

7-25-00

THE WHITE HOUSE  
WASHINGTON

July 23, 2000

MEMORANDUM TO THE PRESIDENT

FROM: Chris Jennings

SUBJECT: Update on Response to the ARKKids First Decision

cc: John Podesta, Bruce Reed, Mickey Ibarra, Chuck Brain, Karen Tramontano, Jeanne Lambrew

On Friday, HHS informed the state of Arkansas informing it that, after careful consideration, we were denying their request to alter the terms of their Medicaid waiver and permit Medicaid eligible children to be enrolled in the ARKKids First program. The letter praises the Governor for his leadership in expanding coverage to children and for committing to moving towards eliminating many of the enrollment barriers currently existing in the traditional Medicaid program. Overall, we believe the decision and the rollout around it has been generally well received and we are expecting editorial support from the *Arkansas Democratic Gazette*. Attached is the final copy of HCFA's letter to the state announcing the Administration's decision as well as recent articles on the state response.

Governor Huckabee's response to the decision was predictably critical. He threatened to ignore the HHS ruling requiring the reenrollment of Medicaid eligible children into the traditional Medicaid program and dared HHS to use its enforcement authority to reduce funds to the state because of its non-compliance.

In contrast, the decision was positively received by most other interested parties. The Democratic Congressional delegation, and State Senator Mike Ross, a longstanding supporter of the ARKKids program, have been extremely positive. While the Republican delegation is generally supportive of the Governor, they have been noticeably temperate in their response. In fact, Congressman Dickey told Nancy Ann Min DeParle that he wasn't certain that he was still supportive of the state's position, and Senator Hutchinson has stated that he wants to study the issue further before taking any position.

Amy Rossi, a well known advocate for children and supporter of the ARKKids program, informed us Friday that she felt that it was a balanced decision in that it did not require the immediate disenrollment of Medicaid-eligible children from ARKKids until early next year, when all children must go through a redetermination process.

Asked to respond to the Governor's reaction, Congressman Berry underscored his belief that Medicaid eligible children should be in the traditional program because it is a better program. Congressman Snyder pointed to the 1997 ARKKids agreement with the Federal government, which explicitly stated that Medicaid eligibles would not be permitted to be enrolled in ARKKids.

Senator Bumpers, who will be flying to Arkansas with you on Tuesday, strongly supports the Administration's decision on this issue. We have worked closely with him throughout this process, and he may be useful to you in discussing the local response to our decision in more detail.

copied  
Jennings  
Podesta



JUL 21 2000

Mr. Ray Hanley, Director  
Department of Medical Services  
P.O. Box 1437, Slot 1100  
Little Rock, Arkansas 72203-1437

Dear Mr. Hanley: <sup>Ray</sup>

We have completed our evaluation of Arkansas' proposal to modify aspects of the State's traditional Medicaid program and the Medicaid waiver program known as ARKids First outlined in your letter of November 12, 1999. I would like to thank you and your staff for your willingness to work with us during the review process. We appreciate your understanding and patience as we worked to give your proposal the careful consideration and thoughtful review it deserved.

Let me begin by saying that there is no doubt that Governor Huckabee's leadership in expanding Medicaid coverage to children in families with incomes below 200 percent of the poverty level has truly made a difference in the lives of Arkansas' families and is a laudable achievement. As the State's financing partner, providing 73 percent of the funding for the Arkansas Medicaid program, we are pleased to be making a contribution to the State's strong commitment to the health and well-being of its children.

We also commend and greatly encourage the State's consideration of proven options to reach out to low-income, uninsured children and creating a more seamless system of outreach and enrollment, including:

- Developing a common application form for all public child health coverage, which should go a long way toward reducing needless paperwork and confusion;
- Ending the requirement that families apply in person to receive coverage under the traditional Arkansas Medicaid program and allowing families to mail in their applications (the current practice for the ARKids Medicaid waiver program), which will clearly eliminate the one of the largest barriers to applying for traditional Medicaid; and
- Changing the name of the traditional Arkansas Medicaid program to ARKids, as both the Medicaid waiver program and the Arkansas State Child Health Insurance Program are called, which will help accomplish our mutual goal of eliminating any welfare stigma that may be associated with the traditional Medicaid program.

Should Arkansas fully implement these program enhancements, it will join many other States, including Indiana, New Jersey, and South Carolina, that have taken one or more of these steps. We are confident that these and other commitments to simplification will make significant progress in our mutual commitment to provide health coverage to uninsured children. We stand ready to provide any technical assistance your staff might need in adjusting your eligibility and enrollment processes to take advantage of the statutory flexibility that exists. And as you know, the State is eligible for additional matching funds to help implement these changes.

We regret that as of this writing, Arkansas is apparently unwilling to drop its assets test for families applying for the traditional Arkansas Medicaid program, as it has done for ARKids. Eight years ago, almost every State had an assets test for their Medicaid population. However, State experience since then indicates that this requirement – and the paperwork it requires – often serves as a deterrent to eligible families applying for coverage. Today, more than forty States do not use an assets test to determine eligibility for children applying to the Medicaid program, and experience no discernible problems or abuses.

Clearly, with the exception of maintaining the assets test, the program improvements the State is considering are a constructive way to reach out to all low-income children in Arkansas. We commend you and strongly encourage you to move forward and implement them. However, after a careful review of the operations of the ARKids waiver program and a detailed analysis of Congressional action and Administration policy, we have decided not to approve your request to change the terms of the ARKids waiver.

Your requested change would remove important safeguards designed to assure that children receive the protections and benefits for which they are eligible. Under longstanding Federal law, poor children eligible for traditional Medicaid cannot be charged for the cost of services, whereas ARKids, which covers children with higher incomes, requires co-payments for certain health services. In addition, the traditional Medicaid program includes important health benefits, such as hearing services and hearing aids, physical therapy, and hospice care, that are not covered by the ARKids program.

While reduced benefits and higher cost sharing are permitted as part of the State Child Health Insurance Program and may be appropriate for families with incomes above traditional Medicaid eligibility standards, in the SCHIP law the Congress enacted a requirement for States to assure that children who are eligible for the traditional Medicaid program receive the full benefits and protections that program provides. Because of the clear Congressional intent and longstanding Administration policy implemented by both Republican and Democratic Administrations that coverage expansions were not intended to lead to a diminution of coverage for lower income children, we believe the same policy should apply to a Medicaid waiver program.

This position is reflected in the agreement reached between Arkansas and HCFA when the ARKids waiver was approved. The executive summary of the ARKids waiver proposal submitted by the State on April 23, 1997, stated that ARKids was intended to insure children who were "not otherwise Medicaid eligible at this income level [below 200 percent of the poverty level] statewide." This intention was affirmed in the August 17, 1997, letter from Bruce Vladeck announcing approval for the ARKids program, which stated that this waiver would provide Federal matching payments to insure children who would "not otherwise be eligible for Medicaid."

In order to ensure that the ARKids program operates in compliance with the terms under which the waiver was developed and approved, we believe that Arkansas must establish procedures to ensure that children eligible for the traditional Medicaid program are enrolled in that program rather than ARKids. In addition, in order to ensure that children who are eligible for the traditional Medicaid program but are currently enrolled in ARKids will be able to access the full range of benefits for which they are eligible, the State will need to implement a process by January 1, 2001, to screen all currently enrolled children when they are redetermined eligible for benefits and enroll them in the traditional Medicaid program if they are eligible for those benefits. This timetable allows adequate time for the State to plan a smooth transition and adopt the measures it has proposed so that the two programs – traditional Medicaid and the Medicaid demonstration program – can be converted into a more seamless system of coverage.

We share a common goal – to increase the number of children enrolled in affordable, comprehensive, health insurance coverage. The State's proposals to improve the traditional Medicaid program in Arkansas will make an important difference. The additional steps detailed in this letter to ensure the effective operation of both the traditional Medicaid program and the ARKids program will advance that goal as well. We stand ready to work with you to implement these important changes to the program.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Westmoreland", written over a horizontal line.

Timothy M. Westmoreland  
Director

## The Associated Press State &amp; Local Wire

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**July 22, 2000, Saturday, BC cycle**

12:59 AM Eastern Time

**SECTION:** State and Regional

**LENGTH:** 1112 words

**HEADLINE:** Feds deny state authority to offer poor families choice

**BYLINE:** By JAMES JEFFERSON, Associated Press Writer

**DATELINE:** LITTLE ROCK

**BODY:**

The federal government Friday declined to authorize the state to enroll Medicaid-eligible children in a basic health insurance program offering fewer benefits and co-payments.

A spokesman for Gov. Mike Huckabee said, however, that Huckabee would defy the federal agency's order until President Clinton threatens to cut off federal funding for the **ARKids** First program.

"We want Clinton to make the decision," Huckabee spokesman Rex Nelson said. "We would want the president to stand up in the White House and say, 'I'm personally cutting off dollars in my home state.' We'll see what the fallout is. I'm certain it would likely be greater on him than on us."

White House spokesman Jason Schechter said in response that Clinton fully supports the turn-down by the federal Health Care Finance Administration.

"We are proud of Arkansas' leadership in wanting to extend health insurance for children, but we also believe that ... Medicaid-eligible children should have access to a comprehensive package of benefits," Schechter said. "The Medicaid waiver that allowed **ARKids** was designed to build on ... Medicaid, not replace it."

Chris Peacock, spokesman for HCFA, declined to say what his agency might do to enforce its order. He said he expects the state to comply.

Arkansas' request was to alter a waiver that allowed the state to create the **ARKids** First program.

The HCFA director said in his response Friday that the change would "would remove important safeguards designed to assure that children receive the protections and benefits for which they are eligible."

Under **ARKids**, recipients pay for less coverage, but Huckabee's administration says many families eligible for Medicaid prefer **ARKids** to public assistance.

"We believe Arkansas families should have some choice. They have apparently reiterated that they don't," said Joe Quinn, spokesman for the state Department of Human Services, which oversees both programs. "We're studying the letter and the ramifications that it will have for us."

HCFA gave the state until Jan. 1 to put in place a screening process to move Medicaid-eligible children

now enrolled in **ARKids** First to the traditional program.

On Aug. 1, DHS plans to implement a single application intended to create more seamless coverage. Quinn said he wasn't sure what the state would be required to do beyond those measures.

Nelson said the administration's response to HCFA's notice Friday "frankly is to get George W. Bush elected, someone who understands the idea of giving states flexibility to make programs work."

Nelson later clarified his comments, noting that Huckabee supports the presumed GOP nominee's presidential bid but that the administration was not actively campaigning for Bush.

"We continue to believe that we have a program that has ensured more Arkansas children than have ever been insured before, and is working," Nelson said. "We would be interested in getting some direct response by President Clinton on how he feels about the program

"Our goal is to insure as many children as we can. We would hope that President Clinton shares that goal. We think he needs to know the facts."

Some 54,000 Arkansas children are enrolled in **ARKids** First. Another 150,000 children are on Medicaid, the federal-state health care program for the poor, elderly and the disabled.

State Human Services officials say there's no way to determine how many **ARKids** children would qualify for Medicaid because they've never been through the Medicaid application process.

Arkansas Community Organizations for Reform Now, a community action group, praised the federal government's ruling. ACORN accused the state of deliberately stigmatizing Medicaid with an onerous application that forced poor families to enroll in **ARKids**.

HCFA notified the state last October that it was not in compliance with a federal waiver granted in 1997 to receive federal funding for basic health insurance for children whose parents' income was too high to qualify for Medicaid but too low to afford health insurance.

HCFA ordered the state to quit enrolling Medicaid-eligible children in **ARKids** First, and said the state must screen current participants and enroll them in Medicaid if they qualify for the public assistance program.

At the time, Huckabee said he would ignore the order and continue giving poor parents an alternative to welfare until HCFA pulled funding and killed the program. HCFA set no deadline for compliance.

The state Department of Human Services, which oversees both programs, proposed a no-hassle application for poor families who choose Medicaid over **ARKids**. DHS proposed to use the same application to enroll participants for both Medicaid and **ARKids** First.

The agency also proposed to allow application for both programs by mail, eliminating a trip to the county office to apply for Medicaid, which officials said stigmatized the program.

The state retained the right to apply an assets test for Medicaid applicants as a requirement to qualify for the program that covers every service without any contribution by the family. **ARKids** First participants pay a nominal co-payment for a more limited range of services.

In cases where both assets and income levels are within Medicaid limits, children would qualify for either Medicaid or **ARKids** First and would be enrolled in the program of their parents' choice.

If the applicant failed either test, the child would be approved for **ARKids** First, provided the family income level was within 200 percent of the poverty level.

Additionally, all Medicaid coverage for children would become part of the **ARKids** program, likely with

some designation for categories of benefits.

"We have done everything that HCFA asked us to," Nelson said Friday. "The only thing we've asked for in return is that, if for whatever reason, a child whose parents are Medicaid eligible asked for the **ARKids** program, that they would be allowed to do so."

In his letter to DHS Friday, HCFA Director Timothy Westmoreland complained that Arkansas had not followed dozens of other states in dropping the assets test for Medicaid eligibility. State officials pointed out that Clinton imposed the assets test when he was Arkansas governor.

Westmoreland did commend the state for developing "a constructive way to reach out to all low-income children in Arkansas."

But he said the state was violating federal law and congressional policy against charging Medicaid-eligible families for the cost of health services.

Also, he noted, Medicaid includes such benefits as hearing aids and services, physical therapy and hospice care not covered by **ARKids**.

**LANGUAGE:** ENGLISH

**LOAD-DATE:** July 22, 2000

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RETURN to Arkansas Section / Saturday, July 22, 2000

## Huckabee won't obey on ARKids

MICHAEL ROWETT AND SETH BLOMELEY  
 ARKANSAS DEMOCRAT-GAZETTE

The feud over the ARKids First Medicaid program reached a high-stakes level Friday with Gov. Mike Huckabee pledging to ignore a Clinton administration order to stop giving parents a choice between general Medicaid and ARKids.

A Huckabee spokesman said the governor is willing to defy the federal mandate in hopes that fellow Republican George W. Bush is elected president in November or until Clinton threatens to cut off federal funding for ARKids.

"We want Clinton to make the decision," said spokesman Rex Nelson. "We would want the president to stand up in the White House and say, 'I'm personally cutting off dollars in my home state.' We'll see what the fallout is. I'm certain it would likely be greater on him than on us."

The federal Health Care Financing Administration on Friday denied Huckabee's request that the state continue to allow low-income parents the choice between the two child health-coverage programs. ARKids offers fewer benefits and requires a copayment; general Medicaid is free and covers 21 additional services.

White House spokesman Jason Schechter said Friday that Clinton "fully supports" the health-care administration's decision.

"We are proud of Arkansas' leadership in wanting to extend health insurance for children, but we also believe that [general] Medicaid-eligible children should have access to a comprehensive package of benefits," Schechter said. "The Medicaid waiver that allowed ARKids was designed to build on [general] Medicaid, not replace it."

Arkansas was given until Jan. 1, 2001, to implement a plan to transfer all general Medicaid-eligible children now in ARKids First to the general Medicaid program.

Health-care administration spokesman Chris Peacock wouldn't say what the federal government might do to enforce its ARKids directive. He said he expected the state to comply.

State Medicaid Director Ray Hanley and Huckabee insist that parents want and should be given the choice of participating in ARKids to show that they want to contribute to their children's health care. They contend that proud parents might not sign up their children for general Medicaid because of a "stigma" attached to the program. Both programs are funded by Medicaid dollars.

"Your requested change would remove important safeguards designed to assure that children receive the protection and benefits for which they are eligible," the health-care administration said in a letter to Hanley.

The letter reiterated that the intent of Congress for Medicaid expansion plans, such as ARKids, wasn't to diminish health coverage for low-income children. The letter quoted the state's 1997 ARKids proposal that said the program was for children who would "not otherwise be eligible for Medicaid."

Medicaid and ARKids are funded with \$1 of state money to every \$3 from the federal government.

One state legislative leader said Friday that Huckabee shouldn't battle the federal government on this issue. House Speaker-designate Shane Broadway, D-Bryant, said he favors choice but wants Congress to sort things out.

"We have to abide by what the federal government says," Broadway said. "We don't need to be combative at this time."

Broadway also said he has a problem with how the state has marketed the ARKids program, spending \$500,000 a year on advertising.

"You have all these ARKids commercials touting ARKids but no promotion of Medicaid out there," Broadway said. "It stands to [reason] that people will call ARKids because that's what they've seen on TV."

Hanley said that a change his department is making will help. On Aug. 4, the Department of Human Services will combine the applications for Medicaid and ARKids. Both will be under the ARKids banner; the department will call Medicaid for children "ARKids A" and "ARKids B." Future commercials will let people know about the change, he said.

The application doesn't mention that both are Medicaid programs or that ARKids A is the general Medicaid program.

"We just don't think it's necessary," Hanley said. "A lot of the criticism has been that people choose ARKids over Medicaid because of historical stigma of Medicaid. We want people to make the best informed choice."

The application lists both programs and their costs and benefits. If parents choose the current ARKids program but would qualify for general Medicaid, the department will double-check with those applicants before signing them up for ARKids B, Hanley said.

If they check "either," Hanley said, the department will put them in the program for which they qualify financially.

The department is planning a joint venture with the state Department of Education in which participating school systems will be paid a per-application fee for signing up children in either program. The money could be used to offset the cost of school nurses, Hanley said.

The Health Care Financing Administration's letter, written by Timothy Westmoreland, director of the administration's Center for Medicaid and State Operations, compliments Hanley and Huckabee for making these changes:

- Developing a common application form for both programs.
- Allowing parents to mail in an application rather than apply in person at a state welfare office. This change eliminates "one of the largest barriers" of families applying for Medicaid, Westmoreland said.
- Placing both programs under the ARKids heading.

But the letter urged the state to drop an "assets test" used when processing general Medicaid applications. The test, of how much property or money one has, isn't used for ARKids.

Arkansas Community Organizations for Reform Now, an advocacy group which has sharply criticized Huckabee on the ARKids issue, demanded the state drop the assets test.

"There should be absolute, complete parity between the two programs," said Neal Sealy of Little Rock, an ACORN spokesman.

Huckabee and Hanley defend the assets test.

"We have an obligation to all the taxpayers of Arkansas to make sure that taxpayer dollars aren't going to people who don't need it," Nelson said.

He accused the Clinton administration of being hypocritical, since the assets test for Medicaid was imposed during the 1980s when Clinton was governor of Arkansas.

The White House responded Friday by saying that most states used the test during the 1980s, but now fewer than 10 do so. The federal decision could spark legislative maneuvering by members of Arkansas' congressional delegation sympathetic to the state's position.

U.S. Rep. Jay Dickey, R-Ark., said Friday that he may introduce legislation to allow the state to continue allowing parents to choose between the programs.

The state's delegation in the U.S. House has split along party lines on the issue. Dickey and fellow Republican Rep. Asa Hutchinson generally support Huckabee's position, with Democratic Reps. Vic Snyder and Marion Berry being more skeptical.

Dickey said he doesn't think ARKids will be an issue in the November election. But state Sen. Mike Ross of Prescott, Dickey's Democratic opponent, said he agrees with the Clinton administration.

As one of the co-sponsors of the 1997 legislation that set up ARKids, Ross said he doesn't understand the governor's argument about parents keeping their children out of general Medicaid out of pride.

"I'd hope that pride wouldn't let kids go untreated," he said.

The general Medicaid program is for families with incomes at or below the federal poverty level. The health-care administration has said ARKids is for families with incomes up to twice the federal poverty level.

Services not covered by ARKids but provided by general Medicaid are mainly for children with disabilities and those who require hearing aids, physical therapy, specialized wheelchairs and hospice care.

The Human Services Department, which runs Medicaid in the state, on Friday couldn't provide a estimate of how many children enrolled in ARKids come from families that would qualify for general Medicaid on the basis of income. The most recent estimate, as of Sept. 23, 1999, put the figure at 26,418 out of a total ARKids enrollment of about 55,000.

But because Arkansas requires families applying for general Medicaid to pass an assets test, besides having incomes below the poverty level, it's unclear how many of those children could actually enroll in the more generous program.

A family earning below the poverty level but having assets of more than \$2,000 are ineligible for general Medicaid in Arkansas. A family earning more than the poverty level is ineligible for general Medicaid but could qualify for ARKids and would not face an assets test.

**This article was published on Saturday, July 22, 2000**

**RETURN to Arkansas Section**

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RETURN to Arkansas Section / Sunday, July 23, 2000

## Huckabee draws heat for stand on ARKids

**SETH BLOMELEY**  
**ARKANSAS DEMOCRAT-GAZETTE**

Arkansas' Democratic congressmen Saturday advised Republican Gov. Mike Huckabee to stop defying the federal government and give up his zealous defense of the way he wants the ARKids First Medicaid program run.

"I don't see why a declaration of war or a refusal to obey the law has become [Huckabee's] solution," said U.S. Rep. Vic Snyder, a Democrat from Little Rock.

Huckabee on Friday promised to test President Clinton. The governor, through a spokesman, said he wants to see whether Clinton would yank federal dollars for ARKids if the state continues to allow low-income parents to choose between two health coverage plans: the ARKids version of Medicaid and the more generous general Medicaid.

"I just think it's regrettable. It's being dealt with as a political issue," U.S. Rep. Marion Berry, a Democrat from Gillett, said during a break at the state Democratic Party convention in Little Rock, also attended by Snyder. "The real issue is providing health care for children. If we push [children] over into ARKids First, then we have children that simply don't get the treatment they need, and that's not right."

The federal Health Care Financing Administration notified state officials Friday of its rejection of Huckabee's request to give parents their choice of programs. ARKids First requires a co-payment while Medicaid is free and offers more services.

Reached Saturday by telephone at the Governor's Mansion, Huckabee affirmed his desire to vigorously defend his position on ARKids. He said his stance isn't about what he wants, but what parents want.

"I resent highly the attacks by Snyder and Berry calling this a political issue, and if they've been in Washington so long that they are no longer in touch with Arkansas parents and don't believe that parents have pride and want to make choices for their kids, then it's time for both of them to come home," Huckabee said.

Huckabee said he expected fellow Republican Texas Gov. George W. Bush to be elected president in November and that Bush would be more sympathetic and allow the state to continue offering the choice between programs.



Marion Berry



Vic Snyder

But Huckabee added that even if Democratic Vice President Gore is elected president in November, he won't change his mind.

"It's not whether I'll take the heat," Huckabee said. "Will the Gore administration take the heat for denying these kids the coverage? How is it my fault if the federal government cuts off funding? I was the governor who gave [parents] the stinking option. They didn't [previously] have an option. That's what makes us furious about this."

Huckabee and state Medicaid Director Ray Hanley have said they want to give parents options because some prideful parents would rather reject general Medicaid because of the stigma they say some attach to it.

But to Berry, the goal should be making sure low-income children have coverage.

"If [children] qualify for Medicaid they should be in Medicaid because it's such a better program," Berry said. "ARKids First is better than nothing, but it's not anything as good as Medicaid."

Services not covered by ARKids but provided by general Medicaid are mainly for children with disabilities and those who require hearing aids, physical therapy, specialized wheelchairs and hospice care.

Snyder said the state agreed in 1997, when it proposed the ARKids idea to the federal government, to use ARKids for low-income children ineligible for Medicaid.

"I've seen the paperwork and that's what it says," Snyder said. "It's disappointing to see this kind of uproar. I'm perplexed why we continue to have this fight. I keep hoping it's going to be resolved amiably. I'm just disappointed with the governor's statement that he seems to be wanting to go to war."

Snyder said he expects to discuss ARKids with Huckabee the next time the governor visits Washington.

Huckabee said the state isn't breaking its 1997 agreement because children aren't eligible for general Medicaid until their parents apply for it. He called the federal government "arrogant" to say that children "will either have Medicaid or nothing."

The general Medicaid program is for families with incomes at or below the federal poverty level. The health-care administration has said ARKids is for families with incomes up to twice the federal poverty level.

The health-care administration has given Arkansas until Jan. 1, 2001, to implement a plan to make sure all general Medicaid-eligible children are in that program and not in ARKids. A Clinton spokesman Friday said the president supports the health-care administration's mandate.

If a funding cut comes before then, Republicans will get the upper hand in the White House, Huckabee said.

"If the federal government is stupid enough to cut off funding for children then it will certainly ensure the election of George Bush, who will unquestionably apply some common sense and respect for parents," the governor said.

Medicaid and ARKids are funded with \$1 of state money to every \$3 from the federal government.

The state Department of Human Services, which runs Medicaid in the state, on Friday couldn't provide a estimate of how many children enrolled in ARKids come from families that would qualify for general Medicaid on the basis of income. The 1999 estimate put that figure at 26,418 children of about 55,000 enrolled in ARKids.

The state's Republican congressmen have generally supported Huckabee on the issue.

U.S. Rep. Jay Dickey of Pine Bluff said Friday he may introduce a bill to allow parents a choice between Medicaid programs. U.S. Rep. Asa

Hutchinson of Fort Smith said Friday he regretted the health-care administration's decision but wants to talk further with Huckabee and federal officials before deciding what to do.

**This article was published on Sunday, July 23, 2000**

**RETURN to Arkansas Section**

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## **ARKids First QUESTIONS AND ANSWERS**

June 22, 2000

Today, HCFA notified Arkansas that the state cannot enroll children who are eligible for the basic Medicaid program in the state's Medicaid demonstration, called ARKids First. The state's proposed change would undermine important safeguards designed to assure that children receive the protections and benefits they are eligible for under the law.

### Background

ARKids First is the state's Medicaid demonstration to provide health coverage to children in low-income families that earn too much to be eligible for basic Medicaid. The ARKids demonstration was approved in 1997 to cover children under age 19 with family income up to 200 percent of poverty who are not otherwise eligible for Medicaid. ARKids has fewer benefits and higher cost sharing than Medicaid. For example, ARKids requires a \$10 copayment for a doctor visit; this is not allowed under basic Medicaid. It also does not cover services like occupational and physical therapy, hearing aids, audiological services, and inpatient psychiatric care.

In 1997, Arkansas agreed, as a condition of approval for ARKids, that children who are eligible for Medicaid would be enrolled in the regular Arkansas Medicaid program. This is consistent with a bipartisan commitment – affirmed in 1997 when the State Children's Health Insurance Program was enacted into law – that children eligible for Medicaid be enrolled in Medicaid. However, we learned last year that Medicaid eligible families HCFA notified the state that it must discontinue enrolling Medicaid-eligible children in ARKids and develop a plan for redetermining the eligibility of current ARKids enrollees.

State officials have continued to insist that families be allowed to choose between the two programs, and appealed for HCFA to reverse its opinion. Today, HCFA denied that petition.

**Q: Why won't you allow the Governor to offer parents a choice of Medicaid or ARKids?**

**A:** Because we don't think that this is necessary to overcome the Medicaid "stigma". By folding Medicaid into the ARKids program, creating a single application form, and eliminating the state requirement for a face-to-face interview for Medicaid, all low-income families in Arkansas will essentially be enrolled in the same program, as long as their incomes meet the current ARKids threshold. From the families' point of view, the Medicaid and ARKids programs will be indistinguishable, and there shouldn't be any of the problems with stigma the Governor says he worries about.

We share the state's goal of increasing the number of children enrolled in affordable, comprehensive health insurance coverage. And as we have told Arkansas officials, we want to work with the state to create a seamless system for Arkansas families that will ensure that every child gets the best health care coverage possible. We have worked with many states successfully in achieving just that result, and we look forward to working with Arkansas on its proposals to create a seamless system of outreach and enrollment.

**Q: But what's wrong with giving parents the choice if they want it?**

**A:** The Administration, the Congress, and States have made a commitment to ensure that every child gets the best health insurance coverage they're eligible to receive. It's been a central tenet of the Medicaid program ever since its creation in 1965 that all eligible individuals -- including children, people with disabilities and low-income seniors -- would be guaranteed access to the program. Medicaid waivers like ARKids, and new state programs under SCHIP, were always designed to build on Medicaid, not replace it.

Recognizing the extra challenge that their families face, poor children eligible for traditional Medicaid cannot be charged for the cost of services. ARKids First, which covers children with somewhat higher incomes, requires co-payments or deductibles for certain health services. ARKids also offers fewer benefits than basic Medicaid, which guarantees important health benefits like hearing services, physical therapy and hospital care. In enacting the State Children's Health Insurance Program, for example, Congress required states to assure that children who are eligible for Medicaid receive full Medicaid benefits and protections.

**Q: What happens now? Will HCFA require children to be disenrolled? Will the state have to pay a financial penalty?**

**A:** No. HCFA and Arkansas have identified a number of strategies that we look forward to working on with them -- such as creating a single application form and eliminating the state requirement for a face-to-face interview for Medicaid. Arkansas will have until January 1, 2001, which allows plenty of time to adopt the measures they've proposed to create a seamless system of coverage. Our goal all along has been to maximize the number of Arkansas children with health insurance.

**Q: But what about the letter from David Cade of HCFA that started this whole dispute? Aren't you going to force the state to put Medicaid-eligible children in Medicaid?**

**A:** As we've said, our goal all along has been to ensure that every Arkansas child gets the best health care coverage they're eligible for. As children who are already enrolled in ARKids and Medicaid come up for an eligibility redetermination, we expect the state to be sure they're in the program they qualify for. But again, we also intend to work with the state on their plan to create a seamless system for Arkansas families. By folding Medicaid into the ARKids program, creating a single application form, and eliminating the state requirement for a face-to-face interview for Medicaid, working families in Arkansas will not be able to tell the difference between ARKids and Medicaid, as long as their incomes meet the current ARKids threshold. From the families' point of view, the Medicaid and ARKids programs will be indistinguishable, except with respect to benefits and cost-sharing.

As the letter states, Arkansas will have until January 1, 2001, which allows plenty of time to adopt the measures they've proposed to create a seamless system of coverage.

**Q: What if Governor Huckabee says that he won't comply with your directive? What then?**

**A:** We don't think that will happen. Governor Huckabee shares our goal of increasing the number of children enrolled in affordable, comprehensive, health insurance coverage. We commend and greatly encourage Governor Huckabee's proposal for the Medicaid program to adopt proven methods to create a seamless system of outreach and enrollment, including: developing a common application form for all public child health coverage; ending the requirement that families apply in person to receive coverage under the traditional Arkansas Medicaid program and allowing families to mail in their applications; and changing the name of the traditional Arkansas Medicaid program to ARKids, as both the Medicaid waiver program and the Arkansas State Child Health Insurance Program are called.

**Q: Well, if they don't comply, will you start disallowing funds? Won't that just end up hurting poor children in Arkansas and increase the number of uninsured?**

**A:** Our goal all along has been to maximize the number of Arkansas children with health insurance, and we don't think that will happen. HCFA and Arkansas have identified a number of strategies that we look forward to working on together – such as creating a single application form and eliminating the state requirement for a face-to-face interview for Medicaid. Arkansas will have until January 1, 2001, which allows plenty of time to adopt the measures they've proposed, to create a seamless system of coverage.

**Q: What's your answer to Arkansas advocates that say that poor people will choose to go without insurance rather than enroll in traditional Medicaid?**

**A:** We wouldn't expect that to occur, particularly if the state implements its proposals to streamline eligibility and enrollment processes, including creating a single application form and eliminating the state requirement for a face-to-face interview for Medicaid. Medicaid and ARKids would effectively be indistinguishable from each other. This would eliminate the fear of "welfare stigma" associated with the Medicaid program.

**Q: Isn't this just another example of big government saying that it knows best?**

**A:** Absolutely not. Remember, we gave Arkansas the authority to implement ARKids in the first place. This simply reiterates the agreement reached between Arkansas and HHS when the ARKids waiver was originally approved.

**Q: Why has it taken you so long to make a decision? Isn't this because you know that legally, your standing is very weak?**

**A:** No. We undertook a comprehensive and thorough review of Arkansas' proposal. But the longstanding policy of both Republican and Democratic administrations as well as bipartisan Congressional intent is clear that every child should get the best health insurance coverage they're eligible to receive. It's been a central tenet of the Medicaid program ever since its creation in 1965 that all eligible individuals – including children, people with disabilities and low-income seniors – would be guaranteed access to the program. Medicaid waivers like ARKids, and new state programs under SCHIP, were always designed to build on Medicaid, not replace it.

**Q: Are you saying that you disagree with all the Arkansas providers and advocates that say this program is a success?**

**A:** Absolutely not. There is no doubt that Governor Huckabee's leadership in expanding Medicaid coverage to children in families with incomes below 200 percent of the poverty level has truly made a difference in the lives of Arkansas' families and is a laudable achievement. As the state's financing partner, we are pleased to be making a contribution to the state's laudable commitment to the health and well-being of its children.

**Q: Isn't this the second time you've disapproved a proposal from Arkansas this year?**

**A:** No. In February, we approved Arkansas' request to make certain eligibility requirements for the ARKids demonstration less restrictive. Specifically, we approved a request to shorten the period during which uninsured children who had private coverage must wait before they can enroll in ARKids. The original demonstration had a 12-month waiting period; this approval shortens that waiting period to six months. We also approved Arkansas' request to allow children who do not have comprehensive health coverage through private insurance to enroll in ARKids. Both changes expand coverage by making ARKids available to more low-income children who have no other source of coverage for the services covered by ARKids.

**Q: But didn't you disapprove the proposal to delete family planning services from the ARKids First program?**

**A:** Yes, but the state has already won approval for a separate family planning waiver for women not eligible for Medicaid or ARKids First. So that particular waiver amendment would have only fragmented service delivery and added administrative complexity -- without improving services. It's also important to remember that family planning services are mandatory Medicaid services.

**Q: Did that decision make it easier for minors to get contraceptives?**

**A:** No. The state already had a family planning waiver that still applies. All state laws on parental consent still apply, too. That decision didn't change anything.

Saudy - what about this?

7-25-00

Richard Butler

# Guess Who's Back

So you thought Saddam Hussein was out of your life? Sorry—he's back, manufacturing the weapons of mass destruction with which he threatens the Iraqi people, his neighbors and, by extension, the safety of the world.

Two separate developments have returned Saddam Hussein to the headlines. Earlier this month the administration revealed that its satellites had detected Iraq test-firing Al-Samoud missiles, home-grown, smaller versions of the Scuds last used against Israel during the 1990 Gulf War. The chief of U.S. Central Command, Gen. Tony Zinni, said that the range of the Al-Samoud easily could be increased.

The administration also revealed that Saddam Hussein has been hiding between 20 and 30 Russian Scuds as well as working through front companies outside Iraq to acquire the machine tools needed to build more missiles.

None of this is new. In my last report as executive chairman of UNSCOM, the agency charged with disarming Saddam, I warned the U.N. Security Council about Iraq's missile-development activities. That was almost two years ago, just before Iraq shut down all international arms control and monitoring efforts. I've also publicly detailed Iraq's refusal to yield or account for its holdings of at least 500 tons of fuel usable only by Scud-type missiles. Iraqi officials told me that a complete accounting for this fuel was unnecessary because, after all, Iraq had no Scud missiles. I disagreed, stating that the reverse was true: As long as Iraq refused to yield the fuel, it clearly had concealed Scuds or planned to acquire or build them.

Presumably unconnected with the administration's revelation but simultaneous with it, former UNSCOM inspector Scott Ritter, in an article in *Arms Control Today*, claimed that Iraq is "qualitatively disarmed." He failed to offer any new information or evidence to support this dubious concept.

There were two levels of deception in Iraqi dealings with UNSCOM: concealment and false declarations on the weapons Iraq was prepared to put in play in the disarmament process. When Ritter worked for me, he was in charge of the UNSCOM unit responsible for finding and destroying the concealed weapons, and he was vilified by Iraqi leaders as their major persecutor. Now he says he has had private conversations with unspecified Iraqi officials that have persuaded him they are "qualitatively disarmed" and will accept a new monitoring program if the Security Council first lifts all sanctions against Iraq.

The facts are clear and alarming, and they do not support this assertion. Iraq has been free of any arms control or monitoring regime for almost two years, a consequence of the breakdown of consensus among the permanent members of the Security Council. Now Saddam Hussein is reconstituting his capability to deploy weapons of mass destruction. I've seen evi-



"Saddam Hussein is reconstituting his capability to deploy weapons of mass destruction."

dence of Iraqi attempts to acquire missile-related tools and, even more chilling, of steps the Iraqis have taken to reassemble their nuclear weapons design team. After the Gulf War, experts assessed Iraq was only six months from testing an atomic bomb. It retains that know-how. It also has rebuilt its chemical and biological weapons manufacturing facilities.

If the United States is serious about addressing the threat current developments raise, it should insist to its fellow permanent members of the Security Council that there be a new consensus on enforcing arms control in Iraq. Selective revelations such as those recently issued by the administration need to be accompanied by a robust policy within the Security Council, making clear particularly to Russia and France that the United States is not prepared to accept their patronage of Saddam Hussein.

*The writer, diplomat in residence at the Council on Foreign Relations in New York, was chairman of UNSCOM from 1997 to 1999.*

Robert D. Novak

Gain the



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Threat

7-25-00

21 July 2000  
FBIS-FMN-00-00270



## Foreign Media Note

### *Middle East: Media See Continued Stalemate At Camp David*

*Despite the decision to extend negotiations, most coverage in Middle East media on 20 and early 21 July portrayed Israel and the Palestinian as remaining at loggerheads.*

**Israel** Media reports on 20 and 21 July gave conflicting accounts of Prime Minister Baraq's schedule at Camp David, but concurred that no agreement has been reached.

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- Israel radio reported on 20 July that Baraq would leave Camp David on 23 July if Yasir Arafat had not by then accepted a US bridging proposal on Jerusalem.
- *The Jerusalem Post* reported on 21 July that Baraq is prepared to remain at Camp David for an additional week but is "pessimistic" on the prospects for agreement.

Early on 21 July, Israel Radio reported that Ministers Ben-Ami and Shahaq, senior members of Baraq's delegation, sought to persuade the prime minister to offer the Palestinians sovereignty in certain East Jerusalem neighborhoods in exchange for a firm Palestinian declaration ending the conflict with Israel. However, Minister for Jerusalem Affairs Ramon told the radio the concept of "shared sovereignty" in Jerusalem is an "illusion." It is "much more realistic," said Ramon, to delay a final settlement in Jerusalem until time has had a chance "to prepare the hearts" of both Israelis and Palestinians for mutual accommodation.

There were signs in the media of political support for Baraq from right-wing sources.

- Opposition National Union MK Benny Elon urged right-wing parties to offer Baraq a political safety net if he returns to Israel without an accord. Elon argued that, to date, Baraq "has not given up even a single centimeter of land." Therefore, he said, "I would recommend not rushing to new elections, in which we may receive a Likud prime minister who may carry out all of our worst nightmares" (Arutz 7 Radio, 20 July).
- *The Jerusalem Post*, in an unusual lead editorial, praised Baraq's negotiating style. "Through the fog of peace," it wrote, "it is possible to recognize the outlines of what is now a familiar Baraq strategy: Confound the opposition with generosity, up to the point that their maximalist intransigence is revealed."

**Palestinians** Palestinian media and spokesmen on 20 July portrayed Arafat at holding out against Israeli and US pressure.

- The Palestinian Authority's Voice of Palestine radio reported that the US "succeeded only in persuading the Palestinian and Israeli sides to extend" the summit. The report

This FBIS product is based exclusively on the content and behavior of selected foreign public media. It is issued without coordination with other U.S. Government components.

*R. Bullentine*  
*can you tell me how much?*  
*Does he know what our*  
*proposals are?*  
*YNI*  
*Bob*  
*Ballentine*  
*Podesta*

**In America**  
BOB HERBERT

## Global Cooling

So what can we do about global warming?

First, keep in mind the goal, which is to bring the potentially catastrophic warming under control by curtailing the release of carbon dioxide and other heat-trapping gases into the atmosphere.

Ordinary people can help immediately by becoming more energy efficient. Stop using the familiar incandescent light bulbs and replace them with compact fluorescent bulbs, which last much longer and use only a quarter of the energy consumed by conventional bulbs.

Compact fluorescent bulbs are significantly more expensive, but because they last so long (up to 10 times the life of a standard bulb) and use so little electricity, they are substantially cheaper in the long run.

Next, when shopping for an appliance — a refrigerator, a dishwasher, an air-conditioner — select the one with the highest energy efficiency rating. There will be a sticker on the appliance, telling you how much energy it uses. Pay attention. There can be a difference of 30 percent to 40 percent or more in the amount of energy consumed by appliances with comparable features.

Even more important is the choice you make in the car or truck you buy. Motor vehicles are responsible for about a third of the carbon dioxide emissions in the United States. The vehicles that are the most fuel efficient emit the least carbon dioxide. (Fuel economy and carbon dioxide emissions are inversely proportional. If you double fuel economy, you cut carbon dioxide emissions in half.)

According to the research and advocacy group Environmental Defense, if you buy a new car that gets 10 more miles per gallon than your old car, the amount of carbon dioxide reduction realized in one year will be about 2,500 pounds.

So buying a car or truck that suits your needs and is fuel efficient is a big help.

Honda and Toyota are bringing so-called hybrid vehicles onto the market in the U.S. Hybrids are cars that combine an internal combustion engine and a battery-powered electric motor. They are mid-sized cars that are achieving twice the fuel economy of conventional cars.

Dr. Paul Epstein, associate director of the Center for Health and the Global Environment at Harvard Medical School, summed the matter up as follows: "The issue is not so much

what we are doing, but how we power what we are doing. That's the first step."

Over the long term, the requirements are far more ambitious. Ideally, over the course of the next 100 or so years, a transformation will take place and most energy will end up coming not from fossil fuels like coal and oil, but from clean energy sources — the sun, the wind, hydrogen and non-polluting fuel cells.

"To get there at a cost that's afford-

### A transformation we can start today.

able will require substantial technological development," said Dr. Michael Oppenheimer, the chief scientist of Environmental Defense.

To move from our pollution-choked present to a future in which climate change is not a mortal threat will take more than that all-important first step of an enlightened citizenry buying cleaner cars and more efficient appliances. Tough action by Congress and the president is needed, and soon. And international cooperation, with enforceable agreements covering both industrialized and, ultimately, developing nations, will be crucial.

Among other things, the federal government can offer subsidies and other incentives to reduce the cost and foster the use of existing clean-energy technology, and to encourage the development of ever more efficient new technologies. And the government can — and should — develop more sophisticated strategies like emissions trading and more stringent requirements for reducing carbon dioxide emissions everywhere.

Global warming is the most serious problem we face in the 21st century. Last week an intensive analysis by a respected geologist at Texas A&M University, suggested — as most scientists have been saying for some time now — that human activity, not natural factors, is the primary cause of the warming.

We caused the problem and we have within our grasp a variety of potential solutions. To ignore those solutions, to be aware of them but not make use of them, is not just profoundly destructive, it's suicidal. □

**IN ALL FAIRNESS**

### Needs a Cleanup

THE PRESIDENT HAS SEEN

7-25-00

armed, raided the building, threat-  
for evidence of "criminal"  
announced visits to  
Hardly. They  
looking  
orv

## DEPARTMENT OF ENERGY

7-25-00

- **Tritium Extraction Facility:** On July 27, at DOE's Savannah River Site in Aiken, GA, Secretary Richardson will attend the groundbreaking of the Commercial Light Water Reactor (CLWR) Project's new Tritium Extraction Facility (TEF). The TEF, a \$401M facility, will extract tritium from burnable absorber rods that have been irradiated in the Tennessee Valley Authority's Watts Bar and Sequoyah reactors. TEF is a crucial part of the CLWR Project and will replace the existing extraction facility that has been in service since 1957. Its mission was completed in August 1999 with the extraction of the last heavy water targets.
- **Rebuild Long Island Partnership:** On July 27, Rebuild America, the Long Island Power Authority, the NY Energy Research & Development Authority, and other partnership organizations will officially announce the launch of the Rebuild Long Island Partnership and several projects to improve building energy efficiency. The launch will be held at the future home of the New Cassel Technical Learning Center, a 30,000-square-foot state-of-the-art facility which will offer residents of an economically depressed neighborhood classes in computer repair, networking, light programming, and software training.
- **DOE-Russian Nonproliferation:** DOE's Task Force on Nonproliferation Programs with Russia, chaired by former Senator Howard Baker, will travel to Russia the week of July 22. The group will conduct a series of information gathering meetings in Moscow before dividing into four subgroups to gather information at key nonproliferation sites.

## DEPARTMENT OF EDUCATION

- **National Principals Forum:** On July 24-26, DOEd will initiate a practitioners group that will inform DOEd's planning, thinking, research agenda, and activities relating to principal and school leadership. Principals will give advice while concurrently providing leadership for change within states and local districts.
- **International Education Week:** During a recent briefing on international education at State, Secretary Riley announced that the week of November 13 will be International Education Week. DOEd's objective is to encourage American students to become more aware of and knowledgeable about the cultures, languages, and governments of other nations. During this joint project with State, U.S. Ambassadors throughout the world will be invited to visit schools in their host countries during the same week. In addition, every foreign ambassador in America will be invited to visit a school or university.

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## BOROUGH OF GETTYSBURG

ADAMS COUNTY, PENNSYLVANIA

59 EAST HIGH STREET

GETTYSBURG, PA 17325

717-334-1160

FAX 717-334-7258

7-25-00

William E. Troxell, Mayor  
Charles W. Sterner, Treasurer  
and Borough Manager

John C. Eline, President, Council  
Holliday Giles, Vice President  
Sara L. Stull, Borough Secretary  
Harold A. Eastman, Jr., Borough Solicitor

April 26, 2000

Honorable William Jefferson Clinton  
President of The United States  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C.

Dear Mr. President;

I am a 73 year old World War II veteran. A retired educator, A DEMOCRAT, and I am presently serving Gettysburg, Pennsylvania as its mayor.

I have read that you are a dedicated golfer and have played some golf courses in the Gettysburg area. I am a member of the Gettysburg Country Club and would like to invite you to play our course with me as my guest. Our course is a 9 hole course with two tees for each hole - strategically located - so in a sense we have a very interesting golf course that plays like an 18 hole course. The course is in very good condition and it is one that I am sure you would enjoy playing.

Former President Eisenhower was a member of our Club and he enjoyed playing here as often as his time permitted. I had the honor of playing with him on several occasions.

The spring and early summer months provide extremely pleasant weather for golf in our area. However, your visit would be welcome at any time your schedule would permit.

Respectfully,

*Bill Troxell*  
William E. Troxell  
Mayor

Copied

Podesta  
Street

*I'd like to  
do this - someone  
should call him, tell him  
just got better, let him  
try to play  
all over  
to*

7-25-00



**THE SECRETARY OF COMMERCE**  
Washington, D.C. 20230

July 14, 2000

The President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

I wish to share with you some of the management improvements that have been achieved at the Department of Commerce during my tenure. I take pride in these accomplishments and appreciate having had the opportunity to work with you to implement them.

Sincerely,

A handwritten signature in black ink, which appears to be "W. Daley", is written above the printed name.

William M. Daley

Enclosure

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**U.S. Department of Commerce  
Management Report to  
the President of the United States**



**Submitted by  
Secretary William M. Daley  
July 14, 2000**

**U.S. Department of Commerce**  
**Management Report to the President of the United States**

**July 14, 2000**

**Foreward**

*I am pleased to report that the Commerce Department enters the new millennium as a stronger, more efficient and dynamic organization than ever. During the past three years, we have focused intensively on management accountability, efficiency and fiscal discipline. As a direct result, the Department has been able to deliver many important new initiatives across a broad variety of policy areas, while ensuring that taxpayer dollars are spent wisely.*

*I am proud of our many accomplishments – including promoting trade and e-commerce, conducting a successful Decennial Census, modernizing the Weather Service, creating jobs and economic development, conducting scientific research, protecting our nation's environment, and creating a Performance-Based Organization for patents and trademarks. These achievements all testify to the hard work and dedication of our employees. This report, however, highlights the dramatic progress the Department has made in the area of management, a less-publicized area – but one which I view as one of my most important contributions. The Department has made steady and substantial gains in every area of management, and the whole organization takes great pride in our achievements in this area.*

**Introduction**

This report describes the key accomplishments of the Department of Commerce in the area of management during the period from 1997 to 2000. The Department has been able to achieve dramatic progress in five key areas: overall management; financial control; resolution of longstanding problems; organizational development; and customer service. Taken together, the progress in these five areas represents a significant management turnaround. Commerce employees have embraced the challenge of good management and succeeded in bringing fundamental reform to the organization. A new philosophy – one of "accountability, efficiency, and results" has taken root. The Department and its important mission will continue to benefit from this emphasis in the years to come.

**I. Overall Management Strengthened**

- **The Department streamlined and disciplined the policy and budget development process.** The Department now sets clear guidelines and exercises leadership in the

preparation of policy and budget initiatives. The Secretary issues annual guidance for the budget. The Deputy Secretary functions as a true Chief Operating Officer and works with the bureaus to ensure that their budgets are consistent with this guidance and coordinated with respect to crosscutting issues. Capital budgeting and review of all major information technology (IT) expenditures are now a critical part of this process. The resulting budget submission to the Office of Management and Budget represents a cohesive and accurate reflection of the Department's priorities.

- **The Department has implemented the Government Performance and Results Act (GPRA) and incorporated GPRA goals into its core management philosophy.** The Department has mounted a serious effort, involving thousands of employees, to develop and meet outcome-based performance goals. The Department's fiscal year (FY) 2000 Annual Performance Plan (APP) was given a score of 85 by the House Science Committee – one of the highest in government. Commerce was the first Department to submit its budget documents and GPRA materials on CD-ROM, and to create a hyperlink from the goal in the APP to the budget submission corresponding to that goal. The Department's first ever Annual Program Performance Report showed that 60 percent of goals had been met or exceeded. Currently, the most senior policy officials in Commerce are working to create the Department's 5-year Strategic Plan. GPRA has become a fundamental part of the way we do business at Commerce.
- **The Department has made small business a top priority, and now leads all Federal agencies in awarding contracts to small, disadvantaged and women-owned firms.** Commerce has been cited by GSA and Hispanic Business Magazine as the number one agency in contract awards to small business. Over 40 percent of the funds awarded through contracts in FY 1999 went to small firms, exceeding the government-wide goal of 23 percent by nearly double. More than 14 percent went to minority firms - nearly triple the government-wide goal of 5 percent. Commerce was able to increase the percentage of contracts for the Decennial Census awarded to small minority firms from 3 percent to more than 28 percent. Commerce has instituted many procurement innovations to secure this leadership position. In June 1999, it established the first government-wide set aside for small IT businesses. Up to \$1.5 billion will be awarded over five years. To date, over \$200 million has been awarded.
- **The Department is transforming into a "Digital Department" -- making it more accessible to our customers and to the American taxpayer.** Commerce hired the Department's first Chief Information Officer fully dedicated to this task, and consolidated IT resources throughout the Department to maximize the return on investment. An Information Technology Review Board was established to create centralized standards, review all major IT programs and new acquisitions, and eliminate low priority and unnecessary projects. The Department has implemented programs that use IT both to work more efficiently and to deliver better customer service.

For example, Commerce now does three dimensional shoreline mapping to increase the accuracy of nautical charts used by port authorities and professional managers. The Department has a Minority Business Resource Locator System through which minority businesses can identify business development resources through the Internet. In the human resources area, Commerce has pioneered a fully automated hiring system -- Commerce Opportunities On-Line (COOL) -- that reduces the time required to hire a new employee by 75 percent. The Department is now making IT investments that will enable it to process patent applications, export licenses, and grant applications online.

- **The Department's policy for conducting trade missions was reengineered.** In January 1997, Commerce imposed a moratorium on all trade missions until a review of program policies and procedures could be conducted. Based on the outcome of that study, the Department's procedures were revised to provide a more transparent and clearly defined process that includes providing public notice of upcoming trade missions, specifying the objectives of the mission and the rationale for selecting destinations and participants, and relies on career employees to ensure fairness and merit in the selection process. The reengineered process was used in all the trade missions that were led during the past three years.
- **Political appointees were reduced by 40 percent.** From 1997 to 1998, 100 political positions were eliminated. The number of political appointees was reduced from 256 to 156.
- **The Department consolidated 20 percent of domestic field offices, thereby saving money on duplicative leases and utilities.** The Department consolidated its field office structure and reduced the number of offices from 747 to 591. The Department now reviews all expiring leases at the Departmental level to ensure that we eliminate waste and duplication and save on costs wherever possible.
- **The Department reduced energy consumption by 33 percent.** The Department has mounted an aggressive energy conservation program, and has reduced its energy consumption by 33 percent in 1999 (compared with a baseline of 1990). It partnered with PEPCO to finance four energy conservation projects, which include upgrading the computerized Energy Management Control System, installing energy efficient motors, installing variable speed drives on chilled water risers, and replacing cafeteria refrigeration equipment. For its efforts, the Department received the Federal energy and water management award from the Interagency Energy Policy Committee in 1999. The Committee is chaired by the Department of Energy and has members from all major Departments. The Department is saving \$4 million annually on energy costs due to this effort.

## II. Accountability and Financial Control on Par with Leading Companies

- **For the first time ever, the Department in FY 1999 received an unqualified opinion on its consolidated financial statements and in every bureau.** During the past three years, Commerce also reduced material weaknesses from 21 to 7 and reportable conditions from 38 to 12. The Department now has a clean opinion on all six of its consolidated financial statements and on every financial statement for every bureau.
- **The Department has implemented an integrated financial management system at the Census Bureau and in the Office of the Secretary, and has accelerated its schedule to fully deploy this system department-wide.** In the past three years, the Department's Chief Financial Officer has reengineered the process for deploying financial systems and recruited a team of systems accountants to implement the system quickly. The Commerce Administrative Management System will be fully implemented across the Department by the end of fiscal year 2003 - two years *ahead* of schedule. This will bring the Department into full compliance with the Federal Managers Financial Integrity Act and the Chief Financial Officers Act.
- **Strong centralized financial leadership has been established at the Department.** The Department has filled vacancies and hired Chief Financial Officers at the Department and in the six largest bureaus. Bureau CFOs report both to the head of their bureau and to the Department's Chief Financial Officer. This has enabled the Department to strengthen financial discipline Department-wide.

## III. Longstanding Problems Resolved

- **All issues identified in the Inspector General's (IG's) first list of "Top 10" management concerns have been resolved.** In January 1997, the IG identified ten areas which required greater managerial oversight and direction, including: the Decennial Census, National Weather Service (NWS) modernization, National Oceanic and Atmospheric Administration (NOAA) fleet and corps, National Institute of Standards and Technology's capital improvements program and Advanced Technology Program, NOAA's satellite, seafood inspection and vessel buyout programs, and Departmental management of various administrative functions. Within the past three years, the Department has resolved all of the original issues identified by the IG. Nine of the ten have been dropped by the IG and the tenth, the Decennial Census, will be dropped in the IG's September list. Many of these had languished for five years and more.

- **The Department and the Bureau of the Census worked in partnership to win the "management Olympics" associated with the Decennial Census.** The Department provided significant support and oversight in real estate, telecommunications, civil rights, budget, procurement, human resources, financial management and accounting, and IT. Together, the Department and Census succeeded in managing the Decennial, including hiring 860,000 people, installing an integrated financial system to track expenditures, travel, and property; establishing an innovative joint venture with the General Services Administration to lease 520 Local Census Offices across the country; increasing the percentage of contracts to small and disadvantaged businesses from 3 percent to 28 percent; overhauling the Census Telephone Questionnaire Assistance Program, which handled six million telephone inquiries in six languages; reviewing ten major IT systems supporting the Decennial Census; and adopting a fast track approach for resolving equal employment opportunity (EEO) complaints. The Department and bureaus are justifiably proud of their success in this endeavor.
- **The NWS modernization is being completed within budget and on schedule.** After nine years of cost overruns and mixed results, the Department has put the modernization program on track. The Department completed installation of the Advanced Weather Interactive Processing System on time and within the Congressionally-mandated funding cap. All 139 systems are deployed and functioning and the IG has dropped NWS modernization from his list.
- **Security has been overhauled and dramatically strengthened throughout the Department.** Commerce conducted two high-level security reviews in 1997 and implemented all of the recommendations that they generated. These included: centralizing security staff under a new Deputy Assistant Secretary for Security, reducing security clearances by 40 percent, increasing our security budget by 25 percent, and developing an automated system to track more than 65,000 classified documents. The Department has also established counter-intelligence and emergency preparedness programs, and enhanced security for our IT systems.
- **As a result of an aggressive cost-cutting effort led by the Department, the National Technical Information Service (NTIS) ended FY 1999 with a surplus of \$625,000 rather than a deficit.** Between fiscal years 1995 and 1998, NTIS incurred a loss of \$4.8 million. If this trend had continued, the agency would have exhausted its retained earnings in FY 1999. After reviewing the situation at NTIS, the Department instituted a drastic cost cutting program that included transferring 46 staff elsewhere in Commerce, consolidating office space, and restricting travel. As a result, NTIS reported a surplus of \$625,000 in FY 1999. Last year, Commerce proposed legislation to solve this problem by transferring NTIS' library function to the Library of Congress and closing down its non-core activities. The General Accounting Office has also issued a report that questions NTIS' viability.

#### IV. Organizational Structure, Development and Diversity

- **The Department has created a more diverse workforce.** The Department has made great strides in promoting diversity and tolerance. Commerce issued a policy statement establishing a zero tolerance for harassment on the basis of sex, sexual orientation, race, national origin, disability, religion, or age at the Department; established a "critical element" in the performance plans for all supervisors and managers relating to diversity; reengineered the honor award system to recognize employees at all levels and job classifications; broadened the applicant pool for all vacant positions; and has made diversity a centerpiece of the Commerce philosophy.
- **The Department's workforce is more reflective of the Nation's population.** Of the career senior executives hired since January 1997, 25 percent were women and 15 percent were minorities. Thirty-one percent of the employees recruited at the GS-15 level were women and 23 percent were minorities. Even greater progress has been made in the Office of the Secretary and General Administration. Forty percent of the career senior executives hired were women; 27 percent were minorities. Over half - 51 percent - of the GS-15s hired were women and 29 percent were minorities.
- **The Department's cadre of senior executives has been strengthened and revitalized.** Under an innovative program called "SES 2000," the Department provides training, succession planning, performance management and sabbaticals to our senior executives. For example, the Department has reassigned some 10 percent of the SES talent to areas in most need of certain skills. The Department established an SES Candidate Development Program under which its best and brightest mid-level managers are receiving the training needed to enter the SES.
- **The Department hired 36,000 Welfare-to-Work employees - far exceeding its pledge of 4,000.** As of June 2000, the Department hired more than 36,000 individuals under the Welfare-to-Work Program, surpassing the government-wide goal. The majority of these were recruited for the Decennial Census. Because of the temporary nature of these positions, Commerce established a partnership with the Department of Labor and Goodwill Industries to assist with job placement after the Decennial Census is completed.
- **Commerce has created a family-friendly environment.** The Department renovated, expanded, and improved security at its child care centers; adopted a Metro subsidy

program, flexible work schedules, telecommuting, and "Casual Fridays." Commerce has become a leader in piloting alternatives that enable those with family obligations to achieve greater balance.

- **The Department has developed close ties with minority serving institutions (MSIs).** The Department signed partnership agreements with five Hispanic serving institutions and six national Hispanic organizations to assist in recruiting new employees and interns in Commerce-related fields. We have also instituted an annual conference to familiarize Historically Black Colleges and Universities, Hispanic Serving Institutions, and tribal colleges and universities with the Department and its mission, develop grants administration skills, and learn how to compete successfully for financial assistance awards. Commerce bureaus are actively recruiting at MSIs and the Department has requested FY 2001 budget funding to establish long-term relationships with MSIs in the sciences.
- **Morale is improved.** The Department has worked hard to improve morale in an organization that was shattered by the loss of Secretary Brown and others in the Department. Commerce has instituted training, upward mobility, better communications, individual development plans, and increased employee recognition and awards. There are several strong indicators of increased morale and job satisfaction. Commerce ranked first in participation and third in total contributions among all Federal agencies for the 1999 Combined Federal Campaign. More than 70 percent of Commerce employees contributed to the Campaign. Within the office covered by General Administration, a survey conducted by the Office of Personnel Management in 1998 and again in 1999 reflected progress in each of the 17 categories measured.

## V. Customer Service and Stakeholder Relations

- **We have built constructive labor-management relations.** The Department's Labor Partnership Council has been an important participant in major decisions. Important labor disputes, such as between the U.S. Patent and Trademark Office (PTO) and its unions, have been resolved.
- **The level of service provided to inventors is improving.** The conversion of PTO to a performance-based organization (PBO) will provide the flexibility needed to further enhance service levels. Through a cooperative teaming with the Department, PTO became the second PBO in government within four months of the passage of the Patent and Trademark Office Efficiency Act.

- **The Department's employees are its greatest asset.** We have enhanced employee information and access by providing online pay and health benefits. A secure Office of the Secretary Intranet pilot provides all employees with real-time information and threaded conversations.

## **Conclusion**

The Department of Commerce seeks to ensure that all of its programs meet the standards of excellence and integrity that the American people expect and deserve. These accomplishments reflect some of the improvements that have been made in the last three years to administrative functions that cross all bureau and program boundaries. Through their implementation, the Department enters the twenty-first century stronger, more efficient, and better equipped to face the challenges of supporting the interests of American business in an ever changing global economy.

THE PRESIDENT HAS SEEN

7-25-00

20 July 2000

*Handwritten:* All to wife  
Cory Hays in Okinawa

00 JUL 22 0411:08

Dear Mr. President,

As the G-8 Summit approaches, the eyes of the world have turned for the first time in over fifty years to the small Pacific island of Okinawa. I am well acquainted with the island, having visited it frequently, and wish to convey to you my sincere belief in its absolute importance to the long-term security of our nation.

Okinawa is strategically located. The American military personnel and assets maintained there are key to preservation of the fragile stability of the Asia-Pacific region and to fulfillment of the U.S.-Japan bilateral security treaty. In a world characterized by widespread challenges to peace, our nation is compelled ever more frequently to bring its power and influence to bear to protect our interests and to assist our friends and allies. Okinawa's central location between the East China Sea and Pacific Ocean, astride major trade routes, and close to areas of vital economic, political, and military interest make it an ideal forward base. From it, U.S. forces can favorably shape the environment and respond, when necessary, to contingencies spanning the entire operational continuum--from disaster relief to peacekeeping to war--in a matter of hours, vice days or weeks.

*XN* Our forces are well aware that any instances of misconduct by American service members can be used to inflame opposition to our presence. For that reason, I am proud to report that instances of misconduct have declined 77 percent since 1989. The vast majority of young Marines, soldiers, airmen, and sailors who work and live in Okinawa--far from families and friends and the familiar surroundings of home--represent America's best and brightest and serve her proudly.

We have long endeavored to minimize the impact of our presence. Working hand in hand with our Okinawan hosts and neighbors we have made significant progress. In 1996, an agreement was reached between our country and the people of Japan for the substantial reduction, consolidation, and realignment of U.S. military bases in Okinawa. Movement toward full implementation of the actions mandated by the Special Action Committee on Okinawa Final Report continues and our commitment to reduce the impact of our presence is unabated.

What is often lost in discussions of our presence on Okinawa is the positive aspects of that presence. We are good neighbors: our personnel are actively involved in an impressive variety of community service work, we are the island's second largest employer of civilians, we infuse over \$1.4 billion dollars into the local economy annually, and, most importantly, we are sincerely grateful for the important contributions to attainment of our mission made by the people of Okinawa and mindful of our obligation to them.

It is worth remembering that U.S. presence in Okinawa came at great cost. Battle raged on the island for three months in the waning days of World War II and was won finally through

7-25-00

*Handwritten:* Send to NSC for  
~~appropriate action?~~  
reply Yes  
No

the valor, resolve, and sacrifice by what is now known as our greatest generation. Our losses were heavy: twelve thousand killed and thirty-five thousand wounded. Casualties for the Japanese and for Okinawan civilians were even greater. The price for Okinawa was indeed high. Its capture in 1945, however, contributed to the quick resolution of the Pacific War and our presence there in the following half a century has immeasurably contributed to the protection of U.S., Japanese, and regional interests.

As you well know, challenges to military basing and training are now routine and suitable alternatives to existing sites are sorely limited. Okinawa, in fact, is invaluable. We fully understand the legitimate concerns of the Okinawan people and will continue to work closely with them to forge mutually satisfactory solutions to the issues that we face. We are now, and will continue to be, good neighbors and custodians for peace in the region.

Very Respectfully,

A handwritten signature in dark ink, appearing to read "Jim Jones", written over the printed name.

JAMES L. JONES  
General, U.S. Marine Corps  
Commandant of the Marine Corps

The President  
The White House  
Washington, D.C. 20500-0001

THE WHITE HOUSE

WASHINGTON

July 22, 2000

0725-08

MEMORANDUM FOR THE PRESIDENT

FROM: ADAM ROSMAN *AR*  
JUSTIN COLEMAN

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **AR Democrat-Gazette article on Clean Water Systems (via Glickman)** -- Dan forwards an article highlighting the Administration's \$226M Water 2000 program which will, among other things, provide \$6M to Arkansas for water-system improvements. The program will assist 30,000 Arkansans and includes loans or grants of: \$1M to the town of Highfill to upgrade water systems and add fire hydrants; \$2.5M and \$2M to bring water to 771 users in Faulkner and Cleburne Counties; and \$550K to the Highway 71 Water Users Association in Alma.

(B) **Moynihan letter to Podesta re: Medal of Freedom** -- John forwards a letter sent to him from Senator Moynihan who says that he is "overwhelmed" to be receiving the Medal of Freedom. In a detailed letter, Senator Moynihan also recounts to John how the original medal was, in his words, "sort of my idea." He explains that the Medal of Freedom evolved from an award only bestowed to private citizens who aided in war efforts to, "the highest civil honor conferred by the President for service in peacetime." Moynihan explains that in 1962-63 as a staffer working for Secretary of Labor Arthur Goldberg under President Kennedy, he played an integral role in redefining the Medal's significance by studying the European system of civil honors. Moynihan also recounts details of the new Medal's first award ceremony on December 6, 1963, and does so to communicate "how much the award means to me." *John*

(C) **Congressional Correspondence (via Casstevens)** -- Kay forwards letters from (1) **Joseph Hoeffel (D-PA)**, thanking you for spending time with him during your recent trip to Philadelphia and informing you that Philadelphia hosted 3 conventions in 1948 (Democratic, Republican and Progressive); and (2) **Joseph Hinojosa (D-TX)**, thanking you for addressing the Second Annual Regional Leaders Issues Conference. *Rachel*

*Daniel Patrick Moynihan*  
*New York*

07-25-00

copied  
Personal File

*United States Senate*  
*Washington, D. C.*

July 20, 2000

Dear John:

As my incoherence on the telephone Saturday afternoon may just have suggested, the thought of receiving the Presidential Medal of Freedom is overwhelming. As I tried to explain, the medal was, sort of, my idea.

Spoken as a true staffer! It was President Kennedy's idea that we ought to have a system of civil honors. He mentioned this to Arthur Goldberg, then Secretary of Labor, who assigned the subject to me. Rather as he did the redevelopment of Pennsylvania Avenue. I worried about it for the longest while. I knew Leonard Carmichael, then Secretary of the Smithsonian, who had headed up a commission for President Eisenhower. Their proposal died in the Senate when attacked by Wayne Morse as smacking of monarchy. Carmichael would take me to lunch at the Metropolitan Club, and we would ponder what would work. Nothing seemed practical.

On business trips to Europe, make that Geneva, I would stop off in Paris and London to see how they managed. The breakthrough came in a conversation with a Treasury mandarin who explained how Disraeli created his new Civil Service. It seemed that on the occasion of the British occupation of the Ionian Islands in 1818 the Order of St. Michael and St. George was created to award a half dozen admirals and such. That was to be the end of it, and was until Dizzy got the idea of conferring the same decoration to civil servants. Hence the K.M.G. sequence. Call Me God, Kindly Call Me God, God Calls Me God.

That did it. At the close of World War II President Truman had created the Medal of Freedom for persons who had aided the war effort though not in uniform. Spies and the like. It had stayed around, but was rarely used. Our idea was to rename it – the Presidential Medal of Freedom – announce that it would be “the highest civil honor conferred by the President for service in peacetime” and further that it would recognize “cultural or other significant public or private endeavors.” Further that it would be awarded only once a year. I got that from the Brits also. The New Years list and the Birthday list make it necessary to get up some names. We proposed to announce the new arrangement on Washington's Birthday, to be followed by announcing the awards the following July 4<sup>th</sup>. This would be an annual event, with the actual presentations made at some later date when the President's schedule permitted.

I am not sure, but I pretty much recall Goldberg telling Kennedy something to the effect: "You asked us how you could create a system of civil honors. We have been looking into it and have decided that you can't. You just have to announce that you have one, and proceed."

I sent the proposal to the President on January 3, 1963, Goldberg having gone to the Court. As you can see from the next day's Post, it was accepted at face value. Innocent times.

A group headed by George Ball set about picking names. The first meeting was held in the Fish Room, as the Roosevelt Room was then called. The President looked in, shook hands all round – Mary McGrory, Henry Cabot Lodge – and recalled Napoleon's remark that if he had enough ribbon he could conquer the world. As you can see from the enclosed notes, he followed our deliberations (I sat in) with some care.

The awards were announced July 4 as scheduled. Arthur Schlesinger persuaded the Times to publish all the names and citations. Two pages. December 6 was set for the actual presentation. Of course, by that time Kennedy was dead. LBJ was disinclined to proceed – another Kennedy idea. But we made a great fuss. He finally agreed, on the condition that Pope John XXIII be included. It fell to me to call Rome. I found a bishop who said why not. And I wrote the citation for Kennedy, which are the final words in his Public Papers.

The July 4<sup>th</sup> idea did not survive. But the Medal has. And so you, and perhaps the President if you think he would be interested, will understand how much the award means to me.

A final note. The award ceremony was held in the State Dining Room. A screen was placed in the southeast corner, where Mrs. Kennedy sat and listened. It is my understanding that she thereupon departed the White House.

Best,



Mr. John Podesta  
Chief of Staff  
The White House  
Washington, DC 20500

Enclosures

January 3, 1963

**MEMORANDUM FOR THE PRESIDENT**

The elements of this proposal for a civil honors system were worked out by Mr. Justice Goldberg, as Secretary of Labor. He had hoped to present them to you on behalf of the Distinguished Civilian Service Awards Board before joining the Court, but put off doing so when he learned that General Clifton was also interested in the subject and had some views on it. Over the past several months General Clifton, Mr. Macy, Mr. Holborn and I have developed the present draft.

**Daniel Patrick Moynihan  
Executive Assistant to  
the Secretary**

cc: Honorable Frederick Holborn (3)  
Maj. Gen. Chester V. Clifton (2)  
Honorable John Macy (2)  
Mr. Justice Goldberg (1)

# The Washington Post

Times Herald

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SATURDAY, FEBRUARY 23, 1963

## Presidential Order Adds Luster And Scope to Medal of Freedom

By Edward T. Pollard

Staff Reporter

**PALM BEACH, Fla., Feb. 22**—President Kennedy signed an executive order today to add luster to the Medal of Freedom, highest civil honor any American Chief Executive can award for service in peacetime.

His order provides that the awards of the medal be made annually, on or about July 4. It changes the name from Medal of Freedom to the Presidential Medal of Freedom, and expands the areas in which meritorious service may be honored so as to include world peace and the cultural field.

The Medal of Freedom was established by President Harry S. Truman on July 6, 1945, as an award for "a meritorious act of service which has aided the United States in the prosecution of a war against

an enemy...." Mr. Truman amended his order on April 3, 1952, so that the medal could be awarded "for performance of a meritorious act or service in the interests of the security of the United States."

Mr. Kennedy's executive order changes the 1952 amended order in these respects:

- The medal will henceforth be known as the Presidential Medal of Freedom, and will be redesigned by the Army Institute of Heraldry.

- The medal may henceforth be awarded "to any person who has made an especially meritorious contribution to (1) the security or national interests of the United States, or (2) world peace, or as an award for a meritorious act of service which has aided the United States in the prosecution of a war against

- The principal announcement of awards will be made on or about July 4 each year. In addition, the President may award the medal from time to time as he deems appropriate.

The executive order also expands the Distinguished Civilian Awards Board to include five members from outside the executive branch, who will serve for overlapping terms of five years.

The President named these five today: Henry Cabot Lodge, former United States Senator from Massachusetts, former Ambassador to the United Nations and Republi-

can vice presidential nominee in 1960; Lee A. DuBridge, president of the California Institute of Technology; Samuel I. Newhouse, newspaper publisher; Mary McGrory of the Washington Star, and Supreme Court Justice Arthur J. Goldberg.

On this anniversary of George Washington's birthday, the President and Mrs. Kennedy and some of their guests took a cruise in the Potomac aboard the Honey Fitz.

The Chief Executive plans to fly back to Washington Sunday night.

February 21, 1963

Mr. Justice Goldberg  
The Supreme Court of the United States  
Washington 25, D. C.

Dear Mr. Justice:

Last night, speaking to Fred Holborn, the President stated that he would like to have Mr. Justice Frankfurter and Robert Lovett included among the first group of persons to receive the Presidential Medal of Freedom.

As you know, we asked Mr. Lovett to serve on the Board, but he is ill, and felt he could not do so.

Respectfully,

Daniel Patrick Moynihan  
Executive Assistant to the Secretary

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: MS DATE: 2/5/20

2019-09-16

May 1, 1963

~~PERSONAL AND CONFIDENTIAL~~

MEMORANDUM TO THE SECRETARY

The President reacted, on the whole, quite well to the Presidential Medal of Freedom nominations. He does, however, feel our choices were too obvious. He was quite impressed with Miss Caulfield and asked for the nomination of three more names such as hers, i.e., persons whose careers have been discreet and not particularly public.

He was very much for George Taylor.

He is not sure about Monnet and has cabled Bohlen for advice. He has taken off Hoffman. He has taken Armstrong off for this year, feeling that he would dominate any social event that follows the awards. He felt that Lippmann and McGill are a little too active and too pro-Administration for the award this year. Neither is he sure about Landon, as he does not want this to become a good loser's award.

He feels McCloy and Lovett, and also Munoz-Marin, should get the sunburst.

He is not sure about Perkins, feeling that this might be a "failure of generations," as he put it. He is not sure about Waterman, having had no personal knowledge over the past two years of his qualities.

Daniel Patrick Moynihan

*John F. Kennedy, 1963*

## National Day of Mourning Proclaimed by President Johnson.

*November 23, 1963*

*By the President of the United States of America*

### *A PROCLAMATION*

*To the People of the United States:*

John Fitzgerald Kennedy, 35th President of the United States, has been taken from us by an act which outrages decent men everywhere.

He upheld the faith of our fathers, which is freedom for all men. He broadened the frontiers of that faith, and backed it with the energy and the courage which are the mark of the Nation he led.

A man of wisdom, strength, and peace, he moulded and moved the power of our Nation in the service of a world of growing liberty and order. All who love freedom will mourn his death.

As he did not shrink from his responsibilities, but welcomed them, so he would not have us shrink from carrying on his work beyond this hour of national tragedy.

He said it himself: "The energy, the faith, the devotion which we bring to this endeavor will light our country and all who serve it—and the glow from that fire can truly light the world."

NOW, THEREFORE, I, LYNDON B. JOHNSON, President of the United States of America, do appoint Monday next, November 25, the day of the funeral service of President Kennedy, to be a national day of mourning throughout the United States. I earnestly recommend the people to assemble on that day in their respective places of divine worship, there to bow down in submission to the will of Almighty God, and to pay their homage of love and reverence to the memory of a great and good man. I invite the people of the world who share our grief to join us in this day of mourning and rededication.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this twenty-third day of November in [SEAL] the year of our Lord nineteen hundred and sixty-three, and of the Independence of the United States of America the one hundred and eighty-eighth.

LYNDON B. JOHNSON

By the President:

DEAN RUSK

Secretary of State

## Remarks of President Johnson and Under Secretary of State George W. Ball at the Presentation of the Medal of Freedom Awards.

*December 6, 1963*

[ Delivered in the State Dining Room at the White House ]

MR. BALL. Mr. President, Mrs. Johnson, Mr. Chief Justice and Members of the Supreme Court, Members of the Cabinet, Members of the Congress, Recipients of the Presidential Medal of Freedom, and Distinguished Guests: It is my privilege to welcome you to an historic ceremony. Today, the President of the United States is expressing the

appreciation of a great Nation for the extraordinary achievements of a remarkable group of men and women, achievements spanning a wide spectrum of human endeavor: the arts, science, diplomacy, government, the humanities, the law, and philanthropy.

For the first time, the President is estab-

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lishing what we can proudly call an American civil honors list. Each year hereafter the Presidential Medal of Freedom will be conferred upon a few individuals chosen with great care by the President himself.

The ceremony today has a dual significance. We are joining President Johnson not only in honoring the recipients of the Presidential Medal of Freedom and the high endeavors that have won them this acclaim but also in paying tribute to the man responsible for this new decoration.

It was characteristic of President Kennedy that early in his administration he should turn his mind to the means by which we could give appropriate encouragement to deeds well done. He felt deeply that our Nation should pay full homage to those who contribute to enriching the qualities of American life, strengthening the security of free men and building the foundations for peace.

He sought a way of expressing this appreciation in a systematic manner so that it could become a part of American tradition, a means of national thanks and encouragement for the selfless effort and the brilliant task.

So as to provide orderly arrangements for the conferring of this recognition, President Kennedy directed the Distinguished Awards Board to survey the fields of achievement and to suggest candidates for the award for the Presidential Medal of Freedom. This was not an easy task, not one to be lightly undertaken or quickly accomplished. Those of us who were given this assignment were overwhelmed but gratified by the prevalence and variety of achievement. We were, in a very real sense, embarrassed by riches and the work of initial selection required solemn debate and a bold exercise of judgment.

The work of the Board, however, was only the beginning of a process. The President reviewed our suggestions with care and reflection. He added and subtracted names and directed that some nominations be held for a later year. The Presidential Medal of Freedom, he felt, should be given only after

careful thought, always sparingly so as not to debase its currency.

He and Mrs. Kennedy studied and revised the design submitted for this decoration, and the beautiful medal you see here today bears their joint imprimatur.

This first year, the Presidential Medal of Freedom is being conferred on 31 individuals. In the case of 9, the special award is being awarded with distinction.

President Johnson shares with his great predecessor a deep respect for distinguished achievement and a desire to give gratitude and recognition to those who nobly serve the cause of humanity. He has come here today to pay honor to a bright constellation of talent and achievement.

Ladies and gentlemen, the President of the United States.

PRESIDENT JOHNSON. Mr. Secretary, Mr. Chief Justice and Members of the Court, Members of Congress, Distinguished Recipients of the Award, Fellow Americans:

Over the past 2 weeks, our Nation has known moments of the utmost sorrow, of anguish and shame. This day, however, is a moment of great pride.

In the shattering sequence of events that began 14 days ago, we encountered in its full horror man's capacity for hatred and destruction.

There is little we do not now know of evil, but it is time to turn once more to the pursuits of honor and excellence and of achievement that have always marked the true direction of the American people.

So we meet today to confer the Nation's highest civil honor on 31 of the Nation's most distinguished citizens, citizens of the free world.

No words could add to the distinction of the men and women who are being honored today. It is rather the reverse. Their names add distinction to the award.

So, in joining with my fellow countrymen to express the Nation's gratitude to each of you, I want particularly to thank you for reminding us that whatever evil moments may pass by, we are and we shall continue

*John F. Kennedy, 1963*

to be a people touched with greatness called by high destiny to serve great purposes.

Mr. Ball: Mr. President, Miss Marian Anderson.

PRESIDENT JOHNSON. Artist and citizen, she has ennobled her race and her country while her voice has enthralled the world.

Mr. Ball: Mr. Pablo Casals. Mr. Casals was unfortunately unable to be with us today, Mr. President, but you may wish to read his citation in absentia.

PRESIDENT JOHNSON. Statesman of music, he has incarnated the freedom of art, while the cello under his fingers has touched the heart of the world.

Mr. Ball: Miss Genevieve Caulfield.

PRESIDENT JOHNSON. Teacher and humanitarian, she has been for four decades a one-woman Peace Corps in Southeast Asia, winning victories over darkness by helping the blind to become full members of society.

Mr. Ball: Dr. John F. Enders.

PRESIDENT JOHNSON. Physician and researcher, he has opened new pathways to medical discovery and has been an example and companion to two generations of doctors in the demanding quest for scientific truth.

Mr. Ball: Mr. Karl Holton.

PRESIDENT JOHNSON. Innovator in applying imaginative solutions to problems of juvenile delinquency, he has contributed generously to developing responsible citizenship among our youth.

Mr. Ball: Mr. Robert J. Kiphuth.

PRESIDENT JOHNSON. Teacher and coach, he has inspired generations of athletes with high ideals of achievement and sportsmanship.

Mr. Ball: Mr. Edwin H. Land.

PRESIDENT JOHNSON. Scientist and inventor, he has brought his creative gifts to bear in industry, government and education, enriching the lives of millions by giving new dimensions to photography.

Mr. Ball: Governor Herbert H. Lehman. I know that we were all deeply saddened to hear yesterday of the death of this great citizen. Mr. President, you may wish to read his citation in absentia.

PRESIDENT JOHNSON. Citizen and statesman, he has used wisdom and compassion as the tools of government and has made politics the highest form of public service.

Mr. Ball: J. Clifford MacDonald. Mrs. MacDonald will receive the award on behalf of her deceased husband.

PRESIDENT JOHNSON. Businessman and philanthropist, he has directed his concern to the quiet but noble work of enlarging the lives and opportunities of the physically and mentally handicapped.

Mr. Ball: Mr. George Meany.

PRESIDENT JOHNSON. Citizen and national leader, in serving the cause of labor, he has greatly served the cause of his Nation and of freedom in the world.

Mr. Ball: Professor Alexander Meiklejohn.

PRESIDENT JOHNSON. Educator and libertarian, as teacher by example and philosopher in practice, his free and fertile mind has influenced the course of American higher education.

Mr. Ball: Mr. Ludwig Mies van der Rohe.

PRESIDENT JOHNSON. Teacher, designer, master builder, he has conceived soaring structures of glass, steel and concrete which at once embody and evoke the distinctive qualities of our age.

Mr. Ball: Mr. Clarence B. Randall.

PRESIDENT JOHNSON. Leader of industry, counselor to Presidents, he has been a forceful and articulate philosopher of the role of business in a free society.

Mr. Ball: Mr. Rudolf Serkin.

PRESIDENT JOHNSON. Artist and teacher, he has given the classical traditions of the piano new life in a disordered age.

Mr. Ball: Mr. Edward Steichen.

PRESIDENT JOHNSON. Photographer and collector, he has made the camera the instrument of aesthetic perception and thereby transformed a science into an art.

Mr. Ball: Professor George W. Taylor.

PRESIDENT JOHNSON. Economist and arbitrator, he has been the voice of reason and good will in the industrial relations of

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our society, enlisting management and labor in the cause of industrial peace.

Mr. Ball: Dr. Alan T. Waterman.

PRESIDENT JOHNSON. Physicist and public servant, he has been the far-sighted advocate of Federal support of the sciences, using the resources of government to improve the quality and increase the thrust of basic research.

Mr. Ball: Mr. Mark S. Watson.

PRESIDENT JOHNSON. Soldier in the First World War and correspondent in the Second, he has given the American people informed, wide-ranging and independent coverage of the Nation's security and defense.

Mr. Ball: Mrs. Annie D. Wauneka.

PRESIDENT JOHNSON. First woman elected to the Navajo Tribal Council, by her long crusade for improved health programs she has helped dramatically to lessen the menace of disease among her people and to improve their way of life.

Mr. Ball: Mr. E. B. White. Mr. President, Mr. White, unfortunately, is unable to be here today because of illness.

PRESIDENT JOHNSON. An essayist whose concise comment on men and places has revealed to yet another age the vigor of the English sentence.

Mr. Ball: Mr. Edmund Wilson. Mr. Wilson also unfortunately is unable to be with us today.

PRESIDENT JOHNSON. Critic and historian, he has converted criticism itself into a creative act, while setting for the Nation a stern and uncompromising standard of independent judgment.

Mr. Ball: Mr. Thornton Wilder.

PRESIDENT JOHNSON. Artist of rare gaiety and penetration, he has inscribed a noble vision in his books, making the commonplace of life yield the wit, the wonder and the steadfastness of the human adventure.

Mr. Ball: Mr. Andrew Wyeth.

PRESIDENT JOHNSON. Painter of the American scene, he has in the great humanist tradition illuminated and clarified the verities and delights of everyday life.

Mr. Ball: And now, Mr. President, let me present those who are to receive the Presidential Medal of Freedom with Special Distinction.

First, Mr. Ellsworth Bunker.

PRESIDENT JOHNSON. Citizen and diplomat, he has brought integrity, patience and a compassionate understanding of other men and nations to the service of the Republic under three Presidents.

Mr. Ball: Dr. Ralph J. Bunche.

PRESIDENT JOHNSON. Scholar and diplomat, servant of the emerging world order, he has opened up new vistas in the demanding quest for international justice and peace.

Mr. Ball: Dr. James B. Conant.

PRESIDENT JOHNSON. Scientist and educator, he has led the American people in the fight to save our most precious resource—our children.

Mr. Ball: Governor Luis Muñoz Marín.

PRESIDENT JOHNSON. Poet, politician, public servant, patriot, he has led his people on to new heights of dignity and purpose and transformed a stricken land into a vital society.

Mr. Ball: Mr. Robert A. Lovett.

PRESIDENT JOHNSON. Servant of the Republic, he has set high standards for the private citizen in public service by his selfless dedication to the national security under four Presidents.

Mr. Ball: Mr. Jean Monnet.

PRESIDENT JOHNSON. Citizen of France, statesman of the world, he has made persuasion and reason the weapons of statecraft, moving Europe toward unity and the Atlantic nations toward a more effective partnership.

Mr. Ball: Mr. Justice Felix Frankfurter.

PRESIDENT JOHNSON. Jurist, scholar, counselor, conversationalist, he has brought to all his roles a zest and a wisdom which has made him teacher to his time.

Mr. Ball: Mr. John J. McCloy.

PRESIDENT JOHNSON. Diplomat and public servant, banker to the world and godfather to German freedom, he has brought cheer-

*John F. Kennedy, 1963*

ful wisdom and steady effectiveness to the tasks of war and peace.

Mr. Ball: I ask Mr. McCloy to offer some remarks on behalf of the recipients.

*[At this point Mr. McCloy spoke briefly. "I do know that I can speak for all of the recipients," he said, "when I say that we are not only much honored but deeply moved by the fact that we receive at your hands, Mr. President, this award on the very day that President Kennedy appointed for its bestowal by him upon us. In the short time allotted to him, he elevated in the life of the Nation the arts and the sciences, education and the public service. He had joy in them and his joy was communicated to men and women everywhere." He concluded by pledging the talents of the group "to the furtherance of the high objectives which President Kennedy intended by the nature of this honor to stimulate." President Johnson then resumed speaking.]*

I have also determined to confer the Presidential Medal of Freedom posthumously on another noble man whose death we mourned 6 months ago: His Holiness, Pope John XXIII.

He was a man of simple origins, of simple faith, of simple charity. In his exalted office he was still the gentle pastor. He believed in discussion and persuasion. He profoundly respected the dignity of man.

He gave the world immortal statements of the rights of man, of the obligations of men to each other, of their duty to strive for a world community in which all can live in peace and fraternal friendship. His goodness reached across temporal boundaries to warm the hearts of men of all nations and of all faiths.

The citation reads:

His Holiness Pope John XXIII, dedicated servant of God. He brought to all citizens of the planet a heightened sense of the dignity of the individual, of the brotherhood of man, and of the common duty to build an environment of peace for all human kind.

John Kennedy is gone. Each of us will know that we are the lesser for his death. But each is somehow larger because he lived. A sadness has settled on the world which will never leave it while we who knew him are still here.

The America that produced him shall honor him as well. As a simple gesture, but one which I know he would not have counted small, it is my privilege at this moment to award the Presidential Medal of Freedom posthumously to John Fitzgerald Kennedy on behalf of the great Republic for which he lived and died.

The citation reads:

John Fitzgerald Kennedy, 35th President of the United States, soldier, scholar, statesman, defender of freedom, pioneer for peace, author of hope—combining courage with reason, and combating hate with compassion, he led the land he loved toward new frontiers of opportunity for all men and peace for all time. Beloved in a life of selfless service, mourned by all in a death of senseless crime, the energy, faith and devotion which he brought to his extraordinarily successful though tragically brief endeavors will hereafter "light our country and all who serve it—and the glow from that fire can truly light the world."

**MCI WORLD COM**

**Bernard J. Ebberts**  
President and CEO

500 Clinton Center Drive  
Clinton, MS 39056

July 20, 2000

00 JUL 25 PM 12:40

The Honorable William Jefferson Clinton  
The President of the United States  
The White House  
Washington, D.C. 20500

Dear Mr. President:

I am writing to thank you for raising with President Zedillo the anti-competitive problems in the Mexican telecommunications market. As a result of your personal involvement, we understand that President Zedillo called a meeting of his senior economic advisors to discuss these problems. Never before has this issue received such focussed attention from President Zedillo and we are hopeful that there is now a chance for real regulatory reform. Unfortunately, the Government of Mexico still has not taken any concrete steps to create a level playing field in its telecom market.

We have been working very closely with Ambassador Barshefsky and her team at the Office of the United States Trade Representative during their review of Mexico's compliance with its WTO commitments for basic telecommunications services. Ambassador Barshefsky announced in April that she would decide by July 28, 2000 whether to initiate a case against Mexico for violating its WTO commitments. We strongly urge USTR to request formal WTO consultations with Mexico on July 28, which will be vital to build on the momentum created by your meeting with President Zedillo and to create the proper environment to resolve the anti-competitive conditions in the Mexican telecom market. The timing is important because USTR's action will send the appropriate signals to both the outgoing and the newly-elected administrations in Mexico.

We greatly appreciate your continued support to open the telecommunications market in Mexico, and we look forward to continuing our cooperation with your Administration to resolve these issues for the benefit of consumers on both sides of the border.

Sincerely,

  
Bernard J. Ebberts

7/25/00  
Forwarded by  
John Podesta's Office -  
Burkhart  
Send to NSC  
coordinate w/ NSC, NEC  
Yes ☒

No ☐

CC: NSC, NEC