENT HAS SEEN
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FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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

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

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

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

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

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

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

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

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

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

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

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

THE PRESIDENT HAS SEEN

10-12-99

THE WHITE HOUSE

WASHINGTON

October 8, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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1. Health Care – Children's Health Insurance Outreach. On Tuesday, you are scheduled to speak at the American Academy of Pediatrics 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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THE PRESIDENT HAS SEEN

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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

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 Arney amendment to allow vouchers was defeated by a large and bipartisan margin. However, a version of the block grants "Straight A's" bill later passed along party lines. In part because the House is addressing ESEA in piecemeal fashion, it has done nothing thus far on failing schools or social promotion. The Senate, meanwhile, will soon begin its work on ESEA. Sen. Jeffords this week released a prospectus of his comprehensive ESEA bill that does not include your accountability or class size initiatives. As the reauthorization continues in both houses, we will push to incorporate your reform agenda into the legislation.

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

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

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

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

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

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

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

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

** Now
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** Subsidies
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children*

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

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

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

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

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

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THE WHITE HOUSE

WASHINGTON

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September 17, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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

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

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

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

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

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

if they
don't
we should
take them
on

8. Education – ACHIEVE Summit:

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

I think
show
it's
important

7. Education – ESEA Reauthorization Update:

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

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8. Tobacco – Synar Amendment:

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

9. Tobacco – Bidis:

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

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

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

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

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

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

THE PRESIDENT HAS SEEN

11-8-99

THE WHITE HOUSE

WASHINGTON

October 29, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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pg 2
M. Penn
P. Podesta

1. Health Care – Assisted Suicide. This week, the House voted 271-156 to pass the Pain Relief Promotion Act of 1999, which creates criminal penalties for the use of a controlled substance in a physician-assisted suicide but protects the provision of palliative care. Seventy-one Democrats joined 200 Republicans in support; 20 Republicans joined the Democrats voting against. It is unclear whether the Senate will take up this issue before adjourning; a companion bill would very likely pass. In response to inquiries, we are reiterating your opposition to physician-assisted suicide, pointing to your 1997 federal funding ban. We authorized Justice to express concerns about the bill's federalism implications and enforcement provisions, but have characterized you as sympathetic to the bill's underlying intent and open to its enactment.

2. Teen Pregnancy – Birth Rates. On Monday, HHS released data showing major declines in teen birth and pregnancy rates for the seventh consecutive year. In 1998, there were 51.1 births per 1,000 teens, an 18 percent drop from the 1991 rate of 62.1, and near the 1986 record low of 50.2. For girls 15 to 17, the 30.4 per 1,000 rate is the lowest in four decades. Teen births have fallen in every state and across racial groups. The sharpest declines were among black teens, whose birth rates have fallen 26 percent since 1991 to the lowest since 1960. The teen pregnancy figures, though not as up-to-date, are also at record low levels. In 1996, there were 98.7 pregnancies for every 1,000 teen girls – down 15 percent from the 1991 high of 116.5.

3. Crime – Gun Litigation. On Wednesday, a Georgia state judge denied a motion to dismiss Atlanta's lawsuit against an array of gun manufacturers. Atlanta is one of 28 cities and counties that have filed suit against the manufacturers, alleging, among other claims, negligence in design and distribution. Slow-moving settlement talks are underway between plaintiffs and many of the manufacturers. We have been consulting with Justice, Treasury, HUD and White House Counsel to determine how we could influence these talks and steer them toward strong remedies. As you may know, HUD has been contemplating a suit by several thousand public housing authorities against the industry. The threat of such a suit – coupled with the assurance that we would much prefer negotiations – could secure us a seat at these talks. At the same time, of course, we are attuned to the risk of appearing too eager to litigate. We were also approached this week by the Attorneys General of New York and Connecticut, Eliot Spitzer and Richard Blumenthal, who are active in the settlement talks. Though they did not invite our direct participation they did want to discuss how the federal government – whether through regulation or legislation – could apply more pressure on the manufacturers. We will keep you updated.

THE PRESIDENT HAS SEEN

11-8-99

4. **Crime – Reentry of Offenders.** In response to a memo to you from the Attorney General, we are working with the Justice Department to develop an initiative on the reentry of former prisoners into their communities. About 500,000 inmates will leave prison this year – with many returning to urban areas and certain neighborhoods in high concentrations. The reentry initiative would address community safety concerns and help provide support for offenders. The initiative would have two core elements. Through *reentry partnerships*, police and corrections agencies would monitor offenders, and team up with community groups to steer offenders to drug treatment, employment services, housing, and counseling services. *Reentry courts* would adapt the drug court concept of judicial supervision to oversee offenders on conditional release. Offenders would enter into individual accountability plans and face graduated sanctions for failing to meet plan requirements. We are working with Justice to develop this initiative for possible inclusion in the FY 2001 budget.

5. **Crime – COPS Update.** On Thursday, Rep. Weiner held a press conference with members of Congress and law enforcement leaders to announce his COPS reauthorization bill and to call for full funding of COPS in the budget. The bill, which has 105 co-sponsors, is identical to the Biden legislation introduced last week. Also, the Attorney General next Tuesday will address the annual convention of the International Association of Chiefs of Police (IACP), where she will focus on the success of community policing and on funding for COPS. We will continue to search out venues for our COPS budget message.

6. **Crime – Juvenile Justice Conference.** The conferees on the Juvenile Justice bill have not yet met, and there are no meetings scheduled. Congressional Democrats are now staging weekly events to pressure Republicans to enact a bill that includes the Senate-passed gun safety provisions. This week the Democrats held a press conference with 100 students associated with a gun violence victims group. On Monday, they plan to meet with grassroots activists who have come to Washington for a national gun violence prevention conference.

7. **Tobacco – Public Support for Tobacco Tax.** On Thursday, the American Cancer Society, the American Heart Association, and the Campaign for Tobacco Free Kids released a poll of likely voters on options to help balance the budget. Sixty-four percent favored raising the cigarette tax, 13 percent would cut programs and 6 percent would use the Social Security surplus. Even among conservative Republicans, 48 percent preferred the tobacco tax, 31 percent favored program cuts, and 6 percent chose Social Security. Notably, almost twice as many people would vote against a candidate for cutting Medicare, spending the Social Security surplus, or slashing education spending than for supporting a 55 cent cigarette tax increase.

8. **Education – Teacher Quality Report.** The American Council on Education on Monday issued a 10-point action agenda for college and university presidents to improve the quality of teacher education. Citing the need for 2.5 million teachers in the next decade, and the inadequate academic preparation of many teachers, the action agenda called on the presidents to invest more in their teacher education programs and in educational research.

9. **Education – National Education Goals Panel Report.** The National Education Goals Panel released a report this week showing that Connecticut's effort to increase educational

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THE PRESIDENT HAS SEEN

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investment in impoverished areas, coupled with state accountability measures and assistance programs, has resulted in noteworthy gains on the NAEP test. As you know, income and parental education are key indicators of performance on this test. Researchers found, however, that such factors alone could not account for the magnitude of Connecticut's gains, and that part of the improvement was attributable to educational policy reforms. For instance, Connecticut now provides detailed information on student performance to school districts, teachers, and parents. Local districts are also linking school improvement plans and teacher evaluations to student reading achievement.

THE WHITE HOUSE

WASHINGTON

December 10, 1999

THE PRESIDENT HAS SEEN

12-14-99

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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12-14-99

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

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

12-14-99

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

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

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

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

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

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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

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July 30, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

What does
this mean?

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

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

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

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

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

And to keep pushing

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

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

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

+ Americans
What else is Bush
trying to do now?
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THE WHITE HOUSE
WASHINGTON

May 28, 1999

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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.

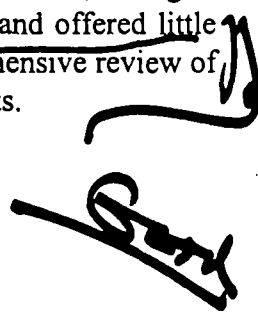
2. Health Care – Jeffords-Kennedy Legislation: The Senate leadership agreed Thursday to schedule a floor vote on the Jeffords-Kennedy Work Incentives Improvement Act immediately after the recess. We believe you should highlight the importance of the bill and its progress through the Congress when you 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

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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.



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THE WHITE HOUSE
WASHINGTON

June 14, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

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SUBJECT: DPC Weekly Report

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

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

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

know, the Mayors are strong proponents of the program.

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

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



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

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

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

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

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

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

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

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

THE WHITE HOUSE

WASHINGTON

July 9, 1999

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99 JUL 9 PM 7:15

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed

SUBJECT: DPC Weekly Report

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

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

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

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

which was a critical victory for all Democrats last Fall.

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

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X (**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.

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

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

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

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

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

THE WHITE HOUSE
WASHINGTON

July 16, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed

SUBJECT: DPC Weekly Report

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

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

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

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

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

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

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

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

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

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

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

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THE WHITE HOUSE

WASHINGTON

November 12, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

1. Education – Teachers and Class Size Agreement. We wanted to provide details on the teacher quality provisions of Wednesday's agreement to dedicate \$1.3 billion for class size reduction. Under the deal, teachers hired through the program must be certified in their state or have completed an alternative route to certification, must have a baccalaureate degree, and must know the subjects they are teaching and demonstrate the skills to teach them. Districts may spend up to 25 percent of the funds (up from 15 percent last year) on training existing teachers, testing new teachers, or providing high-quality professional development. Districts with high levels of uncertified elementary school teachers also may seek a state waiver in some circumstances to use additional funds to help those teachers meet certification standards in time for the 2001-02 school year. The deal preserves existing provisions to target spending on high-poverty communities.

2. Health Care – Medicare Provider Reimbursement. As you know, we reached tentative agreement with Congress Wednesday on provider "give-back" legislation. The agreement includes about \$11 billion over five years for hospitals, nursing homes, home health agencies, community health centers and other providers. Two key improvements are worth noting: an out-of-pocket limit on hospital outpatient cost-sharing, equal to the current inpatient limit of \$780; and, for beneficiaries needing immunosuppressive drugs after an organ transplant, an extension of coverage for six months beyond the current three-year provision. The agreement is contingent upon our approval of final statutory and administrative language.

3. Health Care – Jeffords-Kennedy Update. The funding impasse over this bill continues. Some Republicans, fearing that they may be blamed if the bill fails, are attacking the Administration for not providing additional offsets. In fact, we have proposed numerous offsets that Republicans have rejected. We have been constrained too by a unanimous consent agreement in the Senate prohibiting tax offsets, as well as by a message from Republican leaders that Medicare and Medicaid offsets are unacceptable. There is such frustration with the GOP stance that some members of the disability community, with Sen. Kennedy's blessing, have called for a veto. We will make one last push over the next week to finance and fix this bill.

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

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

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

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

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

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

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

THE PRESIDENT HAS SEEN

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

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

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

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THE WHITE HOUSE

WASHINGTON

October 15, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

THE PRESIDENT HAS SEEN
10-18-99

SUBJECT: DPC Weekly Report

1. Health Care – Administrative Efforts on Medicare Provider Reimbursement.

We will release a letter from you early next week outlining administrative actions you can take to alleviate provider concerns about reimbursement levels under the 1997 BBA. As of this writing, we have not come to final determination on the Medicare outpatient issue; there are, however, ~~nearly 20 other administrative actions that will provide targeted relief to hospitals, nursing homes, and home health agencies.~~ On Friday, we also announced that HHS would not recoup Medicare DSH payments to hospitals in Pennsylvania, New York, and other states that had erroneously calculated payments based on misleading HCFA guidance. Although this move eliminates retrospective liability, HCFA will have to issue clarifying guidance that bars payments after January 1, 2000. Congress will seek to repeal or modify this aspect of the statute, unless (as we anticipate) it scores a significant amount.

2. Health Care – Legislative Efforts on Medicare Provider Reimbursement.

The Senate and House next week will hold full committee markups of their respective BBA give-back bills. Republicans continue to claim that financing for these provisions will come from the on-budget surplus. It is highly unlikely, however, particularly in the early years, that there will be sufficient resources available. Although House Democrats like these provisions, they reportedly will oppose this legislation unless it includes offsets for all the give-backs.

3. Health Care – Jeffords-Kennedy-Roth-Moynihan Work Incentives Improvement Act.

Next week the House Rules Committee will report out the House version of this bill, but first must resolve differences between the Ways and Means bill and the Commerce Committee bill. The Ways and Means bill has several flaws. It does not include: (1) mandatory funding for infrastructure grants that give states an incentive to adopt the Medicaid buy-in; (2) a mandatory demonstration that allows those not yet too disabled to work to buy into Medicaid; and (3) a guarantee of Medicare coverage. Disability groups believe these provisions are essential and much prefer the Commerce bill, which dedicates mandatory dollars for these provisions and is most comparable to the Senate-passed bill. We are working with the groups and the Commerce Committee to get the strongest possible bill out of the Rules Committee.

4. Education – ESEA Reauthorization.

The House Education and Workforce Committee on Wednesday reported out its Title I reauthorization bill. The bill, which passed by a vote of 42-6 and did not contain vouchers, is flawed but not fatally so. One sticking point

THE PRESIDENT HAS SEEN

10-18-99

pertains to students with limited English proficiency. As the members of the Congressional Hispanic Caucus pointed out this week, the provision that parents must affirmatively "opt-in" to Title I programs for LEP students is burdensome and could keep many students from receiving services. On accountability, Rep. Andrews offered your 2.5 percent set-aside for failing schools, but withdrew his amendment when it appeared he could not secure enough votes. The committee also passed, on party lines, the "Straight A's" block grant bill that allows states to enter into performance agreements with the Secretary of Education in exchange for near-total flexibility in the use of ESEA funding.

Can we
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guarantee

5. Crime – Youth Violence. On Tuesday you will attend "Voices Against Violence," a Congressional Teen Conference sponsored by Minority Leader Gephardt and featuring over 350 young people. At the conference, you will release the 1999 Annual Report on School Safety. Among the report's findings: (1) while homicides in schools remain rare (less than one percent of all child homicides), the number of multiple-victim homicides in schools has increased; (2) students are less likely to be victimized at school than in previous years; (3) physical fights and incidents of students carrying weapons have declined across sex, grade, and race; and (4) minority students and young students feel less safe at school than others. You will also announce that the Justice Department, in a partnership with MTV and the Education Department, is distributing 200,000 CD-ROMs and youth action guides to community groups nationwide.

6. Crime – Guns. This Sunday the FBI will release the final uniform crime report for 1998. The report shows that serious crime (both violent and property crime) decreased nationwide for the seventh straight year. Notably, every region experienced an overall drop in crime of between 4 to 7 percent. Murder rates fell to the lowest level since 1967. *Violent crime rates* were down 6 percent from the previous year, and down 18 percent since 1994. *Arrests for juvenile violent crimes* were down 8 percent, although 12 percent of all murder offenders were under the age of 18. *Forcible rapes* were at their lowest in a decade. Meanwhile, 7,755 *hate crimes* were reported: 4,321 based on race, 1,390 on religion, 1,260 on sexual orientation, 754 on ethnicity, and 25 on disability, as well as 5 multiple-bias incidents.

Let's get
the
guarantee

7. Crime – Top Cops. At a Rose Garden event next Thursday, you will honor the winners of the National Association of Police Organization's Top Cops awards. This year, 32 officers from 9 states and the District of Columbia will be recognized (two are COPS-funded officers). You will have a chance to call on Congress for full funding of COPS in the Commerce-Justice-State appropriations bill. You also will be able to endorse Senator Biden's COPS reauthorization bill, which he is planning to introduce that day and which closely mirrors our 21st Century COPS proposal. The bill now has 45 co-sponsors.

8. Hate Crimes. As you may recall, your hate crimes legislation and Senator Hatch's less far-reaching version were both included in the Senate C-J-S Appropriations bill, and Senators Kennedy and Hatch sought unsuccessfully to devise a compromise measure. The C-J-S conference is now scheduled to begin Monday evening, and the Republican leadership aims to strip the bill altogether of hate crimes provisions. A coalition of groups is planning a Monday press conference at the Capitol, and you will have an opportunity Tuesday at the Congressional Teen Summit to push for inclusion of your bill.

9. Abortion – Late-Term Abortion. The Senate next week will reportedly take up the Partial Birth Abortion Ban Act of 1999, sponsored by Sen. Santorum and 43 others. The bill is identical to the two you have previously vetoed. It would ban the so-called "partial birth abortion" procedure and does not include an exception to protect a woman's health. Instead, it would allow this type of abortion only in cases where it is needed to save the life of the woman.

10. Service and Philanthropy – Upcoming Events. On Wednesday you will participate in the 5th Anniversary event for AmeriCorps, where Colin Powell, Coretta Scott King and others will join you in honoring several national service heroes. You will unveil an initiative to engage and re-activate AmeriCorps alumni across the nation. (The Corporation for National Service was funded at roughly last year's levels in the VA-HUD Appropriations deal reached last week). On Friday you will speak at the First Lady's White House Conference on Philanthropy, to spotlight ways the federal government can work with charities and non-profits.

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THE WHITE HOUSE
WASHINGTON

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August 6, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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

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

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

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

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

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

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

THE WHITE HOUSE

WASHINGTON

October 1, 1999

10-5-99

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

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SUBJECT: DPC Weekly Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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letter to
HHS

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

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

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

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Should we send to VP?

Yes _____
No _____

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THE WHITE HOUSE
WASHINGTON

September 24, 1999

MEMORANDUM FOR THE PRESIDENT

THE PRESIDENT HAS SEEN
9-27-99

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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

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

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

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

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

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

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

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

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

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

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

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

THE WHITE HOUSE
WASHINGTON

September 17, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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

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

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

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

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Wednesday
at Wedgwood
Baptist Church
in Fort Worth
ATF has traced
two handguns
carried by the
gunman
AMT .380 caliber
handgun
Ruger 9-mm
semiautomatic
handgun
sold to the
gunman
Larry Ashbrook
by federally-
licensed dealers
at a 1992 gun
flea market
in Grand
Prairie, TX
Ashbrook had
a 1971
conviction
for marijuana
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and no history
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for mental
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5. Health Care – Ads by Pharmaceutical Manufacturers Association (PhRMA).

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

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

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

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

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

8. Tobacco – Synar Amendment: In 1992, Congress enacted the Synar Amendment to

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

9. Tobacco – Bidis: You asked whether there was anything we could do about "bidis,"

the small, cheap and often flavored cigarettes that are growing in appeal among the young. Currently, the FTC considers bidis cigarettes, requiring that the Surgeon General's health

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

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

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

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

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

THE WHITE HOUSE
WASHINGTON

April 23, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

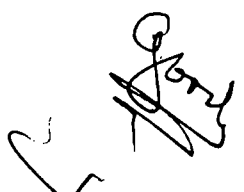
1. Crime -- School Safety Legislation: On Monday, you are scheduled to announce the details of our legislation to reauthorize the Safe and Drug-Free Schools program. This proposal will include a number of changes you have already called for: formally authorizing \$12 million a year for our FEMA-like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

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

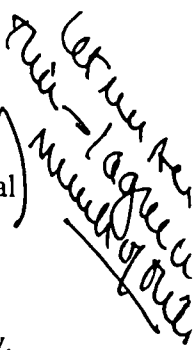
(like 9
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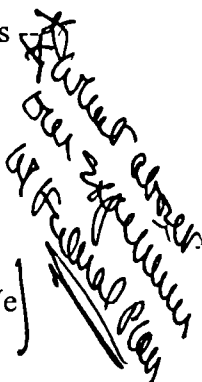
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✓  **3. Education -- Ed-Flex:** On Wednesday, Congress passed the Ed-Flex bill by a vote of 368-57 in the House and 98-1 in the Senate. In addition to strengthening the accountability provisions and dropping the Senate IDEA/class size amendment, conferees agreed to include a rural fix that we and Senate Democrats had sought for the class size program, to provide more flexibility for communities that don't qualify for enough money to hire a full teacher. You are tentatively scheduled to sign the Ed-Flex bill on Thursday, April 29.

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

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

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

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

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

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

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

5-10-99

THE WHITE HOUSE
WASHINGTON

99 MAY 7 PM 7:45

May 7, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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

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

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

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

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

99 MAY 1 PM 12:45

THE WHITE HOUSE
WASHINGTON

April 30, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

5-4-99

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

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

2. Health Care -- Report on Importance of Medicare to Women:

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

3. Health Care -- Asthma Initiatives:

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

5-4-99

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



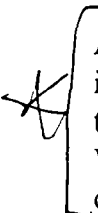
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5. Drugs -- Arrestee Drug Use: The Department of Justice's National Institute of Justice released on Thursday a report on drug use among arrestees in 1998. The study found that marijuana was the most commonly found drug in tests of male arrestees,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

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

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

'99 MAY 1 PM 12:45

THE WHITE HOUSE
WASHINGTON

April 30, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

5-4-99

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THE WHITE HOUSE
WASHINGTON

April 23, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

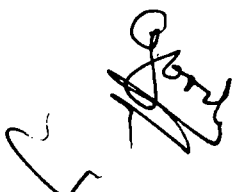
1. Crime -- School Safety Legislation: On Monday, you are scheduled to announce the details of our legislation to reauthorize the Safe and Drug-Free Schools program. This proposal will include a number of changes you have already called for: formally authorizing \$12 million a year for our FEMA-like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

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

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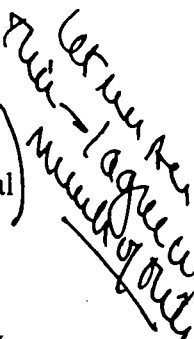
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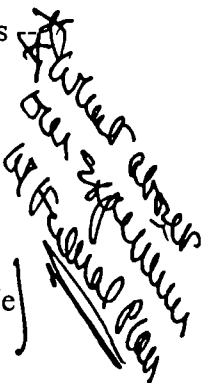
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3. Education -- Ed-Flex: On Wednesday, Congress passed the Ed-Flex bill by a vote of 368-57 in the House and 98-1 in the Senate. In addition to strengthening the accountability provisions and dropping the Senate IDEA/class size amendment, conferees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

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

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

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

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

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

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THE WHITE HOUSE
WASHINGTON

4-5-99

April 3, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Health Care -- Democratic Patients' Bill of Rights Event: You are scheduled to join Democratic members of Congress in Philadelphia on Friday to highlight the need for strong, enforceable patients' bill of rights legislation -- and to contrast the proposal we favor with the weak version of the bill reported out of the Senate Labor Committee just before recess. At the event, you can announce an Internet-based petition, which is intended to attract over one million signatories, in support of a strong, enforceable patients' rights bill. You also can announce the OPM "call letter" that takes the final step in requiring all participating FEHBP insurers to come into full compliance with the patients' bill of rights.

2. Health Care -- Medicare Annual Cap on Rehabilitative Services: You recently asked about the \$1500 annual cap on Medicare payments for outpatient physical therapy and other rehabilitative services. This cap was included in the Balanced Budget Act at Congressman Thomas's insistence; we had opposed it for fear that it would have an adverse impact on chronically ill beneficiaries. Providers and advocates are now arguing that the cap has had just such an impact, pointing to a recent study showing that almost 13 percent of Medicare beneficiaries incur significant out-of-pocket expenditures as a result of the cap. Senator Grassley has proposed legislation that would allow Medicare beneficiaries to exceed the cap if they have an illness that clearly requires additional services. This proposal, however, may prove very costly; we are scoring it now as well as reviewing alternatives.

3. Health Care -- Medicare Toll-Free Line: HHS instituted on Thursday a new nationwide toll-free telephone line, 1-800 MEDICARE, to help Medicare beneficiaries learn about the new health care options available to them under Medicare+Choice. Callers can talk to a customer service representative in English or Spanish to get information about the Medicare program generally and/or about particular Medicare health plans in a community.

4. Tobacco -- Medicaid Recoupment: We met this week with the major public health groups to discuss ways to build support for our proposal to ensure that a portion of the tobacco settlement funds goes to prevent youth smoking. We urged them to develop a political and communications plan focused on the effectiveness of such programs and the refusal of many states to use settlement money for this purpose. To use just a few examples: the Oklahoma legislature is considering using the money to eliminate highway tolls; Louisiana's governor has

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proposed paying off state debt and funding gene therapy research with the funds; and Rhode Island's governor has proposed using the first installment to balance the budget (which has set off a fierce debate in the legislature). In addition, many states purporting to spend the tobacco funds on public health or tobacco use prevention are merely supplanting current spending, effectively freeing these funds for other uses. The public health community so far has been utterly ineffectual on this issue, but we hope participants in the meeting emerged with a better understanding of the political situation we face and some more effective strategies for dealing with it.

5. Tobacco -- Oregon Verdict: A jury in Oregon last week ordered Philip Morris to pay \$81 million in damages (including \$79.5 million in punitives) to the family of a man who died of lung cancer after smoking for 40 years. The verdict was the largest ever against a tobacco company, exceeding the \$51.5 million verdict awarded by a California jury against Philip Morris earlier this year. Shares of tobacco companies fell sharply this week as a result of the verdict.

6. Welfare -- Child Support Computer Systems: You recently asked about an HHS policy denying federal reimbursement to states that entered into contracts for child support and child welfare computer systems without first receiving federal approval. HHS has applied this policy strictly, refusing federal payments even when the federal government clearly would have approved the contracts. In the past, HHS has denied federal funds to California, Hawaii, Kansas, Nevada, and Pennsylvania on these grounds. In recently reviewing this policy, however, HHS officials discovered that it is in conflict with the department's current policy on Medicaid computer systems -- even though the two policies are interpretations of the same regulation. When it comes to Medicaid computer contracts, HHS provides reimbursement even in the absence of prior approval if the contract meets departmental requirements and the state institutes controls to ensure that it will seek advance approval in the future. HHS officials are now trying to reconcile the two policies; they probably will decide to adopt an agency-wide policy similar to the policy that now is applied in the Medicaid program.

7. Welfare -- Food Assistance: You recently asked what we could do to ensure that families obtain needed food assistance, in light of some reports that more working families are seeking help from private food banks. We are working to address these issues on two fronts: first, to ensure that states follow the current food stamp law by providing assistance to all eligible individuals who seek assistance; and second, to develop and implement new initiatives to make the food stamp program more accessible to working families.

We have taken numerous steps in recent months to ensure that states follow the food stamp law. USDA has launched a number of investigations of state and local practices, including an inquiry in New York City which found that local welfare offices were not allowing individuals to apply for food stamps on their first visit to the office. (USDA issued a formal warning to New York that it would impose penalties if the city were to continue these practices; around the same time, a federal district court judge issued an injunction prohibiting the practices and requiring the

*Just an overview
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city to submit a corrective action plan to the court.) USDA also has issued formal guidelines to all states reminding them of their obligations under the law.

In addition to these enforcement actions, we are working with USDA and others to develop and implement efforts to make food stamps more available to eligible families. Historically, individuals with earned income who are eligible for food stamps have been only about half as likely to seek them as individuals receiving cash assistance. In part, this is because individuals with earnings are eligible for far less in food stamps and may decide the amount is not worth it. In part, it is because individuals need to report earnings to the food stamp office, and working people often find it hard to get to the office during open hours. x

We are currently working with USDA and OMB to devise administrative proposals to help address these and other potential barriers, and we hope to provide you with a set of recommendations soon. Our biggest problem will be cost: the most effective administrative proposals are likely to cost several hundred million dollars, and OMB's policy is to insist on equivalent offsets from the relevant department. In addition, we will be working to enact the proposals in this year's budget to increase funds for food stamp outreach (the budget proposes a 50 percent federal match for media campaigns and other outreach activities) and to expand the class of legal immigrants entitled to receive this benefit.

8. Education -- Workforce Investment Act Rule: OMB and DPC have almost completed work on the Department of Labor's interim final rule to implement the Workforce Investment Act, which you signed last August to reform the nation's job training system. The rule will assist states and communities to develop a network of One-Stop Career Centers (at least 2,500 upon full implementation) to provide a wide range of employment services to both job seekers and employers. The rule also will implement the Act's provisions on Individual Training Accounts, which will give individuals access to quality job training programs of their choice. Consistent with the goal of consolidating and streamlining job training programs, the new regulation is approximately half the length of the rule it replaces. The department consulted broadly with state and local governments, key Congressional committees, and other stakeholders in developing the rule, and we expect it to get a good reception.

9. Drunk Driving – .08 BAC Studies: The Department of Transportation released two independent studies last week on the effect of lowering the illegal blood alcohol concentration (BAC) from .10 percent to .08 percent. One study estimated that .08 BAC laws resulted in 275 fewer fatalities in the 16 states that had these laws in 1997 and that an additional 590 lives could have been saved if all 50 states had .08 laws. A second, 11-state study found that .08 BAC laws were associated with significant reductions in alcohol-related fatalities in five of the states studied (VT, KS, NC, FL, NM), with two other states (VA and CA) registering reductions following the adoption of both a .08 BAC law and an administrative license revocation (ALR) law (under which police immediately suspend the license of a drunk driver) and the remaining four states (UT, OR, ME, NH) showing no statistically significant changes. The GAO is planning to release in June a review of these and other existing studies on .08 BAC laws, as required by the transportation

This might be about as lucky as a one-stop circuit.

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bill you signed last year. We expect that the GAO will criticize earlier NHTSA studies, but confirm the soundness of the new studies and conclude that .08 BAC laws can be effective in reducing alcohol-related deaths, especially in combination with ALR laws.