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Big Tobacco Spends Top Dollar to Lobby

$58 Million in '98 Kept Legislation at Bay

By SAUNDRA TORRY
and NATHAN ABSE
Washington Post Staff Writers

After spending millions to kill a national tobacco bill last June, the tobacco industry pressed on with its lobbying blitz during the second half of 1998, bringing its total lobbying expenditures to an unprecedented $58 million last year, according to records filed recently in Congress.

The nation's major tobacco companies and their Washington lobbying arm fielded an army of veteran lobbyists and lawyers—including two former Senate majority leaders, several congressmen and one former governor—to beat back a Senate bill championed by the White House and health advocates, and, in the second half of the year, to make sure it stayed dead.

> The tobacco industry "has recognized that it is in the fight of its life."
>
> lobbyist Wright Andrews

The new reports show that Big Tobacco spent nearly $19 million lobbying Congress and the administration in the last half of the year. For about two months after the bill was killed, Democrats attempted to revive it and congressional Republicans talked of putting forth their own alternative, but nothing came of either move—beyond keeping the lobbyists' billings up.

Industry critics and even seasoned Washington lobbyists were struck by the record spending. It puts the industry at "the top of the totem poll" on lobbying expenditures, said Larry Makinson of the nonpartisan Center for Responsive Politics, which tracks lobby and campaign expenses.

"Amazing," said Sen. Richard J. Durbin (D-Ill.), a longtime industry foe. "You'd have to say the tobacco companies got what they paid for" in killing the measure, which would have imposed the largest price hike ever on cigarettes and would have heavily regulated the industry.

Veteran lobbyist Wright Andrews, who was not involved in the tobacco battle, said the "magnitude of the spending" reflects the "magnitude of what [was] at stake." The tobacco industry, he said, "has recognized that it is in the fight of its life . . . it has money and it is spending it."

Mark Smith, a spokesman for Brown & Williamson Tobacco Corp., said the industry faced "an unusual situation" with legislation that threatened its future. K. Richmond Temple, of Philip Morris, said: "We do not talk about our lobbying activities. We let the report we file stand on its own."

The spending reports, in most cases, did not reflect the full force of the industry's battle against the bill, which included a $40 million TV advertising blitz, phone banks that channeled callers directly to Senate offices, petition drives and polling.

Brown & Williamson, the third largest cigarette maker, spent the most, $24.9 million—six times what it spent in 1997, according to the reports. But it is difficult to compare that figure to spending by other companies.

Brown & Williamson, for instance, included its payments for the TV ads and other "grassroots" lobbying in the report, according to Smith. Also, the company opened its Washington office in mid-1997, and 1998 was its first full year in operation.

It is unclear what other companies included in their reports, and the disclosures do not categorize how much was spent to lobby on particular issues.

Philip Morris, the nation's largest cigarette maker, reported spending $23 million last year, up about 45 percent from its spending in 1997. The company has other significant interests, including legislation on beer and food.

Much of the money went to outside lobbyists, particularly at three Washington law and lobbying firms, which took in more than $11 million from tobacco companies. The biggest share, more than $7.5 million, went to Verner, Liipfert, Bernhard, McPherson and Hand, where former Senate majority leader George J. Mitchell and former Texas governor Ann Richards played lobbying roles.

Andrews said it would be hard to find fees exceeding that amount from another single set of clients. "I look at some of my friends and just chuckle," he said. "They are doing real well."

Other major recipients of tobacco spending were Baker, Donelson, Bearman & Caldwell, home to former Senate majority leader Howard H. Baker Jr., which received $2.9 million, and Barbour, Griffith & Rogers, home to former Republican National Committee chairman Haley Barbour, which took in more than $1.6 million, according to the reports.

Matthew Myers, of the Campaign for Tobacco-Free Kids, was struck that industry spending continued at such a pace in the last half of 1998, while no major anti-smoking proposal was ever seriously debated.

After the bill, sponsored by Sen. John McCain (R-Ariz.), was killed in June, some Democrats tried to resurrect it. Before Congress took its summer break in late June, the Republican leadership said it would put forth a new proposal, and there was a GOP tobacco task force in the House.

But nothing emerged from either, Myers said, adding that the industry apparently spent vast sums to assure that outcome.

Once the McCain bill was killed, the industry "spent a lot of money to keep it killed," said Washington trial lawyer John Coale, one of the architects of the proposed national settlement. "It was almost like the movie 'Carrie.' They were trying to prevent McCain's arm from coming back up from the grave."

The Washington Post
FRIDAY, APRIL 9, 1999

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4-13-99

Sandy / Steinberg

Interesting piece re NATO Summit

copies to
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Jim Hoagland

Across a Great Divide

LONDON—The widening gulf between the self-images and aspirations of the United States and Europe emerges almost daily now in disputes over cashmere sweaters and bananas, the human costs of U.S. warplanes barreling over Alpine ski resorts and the debility of allied diplomacy in the Cold War's long aftermath.

Such consequences would have been far from the thoughts of Marine Capt. Richard Ashby in the seconds before his EA-6B Prowler sliced a gondola cable in Italy a year ago and sent 20 European skiers to their deaths. But by the time he was acquitted last week of negligent homicide, Ashby had become an unwilling bit player in history's search for a new trans-Atlantic equilibrium.

That search now leads toward the huge celebration of the 50th anniversary of NATO in Washington in April. Several score of presidents and prime ministers will parade noisily in the reflected glory of trans-Atlantic unity, while the termites of discord gnaw quietly at the cultural and economic foundations of history's most successful international joint venture.

Not since 1973—when Henry Kissinger and his European partners in diplomacy proclaimed the Year of Europe and then fell into bitter bickering—have so many risked doing so much that will look so ridiculous when measured against the practical results.

In European-American terms at the end of the 20th century, those whom the gods would destroy they first render rich, grandiose and vain.

The United States threatened last week to impose prohibitive duties on the import of French luggage, Scottish cashmere sweaters and gourmet Italian cheeses in revenge for Europe stifling world trade rules on bananas, a banal commodity important to U.S. campaign contributors. Is there any combination that could better deflate the April summit's pretensions of Euro-American seriousness and concord?

But the picture drawn by the outcome of Ashby's trial eclipses even the banana war skirmishing.

The macabre symbolism of the fate of the gondola's German, Belgian, Italian and Polish skiers, and the legal destiny of the American crew that sent them to their deaths, has seized political consciousness on both sides of the Atlantic.

The victims' multinationality hints at Europe's accelerating integration. And Ashby and his crew instantly personify the inconveniences of a continuing large American military presence in Europe, 50 years after World War II, a decade beyond the Cold War.

An American warrior intentionally but lethally intrudes into the leisure society that has become so vital to Europeans in their 50-year quest for renewed prosperity and unfamiliar tranquillity. The U.S. pilot is training for combat missions in neighboring Bosnia, a small war the Europeans were not able to stop alone. The U.S. war machine's undisciplined, mighty power is misused with fatal consequences for the Europeans, while the Yankee flyer jets away essentially unaware of the damage he has done.

Ashby's Marine judges (reasonably in my view) found that the errors that caused this tragedy came down the chain of command and not from Ashby's neglect. Military justice remains high on the wag's list of oxymorons as a result.

But for many Europeans it is the form of the trial—conducted on U.S. soil by U.S. military officers—that raises as many questions as the acquittal. The long-term consequences of the gondola massacre, as it has been called in Italian newspapers, has more to do with politics than justice.

During the Cold War, this kind of incident would have had far less impact. It would have been seen as the necessary price for the protection that U.S. forces in Europe provided from Soviet invasion. The Status of Forces agreements that put most misbehavior or wrongdoing by U.S. servicemen in Europe outside European legal control were simply part of the bargain.



ASSOCIATED PRESS

But the roles that Europeans and Americans assign themselves, and each other, in the absence of the Cold War are much more diffuse and difficult for each side to grasp.

President Clinton and Prime Minister Tony Blair and the others heading for Washington in April should look beyond the trappings of summit ceremony and the mechanics of diplomacy. They should focus instead on how differently Americans and Europeans have begun to see their roles in the world, and the world itself.

These leaders need to address where these unattended divergences will take the trans-Atlantic community. They need not to fight over bananas and cashmere, or over the Ashby tragedy, or celebrate triumph in the Cold War. They need to come together to understand and overcome the broad psychological changes and divergences their common victory is producing.

The Washington Post
TUESDAY, MARCH 9, 1999

FACSIMILE COVER PAGE

To :	President Bill Clinton	**From :**	
Sent :	4/8/99 at 9:39:44 PM	**Pages :**	4 (including Cover)
Subject :	Kosovo refugees		

4-12-99

Sandy

See or call Mrs
Mr. Klein ASAP—

BC

Copies:
Berger
Podesta

Maureen White
998 Fifth Avenue
New York, NY 10028
(212) 772-3030

Dear Mr. President,

The following is the draft of the ad and a list of organizations I will contact. I look forward to hearing from you. Good luck with everything.

Maureen

We support the NATO alliance in its effort to help the ethnic Albanians in Kosovo. We believe there is only one solution to the refugee crisis - for the refugees to return to their homes in Kosovo. They must return with the protection of the international community. They must be allowed to live free of terror or the threat of force. The people of Kosovo must be granted autonomy.

If the only way to achieve these goals is through the use of combat forces, we are prepared to support that effort.

The following is the list of organizations that I will ask to sign on to the above ad:

CARE
Save the Children
Doctors Without Borders
Concern
Catholic Relief Services
International Rescue Committee
Refugees International
AmeriCares
Christian Children's Fund
Doctors of the World
Lutheran World Relief
Mercy Corps International

4-12-99

THE WHITE HOUSE
WASHINGTON

April 10, 1999

MR. PRESIDENT:

The attached Sperling/Katzen memo summarizes the revised electricity restructuring bill that the Administration intends to send to Congress next week. NEC led a comprehensive interagency review to arrive at a legislative package. *There are no issues left for your decision -- the memo is purely informational.*

1998 bill. Last year's bill would have encouraged states to open the electricity generation market to competition while leaving the transmission and distribution system under the current regulatory regime, allowing consumers to choose their power source, similar to how they now choose long distance service. Expected savings were $20B, or $230 per home (equivalent of a 5% tax cut) and would have served to partially offset Kyoto costs.

Current proposal. The revised bill includes key provisions from last year's version (*e.g.*, repeal of PUHCA; allowing states to opt out of the federal mandate; an environmental protection fund) plus a requirement for greater use of renewable energy; displaced worker initiatives; and enhanced consumer protection provisions, among other things.

NEC expects Congress to actively consider these issues and to react positively to your presenting the bill early in the session. Some environmentalists think that the bill could be greener; labor is unlikely to offer active support due to potential job losses from restructuring; and industry will notice we've moved to the left but probably will give us credit for focusing on economic considerations.

Phil Caplan
David Goodfriend

THE PRESIDENT HAS SEEN

4-12-99

THE WHITE HOUSE

WASHINGTON

April 5, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING
SALLY KATZEN

SUBJECT: Summary of the Administration's Electricity Restructuring Bill

As you may recall, last year we submitted an electricity restructuring bill to Congress. Our bill would have encouraged states to open the market for electricity generation to competition; electricity transmission and distribution would remain subject to existing regulation. Efficient electricity generators would be able to attract customers based on lower rates; those that used environmentally friendly technologies (e.g., solar, wind, etc.) could sell electricity to consumers based on those features. Consumers would be able to purchase electricity from any generator that served their market, just as they are currently able to choose their long distance telephone carrier.

The bill was projected to generate $20 billion of savings. This represents a savings of about $230 per home -- the equivalent of a five percent tax cut for the average family -- of which about half would represent direct savings that would reduce consumers' electric bills and the remaining half would be achieved through lower prices for goods and services purchased by the average family. This savings would partially offset any future costs of implementing the Kyoto Accord. Congress did not act on our bill or any of the other competing bills.

This past winter, Secretary Richardson directed his staff to update the Administration's bill to address several previously unaddressed issues and several concerns that were raised about our bill last summer. The additions to the bill were reviewed by an NEC-led interagency group, which has resolved all outstanding questions. As a result, we expect to be able to send a revised Administration bill to Congress when it returns from its current recess. Principal provisions of the bill are described below, beginning with the provisions of last year's bill that remain unchanged.

I. KEY PROVISIONS OF THE ADMINISTRATION'S BILL THAT ARE UNCHANGED

There is a general recognition of the need for electricity restructuring legislation even though electricity restructuring is happening already at the state level. (At least eighteen states have already enacted some form of electricity deregulation, and the pace appears to be picking-up.) Unlike the movement of water or telephone signals, the flow of electricity cannot be directed down a specific path; it flows through any connected route that lies in front of it, following the

path of least resistance. Because the electricity grid crosses state lines (and because the path of least resistance may also cross state borders), electricity restructuring will necessarily occur in an interstate environment. Moreover, the existing framework of federal electricity law, which is over 60 years old, is based on states' engaging in cost-of-service regulation, which will generally disappear for electricity generation (but not transmission and distribution) in the move to competition. For the restructured market to operate efficiently and effectively, federal law must be updated to reflect the changing structure of the industry. The key components of the previous bill were:

Flexible Federal Mandate: Among the most contentious issues is federal preemption of a traditional state role -- regulating public utilities. In order to balance the federal preference for consumer choice with the desire to avoid supplanting the states' traditional responsibilities, our bill includes a flexible mandate for state regulators. Specifically, although the bill requires that states offer consumers the opportunity to choose their electricity supplier by 2003, it allows states to opt out of this requirement if a state determines that its citizens would be served better by the state maintaining a traditional cost-of-service regulatory framework or its designing and implementing its own competitive framework.

Recovery of Stranded Costs: If a previously regulated utility loses market share in a competitive market, it may no longer be able to recover previously incurred costs of underutilized investments, resulting in stranded costs (*i.e.*, costs that are not recoverable in a competitive marketplace). Reflecting our sensitivity to federalism issues, the bill requires states to examine the issue of recovery of stranded costs as part of their restructuring process, but to take whatever action they deem appropriate.

Consumer Information: In a competitive electricity market, consumers will need information to enable them to compare the costs and sources of electricity from different suppliers. Therefore, the bill directs the Department of Energy ("DOE") to establish uniform "labeling" requirements for electricity so that consumers can compare easily the cost electricity available from different generators. In addition, it is expected to assist consumers who want to purchase electricity generated from environmentally friendly sources ("green labeling").

System Reliability: In a competitive generation market, utilities must provide fair access to their transmission and distribution lines so that their competitors may reach new customers. To that end, the bill directs utilities to join an organization that would establish standards for access to the power grid that protects reliability, subject to Federal Energy Regulatory Commission ("FERC") oversight.

Environmental Protection: Power plants are significant emitters of pollution, and restructuring offers them the potential to increase pollution either through increased demand in response to lower costs or as a result of incentives for generators to use cheaper (dirtier) fuel (*i.e.*, coal). To counteract these incentives, the bill contains several features to enhance environmental protection, including a $3 billion public benefits fund (funded from a federal fee collected on the sale of electricity) to support conservation programs and the deployment of renewable energy

technologies. (The public benefits fund will also support programs to assist low-income consumers of electricity.) The bill also includes a requirement that a specified percentage of electricity generated by each generator come from non-hydro renewable resources.

Repeal of PUHCA: The Public Utilities Holding Companies Act of 1935 (PUHCA) was passed to curb the abuses of the giant utility holding companies in the early part of the century. Today, the law limits the ability of utility holding companies to operate generation facilities in non-contiguous geographic territories and is a significant barrier to genuine competition in a restructured industry. In order to enable generators to compete on a nationwide basis, and in order to ensure that consumers have a wide range of choice of their electricity providers, the bill repeals most of the restrictive language in PUHCA, but enhances the ability of states and the federal government to oversee holding company activities.

II. NEW PROVISIONS INCORPORATED INTO THE ADMINISTRATION'S BILL

Environmental Protection/Renewable Portfolio Standard: As noted above, the Administration's previous bill included a requirement that a specified percentage of electricity be generated from renewable resources. Last year's bill set the standard at 5.5 percent of electricity generated. In response to concerns that our bill was not sufficiently environmentally friendly, we have raised the standard to 7.5 percent. Generators may meet the standard by generating 7.5 percent of their power from renewable non-hydropower sources, by purchasing credits from another generator that has exceeded the 7.5 percent standard, or by purchasing credits from DOE for 1.5 cents per kilowatt hour, the proceeds of which will be deposited in the public benefits fund. (To the extent that the sale of such credits raise money for the public benefits fund, the federal fee on the sale of electricity will be reduced.) We also have drafted a Presidential Directive which could be signed the day we send the bill to Congress; this directive requires that DOE and the Environmental Protection Agency ("EPA") submit to you certain data regarding carbon emissions so that we can monitor the effects of electricity restructuring on carbon emissions.

Efficient Generation Technologies: There is increasing interest in the use of small distributed power generation equipment and the use of combined heat and power generating equipment (similar to the move to PCs from mainframes). These smaller power systems, which are located near the site where the electricity is used, have both environmental and economic benefits. The bill seeks to promote their use through tax credits (included in the FY 2000 budget) and shortened depreciation periods, and facilitates their interconnection to the power grid.

Tennessee Valley Authority: The Tennessee Valley Authority ("TVA") is among the largest utilities in the United States. The current bill removes the "TVA Fence," which currently prohibits TVA from competing outside its service territory and prevents competitors from competing within TVA's service territory. This will ensure that the Tennessee Valley obtains the benefits of a competitive electricity market. The bill will not, however, subject TVA to FERC jurisdiction, either for review of its wholesale power rates or its accumulation of market power,

notwithstanding the fact that virtually all other generators are subject to FERC oversight and calls for such oversight of TVA are widespread.

Power Marketing Administrations: The Bonneville Power Administration and the Western and Southwestern Power Marketing Administrations ("PMAs") sell federally generated power, generally in the Western states. This bill subjects the PMAs transmission rates to FERC jurisdiction under the Federal Power Act, which requires FERC to review proposed transmission rates to ensure that they are just and reasonable and not unduly discriminatory. The bill also requires FERC to consider that, in addition to generation costs, the PMAs have additional costs for environmental and other public responsibilities that may legitimately be recouped.

Assistance for Remote Communities and Indian Tribes: In order to ensure that remote communities and Indian tribes benefit from a restructured electricity industry, the bill establishes grant programs to assist remote communities and tribes in connecting to the grid and participating in a competitive market. In addition, to promote economic development on Indian reservations, the bill provides extra credit towards meeting the renewable portfolio standard (of 7.5 percent) for renewable power that is generated on tribal lands.

Consumer Protection: The bill enhances consumer protection by requiring states to hold proceedings to examine how to maintain service to low income individuals, providing protection against "slamming" (switching providers without the consumer's permission) and "cramming" (billing consumers for fictitious service), requiring generators to provide clear information about the source and price of their electricity, and requiring FERC to consider the effects of utility mergers on consumers.

Promotes Reliability: The bill enhances reliability in a competitive market by directing the Secretary of Energy to convene a board to investigate major electricity outages and also directing the Secretary to convene a panel to examine the need for additional transmission capacity to ensure that consumers in all parts of the country have access to a wide range of generators.

Worker Displacement: Labor unions have expressed concern about the loss of jobs among utility workers in a restructured industry. In response to their concerns, the bill directs states to consider the treatment of displaced workers when they consider stranded costs and directs DOE to establish a model reliability code sought by the utility industry. Moreover, all displaced workers will be eligible for training and benefits under the Federal displaced worker training programs at the Department of Labor.

III. NEXT STEPS

As noted above, we expect to clear the legislative language through an interagency process and send the Administration's bill to Congress as soon as it returns from its current recess. We understand that Congress will appreciate that we are sending a bill up earlier this year than we did last year, and expect it to stimulate active consideration of the issues addressed in the bill.

We will include a number of Departments other than DOE (e.g., EPA (and/or CEQ), USDA and DOI) in the roll-out to make it clear that the Administration speaks with a single voice on this matter.

We believe that the Administration's bill presents a reasonable proposal, although by occupying the center it is likely to draw some fire from both the left and the right. For example, some environmentalists remain deeply concerned that power plants contribute to pollution; notwithstanding the changes we are making, they would like to see a much greener bill. Similarly, some in the labor movement remain concerned about the potential job losses from restructuring, and while they will welcome the changes in our bill, they are unlikely to actively support it. At the same time, industry will notice that we have moved to the left, but should also give us credit for maintaining our focus on economic considerations. In short, we believe that the bill represents a credible plan, and is a good starting point that will enable us to engage fully in the legislative debate over the matter.

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President William Jefferson Clinton
The White House

THE PRESIDENT HAS SEEN
4-12-99

SAVARD
SYSTEMS

April 8, 1999

President William Jefferson Clinton
The White House

Dear President Clinton,

On the eve of your signing *The Patient Bill of Rights and Responsibilities* (and the opportunity to have this letter delivered to you by my close friend, MMM) I am moved to thank you most sincerely for unfurling the banner of patient rights. I am deeply grateful for all your work in the area of patient rights and health care reform and thank you sincerely.

I am a general internist, champion of both women and patient rights, and sometimes doctor to Marijorie Margolies Mezvinsky. I say "sometimes" because the corporatization of health care and the subsequent weakening of the doctor-patient bond has broken my spirit and forced me to leave my role as full-time practitioner.

I am now committed to teaching people how they can be partners with their doctor by assuming much more respnsibility for their health and health care. To this end, I have created a patient-held medical record that teaches people how to ask for, organize and store all their test results, doctors summaries and other medical record information as the first step to collaboration. The patient record will be published by Time-Life, Inc. next spring. Patients and doctors alike can change the paradigm of medicine.

I look forward to a future when the all-knowing physician as the authority figure in a white coat is abandoned. In it's place will be a new era in which patients routinely archive their medical records, have confidence in their instincts, exercise their rights (thank you President Clinton), shoulder more responsiblity for prevention and compliance and enter into a fruitful partnership with their doctors. Only then will we move beyond the current health care crisis and go on to achieve optimum well-being as a nation.

I dedicate much of my work to you.

Sincerely,

Marie A. Savard, M.D.

4-12-99
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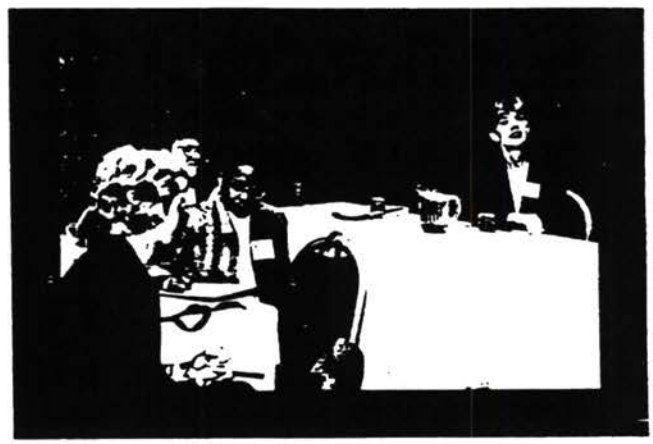
COMMONWEALTH OF WOMEN

Volume 1 Number 3 Newsletter of the Pennsylvania Commission for Women October 1998

TAKING RESPONSIBILITY FOR YOUR HEALTH CARE

Most of us do not know how to begin to take responsibility for our own health-care decisions...or even realize we should!

Women have more reasons to visit the doctor including their children, elderly parents and their spouse. Women have more chances to ask questions, hoping the doctor knows what he/she is doing. Do you sometimes ignore your doctor's advice rather than discuss it with him/her? Who, if anyone, calls you with your test results? Do you see the same doctor each visit? Does he/she remember your medical history? Were your medical records ever misplaced or lost? Who is really in charge? It has to be you!



Making the Connection Conference
Dr. Marie Savard leads Health breakout session

Doctors are no longer the only experts -- you are. Today, patients are much more sophisticated and informed about their medical conditions thanks to the media and Internet, and are often as informed as their doctors about the benefits and risks of treatment. As we approach the 21st century, we are headed into a new era of medicine and health care. Early in this century, the doctor-patient relationship formed the

(CONTINUED ON PAGE 4 --BACK COVER)

Continued from Page 2

bond that led to healing. The trusted family doctor, who took care of you from birth to death, Marcus Welby, MD, has disappeared. The past few decades have seen incredible advances in technology and treatments, weakening the personal bond between doctors and patients. As more and more options in diagnosis and treatments become available, the relationship needs to change from a "doctor-knows-best," to one where the patient's voice is loud and clear.

Unfortunately, changes in the structure and financing of health care have silenced the patient and to some extent, the doctor. The new source of paternalism, the insurance companies and payors of health care, may not always consider our personal needs first and foremost. Patients more than ever need to be informed and involved in all aspects of their decisions. As doctors become more and more specialized, doctors will differ in their medical knowledge, medical training, awareness of new technology, drugs, tests and procedures. Most importantly, doctors differ in their knowledge of you, the patient. Medical research by Sherrie Kaplan PhD, MPH; Sheldon Greenfield MD; Barbara Gandek MS confirms "Patients who ask questions, elicit treatment options, express opinions and state preferences about treatment during office visits with physicians have measurably better health outcomes than patients who do not." The research confirms that shared decision-making with your doctors really works.

7 STEPS TO TAKING CHARGE

1) Request copies of your medical records.
(Patients are entitled to copies of their medical records if requested)
2) Take your medical record with you.
3) Be prepared. Bring a list of questions and concerns.
4) Ask questions, use common sense and don't assume anything.
5) Record and save your doctor's findings and advice.
6) Request copies of and review all test results, no new is no news.
7) Remember you are your own best expert.

The reality of the situation is that the medical profession is shifting from an expert to and advisory role just as lawyers, CPA's and financial advisors. Ultimately, the medical decision is the patient's; the physician simply guides the patient based on his/her expertise. In today's health care industry, there is an abundance of specialists, testing, technology and preventative health needs that contribute to making medical records fragmented, incomplete and unorganized. Most are owned by large medical group practices. Multiple entities, including payors and insurance companies, demand access to records. The voice of the patient is absent. Therefore, it is more important than ever for patients to establish a relationship of equality with their doctor and take responsibility for their health.

(Feature Article Submitted by Pennsylvania Women's Commissioner Dr. Marie Savard)

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ealth at a Glance

Name

Date of Birth

Address

Telephone

Significant Family Medical Conditions

Date of Last Immunization and Blood Type

Tetanus _____ Pneumovax _____

Flu _____ Blood Type _____

Primary Care Provider/Family Doctor

Name _____

Telephone _____

Address _____

Emergency Contact

Name _____

Telephone _____

Relationship _____

Living Will ☐ Yes ☐ No

Durable Power of Attorney

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Medical Conditions (Problems)

Current Medications/Vitamins

(Include dose and directions)

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Podesta

We need to get the facts on this — if the WSJ is right — we should pound him

RE

cc: Podesta

Small-time inventor clashes with mighty government lab

THE PRESIDENT HAS SE
4-12-99

By Peter Eisler
USA TODAY

A1

Larry Fullerton is a small-time inventor who made a discovery that promises to change the world. Now his challenge is proving a big-time federal laboratory ripped off his idea.

The dispute centers on the invention of a new way to transmit and receive information across the airways, a development that could reshape everything from conventional cell phones to sophisticated military radar systems.

On one side is Fullerton, a scientist in Huntsville, Ala., who obtained his first patents for the technology in 1987. On the other is the government's Lawrence Livermore National Laboratory, one of the nation's premier research and development sites, which began obtaining patents on its version of the technology in 1993.

The stakes are enormous in terms of money and prestige. And a congressional report out today, highly critical of Livermore's conduct, suggests the lab might not be the victor.

Livermore scientists have hailed their invention as a "fundamental breakthrough" in high-tech communication that will "pervasively affect every aspect of society." The taxpayer-funded lab has sold rights to dozens of companies that want to develop products using the technology, reaping millions of dollars in royalties. Officials have touted the arrangement as their greatest success under a decade-old program that helps businesses develop products using technology from national labs.

But from the start, Fullerton and his company, Time Domain, have claimed the lab stole his idea. He's called his lawyers. He called his congressman. He's called the U.S. Patent and Trademark Office.

"We tried to do things right. We tried to work things out with the lab," Fullerton says. "I finally decided these people are crazy."

Now the lab is facing a congressional investigation, a Department of Energy inquiry and a patent re-examination that, if Fullerton prevails, could leave Livermore's licensees in a position where they'd have to buy technology rights from Time Domain as well. What's more, many of the companies that paid Livermore to use the disputed technology now are saying the lab misled them about its commercial potential.

"There is sufficient information to suggest that (Livermore) engaged in activities that do not live up to the high professional and ethical standards expected of a federally funded entity," says the report being released by the Democratic staff of the House Science Committee.

The report, titled "Spinoff or Ripoff," adds that the behavior not only highlights "serious problems" at Livermore but "may also have resulted in substantial economic damages to many U.S. small businesses."

No further congressional action is scheduled on the matter. But officials at the lab, which is operated by the University of California under a long-standing government contract, say they're taking the report's findings seriously.

Among other things, the lab will be working with the Department of Energy, which owns the facility, to conduct a thorough internal review.

"This is very important to us," says Ron Cochran, executive officer of the lab located just outside of San Francisco. "In terms of getting this technology out there and giving the private sector an opportunity to use it, we thought (this case) was quite successful. These other issues (in the report) have come up and we're trying to work our way through them. We're still hoping it will be successful."

A twisted history

The technology at the heart of the dispute sets up a new model for sending and receiving information over the air. Unlike conventional radio transmissions, which convey information by changing waves, it relies on very low-power pulses of energy, spread across the radio spectrum. Millions of pulses a second, each carrying digitized information, are sent at coded intervals and deciphered by a special receiver.

The pulses are subject to far less interference than normal radio waves, allowing them to penetrate many barriers. Plus, devices using the technology can be built cheaper and smaller than those using conventional radio waves.

Most commercial applications pursued to date involve radar systems — including an automotive bumper sensor that alerts a driver who is about to back into a post and an "electronic dipstick" that measures the contents of, say, a fuel tank or grain container.

But experts envision an array of uses, noting, for example, that the technology could lead to cell phones that need a fraction of the power of today's units, with more range and less interference.

The idea behind the new technology, commonly tagged "impulse" or "ultra-wide band" (UWB) radio or radar, has been around for decades. Fullerton took it from theory to practice, obtaining the first of his many related patents in 1987. In 1990, a Livermore scientist named Tom Mc Ewan attended a conference where papers were presented on Fullerton's work. Soon after returning to Livermore, McEwan requested and received funding to work on technology similar to Fullerton's. By 1991, Livermore was actively promoting the technology, and McEwan received the first of his dozens of patents in the area in 1994.

"I was pretty alarmed," Fullerton says. Livermore's first patent "was the same thing (as my invention). They didn't cite my patents."

Fullerton's company, Time Domain, complained to Livermore and McEwan, but the lab said their concerns were unfounded.

McEwan, who has left Livermore to set up his own company and did not respond to an interview request, has long maintained that he made his discovery independent of Fullerton's.

"The idea ... came to me in a flash of inspiration and quite by accident," he wrote in a 1998 memo to lab officials. "I still remember the moment."

But the investigators turned up documentation they say suggests that Mc Ewan was well aware of Fullerton's work. They cite an internal 1990 memo, for example, in which McEwan highlighted an article in Aviation Week and Space Technology that described key UWB advances by Fullerton and Time Domain.

That was more than two years before McEwan claimed to have built his version of the technology, dubbed micro-power impulse radar (MIR), with no knowledge of Fullerton's prior efforts.

"McEwan and (Livermore) personnel have maintained a version of the circumstances surrounding the development and commercialization of MIR that is often at odds with other documentation," the investigators found.

In addition to complaining to Livermore, Fullerton and Time Domain also went to their congressman, Rep. Bud Cramer, D-Ala., who, with several colleagues, raised concerns with the lab.

"Time Domain has been trying to get the lab's attention for years. But instead of trying to resolve the complaint, the lab has stonewalled the company," Cramer says. "This is a perfect example of how government shouldn't work."

Lab officials responded by asking the patent office to re-examine McEwan's initial patent. Last May, the office rejected 12 of the patent's 20 claims, including the four core claims. The rejections were based on Fullerton's prior patents, which McEwan hadn't cited in its application.

Livermore has asked the patent office to reconsider its decision, and a ruling on that is pending.

Fullerton and Time Domain, who have spent hundreds of thousands of dollars on the patent fight, see Livermore's appeals as a tactic aimed at draining their resources.

But lab officials remain confident that Livermore's technology ultimately will be found to be "patentably different" from Fullerton's invention. They're also quick to note that many of McEwan's other patents still stand, arguing that the lab therefore has legitimate claims to the technology.

"If someone else actually had the same technology, we wouldn't get those patents," says Livermore's Cochran. And "we have a statutory responsibility to patent things where we can and to go to some length to make that intellectual property represented by those patents available fairly to everybody out there who might use it."

Angry licensees

The trouble is that many of the companies that have licensed Livermore's technol-

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USA TODAY · FRIDAY, APRIL 9, 1999

Patent dispute could drag on for years with re-examinations, appeals

By Peter Eisler
USA TODAY

The patent dispute between Lawrence Livermore National Laboratory and Time Domain could take years to resolve.

The Patent and Trademark Office issued its initial rejection of various claims in Livermore's first patent back in May 1998. And the lab's appeal of that decision has been pending since shortly after that time.

Lab officials have been expecting a ruling since December. But patent examiners, barred from discussing the substance or timing of their actions, have no statutory deadline.

Once a decision is issued on the "re-examination" of Livermore's patent, the lab could appeal again, as could Time Domain. Both sides also would get an opportunity to submit additional material supporting their case.

Ultimately, if no agreement were reached, the matter would be resolved by the Patent Appeals and Interferences Board.

"While re-examinations are handled with special dispatch within the (patent office), appeals before the board and the court in other re-examination proceedings have taken up to two years and more," the agency's Robert Stoll said in a recent letter to Congress.

ogy say they haven't been treated fairly.

The issue is largely separate from the patent dispute: The question is whether Livermore's technology can be used legally for many of its anticipated uses.

Many applications envisioned for the technologies offered by both Livermore and Time Domain run afoul of Federal Communications Commission regulations. The problem is that their pulse transmissions go out across the radio spectrum, including bands that are restricted by the FCC for air traffic and military communications.

At least a half dozen of Livermore's 24 licensees say the lab advised them that its MIR technology complied with all FCC rules. They then spent large amounts of time and money to develop products using MIR, only to find that they couldn't market those products because of the rule problems.

And, while FCC officials say they're looking at ways to accommodate the new technology — pulse transmissions amount to little more than "noise" on restricted radio frequencies — it could take years to make the rule changes needed to open the door for many applications.

"Had we known about either the problems with the patent or the FCC, we wouldn't have signed up" for a license with Livermore, says Garland Likins, president of Pile Dynamics, a Cleveland company that wanted to use the lab's technology to develop products for inspecting bridge and building pilings. "They should have been more open."

Noting that the company ultimately found another technology that met its needs, Likins says Livermore never told him about MIR's problems.

He considers the $100,000 he paid for a license, plus the tens of thousands of dollars spent in yearly royalty payments, money down the drain.

"We've been very upset with what we perceive as a lack of transparency (by Livermore)," adds Lon Bell, CEO of Amerigon, a company that bought a MIR license to develop short-range radar for cars and trucks.

Bell says his company lost more than two years manipulating the technology so that it would meet its needs and satisfy FCC rules: Livermore "never told us the FCC had any specific problems with it."

Livermore officials say they never told any potential licensee that the lab's technology would meet all FCC rules. In fact, Cochran says, since the lab learned of the potential FCC snags several years ago, it has made "every effort ... to give (licensees) accurate information and to correct any misimpressions they had."

Cochran also notes that a number of licensees have found ways to adjust the technology so they can use it without running into regulatory problems.

But even those companies that have been satisfied with MIR acknowledge that Livermore was less than forthcoming about the questions surrounding the technology.

"Maybe Livermore's presentation didn't make it totally clear that there were some problems ... but we spent more than a year investigating it (the technology)" before licensing, says Kevin McDonald of SLC technologies, which manufactures security sensors and is bringing an MIR product to market.

"I think people, because (Livermore) is a government agency ... trusted them and thought everything was taken care of," McDonald adds, noting that his company made no such assumptions.

The fight goes on

Officials at Livermore and the Department of Energy say they're doing a careful review to determine whether any of the lab's licensees might have been misled about the questions surrounding the technology. But some licensees say it's already too late.

Remote Data Systems, a North Carolina company that bought a license to develop a product to measure groundwater levels, "basically used up all their resources and all their R&D time trying to develop this ... and found that it simply wouldn't work for their purposes," says William Mason, the company's attorney.

Now, Mason says, the ongoing investigations of Livermore's activities have yielded hope for some sort of a financial settlement with the lab.

But the fight with Fullerton and Time Domain is squarely in the hands of the patent office.

"It's a very classic route, a very proper route for that kind of dispute," says Tom Todd, the Department of Energy official who is reviewing Livermore's conduct.

As for Fullerton, he feels he's already won the fight.

Livermore's conduct is under close scrutiny, and the dissatisfaction of many of the lab's licensees has come to the surface in part because of Time Domain's agitation.

"As soon as that happened, we really won the game," Fullerton says. "At this point ... no matter how it comes out, they (Livermore) lose."

Contributing: Kevin Maney

USA TODAY · FRIDAY, APRIL 9, 1999

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says on the discretionary appeals issue, the Court may not have realized the significant burden on DOJ of processing pending cases; on the habeas issue, the Court vacated the Ninth Circuit ruling and may have favored the First and Second Circuit decisions, which avoided the Constitutional question; DOJ is looking at it and he'll keep you posted; *please see memo for details.*

(D) **Sperling/Stein Memo on Rep. Abercrombie's Tax Proposal** -- following your conversation at the March 15 firefighters event, Rep. Abercrombie sent you the attached proposal to restore the business-travel tax deduction for a spouse's expenses; Gene and Larry respond that in 1993 we repealed this $100M deduction because of widespread abuse and because spouses' expenses on business trips are personal in nature; Rep. Abercrombie supported the '93 plan after assurances from Leon Panetta that we'd reconsider the provision when the fiscal situation improved; it's important to him because the Asian financial crisis has hit Hawaii hard; but, there's no good policy basis for reinstating the deduction and Congress won't consider any tax legislation before mid-summer anyway; Gene/Larry will work with Abercrombie on other, more-targeted ways to help Hawaii.

(E) **Berger Update on Kohl Visit and Medal of Freedom Ceremony** -- says Kohl's looking forward to his visit here on April 19-21, NSC staff is working closely with Kohl's office and our office on the event; he'll stay at Blair House on April 19-20; lunch at the German Embassy on April 20, prior to receiving the Medal in an afternoon East Room event, which may include former U.S. Presidents and other VIPs (they've invited Juergen Schrempp of Dailmer-Benz-Chrysler as you suggested); Kohl will join you for dinner that evening (he'd like to dine with you in the Residence; he assumes a small gathering); the next day, April 21, he goes to New York; on April 22, he'll receive the East-West Institute's Statesman of the Decade Award and then return to Germany; Hannelore will not be able to join him due to a medical condition.

(F) **Articles from Sid Blumenthal** --Sid forwards two articles: one by Paul Berman in tomorrow's *NYT Magazine* argues that the analysis of last year's scandal as being about the 1960's culture wars is misguided; rather Berman believes its about American divisions involving religion and ethnicity; the second article is an essay published last year in the *World Policy Journal* by Nicholas Rizopoulos on Kosovo.

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April 5, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLNG AND LARRY STEIN

RE: Rep. Abercrombie's Tax Proposal

Following your discussion with him at a March 15 Firefighters Union event, Congressman Abercrombie has sent you the attached memorandum seeking your endorsement of his proposal to restore a tax deduction for a spouse's travel expenses.

Our 1993 economic plan included a revenue provision proposed by Chairman Rostenkowski in 1991 to discontinue the deduction for expenses of a spouse who goes along on a business trip. We strongly advocated denying the deduction on the grounds that these expenses are personal in nature and not ordinary and necessary business expenses. The Treasury Department cited significant taxpayer abuse under the prior law allowing deduction, as taxpayers often manufactured flimsy business connections to justify the deduction. No good tax policy basis exists for repeal of the provision. Repeal would reverse prior administration rhetoric, and the bulk of benefits would go to jurisdictions other than Hawaii. Last year, the Joint Committee on Taxation estimated that repealing the provision would cost about $100 million over five years.

During the formulation of the 1993 plan, however, we turned to this provision late in the process. At the time, Mr. Abercrombie also objected to the 1993 change in the allowable deduction for business meals from 80 percent to 50 percent. *Mr. Abercrombie nonetheless voted for the 1993 plan after he secured from Mr. Panetta a commitment that the administration would be sympathetic to reconsideration of these provisions when the fiscal situation improved. Mr. Abercrombie now asks for your help.*

This issue is important to Mr. Abercrombie because the economic and financial crisis in Asia has hit Hawaii hard. As the *Wall Street Journal* pointed out recently, Hawaii's economy grew just 1.5 percent last year, while the nation's economy grew by more than 4 percent. According to the Bank of Hawaii, retail sales fell 7 percent last year, and unemployment stands at about 6 percent.

In light of our concerns with the policy that Mr. Abercrombie seeks to reinstate and the unlikelihood that House of Representatives will consider any tax legislation before mid-summer, we could tell the Congressman that we are willing to work with him to find other more-targeted means to assist Hawaii.

Attachment

NEIL ABERCROMBIE
1ST DISTRICT, HAWAII
WHIP-AT-LARGE

COMMITTEE
NATIONAL SEC
COMMITTEE
RESOURCE

Congress of the United States
House of Representatives
Washington, D.C. 20515

MEMORANDUM

TO: THE HONORABLE WILLIAM J. CLINTON, PRESIDENT
FROM: NEIL ABERCROMBIE, M.C.
DATE: MARCH 18, 1999
SUBJECT: SPOUSAL BUSINESS TRAVEL INCOME TAX DEDUCTION

It was a pleasure to talk with you on March 15 at the International Firefighters Union meeting at the Hyatt Regency Hotel.

I appreciated our discussion on re-establishing the spousal business travel deduction, and your request for a memorandum on this matter follows:

In the 105th Congress, I introduced H.R. 4390, a copy of which is attached. The Congressional Joint Taxation Committee estimated the bill would result in a revenue loss of less than $20.0 million annually (see attachment 2).

The purpose of the bill is to provide a tax deduction to persons whose spouses accompany them on business in order to:

1. Encourage business travel, particularly by middle-income taxpayers and their families;
2. Increase employment at travel and tourism destinations, especially to cities with conventions centers, such as Honolulu;
3. Help families stay together, particularly those in which a taxpayer must travel extensively, such as in non-specific site wholesale and retail sales, as well as those who attend conventions, expositions and trade shows in order to conduct business;
4. Increase disposable income for middle-income, working taxpayers.

Early drafts of the bill, contained a change in the tax treatment of life insurance to off-set the minimal revenue loss to the Treasury. Quite frankly, the change has almost negligible impact on revenue and consequently finding an off-set from a myriad of minor tax adjustments, if necessary, would not appear to be a major obstacle. A case can be made that the change will stimulate significant additional business activity, generating additional taxable revenue which can off-set the immediate revenue loss. I discussed this matter extensively with Don Lubbick at the Treasury

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Department, among others there.

I approach you on this matter because I feel strongly that the travel, tourism and entertainment industries have borne a very heavy burden as a result of the successful effort in 1993, which I supported, to reduce the federal budget deficits. As you may recall, one of the last changes in the 1993 budget bill was to lower the business meal and entertainment deduction from 65 percent to 50 percent, the level at which it remains today.

Many businesses in these industries were adversely affected by the 1993 change, and we now have an opportunity to make a good faith attempt to demonstrate to those industries and to thousands of my constituents that we are willing to take a step in the right direction in addressing concerns. In my discussions with members of your administration at the time and subsequently, it is universally conceded that the business meal deduction change from 65 percent to 50 percent did not have a legitimate policy basis, but the change was enacted solely for the purpose of generating additional revenue to balance the budget.

I do not regret supporting your 1993 budget, but assurances were made that after the budget deficits were brought under control, the issue would be reviewed to determine whether some reversion would be possible. Addressing the spousal travel deduction would be a welcome signal to those who bore significant sacrifice that the 1993 budget decision was proper, and representations made at the time will be honored.

I would also like to stress that the vast majority of taxpayers for whom this deduction would be eligible are hard-working, middle-income persons and families. Those in the higher income levels have significant and much more extensive tax benefits, making my proposed change of little advantage or interest to them. The rules in place when the spousal travel deduction was repealed required a spouse to materially participate in the business conducted. This is not merely taking the spouse on a business trip for a vacation at taxpayer expense. At the same time, it is hoped that some would take advantage of spending an extra couple of days before or after conducting business to remain in an appealing location, whether Hawaii, Las Vegas, New Orleans, Orlando, San Francisco, Chicago, New York and any one of many other areas heavily dependent on travel, tourism and entertainment.

In short, this targeted tax adjustment is directed toward the middle class. It is pro-family, pro-business and helps address budget sacrifices that were made earlier for the benefit of the entire nation.

I

105TH CONGRESS
2D SESSION

H. R. 4390

To amend the Internal Revenue Code of 1986 to restore the deduction for the travel expenses of a taxpayer's spouse who accompanies the taxpayer on business travel.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 4, 1998

Mr. ABERCROMBIE introduced the following bill; which was referred to the Committee on Ways and Means

---

A BILL

To amend the Internal Revenue Code of 1986 to restore the deduction for the travel expenses of a taxpayer's spouse who accompanies the taxpayer on business travel.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. RESTORATION OF DEDUCTION FOR TRAVEL EXPENSES OF SPOUSE, ETC. ACCOMPANYING TAXPAYER ON BUSINESS TRAVEL.

(a) IN GENERAL.—Subsection (m) of section 274 of the Internal Revenue Code of 1986 (relating to additional limitations on travel expenses) is amended by striking paragraph (3).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred after December 31, 1998.

O

105TH CONGRESS, 2D SESSION

SENATE
WILLIAM V. ROTH, JR., DELAWARE, CHAIRMAN
JOHN H. CHAFEE, RHODE ISLAND
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DANIEL PATRICK MOYNIHAN, NEW YORK
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LINDY L. PAULL, CHIEF OF STAFF
MARY M. SCHMITT, DEPUTY CHIEF OF STAFF
BERNARD A. SCHMITT, DEPUTY CHIEF OF STAFF, REVENUE ANALYSIS

Congress of the United States

JOINT COMMITTEE ON TAXATION
1015 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6453
(202) 225-3621

MAR 05 1998

MAR 05 1998

Honorable Neil Abercrombie
US House of Representatives
Washington, DC 20515

Dear Mr. Abercrombie:

This letter is in response to your requests for revenue estimates of several proposals regarding the tax treatment of certain business expenses.

The first proposal would allow a full deduction for business meal and entertainment expenses. Under present law, the deduction generally is limited to 50 percent under section 274(n).

The second proposal would repeal section 274(m)(3) and, thus, allow a deduction for travel expenses paid or incurred with respect to a spouse, dependent, or other individual accompanying the taxpayer on business travel.

Under the third proposal, the present law 50-percent deduction limitation under section 274(n) would not apply to food and beverages furnished to employees on the business premises of the employer.

Finally, the substantiation requirements under section 274(d) for travel and entertainment expenses would apply to all such expenses greater than $15. Under present law, the substantiation threshold has been set administratively at $75.

Effective for taxable years beginning after December 31, 1997, these proposals, estimated independently, would have the following effect on Federal fiscal year budget receipts:

	Fiscal Years [Billions of Dollars]						
Item	1998	1999	2000	2001	2002	2003	1998-2003
100% deduction.....	-1.9	-9.2	-7.7	-8.0	-8.4	-8.7	-43.8
Spousal travel.....	(1)	(1)	(1)	(1)	(1)	(1)	-0.1
Meals on employer's premises.....	(1)	(1)	(1)	(1)	(1)	(1)	-0.1
Substantiation.....	(2)	(2)	(2)	(2)	(2)	(2)	(2)

NOTE: Details do not add to total due to rounding.
(1) Loss of less than $50 million.
(2) Gain of less than $50 million.

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INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER

SUBJECT: Information on Issues Raised By Military Members in Norfolk, Virginia

On April 2, 1999, you met with wives of deployed military members who asked some heartfelt questions about pay, benefits and operations. Below is background information on their most significant issues.

QUESTION: Several women commented that some military families must endure long separations while also suffering the indignity of qualifying for Food Stamps and the WIC (Women, Infant, Children) public assistance programs because of inadequate pay.

ANSWER: 1996 Department of Defense report to Congress estimated the number of military members receiving food stamp benefits at 11,900. Of these, approximately 59 percent live on military bases and were eligible because the USDA excludes the value of their in-kind housing from their gross income in determining eligibility. Most of the remainder have larger than average families. Based on a mandate in the 1999 Defense Authorization Act, DOD initiated a new study of food stamp recipients that will be completed next year. Calculated on USDA eligibility guidelines, about 214,148 military-dependent women and children are potentially eligible for WIC in the U.S. An additional 46,658 would be eligible if the WIC program was extended overseas. Your proposed military pay raise will decrease the number of military families eligible for public assistance.

QUESTION: One wife asked if there were any plans to eliminate or reduce commissary benefits.

ANSWER: Commissaries provide an important non-pay compensation and there are no Administration plans to eliminate or reduce them. Congress has, in the past, looked at the commissary benefit for elimination but always opted to protect it.

cc: Vice President
Chief of Staff

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QUESTION: Tuition assistance was also a topic of concern for the wives. They wanted to know if less money was available to assist active duty members in furthering their education.

ANSWER: Total funding for the DOD tuition assistance program actually increased in FY99 with over $135 million available. On October 1, 1998, DOD instituted a uniform tuition assistance policy for all services which leveled the playing field for eligibility and amount of payment. A provision in DOD's legislative program for FY2000 would further expand this program to pay 100 percent of tuition assistance for deployed troops rather than the 75-90 percent now allowed.

QUESTION: Navy wives wanted to know why their husbands stationed on ships in the Balkans theater did not receive hostile fire or hazardous duty pay.

ANSWER: Title 37, Section 310, requires an individual or unit be exposed to hostile fire or explosion of enemy mines to qualify for hostile fire pay. The same law allows for payment of Imminent Danger Pay (IDP) for duty in foreign areas subject to threat of physical harm or imminent danger. DOD is currently assessing the threat danger to Navy units in the Adriatic Sea to determine eligibility for IDP.

QUESTION: A question important to all the wives was on the demanding OPSTEMPO and what the Services are doing to lessen the strain on military personnel and their families?

ANSWER: SECDEF and the Joint Chiefs recognize this as one of their greatest challenges. Their efforts to address the problem have focused on two areas: lowering the tempo and building schedule predictability.

- Lowering the Tempo. Longer and more frequent deployments pose challenges for our forces, especially among "high demand/low density" units such as AWACS, Patriot missile batteries and Combat Search and Rescue. The Global Military Force Policy (GMFP) systematically manages force needs by prioritizing demands and finding alternative means to meet requirements for these forces. Each Service has set metrics with acceptable thresholds to carefully manage these units. Reserve components are being called on to mitigate some of the burden on the most stressed units. As a longer-term solution, the Army and Air Force are reorganizing a portion of their forces

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to be tailored for rotational deployments, similar to the approach taken by the Navy and Marine Corps. These Service efforts are complemented by direction from General Shelton in 1998 to reduce joint training exercises 25% over four years. Additionally, DOD is implementing a worldwide theater engagement planning process that will improve its ability to allocate military forces to priority engagement requirements while maintaining an operational tempo that is sustainable over the long term.

- Building Predictability. The Services try to build in family time for personnel returning from deployment. They are also cutting back on routine inspections, setting stern limits on the number of days personnel are deployed, and cutting back on weekend training.

The goal of these initiatives is to ultimately improve morale, quality of life and retention.

TAB II

DoD

Answers to White House Tasker

FOOD STAMPS / WIC: How many military people qualify? How many are on these programs? What are the programs' criteria? What is the military doing about people on these programs (nothing except encouraging/educating them on their eligibility).

ANSWER: A 1995 Department of Defense study estimated the number of military members receiving food stamp benefits at 11,900. Approximately 59 percent of those receiving food stamps live on base and the U.S. Department of Agriculture excludes the value of their in-kind housing from their gross income. The remaining families have a large number of dependents.

The Administration budget for FY00 has a major package of military pay and retirement enhancements. Pay raises will range from 4.4% to up to 9.9%. The number of members whose income qualifies them for food stamp assistance will be reduced if these pay raises are enacted.

The Women, Infants and Children (WIC) Special Supplemental Food Program is a U.S. Department of Agriculture program. Because it is considered a nutrition and educational program the Department of Defense encourages our servicemembers to participate. About 243,148 military-dependent women and children are potentially eligible for WIC in the U.S. An additional 46,658 women and children overseas would be eligible should the Departments of Defense and Agriculture decide to extend the program.

COMMISSARIES: Are there movements within Congress or the military to eliminate the commissary benefit? What is the Pentagon doing to counter such moves?

ANSWER: There is no movement within the Administration to eliminate the commissary benefit. Commissaries provide important non-pay compensation. By stretching the paychecks of our military personnel, the commissary benefit is critical to retaining a quality force. The Administration stands firmly behind this benefit.

There have been suggestions in some sectors of Congress in the past to eliminate or alter the level of commissary benefits. Generally, however, Congress has been an important partner in protecting this benefit.

TUITION ASSISTANCE: Are we lowering the amount of money offered for this program? Why? Why does the amount fluctuate?

ANSWER: Total DoD funding for tuition assistance is not lower, but actually higher this year than previously. Over $135 million in tuition assistance will be paid to support servicemembers' participation in off-duty, voluntary education programs. In fact, this fiscal year for the first time ever, all servicemembers regardless of branch of Service are eligible for the same level of support under a uniform tuition assistance policy.

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL # of pages ▸ 4

To CAPT BRYAN PETERMAN	From COL DICK BRIDGES
Dept./Agency NSC	Phone # 703 695 8082
Fax # 202 456 8190	Fax #

NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

Servicemembers may have experienced fluctuation in tuition assistance support prior to the Department's implementation of the uniform support policy on October 1, 1998. The new uniform tuition assistance policy brings fairness, equity, and stability to the program.

COMBAT PAY: Why don't sailors aboard TLAM shooters get hostile fire pay?

ANSWER: Hostile fire pay, according to law (Title 37, sec 310) requires an individual or unit be exposed to hostile fire or explosion of enemy mines. However, the same section of law also allows for payment of Imminent Danger Pay (IDP) for service members on duty in foreign areas subject to the threat of physical harm or imminent danger. The Department is currently assessing the threat of danger to the naval units in the Adriatic Sea to determine eligibility for IDP.

OPTEMPO/PERSTEMPO: What are the Services doing to lessen the strain on the force?

ANSWER:

LESSENING THE STRAIN

At the direction of the Secretary of Defense and the Chairman of the Joint Chiefs of Staff, all of the services have been working to reduce the OPTEMPO strain in the force that is the result of increased operations and personnel deployments. For example, we're reducing overlapping training requirements so that soldiers coming back from deployments like Bosnia don't get sent right back out into the field for some kind of other training exercise. We have also tried to build in family time at the end of deployments, so that military personnel can come home and have some down-time.

It's not easy to do, but over time commanders are finding ways to make deployments more predictable and to make time at home more predictable. Even though people know they have to be away from home for long periods of time, they also know that they'll be back at home for a predictable period of time. This way Service members can plan family events and professional education and their leaves and other things around these times they'll be at home.

LOWERING THE TEMPO

- Longer and more frequent deployments pose challenges to our military force. This problem has been particularly acute among "high demand/low density" units, such as AWACS, Patriot missile units, and Search and Rescue. High tempo is a major Department concern, and we are working hard to lower tempo by establishing tighter standards and better management procedures.

    - Each Service has developed a set of metrics to establish acceptable thresholds for tempo, and these standards allow careful management of impacted units, assets, and skills.

- Furthermore, the Department has increased its utilization of Reserve components to mitigate some of the burden placed on highly stressed units and to spread deployments more equitably.

- In addition, we have been regulating the tempo of certain high demand/low density assets such as U-2s and AWACS through the Chairman's Global Military Force Policy (GMFP). GMFP systematically manages theater-based commander in chief requirements by identifying when assets are exceeding their sustainable level, and establishes a process for prioritizing and examining alternative means to meet requirements.

SCHEDULE PREDICTABILITY

- Building more predictability into deployments is essential to reducing the stress of tempo. Schedule predictability enables service members to plan around deployments and separations from families.

  - The Navy and Marine Corps have long-standing experience deploying to sea for considerable lengths of time. However, even in these Services, there are signs of strain from high tempo.

    - In the Navy, there have also been a number of changes. Chief of Naval Operations Admiral Jay Johnson, announced some changes several months ago to try to reduce the demands for inspections on sailors after they come back from deployment, so they don't immediately have to gear up again.

  - The Air Force has been working to increase deployment predictability for its units by transitioning to an Expeditionary Aerospace Force (EAF) structure and operational concept.

    - In the Air Force, these changes' reflect a major shift in Air Force operational concepts and have made some progress. The EAF concept will add significant predictability and stability by fully incorporating active, reserve component and civilian workforces, as well as giving deploying units more notice before potential deployments. The Air Force is also looking at ways to reduce the time that people in so-called high-demand/low- density professions such as AWACS pilots, U-2 pilots and others have to be deployed in the course of a year. There are stern limits on how many days personnel are deployed. In some cases their deployments have been reduced by several months, a year, because of these limits.

  - The Army is also ensuring additional initiatives to better manage more frequent overseas deployments.

  - In the Army an example that comes to mind is at Fort Hood, Texas. Some of the commanders have taken very specific steps to cut back on weekday training and to eliminate things like weekend training. For instance, when Lt. Gen. Schwartz was the commander at Fort Hood, he made it very difficult for soldiers to train on weekends, so they could have some time off and spend time with their families when they were back in Texas.

  - The Army is using "Global Sourcing" for deployments in order to spread the load of overseas operations and reduce tempo for some of the Army's highly tasked units.

- These initiatives to achieve greater predictability will ultimately improve morale, quality of life, and retention.

IN SUMMARY

The whole idea of these administrative changes is to try to balance the need to deploy with the need to reduce the pressure of deployments. The military Services have been taking a number of administrative actions to try to reduce the strain of the high operating tempo on soldiers, sailors, airmen and Marines.

To: **Brian Peterman**
FAX # 69190

From: Tom Lewis x53796 OMB

FOOD STAMPS/WIC

A 1996 Department of Defense report to Congress estimated the number of military members receiving food stamp benefits at 11,900. Approximately 59 percent **(less than eight-tenths of one percent) live on military bases and were eligible only because the U.S. Department of Agriculture (USDA) excludes the value of their in-kind housing from their gross income in determining their eligibility. Most of the remaining members have larger than average families. Based on a mandate in the 1999 Defense Authorization Act, DoD initiated a new study of military food stamp recipients , which will be completed next year.**

The Women, Infants and Children (WIC) Special Supplemental Food Program is a U.S. Department of Agriculture program. Because it is considered a nutrition and educational program, the Department of Defense encourages our service members to participate. **DoD does not have any data on the actual number of military families participating in the WIC program. However, based on USDA eligibility guidelines,** about 243,148 military-dependent women and children are potentially eligible for WIC in the U.S. An additional 46,658 women and children would be eligible should the Departments of Defense and Agriculture decide to extend the program **overseas.**

COMMISSARIES:

Delete the last two sentences is the first paragraph which **reads " By stretching the paychecks of our military personnel, the commissary benefit is critical to retaining a quality force. The Administration stands firmly behind this benefit."**

TUITION ASSISTANCE

Add the following sentence to the answer in the first paragraph:

A provision included in DoD's legislative program for FY 2000 would further expand the tuition assistance program to permit the services to pay 100% of tuition assistance for deployed troops compared with 75% to 90% now
:

THE PRESIDENT HAS SEEN
4-12-99

THE WHITE HOUSE

WASHINGTON

April 10, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: PHILLIP CAPLAN
SEAN MALONEY

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Shalala Report on Welfare Reform with Reed Cover Note** -- following up on your recent conversation, Sec'y Shalala has sent you a detailed report on welfare reform; Bruce Reed summarizes the highlights: (i) there's solid, consistent evidence that welfare reform has led to increased employment and earnings for welfare recipients; (ii) in most cases, family income is up (~~e.g., a woman with 2 kids would be better of working 20 hours a week than she would be on welfare~~), though the most disadvantaged families may be losing ground; (iii) there's no sign foster care or child abuse rates have risen as the result of reform; (iv) enrollment in Food Stamps and Medicaid has fallen; (v) more needs to be done to restore benefits to legal immigrants; (vi) states have widely embraced approaches that require work, but differ in the use of time limits, sanctions, etc.; (vii) states should use unspent TANF funds to help longterm recipients. Shalala lays out an agenda for longterm reform success by: helping families retain and improve their employment, through better child care, minimum wage increases, Medicaid/CHIP access, Food Stamps, and transportation; reauthorizing the Labor Department's Welfare-to-Work program; protecting the TANF block grant; and restoring legal immigrant benefits. *Please see report for details.*

(B) **Berger Memo on Issues Raised by Military Families** -- follows up on your meeting last week with military families; Sandy offers detailed answers to families' questions relating to public assistance and inadequate pay; commissary benefits; tuition assistance; hazardous duty pay; and deployment rates; *please see memo for details.*

(C) **Ruff Memo on Supreme Court Action in Deportation Cases** -- responds to your question on the Supreme Court's refusal to review three circuit court decisions under the 1996 immigration amendments, involving two issues: (i) whether the Attorney General got it right in 1997 when she ruled that the amendments' tough new provisions, eliminating discretionary appeals to her by legal aliens convicted of crimes, applied to *pending* cases; (the First and Second Circuits rejected her position); and (ii) whether the amendments violated the Constitution by possibly eliminating federal habeas corpus jurisdiction in deportation cases; (the First and Second Circuits ruled the amendments *had not* eliminated habeas jurisdiction; the Ninth Circuit found that habeas *had* been unconstitutionally eliminated); DOJ was surprised the Court declined these cases; Chuck

THE PRESIDENT HAS SEEN

4-12-99

THE WHITE HOUSE

WASHINGTON

April 5, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed

SUBJECT: Secretary Shalala's Report on Welfare Reform

Following your recent conversation with Secretary Shalala about welfare reform, she has provided the attached summary of the impacts and implementation of reform. This report pulls together evidence from many of studies we have described before, providing a helpful comprehensive summary. The report urges you to make your FY 2000 budget and other proposals to help low income working families a high priority. Her key points include:

Research Evidence

- Employment: There is solid, consistent evidence -- both from evaluations of state welfare reform demonstrations and national data -- that welfare reform has led to increased employment and earnings for welfare recipients. State studies show employment increases between 7 and 29 percent, and earnings increases of 16 to 27 percent. The employment rate of previous-year AFDC adult recipients increased from 19 percent in 1992 to 25 percent in 1996, and jumped to 32 percent in 1997.

- Family income: When earnings are combined with the EITC and other benefits, families who go to work should have more income than if they remain on welfare. For example, in the average state, a women with two children would be better off working 20 hours a week than she would be on welfare. At the same time, there is some early evidence that some of the most disadvantaged families may be losing income.

- Child outcomes: There are no early indications that rates of foster care or child abuse have increased as a result of welfare reform. For example, a recent study from Wisconsin found 5 percent ~~of former welfare recipients~~ (19 families) had a child live with someone else ~~because they couldn't~~ care for them after leaving welfare, but almost as many respondents (16) said this had happened to them before they left welfare. Maryland found that only 3 children (all in one family) had been placed in foster care out of a sample of 1,810 children in families who had left welfare.

- Food Stamps and Medicaid: As you know, enrollment in Food Stamps and Medicaid has fallen recently for a variety of reasons. The memo reviews the possible explanations but does not have definitive explanations for these trends. We continue to work closely with HHS and USDA to better understand the factors contributing to these trends and to ensure that the federal and state agencies are doing everything possible to make sure those who are eligible for these benefits continue to receive them.

THE PRESIDENT HAS SEEN
4-12-99

- Legal immigrants: The memo underscores the importance of our current budget initiatives to restore benefits to vulnerable legal immigrants.

State policy choices

- Across the country, there has been a strong and pervasive shift towards encouraging, requiring, and supporting work. Most states require parents to engage in some form of work sooner than the 24 month federal requirement -- 23 states require immediate participation in work -- but they have flexibility to define what counts as work for this purpose. The memo indicates that Pennsylvania is the only state that treats this work requirement as a strict time limit that could lead to terminating families from assistance.

- There is significant variation in state use of sanctions, time limits, and diversion. Thirty eight states terminate assistance for families not cooperating with work requirements (typically cutting off benefits after several infractions, and restoring benefits to those who subsequently comply), while the remainder reduce benefits. Eight states have chosen a lifetime time limit shorter than five years, while five states plan to use state funds to extend benefits beyond the federal five year time limit and another five plan to impose time limits on adults only. It is too early to determine the impact of time limits since only a small fraction of recipients have reached them. Many states are experimenting with a variety of strategies to divert families from receiving cash assistance by providing lump sum emergency payments and other supports and requiring an applicant to search for a job before receiving assistance.

- States are in varying stages of designing strategies for and making investments in helping long-term recipients move from welfare to work and succeed on the job. The challenge is to convince states to invest unspent TANF funds on these adults.

The Unfinished Agenda

To make work pay and ensure the long-term success of welfare reform, Secretary Shalala encourages you to focus on three issues:

- Help low income families retain their jobs and find better ones by: enacting your initiatives to expand child care, raise the minimum wage, and maximize access to Medicaid and CHIP; making Food Stamps more accessible for working families; and through the TANF rule, encouraging states to help working families with transportation, child care and other supports.

- Invest in all families, including the hard-to-serve by: reauthorizing DOL's Welfare-to-Work program, encouraging states to invest TANF funds in hard-to-serve populations as well as non-custodial fathers, and resisting efforts to cut the TANF block grant.

- Treat legal immigrants fairly by enacting our new proposals to restore additional disability, health and nutritional benefits and by releasing guidance on public charge.

THE PRESIDENT WAS SEEN
4-12-99

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

MAR 22 1999

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MEMORANDUM FOR THE PRESIDENT

Introduction

The purpose of this memorandum is to provide a summary of:

- what we know now about the effects of welfare reform;
- what we know about the implementation of welfare reform, including State policy and spending choices; and
- what implications this information has for the next steps and the unfinished agenda of welfare reform.

Welfare reform has been successful in moving many, many families from welfare to work. Yet, the available evidence suggests that there are "winners" and "losers" among welfare families – some families are benefiting substantially from the new incentives, requirements, and opportunities and others are being left behind. And while a variety of studies show positive impacts on earnings, many parents leave welfare for work yet still do not earn enough to raise their families out of poverty. Our challenge now is to make work pay so that no working family is forced to live in poverty.

In order to achieve this full promise of welfare reform, we need to focus attention on supporting working families through a range of strategies, including health insurance, child care, Food Stamps, and other supports, so that families who leave welfare for work that may be low-wage and less than full-time are able to support themselves and their children. We also need to strongly encourage States to focus policy attention and resources on those families who remain on welfare and need more intensive services, including substance abuse and mental health services, domestic violence services, and supported work. Finally, we need to continue our efforts to ensure that legal immigrant families are treated fairly.

The Research Evidence

Despite the broad array of ongoing research about welfare reform, it is still early and our knowledge in many areas is still limited. We know a lot about effects on employment and earnings, but we know little about effects in other domains, such as child well-being or family structure, and we know very little about low-income families who do not enter the welfare rolls. Also, welfare reform has been implemented in the context of a strong national economy, so we know little about the effect of welfare reform in other economic circumstances.

Employment and Earnings

There is solid and consistent evidence from a variety of sources that welfare reform has increased the average employment and earnings of welfare recipients. This finding, that welfare reform and the strong economy have indeed had a positive impact on work, is the most solid of the research findings we have, because it comes from so many different sources.

- Experimental studies of State waiver demonstrations and other work programs that are very similar to TANF programs show consistently positive impacts on employment and earnings[1]. Recent results from specific State programs at the upper range show employment increases in the range of about 7 to 29 percent, and earnings increases of about 16 to 27 percent. For example, in the evaluation of the Minnesota Family Investment Program (MFIP), earnings for single-parent long-term recipients in urban counties increased by $1,041(26.9 percent), and the percent ever employed increased by 17.0 percentage points (28.8 percent) over 18 months.[2]

- TANF administrative data from 39 States shows a 30 percent increase in employment among TANF recipients in the fourth quarter of FY 1997, compared to the first three quarters. Over the same period, the average earnings of those employed increased by 17 percent, from $506 to $592 per month.

- Analyses of data from the Census Bureau's annual Current Population Survey (CPS) indicate a clear pattern of increased employment. The March employment rate of previous-year AFDC adult recipients increased from 19 to 25 percent between 1992 and 1996, and jumped to almost 32 percent in 1997. Also, the March employment rate of single mothers whose previous-year income was under 200 percent of poverty rose from 44 percent in 1992 to 54 percent in 1997, with average annual increases in 1996 and 1997 twice as large as in the previous 3 years.[3]

Other Impacts of Welfare Reform

The evidence about impacts on family income, on food security and hunger, on health insurance status, on child outcomes, and on other family experiences, are much less clear at this point. The best reading of the available evidence suggests that because the baseline levels of employment and earnings for welfare recipients are so low, even with substantial increases most families exiting welfare continue to be poor; and that while some families are benefiting dramatically

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1 Fein, David et al, *Indiana Welfare Reform Evaluation: Program Implementation and Economic Impacts After Two Years*, Abt Associates, Inc., November 1998

Bloom, Dan et al, *The Family Transition Program: Implementation and Interim Impacts of Florida's Initial Time-Limited Welfare Program*, MDRC, April 1998.

Miller, Cynthia et al, *Making Welfare Work and Work Pay: Implementation and 18-Month Impacts of the Minnesota Family Investment Program*, MDRC, October 1997.

2 Miller, Cynthia et al, *Making Welfare Work and Work Pay: Implementation and 18-Month Impacts of the Minnesota Family Investment Program*, MDRC, October 1997.

3 U.S. Department of Health and Human Services, Administration for Children and Families, *Temporary Assistance for Needy Families (TANF) Program: First Annual Report to Congress*, August 1998.

from the new incentives, requirements and opportunities, others are being left behind. However, current evidence does not support the hypotheses that large numbers of people are becoming homeless or that more children are being moved into foster care (see below).

- Results from waiver demonstrations and studies of recipients who left welfare ("leaver" studies) for the most part indicate that average family income has been unchanged with some families increasing their income but others experiencing declines. For example, 2-year impacts on clients assessed as "job-ready" from Indiana's waiver demonstration showed earnings up 17.0 percent ($1,374) and quarters of employment up 12.8 percent, but total combined income from earnings and benefits was unchanged.[4]

- When earnings are combined with the EITC and other benefits, most families who go to work would have a higher income than if they had remained on welfare. In the average State, a woman with two children could be better off working 20 hours a week than she would be on welfare. However, not all eligible families are accessing tax credits and benefits, such as Food Stamps, child care, and transportation subsidies. In some cases State policy choices may have the effect of restricting families' access to Food Stamps and Medicaid.

- There is some early evidence that the most disadvantaged families may be losing income. CPS data indicate that real average family income for the bottom quintile of female-headed families with children declined between 1995 and 1997, after increasing from 1993 to 1995.[5]

- Some individuals leaving welfare may earn too much to qualify for Food Stamps, or they may be unaware of their eligibility. For example, a South Carolina leaver study found that 17 percent reported having had no way to buy food some of the time since leaving TANF. (This was true of nine percent while on TANF.) Having a job did not reduce the probability of not having a way to buy food.[6]

- Another area of concern is the impact of welfare reform on child well-being in such areas as adequate shelter, health and development, family stability and other outcomes. In particular, we need to measure effects on child health and development, foster care and child abuse. There are no early indications that rates of the latter two have increased with welfare reform.

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[4] Fein, David et al, *Indiana Welfare Reform Evaluation: Program Implementation and Economic Impacts After Two Years*, Abt Associates, Inc., November 1998

South Carolina, Department of Social Services, *Survey of Former Family Independence Program Clients; Cases Closed During April Through June, 1997*, July 1998.

Cancian, Maria et al. *Post-Exit Earnings and Benefit Receipt Among Those Who Left AFDC in Wisconsin*, Institute for Research on Poverty, University of Wisconsin-Madison, October 1998.

Bloom, Dan et al, *The Family Transition Program: Implementation and Interim Impacts of Florida's Initial Time-Limited Welfare Program*, MDRC, April 1998.

Fein, David, and Karweit, Jennifer, *The ABC Evaluation: The Early Economic Impacts of Delaware's A Better Chance Welfare Reform Program*, Abt Associates, Inc., December 1997.

[5] Bavier, Richard, "An Early Look at the Effects of Welfare Reform," unpublished manuscript.

[6] South Carolina, Department of Social Services, *Survey of Former Family Independence Program Clients; Cases Closed During April Through June, 1997*, July 1998.

A 1997 Maryland study found that, of the 1,810 children in their sample of families leaving welfare, only 3 children, in one family, had been placed in foster care in the 3-6 months of follow-up. The recently published Wisconsin report found that 5 percent of respondents – 19 families – reported that since leaving welfare they have had a child live with someone else because they couldn't care for them, but almost as many respondents – 16 families – reported that this had happened to them before they left welfare.[7] We are investing in additional research on child outcomes under welfare reform, and reports will be available over the coming months.

- We are currently supporting research in a number of other areas where we do not yet have results to report. For example, we do not yet know what the full impact of time limits will be, as only a small fraction of recipients have reached them. Over the next four years, an increasing share of the caseload will come up against them. We are also currently undertaking studies to increase our limited knowledge of how families are faring in which there are persons with disabilities, substance abusers, or victims of domestic violence. Finally, early research is not yet available on the effects of welfare reform on child health and development.

Participation in Medicaid and Food Stamps

Enrollment in both Medicaid and Food Stamps has fallen recently, for a variety of reasons.

- Because of your efforts, Medicaid coverage has been preserved to a substantial extent under welfare reform. Nonetheless, Medicaid enrollment dropped by about 1 million from 1996 to 1997. There are many potential reasons for the decline, and we do not have any definitive answers about why it has occurred. Improvements in earnings and employment resulting from the strong national economy have probably played an important role in this decline, making it possible for some low-income Medicaid families to find jobs that offer health insurance. It is also important to note that, while Medicaid enrollment has declined, the number of people under the poverty level who are uninsured has not increased from 1996 to 1997. Changes in attitudes toward public assistance may also be playing a role in falling TANF, Food Stamp, and Medicaid caseloads.

  However, as States change how they deliver cash assistance, we need to be concerned that a variety of other factors might be affecting Medicaid participation. These include: termination of the long-standing programmatic linkage between eligibility for cash assistance and Medicaid; potential barriers to enrollment for working families (e.g., limited application sites and hours of operation); and confusion about the eligibility of legal immigrants and their citizen children. Finally, as States continue to experiment with strategies that encourage families to seek employment prior to applying for TANF, some eligible adults and children may be diverted from Medicaid, and may not even know they are eligible.

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[7] Born, C. et al. *Life After Welfare*. Family Investment Administration, MDHR and University of Maryland School of Social Work. September 1997. (This analysis was not repeated in the later reports in this series.)
Survey of Those Leaving AFDC or W-2 January to March 1998, Preliminary Report, Wisconsin Department of Workforce Development, January 1999.

- Food Stamp participation fell from an average of 27.4 million persons in 1994 to 21.5 million persons in 1997 – a drop of 5.9 million. During this same period, the number of persons living in poverty fell by only 1.5 million, from 38.1 million to 36.6 million. Since 1997, Food Stamp participation has dropped even further to 18.6 million persons in December 1998. Part of this drop is due to the new restrictions on Food Stamp participation by certain legal immigrants and able-bodied unemployed adults without dependent children. Also, many eligible individuals may erroneously believe that once they leave or are diverted from TANF they are also ineligible for Food Stamps. In addition, many of the factors cited for the decline in Medicaid participation also apply to Food Stamps. While immigrants and able-bodied unemployed adults without dependent children account for a significant portion of the decline in Food Stamp participation, 60 percent of the decline can be attributed to fewer AFDC/TANF participants.

Legal Immigrants

Legal immigrant families were among those most at risk after welfare reform. Their disproportionate declines in participation are consistent with anecdotal reports we have received about the chilling effect of public charge policies and confusion over changing eligibility requirements on the use of benefits by legal immigrant families. The findings lend support to our interagency efforts to develop clear guidance on public charge policies, and they provide support for the Administration's recent accomplishments and current budget proposals to restore certain benefits to vulnerable legal immigrants. We also have research efforts underway in New York City and Los Angeles that are studying the situation of legal immigrants.[8]

State Policy Choices

States have a wide array of choices when it comes to designing their programs. However, the primary focus of State policy choices continues to be encouraging, requiring, and supporting work. A major study of the implementation of welfare reform noted that the pervasive changes in social programs since enactment of the Personal Responsibility and Work Opportunity Reconciliation Act "have occurred in large part because strong signals have been sent by governors and State legislators that a work-based approach to welfare reform is no longer just one Federal priority among many but is now a central objective within each State."[9] Almost all of the States have moved to "Work First" models, requiring recipients to move quickly into available jobs.

Beyond the focus on work, three other themes stand out about State policy choices:

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[8] Zimmerman, Wendy and Michael Fix, *Declining Immigrant Applications for MediCal and Welfare Benefits in Los Angeles County*, The Urban Institute, Washington, D.C., July 1998.

Fix, Michael and Jeffrey S. Passel, *Trends in Noncitizen's and Citizen's Use of Public Benefits Following Welfare Reform, 1994 to 1997*. The Urban Institute, March 1999.

[9] Nathan, Richard P. and Gais, Thomas L., *Implementation of the Personal Responsibility Act of 1996*; Federalism Research Group, The Nelson Rockefeller Institute of Government, State University of New York.

- As envisioned in the statute, there is considerable variety in the choices States have made about policies such as time limits, sanctions, diversion, and policies for families who face specific barriers to work. There is no single, typical program.
- State choices about TANF policy and implementation can affect families' ability to receive other benefits for which they are eligible (such as Medicaid and Food Stamps), sometimes in unintended ways. The "delinking" of eligibility for Medicaid and TANF, for example, offers States both challenges and new opportunities. When families learn they can receive Medicaid coverage without having to receive welfare, they may be less likely to turn to welfare in the first place. Therefore, we must be clear that States are accountable for ensuring access to these benefits for eligible families.
- Many States have not yet reinvested the TANF resources freed up by declining caseloads to help families with more intensive needs (for example, families with a disabled parent or child, families with a member who needs substance abuse or mental health treatment, families suffering from domestic violence) move to self-sufficiency before the time limits take effect. We must keep challenging States to make these investments, while at the same time protecting the TANF resources in the Congress.

Making Work Pay and Requiring Work

States have enacted policies to make work pay, generally by increasing the amount of earnings disregarded in calculating welfare benefits. Forty-seven States made changes to simplify and expand the treatment of earnings compared to the AFDC treatment. In conjunction, all States have raised their limits on assets and/or vehicles so that families do not have to get rid of a vehicle that may be their only transportation to work and so that they can accumulate savings.

Parents or caretakers receiving assistance are required to engage in work (as defined by the State) within 24 months, or shorter at State option. Most States have opted for a shorter period, with 23 States requiring immediate participation in work; 8 States requiring work within 45 days to 6 months; 17 States requiring work within 24 months; and 3 States with other time frames for work. In addition, some States use a narrow definition of "work," whereas others allow for a broader range of activities, including training or volunteering. There is no Federal penalty associated with failing to meet this requirement, so States have considerable flexibility in how they structure and enforce it. Many States have chosen to treat this requirement as a broad goal for the system, and we are not aware of any State except Pennsylvania that is treating it as a strict time limit that could lead to termination of individual families from assistance.

Another major feature of State policy regarding work is the increased use of sanctions if a family fails to participate in required activities. While we do not have good national data at this point, the State waiver studies suggest that there is much more aggressive State use of sanctions under welfare reform. For example, waiver demonstrations indicate that a demonstration county in Florida increased its sanction rate from seven to thirty percent and Delaware's sanction rate increased from nearly zero to fifty percent.[10] Under PRWORA, if the individual in a family

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[10] Bloom, Dan et al, *The Family Transition Program: Implementation and Early Impacts of Florida's Initial Time-Limited Welfare Program*, MDRC, May 1997.

Fein, David, and Karweit, Jennifer, *The ABC Evaluation: The Early Economic Impacts of Delaware's A Better Chance Welfare Reform Program*, Abt Associates, Inc., December 1997.

receiving assistance refuses to engage in required work, the State has the option to either reduce or terminate the amount of assistance payable to the family, subject to good cause. Thirty-eight States have elected to terminate the amount of assistance payable to a family for not cooperating with work requirements (typically after several infractions), and thirteen States have chosen to reduce the amount of cash payable to a family.

Time Limiting Assistance

State policies related to time limiting assistance to a family vary greatly. States have chosen the following time limit policies:

- 27 States use the federal time limit (Alabama, Alaska, Colorado, District of Columbia, Hawaii, Iowa, Kansas, Kentucky, Maine, Maryland, Minnesota, Mississippi, Missouri, Montana, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Oklahoma, Pennsylvania, South Dakota, Vermont, Washington, West Virginia, Wisconsin, and Wyoming);
- 6 States (Louisiana, Nevada, North Carolina, South Carolina, Tennessee, and Virginia) have chosen "intermittent" time limits with a lifetime limit of 60 months (for example, Louisiana limits TANF receipt to 24 months in any 60 month period, with a lifetime limit of 60 months);
- 8 States have chosen a lifetime time limit shorter than the federal limit (Arkansas, Connecticut, Delaware, Florida, Georgia, Idaho, Ohio, and Utah);
- 5 States have chosen options involving supplements for families reaching the federal time limit (Illinois, Massachusetts, Michigan, Nebraska, and Oregon); and
- 5 States have chosen time limits for adults only (Arizona, California, Indiana, Rhode Island, and Texas).

Diversion

Many States are experimenting with a variety of strategies to divert families from receiving cash assistance. These strategies are quite diverse and include lump-sum cash payments, where families receive a payment sufficient to resolve an immediate emergency (such as a car breakdown) and keep the family working and off of cash assistance; applicant job search, where the applicant is required to look for a job for some period of time (with or without structured assistance from the welfare office) before receiving benefits; and other alternative support services (such as linkages to child care or community resources). These strategies are quite new and there is little research yet on their effects.

However, a recent study, funded by the Department, has examined the emergence of diversion programs as a welfare reform strategy and the potential for diversion to affect access to Medicaid. The study reported on the use of diversion in all 50 States and the District of Columbia, and also included an examination of the experiences of five local communities in establishing and operating diversion programs. In addition to noting the importance of processing Medicaid applications even in cases in which TANF assistance is deferred, it highlights promising approaches that other States may follow to ensure access to Medicaid and

other supports, such as child care, for those who obtain employment through diversion or are otherwise diverted from the TANF rolls.[11]

One of the local programs examined in the study is Montana's, which provides a child care and Medicaid only option for families with work or child support income. The study found that this has greatly increased demand for child care in Montana.

Families Facing Specific Barriers to Employment

Although there have been dramatic gains in work for many TANF families, too many families with multiple barriers to success could be left behind. While many parents on welfare have succeeded in moving to work despite extraordinary obstacles, others will need additional treatment and support services to work and succeed at work, and the States vary a great deal in the extent to which they have planned and invested in programs to provide these supports. There are no completely reliable estimates of specific family needs among welfare families, but recent studies suggest that as many as 27 percent of adults in the caseload nationally have a substance abuse problem; up to 28 percent have mental health issues; up to 40 percent have learning disabilities or low basic skills; and up to 32 percent are current victims of domestic violence.

The Department (including both the Administration for Children and Families and the Substance Abuse and Mental Health Administration) has co-sponsored with the Department of Labor a series of conferences on Promising Practices under welfare reform, which has featured practitioners and researchers providing information on the approaches to treatment and support that enable parents facing these obstacles to prepare for work and succeed at work. However, while there are a number of States that have developed innovative and impressive approaches and a few States that have already made substantial investments,[14] we are concerned that too few States are operating at a scale that will meet the need. One important accomplishment to note is that as a result of your strong focus on domestic violence, many States have made policy decisions and investments that focus for the first time on protecting and supporting women on welfare who have experienced domestic violence.[15] The challenge now is to convince States of the importance of investing unspent TANF funds in these hard-to-serve adults remaining on the rolls.

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11 Maloy, K., et al, *A Description and Assessment of State Approaches to Diversion Programs and Activities Under Welfare Reform*. The George Washington University Medical Center, Center for Health Policy Research, August 1998.

Pavetti, LaDonna A., et al, *Diversion as a Work-Oriented Welfare Reform Strategy and its Effect on Access to Medicaid, An Examination of the Experiences of Five Local Communities*. The George Washington University Medical Center, Center for Health Policy Research, publication pending.

12 *Ancillary Services to Support Welfare-to-Work*, prepared by Mathematica Policy Research, Inc., under contract to DHHS/ASPE, June 1998.

13 *In Harm's Way? Domestic Violence, AFDC Receipt and Welfare Reform in Massachusetts*, University of Massachusetts, 1997.

14 For example, North Carolina is reported to be doing innovative programming with substance abuse clients, and Washington is reported to have focused attention on the learning disabled.

15 *Ancillary Services to Support Welfare-to-Work*, prepared by Mathematica Policy Research, Inc., under contract to DHHS/ASPE, June 1998.

Unobligated TANF Funds

While 17 States (including California, Illinois, and Texas) have committed all of their FY97 and FY98 Federal TANF funds, the remainder of the States have about $3 billion (10 percent of the total) unobligated as of the fourth quarter of FY 98, the subject of much attention in Congress and the press (see attached chart). The reasons include: State choices to hold resources for the future in rainy day funds; a time lag in reallocating funds left uncommitted as a result of unexpected caseload declines; and a time lag in implementing welfare reform on a statewide basis.

Innovative investment of these funds is essential to the success of welfare reform. States need both to help working families to sustain and improve their employment and to help hard-to-serve family members overcome their various obstacles within the time limits, so that all families are given the chance to succeed.

The Unfinished Agenda

Making work pay — to lift families out of poverty — has always been one of this Administration's major goals. Your initiatives to expand the EITC and child care, to raise the minimum wage, and to encourage States to expand their earnings disregards through waivers, have been important steps toward the goal of every working parent being able to provide for their children's basic needs. Yet millions of young, low-income parents are not benefiting from programs like Medicaid, Food Stamps, and child care that could support their entry into the workforce and lift them out of poverty once they do work.

Working parents, including both those who have left welfare and those never on assistance, should not have to worry about being unable to feed, house, clothe, or secure medical care for their children. Yet there are millions of children now living in working families with incomes below the poverty level. To make work pay and ensure the long-term success of welfare reform, forceful action is needed in at least three areas: supporting low-income working families who no longer receive, or never received, cash assistance; helping the less employable TANF recipients secure stable jobs; and continuing our efforts to ensure that legal immigrant families are treated fairly.

Many of the proposals below are in your FY 2000 budget. We will see them enacted only if the Administration as a whole makes these items high priorities in any budget, tax or appropriations negotiations.

Helping low-income working parents keep their jobs and find better ones

1. **Hold the States' feet to the fire.**

Millions of eligible individuals are not participating in programs that would lift them out of poverty. We must use every means available to get States to reach out to these people and provide them with the benefits and services they need.

2. **Enact your Child Care Initiative, which would make child care more affordable for hundreds of thousands of low-income working families and, through the Early Learning Fund, increase the quality of child care and promote school readiness for children across income levels**. (in FY 2000 budget)

We are currently providing child care assistance through Child Care and Development Block Grants for only 1.25 million of the 10 million children eligible.

In addition, an extensive body of research shows that the poor quality of care many young children receive threatens their cognitive and social development. As you and the First Lady highlighted in the 1997 White House conference on early learning and the brain, the first three years are absolutely critical to an individual's intellectual development. Children who fall behind during this crucial period may never catch up, with devastating educational and economic consequences. This is why the Early Learning Fund should be a centerpiece of the Administration's education agenda.

3. **Maximize access to Medicaid by publicizing the range of options available to States under current law to widen outreach and broaden coverage, and by continuing to act on reports that States may be inappropriately diverting eligible persons from Medicaid**.

Shortly, we will issue a guidebook describing the requirements governing Medicaid eligibility, application and enrollment. Under Medicaid, States have great flexibility in how they operate their programs. The guide will also highlight the options States have for facilitating enrollment -- such as expanding coverage of working families under section 1931 and providing presumptive eligibility and 12 month continuous eligibility. As part of our ongoing technical assistance activities, the Department will sponsor a "best practices" conference to help disseminate information on how to improve enrollment. We are also, as you know, working with the NGA on a range of outreach activities for both Medicaid and CHIP.

4. **Eliminate unnecessary reporting requirements for transitional Medicaid, in order to provide this transitional health coverage to more working families**. (in FY 2000 budget)

This will lessen one of the main reasons cited by States and families for low utilization of transitional Medicaid.

5. **Expand allowable uses of the $500 million Medicaid fund created to cover the cost of extra eligibility determination work resulting from the breaking of the link between welfare and Medicaid**. (in FY 2000 budget)

Giving States greater flexibility in the use of these funds for outreach would allow them to enroll in Medicaid and CHIP more children in families that are diverted from or never connected to TANF.

6. **Resist efforts to rescind the funds available for CHIP.**

7. **Enact your proposal to increase the minimum wage from $5.15 to $6.15.**

Various studies have found that the average wage for those leaving TANF for work ranges from approximately $5.50 to $7.50 per hour. A minimum wage increase would put significantly more money in the pockets of those parents currently working for less than $6.15 per hour and would likely also bump up the wages of many now earning just over $6.15.

8. **Make Food Stamps more accessible to working families by:**

   - **Eliminating the vehicle fair market value test (while retaining the more appropriate equity test; the equity is the amount the household would receive, and could use for food, if the car were sold);**

   - **Giving States the option to implement quarterly reporting (in addition to the current options of monthly reporting or reporting any change within 10 days); and**

   - **Increasing the error rate tolerance from the current $5, an action that would reduce potential State liabilities for serving working families with changing circumstances.**

The latter two proposals do not require legislation.

If savings are identified from the larger-than-expected decline in the Food Stamp caseload, it would be appropriate and desirable to reinvest those dollars in the Food Stamp program to expand access for working families. I know this is a priority for Secretary Glickman, and I completely share his goals in this area.

The availability of Food Stamps as a support for such families can also be enhanced by encouraging State outreach, especially for families diverted from or leaving TANF, and by clarifying State obligations under current law and regulations (which USDA did in a January 29 letter to State commissioners).

9. **Publish the final TANF regulations, which will encourage States to help working families with transportation, child care or post-employment education or training (to upgrade skills), and to otherwise use TANF dollars creatively to accomplish the goals of welfare reform.**

In addition, the Department will continue to explore through demonstration projects innovative strategies to stabilize the employment and boost the earnings of TANF recipients who find jobs.

This year, the Department will award the first High Performance Bonuses on job retention and earnings gains, as well as initial job placement. We will continue to encourage States to focus on these goals, which will in turn provide us with a wealth of information regarding State performance in welfare reform.

10. **Secure the additional $144 million requested for HUD's Welfare-to-Work housing vouchers and the additional $75 million sought for the Department of Transportation's Job Access program in the FY 2000 budget.**

Investing in all families, including the hardest to serve

11. **Reauthorize DOL's Welfare-to-Work program, which is targeted to high-poverty areas and to hard-to-employ recipients.** (in the FY 2000 budget)

12. **Encourage States to make the additional TANF investments (e.g., in substance abuse and mental health services, services for victims of domestic violence, intensive work services) needed to move some of the more disadvantaged recipients into long-term employment. Also encourage States to invest in services for non-custodial parents, to help them increase their earnings and child support payments.**

Treating immigrants fairly

13. **Give States the option of providing Medicaid and CHIP to legal immigrant children who entered the country after enactment of welfare reform.** (in the FY 2000 budget)

14. **Give States the option of providing Medicaid to pregnant legal immigrants who entered the country after enactment of welfare reform, to ensure that their children, who will be U.S. citizens, get the best start in life.** (in the FY 2000 budget)

15. **Release DOJ/INS/State guidance on public charge.**

Clarifying the public charge policy will ensure that immigrant families know which benefits they can access without fear of deportation or other adverse impact on their immigration status, thus addressing the potential effect of public charge on this community's receipt of needed benefits.

16. **Restore SSI and Medicaid for legal immigrants who entered after enactment of welfare reform, have been in the country for five years, and became disabled after entry.** (in the FY 2000 budget)

17. **Restore Food Stamps for aged legal immigrants who were in country prior to passage of welfare reform and turned 65 after that date.** (in the FY 2000 budget)

Maintaining TANF funding

18. **Resist efforts to reduce the TANF block grant and enact the Administration's budget proposal to uncap the contingency fund; this combination will enhance States' ability to meet needs not currently anticipated.**

As welfare reform has been implemented in a time of a strong national economy, we know little about how effective the TANF program would be in other economic circumstances. In addition,

it is likely that falling caseloads have left on the welfare rolls a higher proportion of families who need intensive services.

Conclusion

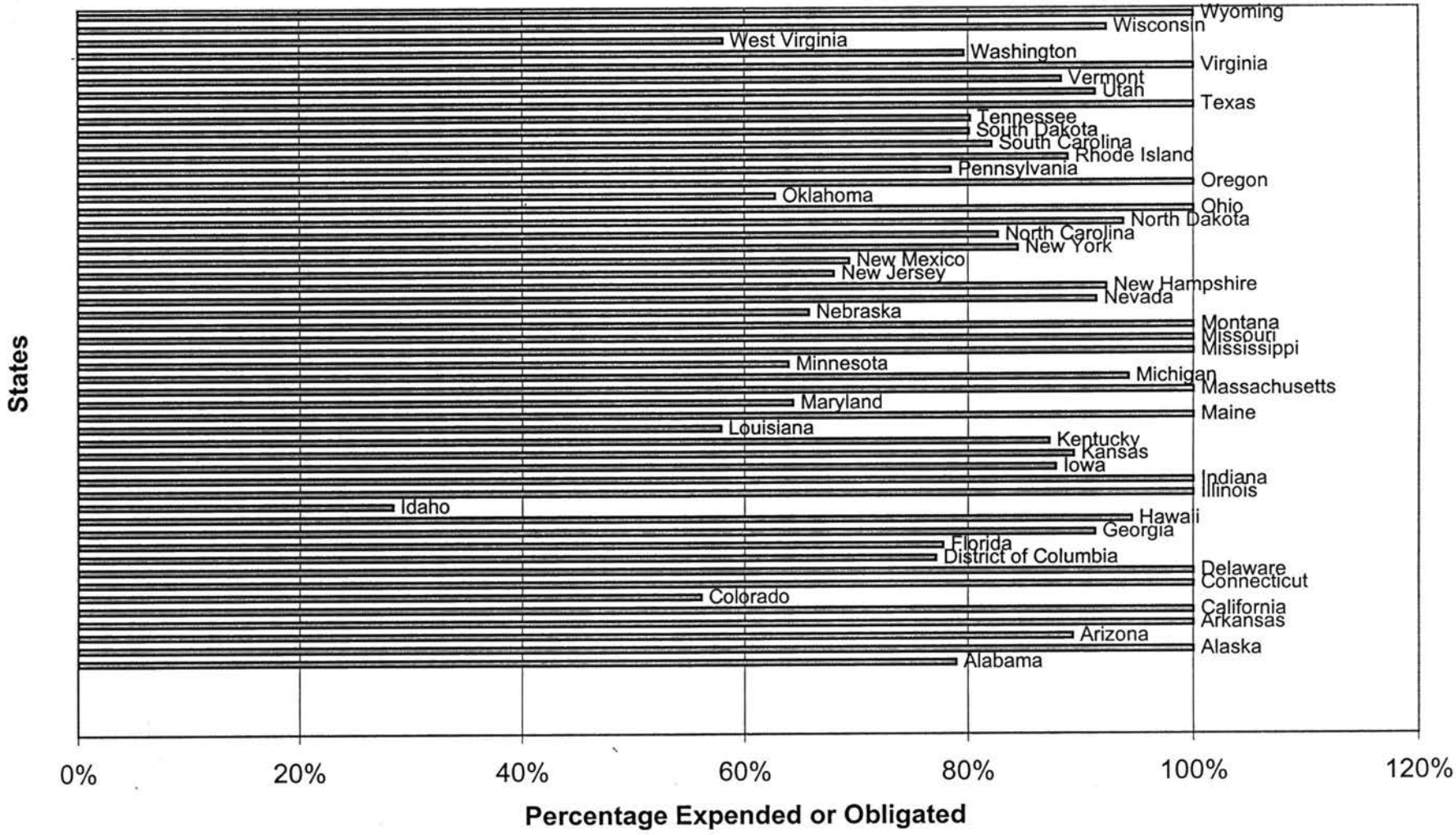
Perhaps the most important step you can take as President is to help working families by fundamentally changing the perception of programs such as Food Stamps, health care (Medicaid/CHIP), and child care so that they are seen as supports for working families. Low and moderate-income working families should think of Food Stamps, Medicaid, CHIP or child care subsidies as no different from student loans, Hope scholarships, or Pell Grants – which no one considers welfare. States are the critical actors in this transformation and we need to hold them accountable for both moving more forcefully in restructuring their income support systems to make them worker-friendly, and investing TANF resources to ensure that all families move to work and succeed at it. The States need to focus on lifting working families out of poverty, not just getting them into jobs.

The initial success of welfare reform is clear. Now we must, through the actions described above, take the next steps toward making work pay and ensuring that no working parent is unable to meet their children's and their own basic needs. Our goal must be to lift every working family out of poverty.

Donna E. Shalala

Attachment

90% OF FY 97 & 98 FEDERAL TANF FUNDS HAVE BEEN EXPENDED OR OBLIGATED BY STATES



Nancy-

What do you think of this?

Just do a letter

Phil
4/9

4-12-99

Send to Beerkhardt:

Yes ✓

no ____

'99 APR 8 PM10:46

THE WHITE HOUSE

WASHINGTON

April 8, 1999

RECOMMENDED TELEPHONE CALL

TO: Mayor Deedee Corradini (Salt Lake City, Utah)
President, U.S. Conference of Mayors

DATE: April 12, 1999

RECOMMENDED BY: Mickey Ibarra

PURPOSE: To wish Mayor Corradini a happy birthday.

BACKGROUND: Mayor Corradini is turning 55 years old on Sunday, April 11. She is skiing for her birthday. As you know, she decided not to seek re-election this year so this will be her last birthday in office.

USCM has invited you to address their annual meeting in June at New Orleans. A decision is pending.

TALKING POINTS:

- I understand you celebrated your birthday yesterday.
- Thank you for your hard work with the U.S. Conference of Mayors and your work with the Olympics.
- The people of Salt Lake City are fortunate to have a leader with vision, courage and dedication.
- I understand you got engaged to John Hubner who you met at a Renaissance weekend.

CONTACT PERSON AND TELEPHONE NUMBER(S): Natalie Taylor, Mayor's assistant 512/521-0280

DATE OF SUBMISSION: April 5, 1999

ACTION: _____

_____

THE WHITE HOUSE
WASHINGTON

Date 4/12

To: Karen Tramontano

From: The Staff Secretary

As discussed.

Correspondence will be in touch with you re: a reply.

Phil

cc: Dan Burk

EVS 3/31/99

ZWERDLING, PAUL, LEIBIG, KAHN, THOMPSON & WOLLY, P.C.

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March 29, 1999

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

'99 APR 8 PM2:48

Re: Georgetown Class of '68 & The Uniformed Division of Secret Service

Dear Bill:

After nearly six years of your Presidency of which I am so proud, I finally feel compelled to write to you to let you know how proud I have been of you as a member of the Class of 1968. You may not remember the time at Georgetown when a group of us left the campus for Selma and the voter education drive which ended in the March to Montgomery, but I remember at the time worry about how few students on the main campus and in the Foreign Service School from the south (I was from Kentucky), supported what we were doing. I was told specifically that Clinton from Arkansas was a strong supporter. That struck me then, as it does now.

I meant to write to you sooner, during the pressure of the Lewinski affair. However, my work made that difficult. In addition to my teaching at the Georgetown Law Center, I am general counsel to the International Union of Police Associations and the Uniformed Division Officers Association of the Secret Service. In that role, I represent approximately twenty members of the Uniformed Division who, over their strong objections, became witnesses in Mr. Starr's investigation. The experience was uncomfortable for them. After more than twenty-five years representing working people and twenty years representing working law enforcement officers, including more than fifteen years as general counsel to the Uniformed Division Officers, it was my experience that the Independent Counsel's Office treated these committed law enforcement officers with outstanding records with less respect, less professionalism, and less common courtesy than any attorney, prosecutor, legal

or judicial officer has ever treated any client I've represented, including officers charged with serious misconduct. It upset them, as it upset me, in no little part because you were the target of the process.

I wanted to let you know that I admire the way you have handled this last difficult year. I wish I was writing for that purpose alone. However, I am writing because I am pressed to write for another reason.

Unfortunately, the working officers of the Unformed Division work under a labor management relations system which severely limits their rights. They are not covered by the system available throughout the federal government to nearly all other working people including the majority of law enforcement officers. For example, we have represented the Pentagon Police Officers who have full federal meet and confer collective bargaining rights, and work under a contract which controls their working conditions. No such system is applicable to the Uniformed Division. As I am sure you recall, during your first term and working at the behest of the International Union of Police Associations, you considered amending the Executive Order which denies the officers of the Uniformed Division basic union and collective bargaining rights. That effort failed. The Order still needs revision. However, it initially resulted in some optimism that working within the Department of Treasury there would be an effort to establish a labor management meeting system in which some level of joint labor management "meet and confer" activity would take place. Some effort in that direction was instituted by the Director and the Chief of the Uniformed Division. However, by mid-1998 that effort sputtered and died.

Meanwhile, the Uniformed Division and the entire Secret Service was drawn by Mr. Starr into the investigation of the Presidency -- an experience as intense as any in the history of the Secret Service. That uncomfortable experience was particularly stressful to the Uniformed Division, which as the result of the working arrangement between the Justice Department and the Office of the Independent Counsel, bore the brunt of the investigation with only very limited exposure of the non-Uniformed portion of the Service. Unfortunately, that experience has combined with the increasing pressure for the security services of the Secret Service as we go into the next round of Presidential elections. This puts a great deal of stress on the Uniformed Division and the officers within it.

Rumors abound and reliable information is difficult to come by. Planning and decision making directly impacting on the working officers of the Uniformed Division is not shared with them. Study groups and task forces on the future of the Division meet and make recommendations without the participation and input from the Uniformed Division Officers Association. Structural and administrative changes are made without input or discussion. For example, posts are reassigned or redesignated and officers removed from permanent

posts only to be returned to those same posts on a temporary basis. Access to out of town assignments and voluntary overtime is denied officers on the basis of the proper use of leave. This occurs in situations where the leave is clearly within the protection of the Family Medical Leave Act. However, since FMLA issues on the federal level must be presented through the available grievance procedure and since, by operation of the Executive Order mentioned above, the Uniformed Division has no effective grievance procedure in which an officer may be represented by counsel, there is no avenue for appeal of violations of the officer's family leave rights. There are many other examples of these problems.

Beyond this, while the word is circulated that a task force or focus group met and made recommendations concerning a reorganization of the Service and the replacement of command officers within the Uniformed Division by non-uniformed agents, the related process moves forward secretly and without the participation of representatives of the working officers involved. The Uniformed Division Officers Association has asked for briefings on the situation and for copies of the recommendations and related reports, in order to contribute comments on them. These requests are turned aside or denied. Requests for information are ignored. When some time ago the President of the Uniformed Division shared with me some of the provisions of the Manual which controls personnel rules within the Service (provisions which are in not at all sensitive), he was reprimanded for releasing sensitive information outside the service. This was in a context in which the provisions provided to me were held securely and used only in the context of ongoing FLSA litigation in the United States Court of Claims. There is much more that could be said. There is no question that contrary to efforts to improve management labor relations cooperation eighteen to twenty-four months ago, the situation is deteriorating rapidly. Many of my clients perceive this deterioration as arising directly from the pressures placed on the Service by the investigation of the OIC. It no doubt is intensified by the increasing demand on the resources of the Service.

There are very few avenues available to the Uniformed Division Officers Association to improve these situations. No realistic labor management system exists; Congressional interference or appeals are not very attractive; no effective grievance procedure exists; those with the authority to share information or include the working officers in the process do not seem predisposed to do so. I write because I know in my heart that this is not a system of employer/employee relations which reflects either your values or your commitment to labor. I implore you to do whatever you can to move to improve the situation. Sam Cabral, the President of the International Union of Police Associations, Steve Smith, President of the Uniformed Division Officers Association, a committee of all of those involved, and I are willing to meet with anyone any time to see if something that might be done.

Again, keep up the good work. I am proud of you.

Sincerely,

Michael T. Leibig

MTL/blf

LAW OFFICES
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4012 WILLIAMSBURG COURT
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03/29/99 MD.VA. P&DC 220 22:26 DCR #

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

20300-0003

Fax Transmittal Cover Sheet

'99 APR 12 AM10:32

To: - SEC OF LABOR ALEXIS M. HERMAN

From: Norman C. Kaplan, CALCOL INC.

Date: Thu, Mar 18, 1999 • 11:24 AM

Transmitting (8) pages, including cover sheet.

If there is difficulty with this transmission, please call: (216)514-0849

Note:
Personal & ~~Confidential~~: Dear Secretary Herman, Please forward this note to the personal attention of President Clinton.I URGENTLY need help to develop this important medicine for cancer and AIDS. Thanks for your help with the previous notes.Norman

4-12-99

Phil -

This came in mail (see attached envelope). Send to Burkhardt?

Yes ✓

no _____

coord with Sandy Thurman

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: MJ **DATE:** 6/22/16

2016-0770-F

. Wed, Mar 17, 1999 6:46 PM EDT
m: CALCOL
ubj: THC INHALABLE
To: Personal & Confidential:
EDWIN A. COHEN, R.Ph.
Vice Chairman,
BARR LABORATORIES INC.
Pomona, New York

Dear Ed,
In 1988, BARR LABORATORIES INC. ("BARR") entered into a 15 year licensing agreement whereb CALCOL would exclusively license to BARR its THC/dronabinol product ("THC") manufactured under exclusive agreement between
CALCOL INC. and Heinrich Mack Nachf ("MACK") a wholly owned subsidiary of Pfizer Inc. CALCOL was granted by the contract with MACK ownership of all the R&D, technology, knowhow, and patent rights to this method of manufacture (including scale up to kilogram quantities of THC). CALCOL still owns all of this technology.

CALCOL is one of only two companies in the United States ever to legally commercially manufacture THC/dronabinol for medical use.
Under this agreement, BARR had the exclusive U.S. marketing and distribution rights to CALCOL's THC product; so long as certain payments were made by BARR, and BARR agreed to purchase all of its bulk active pure THC exclusively through CALCOL. The distribution agreement required BARR to make advance royalty payments to CALCOL totalling $300,000; and subsequently, to pay a minimum royalty of $250,000 per year against a royalty on sales for the life of the agreement. CALCOL received a $50,000 payment in October 1988 upon execution of the agreement and for delivery of one kilogram of the bulk active pure THC. Under the terms of the agreement the Company received an additional $50,000 in October 1989, and $50,000 in April 1990, $50,000 in early 1991 and received a payment of $100,000 on October 1,1991.

After that time, CALCOL maintained that BARR was in technical default on its obligations to 1)formulate the drug in a time release, aerosol, or gel capsule form; 2) to prepare an FDA application for marketing the drug; and 3) to pay its minimum royalty payments ($250,000 per year, now $2,000,000 plus interest for the past 8 years). BARR maintained that it was no longe interested in the drug, that the market for its competitor UNIMED's product MARINOL was insignificant, and offered CALCOL minimum royalties of $25,000 per year "take it or leave it" which CALCOL refused. BARR subsequently maintained that, under the contract with CALCOL, BARR had the right to "elect non-exclusive status" which BARR then maintained no longer obligated it to pay the "minimum royalty" of $250,000 per year which CALCOL then, as now, maintained and maintains is due and in fact long overdue.

CALCOL, which had invested millions of dollars of its investors' money (through private placements of common stock, and sales of stock on the over-the-counter market) based upon it research and development work with THC, and into which I had invested 10 years of my life (I began researching THC in 1977 at the Salk Institute and the University of California San Diego

published 4 scientific papers and one patent on my work with THC), was suddenly strapped cash and ruined. I was forced to go to China to acquire a pharmaceutical factory there. By ARR's default, I was forced to make a non-exclusive agreement with Unimed as a "back-up"supplier to them and was paid $25,000. Unimed has to date only purchased 1-2 gram samples of THC from MACK and has on occasion asked for its money back and to cancel our agreement. CALCOL wishes to cancel the UNIMED agreement, and will do so if we can work things out with BARR.

When BARR was in trouble in the "generic drug scandals", and your stock had sunk to about $4/share on the Over the Counter Market, I wrote to a personal and family friend for more than 50 years Senator Howard M. Metzenbaum for help. Because I knew President Bush from my work in China, I met personally with John Sunnunu, then Chief of Staff for President Bush, and then wrote to him and others, asking him for help for BARR. I believe that you have Senator Metzenbaum and Mr. Sunnunu's replies to my pleas on behalf of you and your company in your files. I did what I could to be helpful to you and your company because I believed in you and I believed in your word and I believed also that generic drugs were important to make health care affordable to most Americans. I have since that time very briefly discussed the generic drug laws with the First Lady Hillary Clinton, under the Health Care Reform, and have urged a "compulsory licensing law" be established to make generic versions of all patented drugs in order that the cost of health care come down. She said to me, "We're working on that."

Ed, I am not mad at you or BARR. Tell your lawyers to put down their lawbooks and their guns! As a businessman, I understand that you felt that you were dealing from a postion of strength, a then-$100 million dollar company against what I was then a $20 million dollar market cap development stage company. You are now a billion dollar company and I have $10 million of assets in China (a pharmaceutical factory and a developing soft drink business) and a very modest market cap of something like $1 million dollars now. My U.S. partnership in the China ventures broke up (my Chinese contracts and business licenses remain in effect) and I am now in the process of dissolving the US partnership and trying to arrange new financing for our Chinese pharmaceutical and soft drink ventures to make RC COLA, Snapple and bottled water fo China's 1.2 billion people.

Ed,I have continued to be active in agriculture and medical projects in China, between China and Israel, and between Israel and the Arab world. At one time, I helped the China Leprosy Foundation to raise $10 million dollars to help people suffering from Hansen's Disease in China I helped Israel and China open diplomatic relations, by arranging meetings between Israeli and Chinese medical and agricultural scientists, and diplomats. I helped Israel to obtain funding from the US government for irrigation and agriculture projects with the Palestinians and all of Israel's Arab neighbors for the sake of peace. Recently I was named to the Dean's Council for International Development of Harvard University's John F. Kennedy School of Government; previously I served on the Board of the Institute of Social and Economic Policy in the Middle East of the Kennedy School This year I was named in the 1999 Edition Who's Who in America.

Ed,you and Bruce Downey felt then (in 1991) that THC in pill form had no market potential (and may have been right for that form of the drug at that time) and as a businessman you figured

did not have the strength or the money to fight you over the contract and you were right. ır lawyers judged correctly that it would have cost me everything you had paid me and then ome, and all my strength to sue you and then I would have most probably gotten nothing. One o your lawyers who was at those meetings where you knocked me off is now running BARR alongside you, Bruce Downey. He is a former partner at Winston & Strawn of my China lawyer and best friend Ben Fishburne. Hi Bruce!

BUT, the situation has now changed regarding the market for medical THC. Not in the form of ge capsules, but in the form of an inhalable or vaporizable drug. THE INSTITUTE OF MEDICINE yesterday officially endorsed the development and use of THC as a inhalable or vaporizable drug. The drug czar Gen. Barry McCaffrey said this study changed his mind. (If he can change his mind about the drug, why can't you and Bruce and Eric and your Board change yours???) The market is something like $1 billion per year.

CALCOL and I have all the steps to develop the cannabinol as an inhalable drug (patentable method of manufacture, scale up, formulation which is patentable, scientists, knowhow and factory). We have the technology to produce it. I have personally been through every step along the way, from laboratory to laboratory, scientist to scientist, chemists to research scientists to world-renowned Nobel Prize winning oncologists or scientists(some of whom serve, or have served, on my board of directors or scientific advisory board, like Baruch Blumberg MD PHD NL, Sheldon Glashow PHD, NL, Lawrence Piro MD PHD, Robert Gale MD PHD, James Weick MD, Kirk Van Shepard MD).

We have a marketing agreement in place with you and your company, BARR. I have recently discovered that I am a Cohanim (of the tribe of Levi, of the family of the High Priest Aaron) as you are, and our word,your word Ed and my word, the word of the Cohainim, has to mean something. On this the Torah rests, and upon this the world rests. This is what it means to swear an oath on a Bible.

The name "Kaplan" means "Priest" as does "Cohen."There is a genetic marker which proves this, who is a "Cohen".We, the Cohanim, are given the responsibility in the Torah in the Book of Numbers 6:22-27 to bless Israel by standing on a platform three times a year on the Holy Days, and then lifting up our hands over the heads of the people as "opening the windows of Heaven" through which the Shekinah, the Divine Presence of God's Holy Spirit, the spirit of grace, health, financial blessing, and peace, shines down upon the people, and to put God's Holy Name (which is it not lawful to pronounce) upon the Jewish people and the whole world which turns to Him in peace. THis is the only remaining Temple Service of the High Priests (since the destruction of the Second Temple at Jerusalem in 70 AD). Why do you think both you and I are in the healing profession giving medicines to the whole world? (There is a book that explains this published by Artscroll and next time I see you I will give you a copy).

What I would propose to you is the following:

1) BARR should honor its 1988 contract with CALCOL and pay us the back minimum royalties ($250,000 per year since 1991) plus normal interest, and agree to pay that royalty through the

of the contract 2003 against the percentage of sales when the product is marketed and d, and extend the contract for an additional 15 year term on mutually agreeable terms ontingent upon successful R&D work resulting in an FDA approved marketable product. I am not asking to be reimbursed for lost projected profits due to BARR's technical default on its contractual obligations to develop, FDA apply, and market the drug. This is a settlement of past obligations and an agreement to work together for the good of humanity, not a litigation (thank G-d).

2) CALCOL will cancel its non-exclusive arrangement with UNIMED by refunding the $25,000 paid by UNIMED. This agreement has been inactive anyway.

3) CALCOL will provide BARR with all of the technology which it owns on methods of making THC/dronabinol and of formulating it as an inhalable or vaporizable drug, and I, acting as a consultant to Barr on THC (for a proposed consulting fee of $250,000 per year plus ordinary expenses for five years) will assist BARR in a) setting up the manufacture of THC/dronabinol bulk active at one of its factories or with others known to CALCOL in the US and abroad, including MACK in Germany if still possible, b) making arrangements for clinical trials if required with physicians, oncologists, and the NIH, c) advise BARR on CALCOL's patentable method of preparing an inhalable or vaporizable form of the drug, and license those patents and patents pending to BARR, d) manufacture the drug in CALCOL's factory in Shenzhen China in conjunction with BARR if BARR so agrees.

Ed, I am sure you and Mr. Bruce Downey and your Board will agree that given the intense public demand for an inhalable or vaporizable form of THC, as well as the demand by our government for this product, the market potential may be as much as $1 billion dollars per year and BARR LABORATORIES would be a hero both to the millions of suffering human beings with cancer and AIDS who are crying for this drug as well as to your stockholders.

My whole life has been dedicated to cancer research and philanthropy. When CALCOL became public, I received in excess of 20 million shares and have donated about 8 million of those shares to various charities (including 2 million shares each to the Hebrew University and the Jerusalem Foundation, 300,000 shares to Harvard University and Harvard Medical School, 250,000 shares to Cambridge University, 150,000 shares to the Cleveland Clinic Foundation).

I call upon you to do that which is right in the sight of G-d and suffering humanity, and work with me to develop this drug now.

Sincerely,
With kindest personal regards, and highest esteem,
to you personally, Bruce Downey, Eric Hirschhorn, and BARR LABORATORIES,
Norman
Norman Charles Kaplan
Chairman and President,
CALCOL INC.,
Chairman, Shenzhen Calcol Changbaishan Pharmaceutical Co. Ltd. (Shenzhen, China),

he Meile Soft Drinks Co. Ltd. ("RC Cola Bottling Co. of Beijing) (Beijing, China),
o 23425 Bryden Rd.
Shaker Heights, Ohio 44122

(216)514-0849
email: CALCOL@aol.com

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Study: Marijuana Helps Fight Pain

By RANDOLPH E. SCHMID

.c The Associated Press

WASHINGTON (AP) -- Marijuana has medical benefits for people suffering from cancer and AIDS and should undergo scientific trials to see how it works best, a panel of medical experts concluded Wednesday in a report to the federal government.

The drug remains illegal under federal law, despite ballot measures approving its use in Alaska, Arizona, California, Nevada, Oregon and Washington. The new report is sharpening debate over its use.

The Institute of Medicine, an affiliate of the National Academy of Sciences, said marijuana's active ingredients can ease pain, nausea and vomiting. It urged the development of a standard way to use the drug, such as an inhaler.

The conclusion was greeted warmly by most marijuana advocates, but opponents said they worry the report will encourage marijuana use.

``Let us waste no more time in providing this medication through legal, medical channels to all the patients whose lives may be saved," said Daniel Zingale of AIDS Action.

But Rep. Bill McCollum, R-Fla., who led the fight to get the House to condemn medical marijuana last fall, said he is ``deeply concerned" the report might encourage people to smoke marijuana.

It's known that some of the chemicals in marijuana can be useful, he acknowledged, but their place is in inhalers or pill form. ``We should not sanction smoked marijuana because there is no way to control that," McCollum said.

``Providing good medicine -- not marijuana -- is the compassionate response to patients' pain and illnesses," said Robert Maginnis of the conservative Family Research Council. He insisted doctors have other medicines to treat any ailment that marijuana can help.

White House drug adviser Barry McCaffrey said the findings are unlikely to send pharmaceutical companies scrambling to do research on marijuana. ``Our experience is there is little market

est," McCaffrey said.

Ironically, the new analysis was requested and paid for by McCaffrey's White House Office of National Drug Control Policy, after an expert panel formed by the National Institutes of Health concluded in 1997 that some patients could be helped by marijuana, mainly cancer and AIDS victims.

At the White House, spokesman Joe Lockhart said: ``What we found out is that there may be some chemical compounds in marijuana that are useful in pain relief or anti-nausea, but that smoking marijuana is a crude delivery system. So I think what this calls for ... is further research."

That's already under way at the NIH, which is running three studies of smoked marijuana and expects to approve a fourth this year.

One study looks at marijuana's safety in people with AIDS, a second is checking the extent of medical marijuana use by patients of health maintenance organizations and the third is studying marijuana's ability to reduce nausea. Nearing approval is a study of marijuana's effect on pain.

he National Cancer Institute is looking into the comparative value of a pill form of marijuana s. a hormone in reducing nausea.

reaking ranks with the pro-medical marijuana groups was the National Organization for eform of Marijuana Laws, which condemned the report as ``tepid."

Clearly, the time has come for this administration to amend federal law to allow seriously ill tients immediate legal access," said Allen St. Pierre, executive director of the NORML undation.

e arguments over using marijuana as a medication have grown particularly intense in the last v years in western states where supporters got initiatives on the ballot to legalize the ctice.

ters in Alaska, Arizona, California, Nevada, Oregon and Washington have approved measures support of medical marijuana.

the drug remains banned by federal law and doctors may be wary of prescribing it, even in se states.

ts report, the Institute of Medicine said that because the chemicals in marijuana ease ety, stimulate the appetite, ease pain and reduce nausea and vomiting, they can be helpful people undergoing chemotherapy and people with AIDS.

so said there is no evidence that use of marijuana leads to other drug use.

But the panel warned that smoking marijuana can cause respiratory disease and called for the development of standardized forms of the drugs, called cannabinoids, that can be taken, for example, by inhaler.

Even so, the panel said, there may be cases where patients could in the meantime get relief by smoking marijuana.

AP-NY-03-17-99 1650EST

Fax Transmittal Cover Sheet

To: - SEC OF LABOR ALEXIS M. HERMAN

From: Norman C. Kaplan, CALCOL INC.

'99 APR 12 AM10:32

Date: Sat, Mar 20, 1999 • 12:05 PM

Transmitting (3) pages, including cover sheet.

If there is difficulty with this transmission, please call: (216)514-0849

Note:
Ms. Amy Billingsley: Kindly give this very confidential note to Secretary Alexis Herman to privately pass along to the President. I hope it is helpful to him. Thank you and Secretary Herman for your kindness to me personally..Norman

The Chinese people call this "giving face". When someone feels "loss of face" it is all the more important. Most people, particularly those whose feelings have been hurt, greatly value a genuine and sincere gesture of respect. Wives crave a sign of commitment, a show of respect---that's why diamonds or other special stones are given upon engagement to be married or wedding anniversaries. I have always believed that people value "respect" more than money or power. They have preserved to this day in the Imperial Palace in Beijing all the gifts of rare and unusual clocks and jewelery which the Foreign Ambassadors gave to the Chinese Emperor as signs of their respect.

We read that King Solomon and the Israelites offered many "peace offerings" to God. Was the God of Israel hungry, or needy? No. But it showed God his admiration, respect, love, humbleness, and atonement. Our God requires us to give to His ministers, His priests, and also to the poor, hungry, and needy fellow men to show our respect for Him.

Mr. President, I have not yet been married (I probably have globe-trotted too much) but I have always tried to take King Solomon's advice in my personal relationships with women, and give meaningful secret gifts when I have hurt feelings, if possible,although it hasn't always worked, and have also tried to follow my late father's advice, "The less you say the better. Don't try to answer back. Just listen." Psychologists tell us that "what most people really want is a sympathetic listener, they want to be heard, and they want to be listened to, and they want to feel understood." Psychologists are trained to be sympathetic listeners, to ask leading questions and listen deeply to the response, without criticism or refutation, and often without saying anything.

I do know that King Solomon was known as the "great peacemaker"("And Judah and Israel dwelt safely, every man under his vine and under his fig tree, from Dan to Beersheba, all the days of Solomon" I Kings 4:25) and making peace Mr. President I think always starts at a personal level. So Solomon's advice about "giving gifts in secret" can't be wrong. Gifts show admiration, respect, love, caring, cherishing, kindness, humbleness, and even atonement.

I think Steve Singer, who studied government at Harvard University, and literature in England, would like to be an Ambassador or at least be included in some diplomatic or trade missions to Russia. Perhaps he can start by being appointed your Ambassador to the future Junior Senator from New York: I am sure that if you call him in New York he will also have some discreet advice on the type of secret gift which might be suitable for the First Lady....or what do you have in mind?

Sincerely, with kindest personal regards, and highest esteem,
to you and the First Lady Mrs. Hillary Rodham Clinton,

Norman Charles Kaplan

CHAIRMAN AND PRESIDENT

Norman



CALCOL, INC.

Personal & Confidential: March 20, 1999
U.S. President Bill Clinton
The White House
Washington, D.C.

Dear Mr. President Clinton,
Thank you for your kind letters of February 10 and February 22.

I have taken the liberty to send this letter to you privately care of our mutual greatly esteemed friend U.S. Secretary of Labor Alexis Herman because the message is very personal. I have asked Secretary Herman to give this letter to you personally to slip into your pocket.

I am writing to you today Mr. President Clinton because I think a very good friend of mine could be of personal help to you. His name is Mr. Stephen L. Singer of Stephen L. Singer Inc. Jewelers of New York.(555 Fifth Ave 10th Fl. NY, NY 10017 212-599-1555). Steve Singer has been a very successful retailer of jewelry. He manufactured jewelry in China, he did a lot of business in Israel and Amsterdam. Now Steve is producing copies of unusual jewelry from the Hermitage under license from the Russian government.

Mr. President one of my favorite sayings in the Bible is, "A gift in secret pacifies anger." Proverbs 21:14. Yesterday a reporter asked you about the state of your marriage and you said, "We are working at it. We love each other very much." I think that it would be too obvious Mr. President if you purchased a diamond necklace or bracelet from Tiffany or Cartier to give to the First Lady. What I would do if I were you would be to call Steve Singer (or someone like him) and secretly buy Mrs. Clinton a rare and unusual antique piece of jewelry of the type which she has always wanted. Of course it must also be expensive but not outrageously so. If it has a special meaning known only to you and Mrs. Clinton, if it is from a country, a place, an era which she particularly admires or loves,or if it is like a piece of jewelry she particularly admired on somebody else or like one she saw in a museum.

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MARKING INITIALS: MV DATE: 6/22/18
2016-0970-F

U.S. Department of Labor

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Mr. Phil Kaplan
The White House
Washington, DC 20500

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leaders are aware of the proposal to increase Title I funding, federal support for computers in high-poverty schools, and other efforts to ensure that minority students have equal access to education. DOEd staff plans to work with White House staff to ensure that minority caucuses do not join conservatives to block the legislation.

- **Puerto Rico Trip:** From April 15-18, Secretary Riley will travel to Puerto Rico to meet with Governor Rosello, Delegate Romero-Barcelo, and education officials. Planned events include a visit to a school to announce a Comprehensive School Reform Award, a Mars Millennium Project Launch, a luncheon at the University of Puerto Rico (UPR), and a ceremony to highlight a land transfer.

- **NH School Layoff:** On April 7, caught between uncertain state funding and a labor contract that requires advance notice for layoffs, Manchester, NH, began passing out layoff notices to more than 1,600 school employees, over a thousand of them teachers. The school superintendent cautioned teachers not to make too much of the notices, saying that he is optimistic that the state will find a way to fund the schools, making layoffs unnecessary. Despite the optimism, a union leader urged teachers to set aside money until the situation is resolved, and one union official said that teachers are already experiencing financial difficulties because banks are refusing to approve mortgage applications and requests for refinancing.

- **FL School Package:** On April 8, the FL Senate voted on Governor Bush's school reform package, already passed by the House. The plan would assign A-F grades to individual schools and reward schools that received A's or improved their grades. Students in failing schools would receive vouchers of up to $4,000 to transfer to public, private, and religious schools. Critics of the voucher component of the bill say that it will pay for students coming from failing schools to attend ungraded schools that have no obligation to meet basic academic requirements.

Reed
What do you read in this - interesting can you do me a memo on this? Da Rein?

- **MTV Anti-Violence CD-ROM:** The Safe and Drug-Free Schools Program will join DOJ, MTV, and the National Center for Conflict Resolution Education to announce the release of "Fight for Your Rights: Take a Stand Against Violence," a CD-ROM guide designed to curb youth violence. Following the announcement, which is tentatively scheduled for April 15, one million free copies of the CD-ROM will be available by calling an 800 number.

what do you make of this - interesting can you do me a memo on this?

- **Detroit Schools:** Parents who opposed the recently announced takeover plan for the city's schools are filing a suit that claims the law violates their civil rights, the city charter, and home rule. Last week, Governor Engler signed into law a bill that will transfer control of Detroit's public schools to Mayor Archer. According to a state legislator who opposes the plan, other lawsuits will follow.

copied Reed Podesta

4-12-99

THE WHITE HOUSE

WASHINGTON

99 APR 9 8:00 AM
Copied entire report
Marshall Podesta
Pg 10 BALDERSTON
Read/Podesta

April 9, 1999

MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: **Summary of Cabinet Weekly Reports**
April 3 - 9, 1999

DEPARTMENT OF TREASURY

- **Callable Capital:** On April 13, Secretary Rubin will meet with House Appropriations Committee Chairman Young to discuss the Treasury-Postal appropriation request, as well as the Supplemental Appropriations Bill, which has passed both the House and the Senate. The supplemental includes a provision that would rescind a previous appropriation of "callable capital" that underpins U.S. participation in the multilateral development banks. Treasury is concerned that this action could trigger an increase in the borrowing costs of institutions such as the World Bank. This would require higher borrowing rates for developing countries and reduce resources the World Bank could devote to debt reduction for the poorest countries. Treasury expects the conference to begin soon after the April recess. Secretary Rubin is reaching out to key Members to enlist their help in eliminating the callable capital rescission provision.

- **Asian Growth and Recovery Initiative:** On April 12, Under Secretary Geithner will lead a team of officials from Treasury, EXIMBANK, and OPIC to a meeting on the Asian Growth and Recovery Initiative (AGRI) in Singapore. AGRI is a multilateral forum for discussion of regional economic growth and stability issues. The meeting will review the progress of bank and corporate restructuring in the region, and will discuss how AGRI can support these efforts by mobilizing private capital and helping governments bear the fiscal cost of bank recapitalization.

- **Korea:** On April 6, Secretary Rubin certified to Congress that certain conditions related to Korea's economic activities specified in the 1998 Omnibus spending bill have been met. These conditions include assurance that no IMF funds are being directed to specific industries, and that Korea is carrying out its commitments under the IMF program. On

April 7, following U.S. certification, the IMF Executive Board completed its fifth quarterly review of Korea's Standby Arrangement, triggering next disbursement of funds (about $245 million).

- **Debt Collection:** As of April 1, collections through the offset of tax refunds totaled $1.5 billion, an increase of approximately $430 million over the same period in 1998. However, reversals for injured spouse claims are expected to reduce collections by $100-200 million. The increase in collections can be attributed to a combination of factors, including computer systems/program enhancements; an increase in agency participation; earlier filings; and an increase in the average tax refund.

DEPARTMENT OF JUSTICE

- **COPS MORE Grants:** During the week of April 15, DOJ is tentatively scheduled to announce the awarding of $111 million to 659 communities to fund the redeployment of 4,600 officers to community policing activities under the COPS MORE '98 program. This is the third and final announcement of COPS MORE '98 grants. This announcement will bring the total number of officers funded by the COPS program to approximately 97,000.

DEPARTMENT OF INTERIOR

- **CA Water Supply Contracts:** On April 13, a signing ceremony will be held for two Central Valley Project water supply contracts in CA. The contracts are being executed with the Sacramento County Water Agency and the San Juan Water District after eight years of cooperative effort among the agencies. Former Congressman Vic Fazio sponsored the legislation that was instrumental in authorizing the contracts.

- **Anti-Sweatshop Legislation:** Acting independently of the Administration, Congressmen Franks and Dingell have distributed a "Dear Colleague" letter seeking support for their proposed bill to terminate the existing tariff and quota breaks for the transplanted Asian garment industry on Saipan. The bill does not have any immigration or minimum wage provisions.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Balkan Food Aid:** On April 5, USDA convened a meeting of the interagency Food Aid Advisory Committee, which USDA chairs, to assess food aid needs for the Balkans. USDA presently has agreements with the World Food Programme and several private voluntary organizations to provide approximately 83 million metric tons of foodstuffs, worth $20 million, to the region.

- **Opening China Markets:** On April 7, USDA and USTR announced an agreement paving the way for an estimated $1.3 billion in U.S. agricultural sales to China. Negotiators have secured China's agreement to: 1) lift its ban on citrus from AZ, CA, FL, and TX – a $700 million market; 2) lift its ban on wheat and other small grains from seven Pacific Northwest states – a $400 million market; and 3) accept meat and poultry from all USDA-certified plants – worth $200 million in new sales.

- **Loan Funds:** By April 12, USDA will have exhausted all, or nearly all, of the funds Secretary Glickman transferred into USDA's depleted credit accounts on March 26. Because Congress failed to approve your supplemental funding request for USDA's loan programs before its Easter recess, USDA took emergency steps to transfer other funds into the loan accounts to enable it to make about $333 million in additional loans, the projected demand until April 16; however, current demand has accelerated and USDA's emergency loan account was depleted in three days and other accounts, for farm ownership and operating lending, will also be soon out of funds.

- **Tongass National Forest:** After reviewing the appeals filed for proposed revision to the Tongass National Forest, USDA expects that during the week of April 12, it will release its final decision – a 10 year plan, including allowable timber sales levels, for managing the nation's largest national forest.

- **Commodity Stockpiles:** During the week that ended April 2, because of low prices, rather than repay their commodity loans, farmers have continued to forfeit the grain used as collateral on the loans, bringing USDA's wheat stockpile to 17 million bushels. In addition, USDA spent $3.5 million purchasing another 3.5 million pounds of nonfat dry milk under the dairy price support program, bringing its inventory to 30.3 million pounds, worth about $30.6 million.

- **Commodity Markets:** Wheat cash prices rose, on average, following rumors of impending export sales, but futures fell sharply as USDA reported higher acreage intentions and higher stocks than expected. Corn cash and futures fell on a bearish USDA *Grain Stocks* report. Soybean prices fell following the USDA *Prospective Plantings* report, which showed large planned shifts in acreage from grains to oilseeds this year. Rice cash prices rose as mill demand in the south increased, but futures fell sharply on lackluster export demand. Cotton prices plummeted in anticipation of higher imports under the Step 3 program. Cattle prices moved slightly higher in thin trading. Reduced holiday slaughter and weak wholesale prices drove hog prices down. Broiler prices weakened under the weight of heavy birds and poor seasonal demand. Butter prices plunged to their lowest level since 1997 as milk production surges. Cheese prices were unchanged.

- **Foreign Food Safety Programs:** On April 14, USDA will release a new proposal for assessing the equivalency of foreign meat and poultry regulatory systems, which need not be identical to the U.S. system but must, in USDA's judgment, be equivalent to it before those countries can ship meat and poultry products to the U.S.

DEPARTMENT OF COMMERCE

- **Business Development Mission to Korea:** On March 26-28, Secretary Daley led a business mission of 16 companies on a successful visit to Korea . The Secretary raised a number of bilateral issues and advocated for U.S. companies delegation at a meeting with President Kim and eight other senior Korean government officials. The Secretary also gave a major address to over 150 Korean business representatives, held several press events, and co-chaired the second annual meeting of the U.S.-Korea Committee on Business Cooperation.

- **Patent and Trademark Office Database:** On April 13, at the National Press Club, Secretary Daley will unveil PTO's latest Internet-based services, including searchable text and images of nearly 25 years of patents and all registered and pending trademarks. This database of over two million patents and more than one million pending and registered trademarks will be available to the public at no charge. PTO's Trademark Electronic Application System (TEAS) and Trademark Status Information System (TARR) will also be highlighted. TEAS allows customers to fill out and submit a trademark application to the agency over the Internet and pay by credit card online. TAFF allows customers to use PTO's Web site to track the progress of trademark applications.

- **President's Export Council (PEC):** On April 14, the Vice President will join Secretary Daley and the PEC members for a breakfast and induction ceremony for new PEC members. The PEC business meeting will follow in the Reagan International Trade Center. Speakers include Secretaries Daley, Albright, and Herman; Ambassador Barshefsky; and EXIMBANK Chairman Harmon.

- **Maytag Market Access in Korea:** During Secretary Daley's trade mission to Korea, Minister of Commerce Park promised a resolution of Maytag's market access problem. Maytag has been unable to market its new, energy efficient Neptune model washing machine in Korea. The Neptune, which is manufactured at 110 volts/60hz, would be equipped with an internal transformer to step down the voltage, allowing use of the machine with the Korean power supply standard of 220 volts/60hz. While Maytag has been told transformers are prohibited, the proposed solution involves a reinterpretation of the existing regulations.

- **Y2K Help in Spanish:** On March 30, the Y2K Help Center for Small Business -- operated by the National Institute of Standards and Technology's Manufacturing Extension Partnership -- began offering technical support for Spanish-speaking callers.

- **Redskins Denied Trademark Protection:** On April 2, DOC's Trademark Trial and Appeal Board ruled that the Washington Redskins trademarks employing "REDSKINS" should be cancelled under the Lanham Act as disparaging to Native Americans. DOC anticipates that the team will appeal this ruling.

- **Benton, LA Tornado:** On April 3, a powerful tornado struck the community of Benton, LA, leaving six dead and 93 injured. Hundreds of homes and businesses were destroyed. Local officials are still assessing the damage. The National Oceanic and Atmospheric Administration's Storm Prediction Center issued a Tornado Watch, and the National Weather Service Office in Shreveport, LA, issued a tornado warning, providing a lead time of eight minutes to the surrounding community.

- **National Telecommunications and Information Administration (NTIA):** NTIA plans to fund three Public Telecommunications Facilities Program (PTFP) FY99 applicants. These projects were deferred from FY98 because the stations were waiting for FCC authorization which has since been granted. These grants are as follows: $861,607 to KCET-TV of Los Angeles, CA, to convert the public television station to digital broadcasting; $690,611 to Milwaukee Area Technical College to replace the transmission system of the public television station WMVT-TV of Milwaukee, WI, and assist in the station's conversion to digital broadcasting; and $226,295 to the Shoshone-Paiute Tribes of the Duck Valley Reservation of Owyhee, NV, to activate a new public radio station that will carry programming from the American Indian Radio.

DEPARTMENT OF LABOR

- **Newport News Shipbuilding:** On April 4, 9,200 members of the United Steelworkers Union (USW) walked off the job at the Newport News shipyard in Norfolk, VA. The strike was called in response to an ongoing dispute between Newport News and the USW over wage and pension benefits proposals. State authorities have mobilized as a precaution to picket-line violence.

- **Avondale Shipbuilding:** On April 5, OSHA issued citations to Avondale Industries, with a proposed penalty of $537,000. Avondale Industries is located in Avondale, LA, and is a unionized shipbuilder for commercial ventures, and the U.S. Navy. The inspection was initiated on October 5, 1998, in response to a complaint filed by the International Brotherhood of Boiler Makers. OSHA issued approximately 500 citations for violations of a wide variety of both general industry and shipbuilding industry standards.

- **AFSCME:** Manhattan District Attorney Morgenthau has indicted two former AFSCME officials representing 2,100 workers at the City University of New York, for embezzling more than $221,000 over a seven-year period.

- **Teamsters:** When U.S. District Judge Edelstein certified the election of new Teamsters' President James Hoffa on March 19, he also ordered a rerun election for the Teamsters' Southern Regional Conference. Election officer Michael Cherkasky invalidated the election of J.D. Potter, who ran on Hoffa's slate, for violations of financial contribution rules and perjuring himself in the aftermath about the funds. Douglas Mims, who ran on the Tom Leedham slate in opposition to Hoffa, has declared his candidacy for the rerun election.

- **Tennessee Rapid Response:** First Union Corporation located in Nashville, TN plans to layoff 102 employees, approximately 15 percent of the company's statewide workforce.

- **Workforce Investment Act (WIA):** On April 9, DOL released the interim-final regulations that will guide state and local governments, educators, community-based organizations, employers and labor organizations in implementing the Workforce Investment Act which you signed last August. The Rule, to be published in the *Federal Register*, is the by-product of outreach to thousands of stakeholders through town meetings and nationwide intensive training seminars. Currently, draft plans from eleven states are under DOL review.

- **Migrant and Seasonal Farmworkers:** By April 16, DOL plans to announce the PY '99 JTPA allocations to all states and territories to provide job training and other assistance to Migrant and Seasonal Farmworkers and their families. There is special interest in this announcement by states that will receive substantially reduced allocations under the new state formula calculations. The Migrant and Seasonal Farmworker Division of DOL's Employment and Training Administration (ETA) is currently reviewing the comments received in response to the *Federal Register* notice about the proposed changes in the methodology used to calculate state awards. Further action is contingent upon the results of ETA's review.

- **Boeing:** DOL's Employment and Training Administration (ETA) is reviewing a Title III grant request to provide job training and other reemployment services to approximately 4,500 workers who are being dislocated from the Boeing Corporation in WA. These dislocations are attributed to decreased product sales in Asia, Europe and South America.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Kosovo:** On March 31, the Centers for Disease Control and Prevention (CDC) received a request from Relief International to assist in conducting a rapid health assessment of Kosovo refugees in Albania. CDC is responding to similar requests from Doctors of the World, the International Medical Corps, the International Rescue Committee. CDC, may also perform an advisory role to ensure the health and well-being of the Kosovo refugees at Guantanamo Bay.

- **Youth Violence:** On April 16, Health Resources and Services Administration's (HRSA) Maternal and Child Health Bureau's Children's Safety Network, in collaboration with the DOEd's Safe and Drug Free Schools Program, the Centers for Disease Control and Prevention's Center for Injury Prevention, the Indian Health Service, and the DOJ's Office of Juvenile Justice and Delinquency Prevention, will sponsor "Partnerships for Preventing Violence, Safe Schools: Safe Communities," the third satellite broadcast in a six-part series. This broadcast will examine school-centered violence prevention, school-community partnerships and youth involvement, and successful violence-prevention strategies. The three-hour interactive broadcast will be aired in more than 80 sites.

- **Vitamin and Mineral Guidelines:** During the week of April 12, FDA expects to publish a *Federal Register* notice requesting public comments on establishing guidelines for vitamin and mineral supplements in international trade. The comments will be used by the U.S. delegate to the Codex Commission on Nutrition and Foods for Special Dietary Uses (CCNFSDU) to prepare a background paper on this issue in cooperation with a number of countries, including Canada, the CCNFSDU Representative of the European Commission, Mexico, and Brazil. The U.S., which has indicated its opposition to the development of such guidelines, has been asked to participate in the drafting of the background paper along with the other governments.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Economic Development Assistance:** On April 6, Secretary Cuomo announced that HUD will fund a business and marketing survey to improve the Mercado in Guadalupe, AZ as part of an effort to spark job creation and economic development. Guadalupe as part of the latest in a series of communities Secretary Cuomo is visiting around the country on a tour of places that have been left behind in the economic boom.

- **"Mark-to-Market":** On April 7, the NH Housing Finance Authority became the first housing agency in the nation to sign an agreement with HUD to participate in a program designed to preserve privately owned affordable housing subsidized by HUD. The new program – known as "Mark-to-Market" – gets its name because rents permitted by HUD in privately owned subsidized housing are marked down to the competitive market rent

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level prevailing in an area's rental housing. The program is designed to enable HUD to use its subsidies more effectively and preserve the maximum amount of affordable housing under the Project-Based Section 8 Program. It is expected to save taxpayers nationwide nearly $1.6 billion over the next five years.

DEPARTMENT OF TRANSPORTATION

- **Loan Guarantee for Cruise Ship:** On April 8, the Maritime Administration (MARAD) issued a commitment letter to provide loan guarantees to support the construction of two passenger ships being constructed for the American Classic Voyages Company. The largest commercial shipbuilding project since enactment of your National Shipbuilding Initiative in 1993, these are the first large cruise ships built in the U.S. in almost 50 years. The vessels will be built at Ingalls Shipyard in Pascagoula, MS and, when completed, will operate exclusively in the Hawaiian Islands.

- **Austin-Bergstrom International Airport:** On April 21, Secretary Slater will join you to dedicate the new Austin-Bergstrom International Airport in Austin, TX. The airport shows the success of the military airport conversion program where the City of Austin redeveloped the former Bergstrom Air Force Base (AFB) into a new airport to replace the existing Robert Mueller Municipal Airport. In 1991 the Base Closure Commission announced the closure of the Bergstrom AFB. In September 1994, the FAA issued a $91 million letter of intent to begin development of a new commercial service airport at the former AFB and issued grants totaling $112.9 million to assist with development.

- **Airport Pavement Test Machine:** On April 12, the FAA, in partnership with the Boeing Company, will dedicate the National Airport Pavement Test Facility located at the FAA's Technical Center in Atlantic City, NJ, to provide the full-scale testing information urgently needed to investigate the performance of airport pavements subjected to the complex gear loads of the new generation of aircraft. The technical data obtained will help validate new design standards and assure compatibility between aircraft and airports throughout the world and will supply an improved scientific basis for further development of international pavement loading standards for aircraft.

- **Fishing Vessel Casualty Report:** On April 6, the Coast Guard held a press conference on the release of the final report of the Fishing Vessel Casualty Task Force. The Task Force was assembled in January as a result of a number of fishing vessel accidents since the beginning of 1999, and to examine the effectiveness of existing Coast Guard safety programs aimed at reducing the high death rate in the commercial fishing industry. This Task Force report will enable the Coast Guard to seek views of the members of the Commercial Fishing Industry Vessel Advisory Committee, the fishing industry at large, safety professionals, interested government agencies and other stakeholders to develop an approach for improving fishing vessel safety.

- **Year 2000:** The latest figures as of March 31 show DOT's overall completion percentage at 89 percent. All operating administrations are 100 percent complete with the exception of BTS (one system remaining), FAA (87 percent complete), and USCG (84 percent complete). The projected dates for 100 percent completion are: BTS in May; FAA in June; and, USCG in October.

DEPARTMENT OF ENERGY

- **Hanford Land Transfer:** On April 10, Secretary Richardson will travel to Richland, WA to announce his proposal to preserve over 90,000 acres along the Hanford Reach of the Columbia River as a National Wildlife Refuge to be managed by the U.S. Fish and Wildlife Service for DOE. The parcel of land to be designated is known as the Wahluke Slope and is a prime example of shrub-steppe habitat that is quickly disappearing in the Pacific Northwest. This land has served as a safety and security buffer zone for the Hanford Operations since the inception of the Manhattan Project in 1943, resulting in an ecosystem that has been relatively untouched for decades.

- **Waste Isolation Pilot Plant (WIPP):** On April 17, Secretary Richardson will officially open WIPP, near Carlsbad, NM. WIPP, the nation's first underground repository for nuclear waste, is designed to permanently dispose of defense-generated transuranic waste from DOE facilities across the country. On March 26, the plant received its first shipment of non-mixed transuranic waste from Los Alamos National Laboratory.

- **"Green Energy Parks" MOU:** On April 27, Secretary Richardson and Secretary Babbitt are scheduled to join in the signing of a MOU between DOE and DOI on deploying green energy and energy efficiency projects in the National Park System. The signing ceremony will also serve as the launch of the "Green Energy Parks" program nationwide, which involves the two agencies working together to power National Parks.

DEPARTMENT OF EDUCATION

- **ESEA Reauthorization:** On April 19, DOEd expects to transmit to Congress the proposed ESEA reauthorization legislation. This reauthorization will emphasize equity and excellence, high standards for all children, quality teachers and principals, and strengthened accountability. Title V, which promotes public school choice, is expected to be controversial because voucher opponents may oppose any "choice" provision. DOEd intends to articulate the importance of public school choice in achieving diversity goals.

- **Minority Students and Social Promotion:** Civil rights leaders have publicly expressed concern about Administration efforts to end social promotion. The National Urban League has proposed an Academic Bill of Rights to ensure that minority students have equal opportunity to meet new standards. DOEd officials will make sure that civil rights

4-12-99

leaders are aware of the proposal to increase Title I funding, federal support for computers in high-poverty schools, and other efforts to ensure that minority students have equal access to education. DOEd staff plans to work with White House staff to ensure that minority caucuses do not join conservatives to block the legislation.

- **Puerto Rico Trip:** From April 15-18, Secretary Riley will travel to Puerto Rico to meet with Governor Rosello, Delegate Romero-Barcelo, and education officials. Planned events include a visit to a school to announce a Comprehensive School Reform Award, a Mars Millennium Project Launch, a luncheon at the University of Puerto Rico (UPR), and a ceremony to highlight a land transfer.

- **NH School Layoff:** On April 7, caught between uncertain state funding and a labor contract that requires advance notice for layoffs, Manchester, NH, began passing out layoff notices to more than 1,600 school employees, over a thousand of them teachers. The school superintendent cautioned teachers not to make too much of the notices, saying that he is optimistic that the state will find a way to fund the schools, making layoffs unnecessary. Despite the optimism, a union leader urged teachers to set aside money until the situation is resolved, and one union official said that teachers are already experiencing financial difficulties because banks are refusing to approve mortgage applications and requests for refinancing.

- **FL School Package:** On April 8, the FL Senate voted on Governor Bush's school reform package, already passed by the House. The plan would assign A-F grades to individual schools and reward schools that received A's or improved their grades. Students in failing schools would receive vouchers of up to $4,000 to transfer to public, private, and religious schools. Critics of the voucher component of the bill say that it will pay for students coming from failing schools to attend ungraded schools that have no obligation to meet basic academic requirements.

- **MTV Anti-Violence CD-ROM:** The Safe and Drug-Free Schools Program will join DOJ, MTV, and the National Center for Conflict Resolution Education to announce the release of "Fight for Your Rights: Take a Stand Against Violence," a CD-ROM guide designed to curb youth violence. Following the announcement, which is tentatively scheduled for April 15, one million free copies of the CD-ROM will be available by calling an 800 number.

- **Detroit Schools:** Parents who opposed the recently announced takeover plan for the city's schools are filing a suit that claims the law violates their civil rights, the city charter, and home rule. Last week, Governor Engler signed into law a bill that will transfer control of Detroit's public schools to Mayor Archer. According to a state legislator who opposes the plan, other lawsuits will follow.

BReed What do you make of this - interesting can you do me a memo on this? Thx

what do you make of this - interesting can you do me a memo on this?

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VETERANS AFFAIRS

- **VA Report Card:** Representatives from VA met with Veterans Service Organization's explore development of a VA Health Care Report Card. Currently in use in the health care industry, a report card provides patients and stakeholders with key information about health care programs. Your Patients' Bill of Rights initiative advocates disclosing such information to patients.

- **Council of Federal EEO and Civil Rights Executives:** The Council of Federal EEO and Civil Rights Executives convened at the Pentagon to discuss diversity issues and efforts to improve the EEO complaint process. The Council was briefed on the upcoming VA and National Association of Hispanic Federal Executives' Hispanic Federal Executive Summit II.

- **Lou Gehrig's Disease:** *The Washington Post* is planning a story on the prevalence of Amyotrophic Lateral Sclerosis (ALS), also known as Lou Gehrig's disease, in Gulf War veterans. The reporter is accumulating data from VA, DoD, and advocacy groups. Veterans groups assert that there is a high rate of this motor neuron disease among Gulf War veterans.

ENVIRONMENTAL PROTECTION AGENCY

- **Tailpipe Emissions:** In the next two weeks, EPA will likely announce a final rule which for the first time strengthens tailpipe emission standards for cars along with light duty trucks, such as sport utility vehicles, minivans and pick-up trucks. These emission standards will likely be in place for 10-15 years. The 1990 Clean Air Act required EPA to review the standards set by the Act and, if necessary, set new standards effective for model year 2004. Last summer, EPA, in determining that new emission standards were necessary to ensure continued clean air benefits for the nation, recognized that it is necessary for the oil industry to reduce the level of sulfur in gasoline if automobile emissions control systems are to operate properly and if tailpipe emissions are to be reduced. Thus, the rule will address the level of sulfur in gasoline at the same time as new tailpipe standards.

UNITED NATIONS

- **Kosovo:** The UN is playing a central role in coordinating the international community's response to the humanitarian crisis in and around Kosovo. In the field, the UN High Commissioner for Refugees has the lead. In NY, the UN's Office for the Coordination of Humanitarian Affairs (OHCA) is coordinating the efforts of the UN's political, peacekeeping and humanitarian assistance organs. On April 5, the Secretary General and OHCA briefed the Security Council on the humanitarian situation. USUN arranged

supplementary briefings to Security Council members and Secretariat officials by U.S. government analysts. Those briefings provided independent confirmation of reports from UN staff in the field.

UNITED STATES TRADE REPRESENTATIVE

- **EU Bananas:** On April 6, WTO affirmed the U.S. position in the long-running dispute over the EU banana regime. The WTO arbitrators found that the WTO-inconsistent regime has caused $191.4 million in lost U.S. exports of goods and services on an annual basis. As a result of the arbitrators' decision and the EU's ongoing failure to implement a WTO- consistent banana regime, the U.S. will exercise its WTO right to suspend tariff concessions on a list of selected European products equivalent in value to the loss in U.S. exports caused by the EU's banana regime, as determined by the arbitrators. The final list of products to be subject to the increased duties and details regarding the suspension of tariff concessions and the imposition increased duties will be published in the *Federal Register* within the next few days.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **CIA Meeting:** On April 12, Director McCaffrey will meet with DCI Tenet to discuss the development of the Counternarcotics Intelligence Architecture proposal. This proposal seeks to establish an interagency effort to develop more effective mechanisms for collecting and sharing intelligence information on trafficking in illegal drugs and related criminal activities.

- **Meeting with Spain's Minister of Interior:** On April 13, Director McCaffrey and Tom Umberg will meet with Spain's minister of the Interior during his first official visit to Washington. They will discuss law enforcement cooperation and cooperative efforts to provide counternarcotics support to countries in the Caribbean and Latin America regions.

SMALL BUSINESS ADMINISTRATION

- **National Service Corps Partnership:** SBA met with representatives of the National Service Corps to discuss an AmeriCorps partnership to place business graduates and other business students in 8(a) firms. The proposal will offer 8(a) participants direct business development assistance and is expected to be signed at the end of April.

- **Welfare-to-Work:** SBA's MI District Office has received 2,200 Welfare-to-Work commitments from the MGM Grand Casino in Detroit.

- **Disaster Loans:** Since the start of FY99, SBA has approved 28,038 new disaster loans for $661.5 million, which resulted in $604.0 million in obligated funds after cancellations, increases and decreases. There were $1.115 billion in loan funds available for FY99. In FY98, SBA approved 30,154 loans for $728.1 million.

OFFICE OF PERSONNEL MANAGEMENT

- **NATO 50th Anniversary Summit:** On April 1, the NATO Summit Working Group joined OPM in announcing measures to minimize traffic congestion in downtown Washington, DC while facilitating the visit of over 40 heads of state and their staff. Federal agencies located in the geographic area most directly affected by summit activities – including Treasury, DOJ, DOI, USDA, DOC, HHS, HUD, DOT, DOE, DOEd, VA, EPA, and OPM -- were asked to excuse their employees from duty on April 23 unless they are needed for reasons of national security, defense, or other comparable business. There are approximately 90,000 executive branch employees located within this area.

UNITED STATES INFORMATION AGENCY

- **Bosnia Democratization:** Many Bosnian Muslims are optimistic that the country is already persuing greater democratization. Two-thirds (66 percent) say that Bosnia Herzegovina "is becoming a democracy"; an additional one in ten (8 percent) believe that the country already is a democracy. Only one in five (15 percent) holds a more pessimistic view, saying that Bosnia "will never be a democracy". Most (83 percent) think that the September 1998 elections were free and fair, and that the West did not favor any one party over the others (75 percent). Alija Izetbegovic, leader of the ruling Party of Democrats Action (SDA) and the Muslim member of Bosnia's collective presidency, remains the most trusted figure on the Bosnian Muslim political scene, though other leaders also enjoy a considerable following .

GENERAL SERVICES ADMINISTRATION

- **Y2K Consumer Information:** GSA has developed a brochure, "El Ano 200 y Ud", the Spanish version of "Year 2000 and You," to help consumers prepare for potential Y2K problems. The brochure is one of a series of Y2K publications provided by GSA to assist Federal agencies, state, local, tribal Governments, and consumers. GSA has also developed a web site, "Community Guide to Y2K."

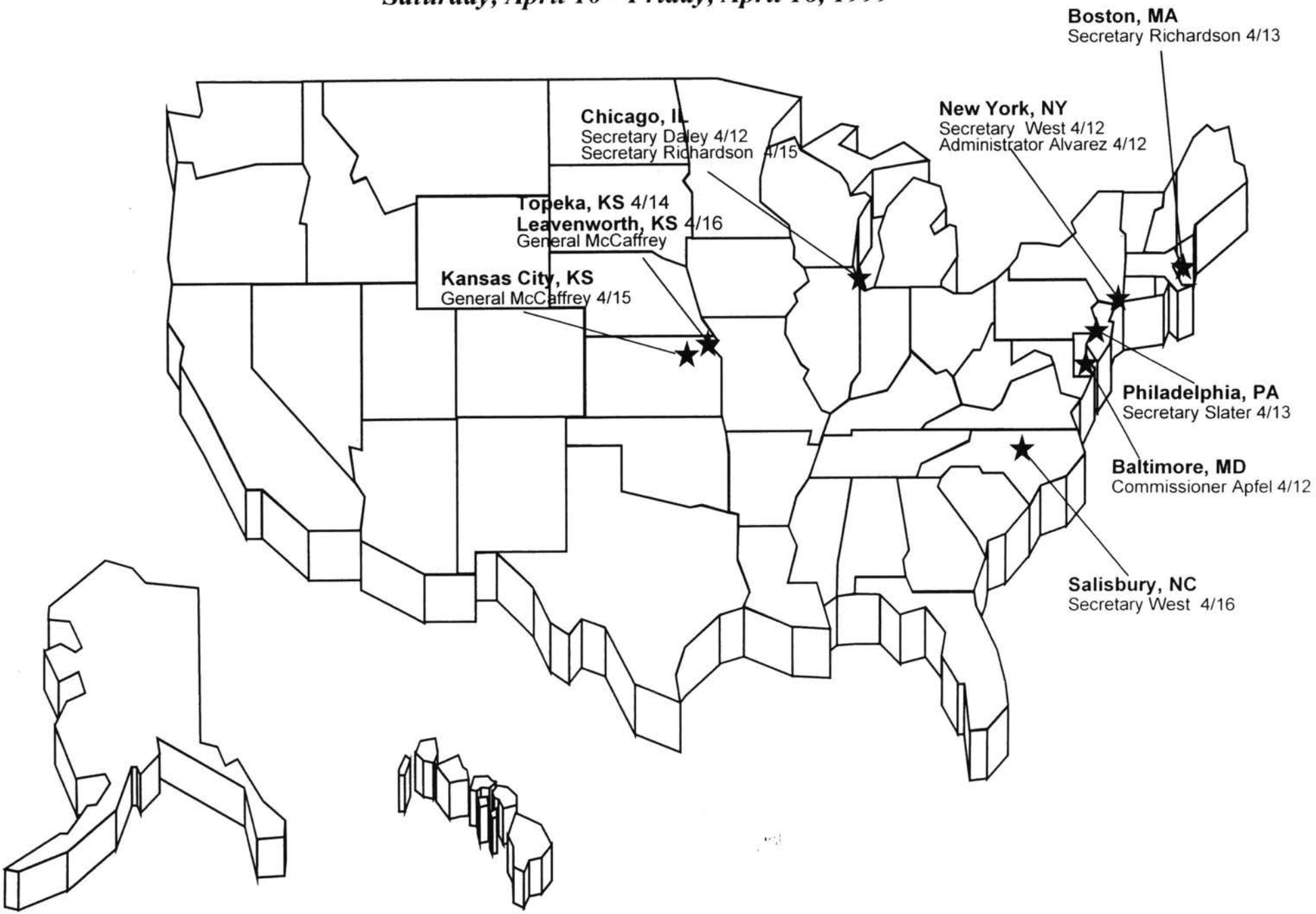
SOCIAL SECURITY ADMINISTRATION

- **Monthly Earnings Guidelines:** About April 16, SSA expects to publish in the *Federal Register* final regulations raising the monthly guidelines used to determine whether work done by a person with impairments (other than blindness) represents substantial gainful activity for disability purposes. This major rule raises the amount from $500 to $700 per month, the first increase since 1990. On February 12, the Vice President announced SSA's intent to increase the monthly earnings guidelines at an event in Albany, NY.

cc:
The Vice President
John Podesta
Sandy Berger
Sidney Blumenthal
Mary Beth Cahill
Maria Echaveste
George Frampton
Mickey Ibarra
Ben Johnson
Janis Kearney
Ron Klain
Neal Lane
Jack Lew
Ann Lewis
Joe Lockhart
Minyon Moore
Bruce Reed
Steve Ricchetti
Doug Sosnik
Gene Sperling
Larry Stein
Loretta Ucelli
Melanne Verveer

Domestic Cabinet Travel

Saturday, April 10 - Friday, April 16, 1999



4-12-99

THE WHITE HOUSE

WASHINGTON

April 8, 1999

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MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: KENNETH H. MACKAY, JR.

SUBJECT: SPECIAL ENVOY FOR THE AMERICAS WEEKLY REPORT

ORIENTATION MEETINGS: I met with several USG officials from the White House, NSC, NEC, State, Treasury, Commerce, USTR, and AID during my first week in Washington. The informative discussions covered general U.S. policy regarding the Americas and concentrated on the respective areas of expertise of each agency.

PLAN OF ACTION: In cooperation with the NSC, State and other relevant agencies, we are developing a plan of action to assure that our efforts support your commitments and objectives in this hemisphere. This will be based on a review of existing initiatives and commitments, to assure that my message is not only effective, but also consistent with existing policies. Priority is being given to congressional and business outreach, in addition to strengthening relationships through traditional diplomatic channels.

CONGRESSIONAL OUTREACH: Working through Janet Murguia, I will meet next week with the congressional Hispanic Caucus, as well as chairs of relevant committees and subcommittees. This will set the stage for continuing Congressional outreach.

BUSINESS OUTREACH: I have agreed to address the Council of the Americas' Conference *on Hemispheric Integration in a Volatile World Economy* on May 3. As my first major appearance as your Special Envoy to the Americas, I will use this event to highlight your vision for the hemisphere and set the stage for future business outreach.

PANAMA: Ambassador Simon Ferro briefed me on several of the issues related to the turnover of the canal. Panama will require high level attention throughout this complex period to ensure a smooth transition and to address post transition needs including security. Both Ambassador Ferro and the State Department have recommended that I travel to Panama shortly after the presidential elections in early May to meet with the president-elect and other officials to discuss issues of concern to the Panamanians. I hope to hand-carry a Presidential letter to congratulate the president-elect.

OAS GENERAL ASSEMBLY: During an introductory call at the OAS, I discussed with Secretary General César Gaviria his plan for OAS engagement in the hemisphere. Gaviria will be re-elected to his current position at the June 7 OAS General Assembly in Guatemala City. I plan to attend the General Assembly and the Summit of the Americas Implementation Review Group meeting on the preceding day.

4-12-99

THE WHITE HOUSE

WASHINGTON

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Johnson
Podesta
pg 1
Burkhardt

April 9 , 1999

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: BEN JOHNSON

SUBJECT: OFFICE ON THE PRESIDENT'S INITIATIVE FOR ONE AMERICA WEEKLY REPORT

ACTIONS

POLICE PRACTICES

Civil Rights Community: We received a letter containing recommendations regarding law enforcement abuse from twenty-two national leaders including Jesse Jackson, Abraham Foxman, Paul Hoffman, Margaret Fung, Wade Henderson, Hugh Price, Dorothy Height, Kweisi Mfume, Karen Narasaki, and Raul Yzaguirre, among others. The letter applauds your radio address as an "important beginning" and they urge you to continue speaking on the issue. They submitted a total of eleven recommendations including one calling for each of the ninety-four United States Attorney's Offices to create Civil Rights units, whose sole responsibility would be the enforcement of civil rights laws. A copy of the letter is attached to this report for your review.

Mayor Lee Brown: I followed up our conversation by placing a call to Lee Brown to get his input on the recommendations outlined in the letter. While his reaction to the recommendations were positive, he said these were punitive approaches and suggested a more proactive strategy. He referred to a press conference today in Portland, Oregon that brought together a group of police chiefs and police union officials from Oregon and Washington State, who came together to speak out publicly against racial profiling. This type of action shows responsive and responsible leadership from the law enforcement community to the public and goes a long way towards building the foundation of mutual trust that is fundamental to building working relationships.

He recommends more attention be placed on community policing and voiced concern that the COPS program will fall short if departments stray from that aspect of policing and just focus on bolstering the number of police officers on the force. He really wants to be of assistance on these matters, and I've shared his willingness to work with us with Chuck Ruff and Bruce Reed.

4-12-99

Police Executive Research Forum(PERF): We, along with Attorney General Reno and DOJ leadership, attended an all day meeting of PERF, a D.C. based association of police professionals, that brought together almost 20 police chiefs and commissioners from various cites, including Atlanta, NYC, Philadelphia, Phoenix, Minneapolis, Boston and D.C. to determine what police leaders can do to improve relations within minority communities.

Baltimore Police Commissioner and President of PERF, Thomas Frazier, released a statement today that pledged to develop a national best-practice standard for traffic stops, based on input from police departments and community leaders. PERF also formed a working group of police chiefs, civil rights leaders and community organizers to develop detailed proposals for new initiatives.

Meeting with Health Care Professionals: Following up the Night line story, that whites and minorities of the same socio-economic backgrounds receive different treatment recommendations from white doctors for identical ailments, we convened a meeting with the Surgeon General and a high powered group of racially diverse health care professionals (researchers, doctors, policy experts and healthcare advocates) to discuss this and other racial disparity issues.

The group brainstormed about the issues and the possible approaches for solutions and distilled five key issues. They are: research and data collection, engagement of and diversity in the health profession, consumer participation of the community and civil rights enforcement. The meeting was so productive, that Dr. Satcher agreed to convene the group on a regular basis to develop a solutions oriented work plan aimed at eradicating some of the problems brought up at the meeting.

Promising Practices: The long awaited compilation of the promising practices came off the presses and were sent to an initial several thousand interested parties. The mailing included a letter of greetings from you that states your on-going commitment, through this office, towards building One America.

National Park Service Diversity Training: I spoke at a planning workshop on diversity for the National Park Service's top management executives. The workshop was extremely productive and was held at the Haskell Indian Nations University in Lawrence, Kansas. The session was followed by a satellite broadcast to several thousand Park Service employees in a what appeared to be a bold effort to reinforce the agency's commitment to achieving a diverse work force in addition to making national parks engaging and meaningful for all Americans.

Afterwards, I met with Bob Martin, president of the Indian Nations University to discuss AmeriCorps and other federal programs Indian students could become involved in. Haskell Indian Nations University is a four year federally funded, tuition free college for all federally recognized American Indians. The school serves students representing 150 tribes. According to Mr. Martin, some graduating seniors have 4.0 GPAs. I asked him to send me the list of achievers so that we could send a letter of congratulations.

4-12-99

CABINET RACE INITIATIVE WEEKLY REPORT

Department of Agriculture

Class Action Case Nears: As previously reported, USDA expects that the Federal judge overseeing the class action complaint brought against USDA for alleged discrimination in its farm lending programs, to approve the proposed settlement agreement at any time. The comment period to review the settlement agreement ended March 30.

Department of Commerce

Capital Access Initiative: Minority Business Development Agency's (MBDA) Director Courtland Cox, and other staff met with California's State Deputy Treasurer and Capital Access Program offices. The meeting focused on the possibilities of securing small and minority business loans and receivables owed to minority businesses. Director Cox also met with representatives of the Weingart Foundation, Peat Marwick, Jeffries and Company, and several local community development organizations in Los Angeles, CA, to discuss ways to fill the significant gap between senior and subordinate debt access for minority firms.

Department of Education

Social Promotion: Civil rights leaders have publicly expressed concern about the Administration's efforts to end social promotion. The National Urban League has proposed an Academic Bill of Rights to ensure that minority students have equal opportunity to meet new standards. DOEd officials will make sure that civil rights leaders are aware of the proposal to increase Title I funding and of federal support for computers in high-poverty schools, as well as other efforts to ensure that minority students have equal access to education. DOEd plans to work with the White House to ensure that minority caucuses do not join conservatives to block the legislation.

Department of Labor

Migrant and Seasonal Farmworkers: By April 16, DOL plans to announce the PY '99 JTPA Title IV - Section 402 allocations to all states and territories to provide job training and other assistance to Migrant and Seasonal Farmworkers and their families. There is special interest in this announcement by states that will receive substantially reduced allocations under the new state formula calculations. The Migrant and Seasonal Farmworker Division of DOL's Employment and Training Administration (ETA) is currently reviewing the comments received in response to the Federal Register notice about the proposed changes in the methodology used to calculate state awards.

Department of Transportation

Underage Drinking in Indian Country: On April 8, an advisory group was convened in Phoenix, AZ, by the Native American Connections, Inc., to plan underage drinking prevention and enforcement activities in selected tribes. These activities are being supported by a grant from the DOJ Office of Juvenile Justice and Delinquency Prevention, with technical assistance provided by NHTSA staff. The advisory group discussed options on the process for selecting tribes to participate in the program and activities that should be generated in the sites.

Department of Veterans Affairs

The Council of Federal EEO and Civil Rights Executives (Council): The Council convened at the Pentagon to discuss diversity issues and efforts to improve the EEO complaints process. The Council was briefed on the upcoming VA and National Association of Hispanic Federal Executives Summit II.

Leadership Conference on Civil Rights

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www.civilrights.org

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George Kourpias
National Council of Senior Citizens
Daphne Kwok
Organization of Chinese Americans
Leon Lynch
United Steelworkers of America
Kweisi Mfume
NAACP
Laura Murphy
American Civil Liberties Union
Hugh B. Price
National Urban League
David Saperstein
Union of American Hebrew Congregations
Carole Shields
People For The American Way
Richard Womack
AFL-CIO
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International Union, United Automobile Workers of America
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National Council of La Raza

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POLICY RESEARCH ASSOCIATE
Karen McGill Lawson
LEGISLATIVE ANALYST/DIRECTOR OF TECHNOLOGY PROGRAMS
Brian Komar

*Deceased.

April 2, 1999

President William J. Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

The problem of law enforcement abuse in our communities is a national issue of longstanding concern. This letter is a follow-up to the recent meeting with Attorney General Janet Reno and several of the undersigned individuals and organizations regarding steps that the Department of Justice, with the assistance of other federal agencies and White House efforts, might undertake to begin addressing, expeditiously, the growing national problem of police brutality and unlawful racial profiling.

Recent accounts of deadly police action in New York, Riverside, Pittsburgh and Houston highlight the harm that excessive force does to individuals, families, and entire communities. Unfortunately, these instances of excessive use of force by police officers are not isolated events.[1] Police misconduct and abuse – ranging from verbal harassment and racial profiling to excessive and deadly use of force and fatal encounters – takes place daily across our nation. This unwarranted and often illegal conduct erodes the trust of our citizenry and the safety of our communities. We support the majority of law enforcement officers in this country who serve our citizens well, often under difficult and dangerous conditions. However, we ask that those who engage in misconduct, or whose leadership permits it, be held accountable.

We applaud your March 13, radio address -- "Strengthening Police Integrity" -- as an important beginning. We encourage you to continue to speak on these issues; to bring about a fuller discourse at all levels of government; and to bring to bear the resources of the federal government in finding constructive solutions. We believe it is especially important to place the discussion of police abuse - a problem which

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[1]See Appendix I: Recent Cases Involving Excessive Use of Force in Law Enforcement. See also, *United States of America: Rights for All.* Amnesty International, USA (1998).

is frequently and disproportionately directed at members of racial and ethnic minority communities - in a larger context which discusses openly the questions of race, ethnicity, law enforcement, and the administration of justice. One must also understand this problem in the context of immigration enforcement - an area where Hispanic Americans and Asian Americans are particularly targeted. We are alarmed that local and federal law enforcement agents have engaged in unlawful use of force and illegal applications of racial profiling for immigration purposes. We reiterate, this problem must be understood in a context much broader than it has traditionally been presented.

We urge you to develop a national agenda to encourage the highest level of law enforcement service, both to protect all persons in our society and to hold police departments and federal law enforcement agencies accountable for their officers' conduct. We believe the following steps are essential elements of any national agenda to begin to address the problem of law enforcement abuse and misconduct:

1) We urge you and Attorney General Reno to continue your efforts by making major public addresses on the problems of abuse and misconduct by law enforcement officers, as well as the need for accountability. We believe that the use of the "bully pulpit" by both the President and Attorney General is an important ingredient in educating both the public and the law enforcement community about the depth of our national concern over these issues.

2) The Administration should seek, and Congress should provide, adequate funding to enable the Department of Justice (DOJ) to fulfill its obligation under the Police Accountability Act provisions of the Violent Crime Control and Law Enforcement Act of 1994. The Department of Justice should compile and annually publish detailed national data on police excessive use of force (including all fatal police shootings and deaths in custody), with analysis of patterns of concerns and policy recommendations. Unfortunately, reliance on voluntary reporting from police departments has resulted in extremely limited and misleading accounts of the use of excessive force. Many police departments do not have adequate systems or mechanisms for collecting and analyzing data on the use of force; for tracking individual officers reported to have used excessive force; or for identifying officers who failed to report excessive force by fellow officers. Similarly, reports that rely only on the numbers or outcomes of citizen complaints officially filed with a police department do not reliably reflect the use of excessive use of force in this country.[2]

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[2]See, *Beyond the Rodney King Story, An Investigation of Police Conduct in Minority Communities* (1995). The report, based on national hearings on police abuse conducted by the NAACP, found that many citizens are afraid to file complaints about police misconduct, that procedures for filing complaints are not widely publicized or known, and that citizens are

3) The DOJ Special Litigation Section should be provided adequate resources to enable it to fulfill its task of pursuing "pattern and practice" lawsuits against police agencies nationwide that commit widespread abuses. The Special Litigation Section continues to be severely underfunded. While you have said you want to "... ensure that prosecutors have all the resources they need to enforce our laws in these cases," the allocation of only $1 million in new spending to the Civil Rights Division's work in this area is inadequate. Federal agencies such as the Immigration and Naturalization Service (INS) and U.S. Customs Agency must also be held accountable for "pattern and practice" violations. Federal prosecution of acts and practices of police abuse will send a strong message that such conduct will not be condoned.

4) The federal government should increase its use of Title VI of the Civil Rights Act of 1964 to seek to eliminate racially discriminatory treatment by law enforcement agencies. Far too often police departments and law enforcement agencies are not held accountable for their failure to appropriately protect the civil rights of members of racial and ethnic communities. These communities continue to live under the authority of agencies and agents who repeatedly fail to administer justice. The DOJ must send a clear sign that such unjust practices will not be tolerated.

5) Federal funding to law enforcement agencies should require agencies to institute systems of accountability within each department. Funding should be contingent upon agencies which engage in discriminatory practices, taking effective steps to eliminate them. Necessary features of accountability systems include early warning systems to identify, monitor, and discipline officers reported to engage in misconduct; clearly defined requirements for reporting misconduct at every level of command; clearly defined standards for evaluating reports or findings of misconduct in considering officers for promotions or assignments within the department; and auditing systems to discern patterns of abuse among specific officers, units, stations and departments. Agencies that fail to adopt and operate such systems should understand they risk the loss of all federal funding.

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actively discouraged from filing complaints. See also *Shielded from Justice: Police Brutality and Accountability in the United States* (1998) by Human Rights Watch in the United States which among other things, found that most victims of abuse correctly perceive that criminal prosecution, either locally or federally, is rarely an option and as a result, resentment and frustration exacerbate the original abusive treatment and violent officers remain on the job.

6) <u>Each of the ninety-four (94) United States Attorneys' Offices should create Civil Rights units whose sole responsibility is the enforcement of civil rights laws.</u> While we acknowledge that these offices currently assign attorneys to do civil rights work, that level of commitment is inadequate. U.S. Attorney offices should create Civil Rights Divisions or units to handle civil rights cases. These units should be prominent within the Offices. Federal prosecutors, if funded and supported as we propose, will have the resources and the greater independence from local police departments to investigate and bring actions against both local and federal law enforcement agencies. In addition, we note that state and federal authorities have successfully cooperated in recent years in the investigation and prosecution of what had previously been considered local offenses, such as crimes involving guns and drugs. Such successful cooperation in efforts to prosecute offenders could provide a model for similar cooperation in the area of civil rights abuses.

7) <u>We urge the Administration's vigorous support of the Traffic Stops Statistics Act of 1999, recently introduced by Rep. John Conyers (D-MI)</u>. The Act, which would require the collection of existing data, would provide a crucial tool in evaluating the extent of racial and ethnic profiling in motor vehicle stops.[3] While there have been many individual accounts of stops that can only be explained by the race or ethnicity of the motorist, the absence of reliable and comprehensive national statistics has allowed the problem of racial and ethnic profiling to evade systematic review.

8) <u>Federal funding to police departments should require that adequate portions of the funds be earmarked for the purchase and deployment of video-cameras on each patrol car</u>. Mounted video-cameras, already in use in some police departments, provide protection to both the officers on the scene and the civilians stopped by the police. Videotapes of police encounters would provide reliable evidence as to who is being stopped and on what basis, as well as hard evidence of wrongdoing. The Christopher Commission concluded that were it not for the Rodney King videotape, it was doubtful that any police investigation of the incident would have resulted in sanctions against the officers. However, any such measure must be limited to assure that cameras do not become instruments of surveillance against the very communities they are designed to protect.

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[3]An abundance of anecdotal evidence from citizens, community groups, lawyers, judges, and law enforcement officers from across the country indicates that many traffic stops are motivated by improper considerations of race. For example, in Maryland, a U.S. District Court judge found credible evidence that Maryland troopers on I-95 engaged in a pattern and practice of racial discrimination; and in Boston, a U.S. District court judge recently noted that an African American defendant's record of motor vehicle offenses raised "deep concerns" about racial disparity and that because of these concerns, a downward departure from the sentencing guidelines was justified because the defendant's record was skewed by the cumulative effect of his minor convictions.

9) **Federal, state, local, and tribal authorities should be encouraged to establish independent and effective oversight bodies for their respective law enforcement agencies**. There is strong preference for civilian and independent review authority. Such authority should have the power to investigate or review complaints of civil rights violations against law enforcement agents. Such authority should also have subpoena power to require witnesses to appear and to insist on cooperation from police departments, law enforcement agencies, and individual officers. Establishment of such independent oversight bodies should be a necessary condition for receiving federal law enforcement monies.

10) **The DOJ must severely restrict collaboration between the INS and state & local law enforcement agencies in enforcing federal immigration laws. Cooperative agreements between the INS and local police and sheriff departments should be terminated.** These type of agreements enhance an atmosphere of intimidation in which those fearing harassment or deportation in the Hispanic and Asian communities are apprehensive to report crimes. Likewise, collaboration between the INS and other federal government agencies, including the Drug Enforcement Agency, should be re-examined. In this case, immigration enforcement operations carried out under the guise of drug enforcement operations are not acceptable, and far too often lead to the violation of individuals' constitutional rights. Instead, INS should be given the resources to hire sufficient federal agents to adequately and efficiently respond to police requests for assistance in determining the immigration status of criminals already in police custody for criminal offenses. The Department of Justice lacks the resources to prosecute the current level of civil rights violations, and thus, delegation would only increase the likelihood of improper police activity, without a concurrent increase in resources for civil rights enforcement.

11) **Law enforcement conduct and accountability in our communities should be included in the follow-up to the President's One America Initiative. The White House should sponsor a summit meeting later this year on the issues of law enforcement conduct and accountability**. The issues of law enforcement are inextricably linked in this country to issues of race and ethnicity. The President's One America Initiative provides an appropriate venue and framework to bring together representatives from the Department of Justice, Immigration and Naturalization Service, other federal agencies, local and tribal law enforcement, academicians, and community-based organizations to discuss the overall direction of law enforcement in America and its impact on all Americans. Such a meeting should examine the connections between the falling crime rate and the methods employed by police and federal law enforcement agencies to aggressively combat crime. It should also address the tensions between respect for civil rights, civil liberties, and effective crime control. And similar to ideas expressed in Hugh Price's (President and Chief Executive Officer of the National Urban League) March 29, 1999 letter to you, the summit should be expected to commit your Administration to a timetable for implementing a corrective agenda.

We strongly believe that these proposals will serve the nation's interests as law enforcement moves into the twenty-first century. As a nation, we have the resources to increase the safety of our citizens and their trust in those charged with enforcing the law. We have the opportunity to marshal our resources to address claims of misconduct reported in significant numbers across the country. We urge you to commit the federal government to achieving these goals.

Sincerely,

Dorothy I. Height
Chairperson
Leadership Conference on Civil Rights

W. Ron Allen
President
National Congress of American Indians

Barbara Arnwine
Executive Director
Lawyers' Committee for Civil Rights
Under Law

Abraham H. Foxman
National Director
Anti-Defamation League

Margaret Fung
Executive Director
Asian American Legal Defense and
Educational Fund

Ira Glasser
Executive Director
American Civil Liberties Union

Wade Henderson
Executive Director
Leadership Conference on Civil Rights

Antonia Hernandez
President and General Counsel
Mexican American Legal Defense
and Educational Fund

Paul Hoffman
Chair of the Board
Amnesty International-USA

Rev. Jesse Jackson
Founder and President
Rainbow Coalition/PUSH

Elaine R. Jones
Director/Counsel
NAACP Legal Defense and Educational Fund

Arthur Kinoy
Co-President
Center for Constitutional Rights

Joe Lucero
Executive Director
Asian Law Caucus

Gay McDougall
Executive Director
International Human Rights Law Group

Kweisi Mfume
Chief Executive Officer
National Association for the Advancement of Colored People

Manuel Mirabal
President
National Puerto Rican Coalition

Karen Narasaki
Executive Director
National Asian Pacific American Legal Consortium

Michael Posner
Executive Director
Lawyers Committee for Human Rights

Hugh B. Price
President and Chief Executive Officer
National Urban League

Rev. Dr. W. Franklyn Richardson
Pastor
Grace Baptist Church
c/o National Action Movement

Yvonne Scruggs-Leftwich
Executive Director and Chief Executive Officer
Black Leadership Forum

Raul Yzaguirre
President
National Council of La Raza

LCCR

Leadership Conference on Civil Rights

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APPENDIX I[1]

This appendix lists recent instances of excessive force by police officers. While this list is by no means exhaustive, it provides representative examples of problems associated with the use of excessive force by a variety of police officers and other law enforcement officials across the country.

CALIFORNIA:

- 1999, Fullerton. A federal case was brought by the family of a Hispanic man who died from positional asphyxia as a result of being hogtied by police officers. The police department concealed the cause of death from the district attorney and coroner and did not tell the widow what had happened for nearly two years. At trial, the judge instructed the jury that a plaintiffs' verdict was permissible only if it found that the officers intended to kill the victim. The defense verdict is now on appeal.
  See Garcia v. Fullerton, U.S. District Court, Fullerton.

- 1998, Riverside. Tyisha Miller, a 19-year-old African-American woman, was shot 12 times as she sat in her aunt's car at a gas station. A friend and relative of Miller's found her unresponsive in a locked, idling car with a flat tire, with a gun in her lap, and called 911 for help. Four officers responded to the call and found Miller to be unresponsive. One of the officers broke the driver's side window to get the gun. Police opened fire with 24 shots, killing Miller instantly, after they say Miller moved towards the gun. A cousin who arrived at the scene before the shooting has said that she told the officers another relative was on the way with a spare key and that had the officers waited, they could have entered the car without startling Miller from her stupor. See The Press Enterprise (February 21, 26, and March 25, 1999); see also Los Angeles Times (February 17, 1999); USA Today, January 12, 1999.

- July 5, 1997, Riverside. In testimony before a grand jury, a Riverside police officer said he and two other officers picked up Jose Hilario Martinez, a 48-year-old construction worker, because he appeared to be drunk while walking along the street. According to the officer's testimony, the three officers then took Martinez to a local city park, beat him, and threw him into the park lake when Martinez refused to cooperate with their

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[1]This Appendix is affixed to an April 2, 1999 Letter to President William J. Clinton from the Leadership Conference on Civil Rights regarding Police Accountability and Racial Profiling.

demands. See "FBI Probes Possible Civil Rights Violations," The Press Enterprise (February 25, 1998).

- April 1997, Sonoma. Kuan Chung Kao, a Taiwanese man who was drunk and wielding a pole, was shot dead less than one minute after police arrived on the scene. See United States of America Rights for All (New York: Amnesty International USA, 1998), at 30.

- June 1996, Fairfield. James Parkinson, an unarmed mentally ill man seen running naked around a swimming pool, died after police sprayed him repeatedly with pepper spray, hit him several times with an electronic taser gun, and shackled him face-down. See United States of America Rights for All (New York: Amnesty International USA, 1998), at 30.

- April 1996, Riverside County. Two Riverside County sheriff's deputies pulled two unarmed Mexicans suspected of being undocumented immigrants out of a car and proceeded to prod and brutally beat them with their batons, also slamming them against the car. Both victims required hospitalization for severe injuries. A TV news crew captured the gruesome beating on videotape. See "The California Beating: The Rest of the Story," New York Post (May 1, 1996).

- March 1996, Santa Clara County. Gustavo Sota Mesa, 33-years-old and unarmed, was shot in the back of the head by a Santa Clara County Sheriff's officer. The Sheriff's Office claimed that while they knew that Mesa was unarmed, he was violently resisting arrest. Shortly thereafter, the officer was cleared of all charges. See "Grand Jury Clears Deputy in Fatal Shooting: Gustavo Soto Mesa and San Jose's 27-Year Fight," Policing by Consent (August 1996).

- February 1996, Orange City. An unarmed Korean man, Hong Il Kim, died after a chase that started over a minor traffic violation. Two police officers fired 20 shots into his car after it had been cornered and forced into a parking space. Five national experts in police use of deadly force who reviewed the videotape all stated that it was avoidable and that the officers had committed a series of tactical errors that cost Kim his life. However, an internal investigation by the City of Orange Police Department cleared the two officers of wrong-doing or violating departmental policy.
See United States of America Rights for All (New York: Amnesty International USA, 1998), at 28.

- 1995, Los Angeles. Class action lawsuit involving two of the deputy gangs in the LA Sheriff's Department: the "Vikings" (Caucasians only, carrying serially numbered tatoos with Viking helmets on their inner ankles) and "Original Gangster Chango Fighters" (Chicano only). This lead case emanated from the beating of a black man who had been falsely arrested after the funeral of a friend. After Thomas won at trial, the County settled the cases (approximating about 100) for $7.5 million. See Thomas v. Los Angeles County, U.S. District Court, Los Angeles.

COLORADO:

- March 1997, Denver. A 17-year-old African-American named Gil F. Webb had his neck broken and suffered other severe injuries after being involved in a car crash in Denver in which an officer was killed. A videotape showed him being kicked by a police officer, and also grabbed by the arms, legs, and hair and slammed twice onto a wooden board after he had been removed, injured, from his car. One paramedic was fired and another suspended. The officer was cleared of criminal wrongdoing but disciplined by losing five days of holiday time. See The Denver Post (February 21, March 17, and June 30, 1998); see also Denver Westward (May 7, 1998); The Denver Rocky Mountain News (March 17, 1998).

- 1996, Denver. A police officer shot and killed an unarmed African-American man who had left a house after a domestic incident (not involving any crime). The man had previously filed a complaint against the officer who killed him. The case is pending after the original dismissal was overturned on appeal. See Podboy v. Blake, U.S. District Court, Denver.

FLORIDA:

- October 1996, St. Petersburg. An African-American teenager named Tyrone Lewis was shot dead by two white police officers after he had been stopped for speeding and allegedly refused to roll down his window. His death caused two days of protest among the town's black community. Tyrone Lewis was the sixth person in the town to be fatally shot by police that year. See United States of America Rights for All (New York: Amnesty International USA, 1998), at 41.

ILLINOIS:

- March 1999, Chicago. An internal police investigation is being conducted into whether officers used excessive force when they searched for a suspect in a police shooting. Television footage appeared to show officers forcing young black men off a bus, slamming two men to the ground, and pushing a handcuffed man against a fence and then yanking apart his legs, causing him to fall. See "Officer Shot; Conduct of Investigators Draws Probe," The Chicago-Sun Times (March 26, 1999).

- November 1998, Chicago. Vadie McGee, a 67-year-old woman, was walking home from the grocery store around 8:00 p.m. when she stopped to talk to teenagers sitting on the stoop of her apartment building. The police drove by and told McGee to "get up against the fence." When she asked who they were talking to, the police yelled that they were talking to her, and from that, McGee was handcuffed and thrown into the car. The police also yelled racial and gender epithets at McGee, who is a stroke victim. See "Woman,

67, Charges Brutality, Lawyer Says Police Roughed Up Activist," The Chicago Tribune (November 25, 1998).

- September 26, 1997, Chicago. Jeremiah Mearday, an 18-year-old African-American man, was stopped by police and beaten on the head with flashlights, breaking his jaw. See "Mearday Files Lawsuit in Police-Beating Case," The Chicago Tribune (September 23, 1998).

IOWA:

- March 16, 1999, Des Moines. Des Moines officials settled a wrongful death lawsuit with the parents and brother of a 27-year-old African-American man who was killed by police officers in June of 1997. Charles Dudley, Jr., whom family members described as being mentally retarded and hearing-impaired, was shot to death by police after pointing a pellet gun at them during a 4:00 a.m. confrontation in a thunderstorm. Three officers fired 27 shots at Dudley, hitting him four times. See "Dudley's Kin Want Apology, Federal Charges," The Des Moines Register (March 17, 1999).

MARYLAND:

- 1993, Prince George's County. Archie Elliott III, a 24-year-old African-American, was stopped by Prince George's County police for operating under the influence, searched and handcuffed behind his back, then placed in a police cruiser. After police claim to have observed a gun behind his back, police fired and hit Elliott fourteen times. Elliott died from his wounds. Police discovered the gun was unloaded, and the internal affairs investigation blamed the shooting on an improper search of Elliott, who was clad only in shorts. See The Washington Times (June 19, 1995).

MASSACHUSETTS:

- January 25, 1995, Boston. Michael Cox, an African-American police officer and a 1990 Boston Police Department Medal of Honor winner, was on duty and acting in an undercover capacity. As Cox pursued one of several suspects in what was believed to be the shooting of a police officer, Cox was mistaken as a suspect and was badly beaten by other police officers. When one of the more than twenty officers at the scene recognized Cox as a police officer, they left Cox lying in the street. The local grand jury failed to return any indictments because it was stymied by uncooperative witnesses, but Cox recently won a federal civil judgment against three officers. See "One Disgrace After Another," The Boston Globe (January 12, 1999).

- 1993, Worcester. Chris Hernandez died ten days after being arrested by two police officers. Hernandez was in a coma until his death. The police claim Hernandez fell during a struggle and resisted arrest, while a video captured the officers beating him

during the arrest. The autopsy showed he died from strangulation. See USA Today (July 15, 1993); WBZ News 4 at 6:00 (September 15, 1994); WHDH News Seven at 5:30, Boston (December 23, 1993); WBZ Eyewitness News at 6:00, Boston (November 8, 1993); WBZ Eyewitness News at 12:00 p.m., Boston (July 19, 1993); WBZ Eyewitness News at 6:00, Boston (July 14, 1993).

NEBRASKA:

- October 1994, Lincoln. Francisco Renteria was escorting his mother home, by foot, from the laundromat when he was suddenly set upon by University of Nebraska police officers who mistook him for a drunken suspect being sought for another crime. He was fatally beaten. The only match between the dispatcher's description was that the suspect was "a Hispanic male." See "Immigrant Killed While Lincoln's 'Proud Citizens' Watch," Pacific News Service (July 1996).

NEW JERSEY:

- April 17, 1998, Passaic. Federal immigration officials, in conjunction with Passaic County Sheriff's officer and state police, conducted a raid at three outdoor recreation areas frequented by Latino youth. Officials claimed that the raid was meant to pick up Mexican gang members who were wanted on arrest warrants. However, of the 19 people arrested, all were Latinos; 12 were U.S. citizens and most had no gang connections. Children were forced to get on their knees and put their hands on their heads during questioning. Hugo Alvarez, 14-years-old, was head-butted by a police officer in Pulaski Park because he could not remember his social security number. "If you tell me, 'I don't know it,' I'm going to hurt you," the officer told him. When the boy's father complained, he was ordered to show his green card and driver's license. See "Critics Blast Passaic Raid," The Record (April 22, 1998).

NEW YORK:

- February 4, 1999, Bronx. Four plainclothes officers from the Street Crimes Unit killed Guinean immigrant Amadou Diallo in the vestibule of his Bronx apartment building. Diallo was a street peddler who sold an assortment of CDs and videotapes. He had come home from work around midnight and, according to his roommates, was heading out again to get something to eat when the police arrived. The police fired a total of 41 bullets at Diallo, nineteen of which penetrated his body. At the time of the shooting, the officers could not have been standing more than twenty feet away from him. See The New Yorker (March 22, 1999), at 50-57.

- November 6, 1997, Queens. Andre Burgess, a 17-year-old high school soccer star, was shot by a federal marshal as he walked to a friend's house. The officers were on a stakeout looking for a federal fugitive on a drug warrant and were parked in an unmarked

car when they spotted Burgess walking with a silver object in his hand, which one officer later told investigators looked like a pistol. When the officers jumped out of their car and yelled for Burgess to put up his hands, the youth turned toward the officers and was consequently shot in the thigh. The object in Burgess' hand turned out to be a Three Musketeers candy bar. See "Deputy Marshal is Cleared in Shooting of Queens Teenager," The New York Times (March 5, 1998).

- August 9, 1997, Brooklyn. Haitian immigrant Abner Louima was tortured, beaten, and sodomized by police officers in the 70th precinct station in Brooklyn. Four officers are alleged to have participated at various points, one of them using a wooden stick to sodomize Louima, thereby puncturing his intestines. Louima had no previous criminal record and had reportedly been trying to break up a brawl when the police arrived outside a scuffle at a Brooklyn night club and picked him up. See The New Yorker (March 22, 1999), at 50-51.

- December 22, 1994, New York City. Anthony Baez, aged 29, of Puerto Rican origin, died of injuries sustained during his arrest by officers from the 46th Precinct in the Bronx. He had been visiting his family from Florida and was kicking a football around with his brothers outside the family home when the ball accidentally hit two parked police patrol cars. According to family members who witnessed the incident, one officer lost his temper and arrested Anthony Baez's brother, placing him in handcuffs. When Anthony questioned the officer's arrest and treatment of his younger brother, the officer reportedly grabbed him, placing him in a choke hold. He and other officers present then allegedly knelt on Anthony's back while handcuffing him behind his back as he lay face-down to the ground. Anthony's father and other family members reportedly warned the officers to be careful as he suffered from chronic asthma. According to the civil action filed by the family in the case, Anthony was left face-down on the ground in a prone position for about 10-15 minutes before being dragged into a police car, with no attempt made to resuscitate him. He was taken face-down in a police car to a hospital where he was pronounced dead approximately one hour later. The Medical Examiner concluded that Anthony's death was caused by asphyxia due to compression of the neck and chest as well as acute asthma, and classified the death as a homicide. The officer who allegedly applied the choke hold on Anthony had fourteen prior complaints of brutality filed against him, eight for excessive force and four for using a choke hold. See United States of America: Police Brutality and Excessive Force in the New York City Police Department (New York: Amnesty International, June 1996).

NORTH CAROLINA:

- April 1997, West Charlotte. Caroline Sue Botticher, an unarmed African-American woman, died in April 1997 after police fired at the car in which she was a passenger when it failed to stop at a checkpoint. See United States of America Rights for All (New York: Amnesty International USA, 1998), at 28.

OHIO:

- January 17, 1998, Cleveland. A Puerto Rican family was terrorized and viciously beaten by Cleveland police when police rushed into their home to arrest a man accused of a traffic violation. A 53-year-old man was knocked out and had one of his ribs broken. A 25-year-old pregnant woman was pushed against the wall and taken to the hospital for treatment. One of the children caught some of the incident on tape. The case is under investigation. See "Family Accuses Police of Brutality: Officers Say Arrested Men Threatened Them," Plain Dealer Reporter (January 17, 1998).

- 1996-Present, Ohio Highways. After a permanent injunction was ordered by a Michigan court against the Border Patrol to prohibit them from making traffic stops in both Michigan and Ohio, the Border Patrol began utilizing the Ohio Highway Patrol's drug enforcement task force for this purpose. In depositions of task force officers and in a response filed by the Ohio Highway Patrol to the original complaint in a lawsuit filed in 1996 by the Equal Justice Foundation, the Highway Patrol admitted that they make routine stops of Hispanics on behalf of the Border Patrol. These stops occur whether or not there has been a traffic violation. They also admitted that they routinely confiscate "green cards" from legal immigrants and weekly turn them over to the Border Patrol for verification. A statistical analysis shows that some officers in the task force have stopped a higher proportion of Hispanic than other drivers. Fifteen percent of one officer's stops are of Hispanics, despite the much lower percentage of Hispanics overall in the population of the region. During one deposition, an attorney for the Equal Justice Foundation asked whether the officer would ask him for his "green card" if he was pulled over for a traffic stop in Ohio. The response was "you being you, or you being Hispanic?" See "Judge to Patrol: Stop Questioning Motorists About Immigration Status," Akron Beacon-Journal (December 9, 1997).

PENNSYLVANIA:

- 1997, Philadelphia. Police used official blackjacks to beat an African-American family, including the father, mother, and two daughters, who had parked their car in a driveway pursuant to permission from a local police commander. The police investigation concluded that the officers did not use blackjacks, even though the officers themselves testified that they did. See Russell v. Philadelphia, U.S. District Court, Philadelphia.

- 1995, Pittsburgh. Jonny Gammage was driving a Jaguar owned by his cousin, pro-football star Ray Seals, through the white Pittsburgh suburb of Brentwood, when he was stopped by police for tapping his brakes late at night. Although Gammage was unarmed, a fight ensued. Five white police officers struck Gammage up to 20 times with nightsticks, a heavy metal flashlight, and a leather blackjack. Gammage was then killed by asphyxiation when officers forced him to the pavement, his hands cuffed behind him,

and pressed knees to his back with such force that he could not breathe. See The Post-Standard (March 23 and February 23, 1999); Newsday (March 14, 1999).

TEXAS:

- July 12, 1998, Houston. Pedro Oregon Navarro, a 22-year-old Hispanic man and father of two, was shot to death by six Houston police officers when they burst into Oregon's bedroom while chasing an informant's tip that drugs were being sold in the apartment. Out of the 21 bullets fired by Houston policed officers, Oregon had nine gunshot wounds in the back, two shots entered his head from above, and another round hit his body and went through his left hand. The grand jury dismissed charges against most of the officers involved in the incident and charged one officer with a misdemeanor charge for criminal trespass. The case is currently being investigated by the U.S. Department of Justice for any possible civil rights violations. See "Houston Police Face Civil Rights Probe," Washington Post (November 11, 1998).

- May 1994, Katy. The Katy Police Department and the INS conducted a joint operation in which vehicles driven by individuals of Hispanic appearance were stopped and detained. Searches in homes, trailers, and apartment complexes where Latinos resided were also conducted. In addition, "street sweeps" in which Latinos were the only individuals stopped and questioned about their immigration status were also part of the operation. Katy City Police officers acted out of their jurisdiction and wrongfully questioned, detained, and arrested individuals based on their immigration status. See Mauro Cedillo-Perez, et. al. v. Pat Adams, et. al., U.S. District Court, Southern District of Texas Houston Division.

UTAH:

- April 25, 1997, Salt Lake City. A group of 75 heavily armed police officers and federal agents burst through the metal door of Rafael Gomez's tortilla factory and Mexican food store. Wearing scarves over their faces, with bulletproof vests and brandishing rifles and pistols, the law enforcement agents ordered some 80 employees down on the floor. Gomez, who was standing near the door when the police arrived, was struck in the face with what appears to have been the butt of a rifle. As he fell to the ground, he struck his head against the concrete floor and was later handcuffed by police. When he tried to lift himself to see what was happening, he was kicked in the back of the head and was ordered to stay down. Gomez says that police later pointed a rifle at the head of his 6-year-old son. His secretary was dragged by her hair across the floor. According to the police, they had been tipped off by an anonymous source that the tortilla factory was being used as a distribution center for drugs and illegal weapons. No street drugs or weapons were found. So far, the police have made no apologies for the raid. See "Immigrant Business Owner Harassed by Law Enforcement," The Salt Lake City Tribune (May 18, 1997).

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THE WHITE HOUSE

WASHINGTON

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April 9 , 1999

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: BEN JOHNSON

SUBJECT: OFFICE ON THE PRESIDENT'S INITIATIVE FOR ONE AMERICA WEEKLY REPORT

ACTIONS

POLICE PRACTICES

Civil Rights Community: We received a letter containing recommendations regarding law enforcement abuse from twenty-two national leaders including Jesse Jackson, Abraham Foxman, Paul Hoffman, Margaret Fung, Wade Henderson, Hugh Price, Dorothy Height, Kweisi Mfume, Karen Narasaki, and Raul Yzaguirre, among others. The letter applauds your radio address as an "important beginning" and they urge you to continue speaking on the issue. They submitted a total of eleven recommendations including one calling for each of the ninety-four United States Attorney's Offices to create Civil Rights units, whose sole responsibility would be the enforcement of civil rights laws. A copy of the letter is attached to this report for your review.

Mayor Lee Brown: I followed up our conversation by placing a call to Lee Brown to get his input on the recommendations outlined in the letter. While his reaction to the recommendations were positive, he said these were punitive approaches and suggested a more proactive strategy. He referred to a press conference today in Portland, Oregon that brought together a group of police chiefs and police union officials from Oregon and Washington State, who came together to speak out publicly against racial profiling. This type of action shows responsive and responsible leadership from the law enforcement community to the public and goes a long way towards building the foundation of mutual trust that is fundamental to building working relationships.

He recommends more attention be placed on community policing and voiced concern that the COPS program will fall short if departments stray from that aspect of policing and just focus on bolstering the number of police officers on the force. He really wants to be of assistance on these matters, and I've shared his willingness to work with us with Chuck Ruff and Bruce Reed.

4-12-99

RELIGIOUS OUTREACH

James Dunn to teach part-time at Wake Forest Divinity School and head the newly-formed BJC Foundation. In addition, following his "retirement" from service as Executive Director of the Baptist Joint Committee (BJC), he will continue to cover various meetings and undertake speaking and writing assignments on religious liberty for BJC. (That's James's idea of retirement!) Retirement festivities will begin Sunday, October 3, when he preaches at Calvary Baptist.

copied Burkhardt (to do reply) Podesta.

Thanks Sissy
Congrats also to Allen
BS

4-12-99

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THE WHITE HOUSE

WASHINGTON

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April 9, 1999

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: MARY BETH CAHILL

SUBJECT: OFFICE OF PUBLIC LIAISON WEEKLY REPORT (April 2 - 9)

ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

KOSOVO

NGO's ask to keep refugees in the region and Ethnic leaders continue to support military action. At a meeting with NGO's, leaders asked that refugees not be transferred to Guantanamo and that our financial resources be used for alternative safe havens in the region. Albanians are concerned about moving refugees out of the region and creating more difficulties for Albanians to return to Kosovo. Support rallies have been held in Washington, DC, Detroit, Ohio and Wisconsin, which included support from other ethnic communities. The Central and Eastern European communities have been active in expressing their support for military action.

cc: NSC
courtesy
keep?

Gabonese President Omar Bongo offers assistance to NATO. He seeks a meeting or courtesy call with you or NSC to discuss how African leaders can help with the refugee crisis and future peace-keeping efforts. President Bongo will be in Houston for the Corporate Council on Africa Summit from April 18-28.

Religious leaders universally condemn Milosevic's campaign of terror, but are ambivalent and divided about the Western response. American Muslims strongly support the NATO campaign, with some advocating the introduction of ground troops. Many Islamic countries are providing aid to the refugees; Iraq is the only Muslim nation clearly supporting Milosevic. At the urging of Orthodox members, the National Council of Churches joined the call for a cease-fire in Yugoslavia during Eastern Orthodox Easter, April 9-12.

Hugh Price of the National Urban League actively supporting your Kosovo leadership. Having been touched by your remarks on Kosovo at the Hate Crimes Announcement, Price is writing a newspaper article and a radio commentary to demonstrate his support.

Disability advocates urge you and NATO to make U.S. aid accessible to refugees with physical and mental disabilities -- both to people with pre-existing impairments and those with

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THE WHITE HOUSE

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Burkhardt (for reply)
Podesta

April 9, 1999

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cc NSC (courtesy heads? Should be Susan Gfoeller)

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Hugh Price of the National Urban League actively supporting your Kosovo leadership. Having been touched by your remarks on Kosovo at the Hate Crimes Announcement, Price is writing a newspaper article and a radio commentary to demonstrate his support.

Disability advocates urge you and NATO to make U.S. aid accessible to refugees with physical and mental disabilities -- both to people with pre-existing impairments and those with

impairments caused by the conflict. Areas of need include early mental health intervention, sign-language interpretation, accessible facilities, mobility devices, personal assistance services, and proper medical care (e.g. a common bladder infection can be life-threatening for some people with disabilities). One advocate wrote: "We want to set the example for the rest of the world that, even in a disaster of this magnitude, America includes everybody." Advocates seek a meeting with White House/NEC staff to discuss how they can be of assistance, including volunteering in refugee camps.

EQUAL PAY

Women's groups pleased with Equal Pay event. Your and the First Lady's interaction with panelists made the "equal pay" problem compelling and real. The Women's Office plans to work with the Press office to turn the transcript of the event into a magazine article, as well as circulate an editorial by the CEA in local papers.

CONSTITUENT OUTREACH AND OTHER ISSUES

AFRICAN AMERICAN OUTREACH

In a letter to you, a coalition of civil rights leaders outlined additional initiatives they recommend on Police Integrity. Civil Rights leaders suggest the following key components for your police integrity initiatives: 1) increase the use of Title VI of the Civil Rights Act to eliminate discriminatory treatment by law enforcement agencies; 2) create civil rights units in each of the 94 U.S. Attorneys' Offices; 3.) support the Traffic Stops Statistics Act of 1999; 4) enforce federal funding to police departments, including patrol car video cameras; 5) increased federal funding for INS to hire qualified federal agents; 6) encourage the establishment of civilian and independent oversight bodies; and, 7) use the "bully pulpit" to highlight the issue.

NAACP to announce legislative campaign supporting Traffic Statistics Act Bill. Rep. Conyers plans to introduce the legislation next Wednesday. The NAACP will encourage you to support this bill over the opposition from the International Association of Chiefs of Police (IACP), which fears that data-collection will only make things worse. IACP instead supports partnerships with civil rights organizations to improve police training and relationships between law enforcement members and the community.

AGRICULTURAL OUTREACH

Agriculture community praises the Administration for agriculture legislation. Advocates support legislation sent to the Hill that would require packers to publicly disclose the prices they pay for livestock and for the China agreements. The citrus, wheat, pork, and meat groups provided statements of support for the China action.

ASIAN PACIFIC AMERICAN OUTREACH

OPL, NSC, and COS met with groups to discuss community concerns about Los Alamos. Many Asian Pacific Americans believe media coverage is inflaming anti-Asian Pacific American sentiment. As a result, APAs, particularly those in the science and high-tech industries, feel that their loyalty is called into question. The groups are afraid that this will spin out of control unless the investigation is brought to a close and the media is reined in. The groups would like a Presidential statement condemning stereotyping and highlighting the contribution APAs have made to our nation.

BUSINESS OUTREACH

Positive business reaction to U.S.-China Trade Agreements. While much of the business community had hoped that the U.S. would support China's WTO bid, they are pleased with the progress made. The U.S. Chamber, the Business Roundtable. and the U.S. China Business Council all released supportive press releases. On Monday, OPL will host a briefing with the business community and representatives from NEC and USTR.

Corporations participate in Balkan humanitarian efforts. To coordinate and harness corporate interest in providing financial aid to the refugees from Kosovo, OPL will host a briefing with James Lee Witt next Thursday, who will share with the business community vital information on becoming more involved with the effort.

Paul Allaire will resign as CEO of Xerox this month, though he will remain as board chairman until next year. The new CEO is Rick Thoman, who had served as Xerox's president and chief operating officer. Allaire and Xerox have been very supportive of the Administration on a number of initiatives.

HISPANIC OUTREACH

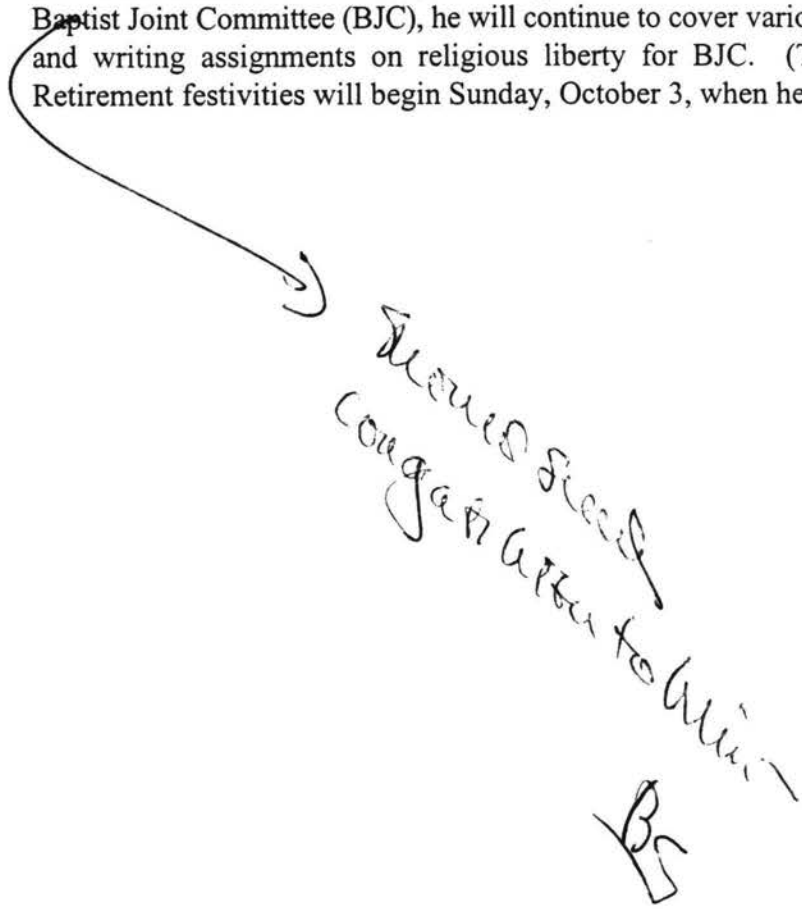
White House Hispanic staff serves as role models for Hispanic high school students from Chicago, IL. OPL hosted a group of Hispanic students from Chicago to discuss your initiatives to help Latino/a students succeed in school. The White House Latino/a staff also shared their personal stories as a way to encourage these students to continue to work hard in school and see college as a viable option in their lives.

Edward James Olmos premieres his new documentary: *Americanos: Latino Life in the United States.* OPL attended the screening of a new documentary portraying the Hispanic experience in the United States. The documentary was produced by Hispanic actor Edward James Olmos, with the help of many corporate supporters, and will air on HBO in the fall. The project is an effort to educate Americans regarding the Hispanic American experience in the United States. The White House Latino staff was featured in the book which accompanies the movie.

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RELIGIOUS OUTREACH

James Dunn to teach part-time at Wake Forest Divinity School and head the newly-formed BJC Foundation. In addition, following his "retirement" from service as Executive Director of the Baptist Joint Committee (BJC), he will continue to cover various meetings and undertake speaking and writing assignments on religious liberty for BJC. (That's James's idea of retirement!) Retirement festivities will begin Sunday, October 3, when he preaches at Calvary Baptist.



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4-12-99

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THE WHITE HOUSE

WASHINGTON

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April 9, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: **LARRY STEIN**

SUBJECT: **LEGISLATIVE WEEKLY REPORT**

- **Congress Reconvenes:** Both the House and Senate have been in recess for the last two weeks; they will convene on Monday, April 12.

- **Kosovo:** As you know, on Monday, you will meet with Congressional Leadership to discuss the Kosovo situation. On Tuesday, you will hold your third Kosovo meeting in the Yellow Oval with a bipartisan/bicameral group of Congressional Members. Additionally on Tuesday, Secretary Cohen, National Security Advisor Berger, Adminstrator Atwood and Deputy Secretary of State Strobe Talbott will brief the Senate and House Party Caucuses on the situation.

- **China/WTO:** On Thursday, April 8, Legislative Affairs in conjunction with USTR, Treasury, and Commerce briefed Congressional Hill staff on the China WTO situation.

- **Budget:** House and Senate Republican staff worked to resolve the relatively minor differences on the Budget Resolution. House and Senate Democrats are working on motions to instruct conferees, probably on Monday, that would show support for addressing Medicare and Social Security solvency before providing any tax cuts. The Republican Leaders continue to maintain the possibility of taking up the Budget Resolution Conference Report next week, before Tax Day, April 15, but it is unclear if they will make that deadline. If they do not, action on a Conference Report during the following week would appear highly likely.

- **Appropriations:** House and Senate Republican staff have done no work during the recess on the pending Supplemental Appropriations Bill for Central America relief, Jordan and agriculture. Prior to the recess, Senate Appropriations staff had been optimistic about a quick conference. However, this appears doubtful in light of the difficulty of finding acceptable offsets and the added complexity of the likely transmittal of a Kosovo-related supplemental request. Congressional ruminations about how to handle this request and the issue of offsets could slow progress on the pending supplemental, though the pressure of the Kosovo funding could easily work in the opposite direction.

4-12-99

House of Representatives

The Week Ahead

- **House Schedule:** On Monday, the House will consider six noncontroversial bills under Suspension of the Rules, motions to go to Conference on the Budget Resolution and the Supplemental Appropriations Bill. On Tuesday, the House will consider five noncontroversial bills under Suspension of the Rules. On Thursday and Friday, the House is expected to consider the Budget Conference Report; H.J.Res. 37. For the balance of the week, the House will consider the following legislation:

- **Microenterprise Loans:** On Tuesday, the House is scheduled to consider H.R. 1143, the Microenterprise for Self Reliance Act. This bill authorizes you to provide grants and loans to financial institutions that would make microcredit loans available to the poor in disadvantaged countries. The Administration has stated concerns with the legislation in its present form and will work to fashion a mutually acceptable bill.

- **Census:** On Wednesday, the House is scheduled to consider H.R. 472, the Local Census Quality Check Act. The bill would mandate a post-census local review. Secretary Daley advised the Committee prior to its markup, that he would recommend a veto of the bill because it "is neither timely, effective, nor cost-efficient and would return us to inadequate 1990 operations that have been substantially improved upon." The bill was scheduled to be considered before the recess but was pulled; we believe it was pulled because the Majority was concerned that it would not pass. It is not certain that it will be considered this week.

- **Tax Limitations:** On Wednesday, the House is scheduled to consider H.J. Res 37, the Tax Limitation Act. This resolution would propose a constitutional amendment that would require the Congress to vote by a two-thirds margin to increase taxes. A similar resolution was introduced last year by Congressman Barton (R-TX) but failed to garner a two-thirds majority (238-186). During consideration of this resolution last year, the Administration stated that it was strongly opposed to passage.

- **Ed-Flex:** On Friday, the House is scheduled to consider the Conference Report for H.R. 800, the Education Flexibility Act. The most contentious issue to be settled in Conference is the Senate provision that would allow states to divert FY99 federal class size reduction dollars to fund IDEA. Secretary Riley will send a letter to the Conferees early next week warning that he will recommend a veto unless this provision is dropped in Conference. If it becomes necessary for you to veto the Conference Report over this issue, both House and Senate Democrats will provide sufficient support to sustain your veto.

United States Senate

The Week Ahead

- **Senate Schedule:** On Monday, the Senate will convene for morning business; the Kosovo situation will dominate debate on the floor. The Senate may begin consideration of the Budget Resolution Conference Report later this week along with any other legislation cleared for activity. Roll call votes can be expected as soon as Tuesday, April 13.

- **Independent Counsel:** On Wednesday, the Senate Governmental Affairs Committee will hold its final hearing on the reauthorization of the Independent Counsel Act. Witnesses include Kenneth Starr and the three judges of the Special Division of the Court of Appeals, Richard Cudahy, Peter Fay, and David Sentelle.

- **National Security:** There are currently five hearings scheduled next week on national security issues raised in connection with China and the Department of Energy's National Laboratories. The hearings will focus on specific technology allegedly acquired by the Chinese. Hearings are currently scheduled for the Senate Armed Services Committee, Senate Energy and Natural Resources Subcommittee, Senate Commerce Committee, House Commerce Committee and the House Appropriations Energy and Water Subcommittee.

- **Refugees:** On Wednesday, the Senate Judiciary Subcommittee on Immigration will hold a hearing on the "Kosovo Refugee Crisis."

cc: The Vice President
John Podesta
Steve Ricchetti
Maria Echaveste
Doug Sosnik
Ann Lewis

4-12-99

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

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April 9, 1999

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MEMORANDUM FOR THE PRESIDENT

CC: JOHN PODESTA

FROM: GEORGE T. FRAMPTON, JR. GTF Jr.

SUBJECT: CEQ WEEKLY REPORT

PROTECTING COMMUNITIES FROM TOXICS

Science Dispute Concerning Methyl Mercury Standards

We have been working with DPC, OSTP, and a range of concerned agencies and Members of Congress to resolve a major dispute over mercury exposure standards. Specifically, a number of agency scientists have objected to a proposal by the Agency for Toxic Substances and Disease Register (ATSDR) (a component of HHS created by the Superfund law) to revise its maximum risk limit for methyl mercury. Methyl mercury is of particular concern to pediatric health experts because it can cause severe neurological impairment in children who suffer exposure prenatally or as infants. Two recent studies concerning the effects of low-level exposure have been inconsistent however; EPA has commissioned a study by the National Academy of Sciences (NAS) which will not be completed for another 15 months.

The proposed ATSDR revision would triple the exposure level in both that agency's and EPA's current standards. In light of the continuing effort to evaluate the most recent studies, we -- along with EPA, DPC and OSTP -- have asked HHS to postpone issuance of the new standard until we have the benefit of the NAS study and a stronger scientific consensus among the agencies concerning the merits of changing exposure standards. It is HHS's current intention to proceed, possibly as early as next week. Consequently, we are coordinating a communications strategy to ensure that ATSDR's action does not undermine fish advisories or other important public health protections that have been based on the current standards maintained by other agencies and programs. The environmental community and public health organizations will strongly criticize the new standards.

Animal Rights Campaign

We are continuing efforts to address the animal welfare issues that have been raised in connection with the High Production Volume (HPV) chemical initiative. First announced by the Vice President last Earth Day, the HPV initiative is a voluntary agreement among the Chemical Manufacturers Association (CMA), the Environmental Defense Fund (EDF), and EPA to provide the public with

basic health information about chemicals in high-volume use domestically. The initiative also has generated stronger commitments from other nations to contribute to this work through a long-stalled Organization for Economic Cooperation and Development process.

Recently, animal rights activists lead by People for the Ethical Treatment of Animals (PETA) initiated a campaign alleging that the initiative will lead to unnecessary killing of laboratory animals to produce information that already is widely available. These allegations include the erroneous charge that rabbits and birds will be tested as part of the program. CMA, EDF, and EPA have taken significant steps to reduce and eliminate animal testing in the initiative. CEQ is working with them on further safeguards that will address, or debunk, a number of the assertions made by PETA and other groups.

RESOURCE STEWARDSHIP

Tongass Land Management Plan

Next week, the Department of Agriculture plans to issue the final decision for the Tongass Land Management Plan. As you will recall, the development of the new management plan for the Tongass National Forest in Alaska has been the subject of numerous anti-environmental riders sponsored by the Alaska delegation over the past few years. Conversely, the environmental community and major newspapers have consistently urged that the new plan provide for less timber harvest and more emphasis on wildlife protection and recreational values in the Tongass.

As we understand it, the plan, which has been revised through the administrative appeals process, will address the key environmental concerns raised in the appeals. While it probably will significantly lower the maximum timber cut for the existing plan, we understand that it will continue to provide a sufficient timber base to meet current and projected demand for timber in Southeast Alaska (which has dropped substantially in the past two years). However, we still anticipate vigorous attacks on the plan from the Alaskan delegation, and possibly some criticism as well as significant support from the environmental community.

Everglades Restoration

On Wednesday, the Jacksonville District of the Army Corps of Engineers (CORPS) released its revised comprehensive plan to restore the Everglades, and transmitted it to the CORPS headquarters in Washington. Between now and mid-June, the plan (known as the "Restudy") will undergo one last review by public, state and Federal agencies, and the South Florida Ecosystem Restoration Task Force. The Administration's final version, with any additional changes, will be transmitted to Congress on July 1st following this review.

The revised plan reflects the substantial improvements that were made in response to comments received from the public and numerous Federal, tribal, state, and local government representatives on the October 1998 draft of the plan. These improvements include a 20 percent reduction in the time needed to implement the majority of the restoration efforts, and substantially more water for

Everglades National Park. I plan to personally supervise the Administration's final interagency review of the plan over the next 60 days to make certain that we send to Congress a package we can be proud of.

Salmon Restoration Study

Next week, the National Marine Fisheries Service (NMFS) will release its draft biological analysis of the impacts of removing or not removing four lower Snake River dams on endangered salmon runs. This analysis is a key component of the on-going Army Corps of Engineers study of the feasibility of removing (or breaching) four dams on the lower Snake River.

The draft is merely being sent out for interagency scientific and peer review, and is by no means a decision document. However, it will be controversial and will receive much attention in the Northwest. Proponents of removing the dams will trumpet important findings: (1) that under most sets of assumptions, breaching the dams is less risky than transporting young salmon around the dams in barges; and (2) that under most of the computer models, only dam-breaching meets the "no jeopardy" standard in the Endangered Species Act as fashioned by NMFS. Opponents on the other hand will point to the high level of uncertainty that removing the dams will actually help restore the salmon runs. Regardless, the release of the study will reinforce the Administration's argument that decisions about restoring salmon stocks must be based on sound science and that a serious regional debate about options must begin.

Earlier this week, Senators Gorton Smith, Larry Craig and Mike Crapo convened a field hearing to discuss removing the Columbia Basin dams. The Senators vehemently oppose the plan calling it "absurd", while Senator Ron Wyden refused to take sides leaving open the possibility that he would support breaching the dams, based on the science. A second field hearing, co-chaired by Senator Gorton and Representative Dicks and attended by Senators Stevens and Murray and Representatives McDermott and Adam Smith, focused on salmon recovery in Puget Sound. At the hearing, Senator Stevens announced his support of our salmon recovery fund and all the Members pledged their willingness to make the fund a reality.

I am meeting with Representative Dicks and Senator Murray on Tuesday on this subject. In addition, on Thursday I will meet with Governors Locke, Kitzhaber and Knowles in Seattle on Pacific Salmon Treaty issues. The dam-breaching issue will be raised at both meetings. Also, on Monday, American Rivers will release its annual *America's Most Endangered Rivers* publication in which the lower Snake River is listed. The group lists Federal dams as the primary threat to the river and claims that removing them will restore salmon stocks.

4-12-99

THE WHITE HOUSE

WASHINGTON

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April 10, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: **GENE SPERLING**

SUBJECT: **NEC WEEKLY REPORT**

cc: **JOHN PODESTA**

G-7 Summit, Germany: The international team has initiated meetings with Treasury to develop a report on what we think we can accomplish on the international financial architecture front for the G7 Summit in Germany. A NEC deputies meeting including Treasury, State, NSC, OVP and CEA, is planned for Monday (4/19) to scrutinize plans. Shortly after that meeting we will send you a memo that lets you know what concrete steps are envisioned.

Bananas Final Retaliation List: You should know that the final retaliation list was announced yesterday (Friday, 4/9) in response to the WTO arbitrators ruling, reducing our damages from $520 million to $191.4 million. Although our damages estimate was reduced, we did win on the merits (i.e. the arbitrators ruled the amended EU regime still does not comply with WTO obligations). In another important section of the report, the arbitrators accepted USTR's argument that a WTO member can proceed with the retaliation process without first re-litigating a measure allegedly amended to comply with a WTO report. We expect a special session of the WTO General Council on April 19th to approve our final retaliation list, although the EU may utilize procedural maneuvers in an effort to delay the meeting.

Special 301: You should know that USTR's annual Special 301 report on foreign country intellectual property laws and enforcement will be released Friday (4/30). Interagency discussions are proceeding to determine what nations will be listed in the three possible categories: priority foreign country (PFC), priority watch list (PWL), and watch list (WL). Disputes that remain after the interagency process will be elevated to a higher-level for resolution in the next week or so.

Medicare: Your Medicare advisors have been meeting to develop options for a Medicare plan. Although we are still awaiting estimates from the Actuaries on the savings and effects of the various proposals, we met last week to discuss policies that make Medicare more efficient while protecting beneficiaries in the traditional program from higher premiums. The staff believes that we can develop options to give Medicare beneficiaries incentives to choose lower-cost private plans (allowing plans to a reduced Part B premium) without using the financial coercion of higher traditional program premiums. However, this proposal will probably have small scorable savings since Medicare beneficiaries are cautious about managed care -- even with greater incentives -- and it could not be implemented until 2004, when Medicare's risk adjustment system is fully phased in.

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The Breaux-Thomas premium support proposal itself would not begin until 2003, but since it raised premiums for the 75 to 80 percent of beneficiaries who remain in the traditional program, its savings ($50 billion over 10 years according to Commission staff) would be much more than our proposal. At the same time, injecting more competition in Medicare could both produce savings in the long-run, and make your plan more acceptable both to conservative Democrats, especially in the Senate, and the elite media. We hope to meet with you to discuss these options, as well as the other elements of the plan, in the near future.

E-rate: You should know that more than 32,000 applications requesting discounts for communications services from the E-rate fund have been submitted by schools and libraries across the country. At the close of the application window for Year Two, the Schools and Libraries Division (SLD) (which implements the e-rate) announced that they had received 2,000 more applications for Year Two than received for Year One. As of the Fall of 1998, 51 percent of classrooms were connected to the Internet. Continued strong demand for the e-rate will help us meet your goal of connecting every classroom to the Internet.

***Electricity Restructuring*:** The Department of Energy is tentatively planning to submit its electricity restructuring bill, which is projected to save $20 billion annually, to Congress late next week. As you know, even as states are restructuring at an increasing pace (about 20 states so far, including 15 states in the past 18 months), Congress has been slow to address the issue. We recognize that our bill, which occupies the center, is likely to draw some fire from both the left and the right. Nonetheless, the Administration's bill is a credible plan and a good starting point, that we expect will spur debate and allow us to participate fully in the legislative process. Accordingly, DOE plans to focus the roll out event on the need to bring competition to the electricity generator industry so that the federal government can bring savings to consumers and help the environment, while placing less emphasis on the specific provisions in our bill.

Biotechnology Labeling: NEC held a Deputies Meeting to review Administration international policy on labeling of genetically-modified food and agricultural products. Current US policy requires that foods altered genetically should be labeled only if they alter the composition of a food, or create new requirements for its storage, preparation or cooking. New allergens created by genetic engineering must also be labeled. However, there are increasing calls around the world for mandatory labeling of all foods that are genetically modified; these predicated more on the notion of consumers' right to know (and inspired by such events as "mad cow disease" and fears of "Frankenstein" foods) than on scientifically-based concerns for consumer safety. The EU has recently promulgated regulations requiring such labeling. Such policies have potentially large implications for US trade in agricultural and food products. The Deputies agreed to an inter-agency review of our overall approach to the subjects of consumer safety and consumer right-to-know, putting labeling in a larger context which seeks internationally to educate consumers, establish effective regulatory regimes, and provide for more transparent sharing of information.

New Markets: In February, I met with the Governors at the annual meeting of the Appalachian Regional Commission (ARC). They asked that we work with ARC staff on a conference for their state economic development experts, public and private sector, to be briefed in detail about the New Markets initiative and to discuss how these programs might work for the states.

On Friday, NEC and IGA hosted that conference at the White House. Governors Patton (D-KY) and Underwood (R-WV) led their state delegations. There was great enthusiasm, although some states argue the programs should be more tightly targeted on the most distressed communities, while others argue for greater flexibility in targeting. Many participants spoke about the need for bipartisanship in advancing the initiatives. Mickey Ibarra tells me that, privately, Governor Patton asked Governor Underwood to join him in promoting New Markets with their respective colleagues from both parties. Underwood readily agreed. We will work with Legislative Affairs to coordinate with the ARC Governors' efforts.

Child Labor: One of Senator Harkin's criticisms of the Administration's record on child labor was that he perceived a lack of effective enforcement of the ban on importation of goods made with forced or indentured child labor. Over the last year, the Customs Agency has significantly increased the resources and attention paid to enforcement of this ban, for example by sending investigative jump teams to explore high risk countries and products. Your FY 2000 budget contains another 66% increase in customs enforcement resources for this purpose requested by Senator Harkin. This week, Treasury and the Customs Agency convened a new Advisory Committee on International Child Labor Enforcement to advise them on measures to enhance the effectiveness of their enforcement of the import prohibition. Sarah Rosen, of my staff, opened the initial meeting representing the White House with remarks about the priority you give to eliminating the worst forms of child labor.

Y2K Liability Reform: We met this week with staff from Senators Leahy and Hollings (ranking Democrats on the Judiciary and Commerce Committees) to discuss potential alternatives to the current bills pending in Congress. (Both Committees had straight party-line votes on the current bills, with the exception of Senator Feinstein.) They feel that the Republicans are torn between High Tech elements of the coalition that want to extend an olive branch to Democrats by crafting a narrow, limited bill and NAM/Chamber of Commerce proponents who would rather fight for an extreme bill and lose than give up an issue. Thus, they asked us to delay shopping any potential Administration limited alternative until they see how this dispute plays out. We are concerned that they may underestimate the prospects for Democratic defections to a McCain alternative if another alternative is not offered soon. We agreed to wait until next week to see what happens when members return and reassess quickly.

Bankruptcy: Larry Stein, Melanne Verveer, and I sent you a memorandum laying out our recommendations for a legislative strategy that could help to change the dynamics surrounding bankruptcy reform that currently exists in the Congress. Once again, the Senate bill is the more moderate, but it is a far cry from the Senate bill that we were relatively comfortable with last year. Last year Senator Durbin was an aggressive advocate for balance. This year, the new ranking Democrat on the relevant subcommittee, Senator Torrecelli, extracted relatively fewer concessions as the price for his support, leaving a number of significant issues of concern to us in the bill. The Senate Judiciary Committee could mark up its bill as early as next Thursday (4/15).

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THE WHITE HOUSE

WASHINGTON

April 9, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EYES ONLY

9-12-99

'99 APR 9 AM8:45

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

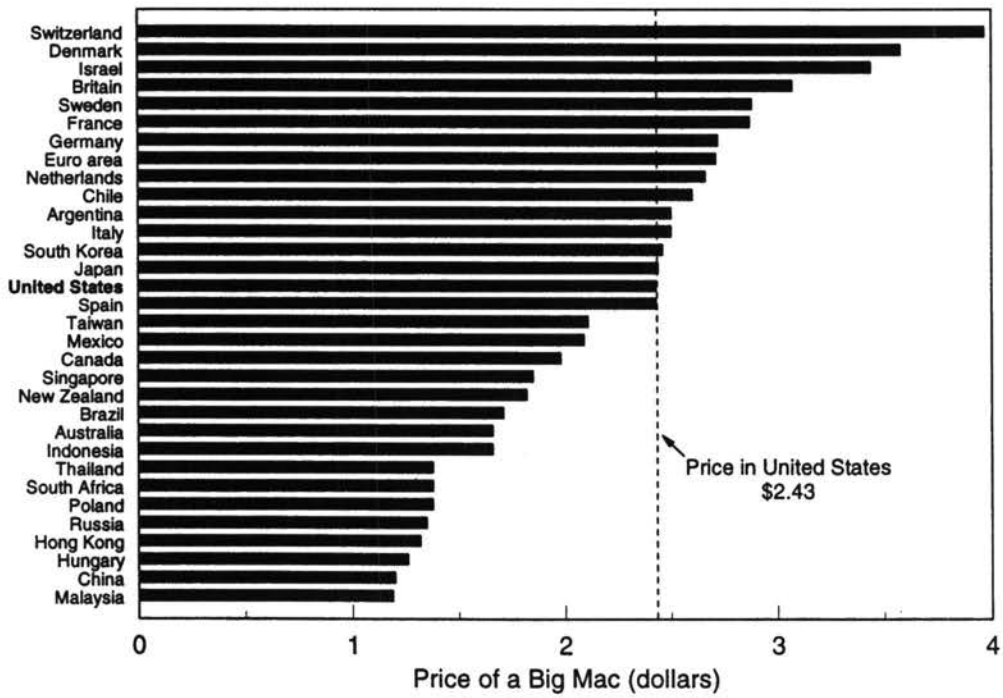
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

April 9, 1999

Copied
Yellen
Podesta

CHART OF THE WEEK

The 1999 Big Mac Index



The Big Mac index was devised 13 years ago by *The Economist* as a tongue-in-cheek test of whether exchange rates are "correct." The concept of purchasing power parity (PPP) says that exchange rates tend to move in the long run so as to equalize the prices of identical market baskets of goods across countries. According to this cheesy one-good index, the euro is overvalued relative to the dollar, while many Asian currencies are undervalued. Critics beef that PPP is a poor predictor of exchange rate movements.

EYES ONLY

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"There're no business deductions like show-business deductions."

EYES ONLY

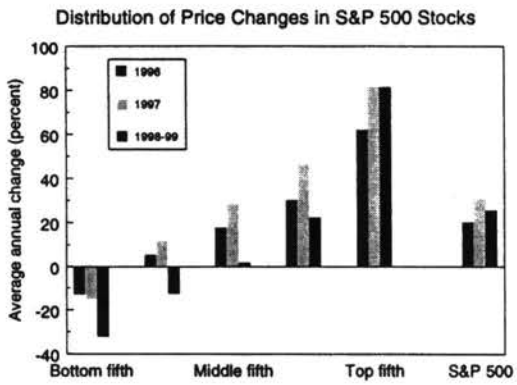
CURRENT DEVELOPMENT

Is It Getting Harder to Pick Winners in the Stock Market?

As discussed in last week's financial market update, gains in the stock market are increasingly concentrated in a relatively small group of companies. As a result, the most successful stocks have outpaced the least successful stocks by a much wider margin in the past year or so than during the previous several years.

Indexes and individual stocks. Perhaps surprisingly, stock indexes can rise sharply even if most individual stocks in the index perform badly. This can happen in two ways. First, the larger companies' stocks may do well; because the S&P 500 weights stocks by their market value, the biggest 50 companies have more influence on the index than the remaining 450. Second, some companies' stocks may increase by exceptional amounts, offsetting much smaller increases or decreases by other stocks. Both of these effects have been at work recently.

How many stocks are winners? The growth rate of the S&P 500 index was similar in 1996, 1997, and (on an annualized basis) for 1998 through the first quarter of this year. But many more stocks have experienced losses over the last five quarters than previously (see chart). The difference has been especially striking this year: while the index as a whole was up 4.6 percent in the first quarter, about half of the stocks in the index actually declined over that period. Bigger stocks enjoyed significantly higher returns on average than smaller stocks. And of the 100 top-performing S&P 500 stocks in the first quarter, a third were either technology or communications stocks—though these stocks make up less than a sixth of the index. Companies involved with the Internet and the Web appear to have done especially well, although many of these are startup companies and not in the S&P 500.



Implications. The growing disparity in stock performance may be felt at both the household and aggregate levels. Many owners of stocks or mutual funds may have lost money recently, as price gains accrued disproportionately to holders of technology stocks. Trying to "beat the market" by picking individual stocks is riskier if most stocks are doing badly. Indeed, the relatively poor first-quarter performance of many stock mutual funds may fuel the growing popularity of index funds. On the macroeconomic side, large gains within a narrow band of stocks may be more easily erased than moderate gains across a wider array, suggesting an aspect of fragility in the recent bull market.

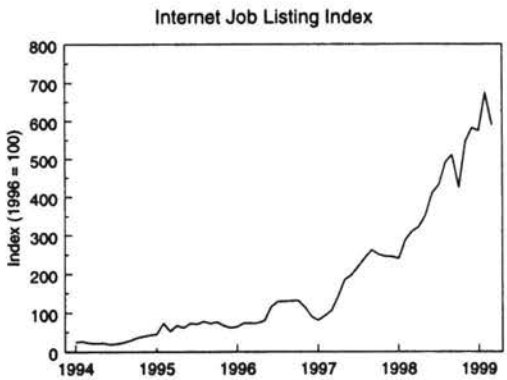
4-12-99

EYES ONLY

SPECIAL ANALYSIS

Employment Online?

The Internet is not just a place to shop for books, music, airline tickets, or other consumer goods. It is also a burgeoning job market, with several job-posting sites and rapidly rising activity. At this stage, however, much of the information about usage is impressionistic and less well-developed than official job market data.



Explosive growth in listings. An index of Internet job listings (based on the JobOptions site, with offerings recently from about 11,000 companies) shows explosive growth since 1994 (see chart). For example, this index rose 90 percent in the last 12 months. To date, however, no one has compiled a comprehensive index based on multiple sites.

Are they a hit? Nearly all of the larger job-search sites were listed in a study that tried to identify the 500 Web sites attracting the largest numbers of "unique" visitors (that is, correcting for multiple hits by the same person). A survey in 1998 by the American Management Association found that only 13 percent of human resource managers had used online recruiting prior to January 1997, but that usage had swelled to 59 percent at the time of the survey, with an additional 13 percent expected to implement online recruiting by year-end. Increases in Internet usage since January 1997 have been over four times larger than those for any other recruiting medium.

DOL on AOL. The largest Internet job bank is run by the Department of Labor, which currently displays close to a million jobs and receives between 15 and 20 million hits per week. Usage is free, and services include America's Learning Exchange (which lists courses, seminars, and training programs); America's Talent Bank (which allows job hunters to create an electronic resume in a national database that can be searched by employers); America's Job Bank (which contains all employer-posted job listings); and America's Career InfoNet (which contains details on the job outlook for particular occupations and for individuals based on education).

Commercial sites. Some common job-search sites, containing between 150,000 and 350,000 job listings, also provide career advice and information and allow searchers to post resumes for free. Among these sites, Monster and CareerMosaic charge employers approximately $200 per job listing, CareerPath posts newspaper classifieds online, and HeadHunter is free.

Implications. Increased use of Internet job listings could lead to better job matching and reduced frictional unemployment—phenomena that probably have played a role in allowing the unemployment rate to reach such low levels in this expansion.

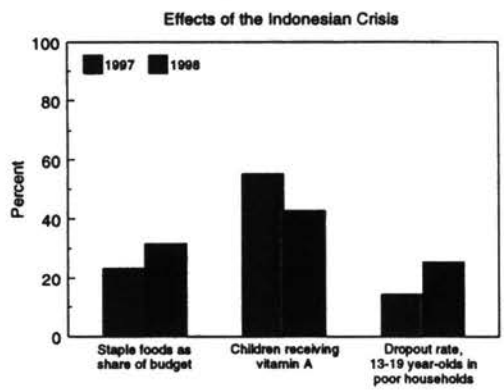
SPECIAL ANALYSIS

The Human Costs of the Asian Crisis in Indonesia

Since the outbreak of the Asian crisis in the summer of 1997, Indonesia has experienced both economic and political turmoil. An on-going longitudinal study of individuals, households, and communities documents the human costs. Interviews took place in the second half of 1997 (in the earliest stages of the crisis) and the second half of 1998 (after some of the most severe impacts had been experienced).

Income, poverty, and food expenditures. Real incomes collapsed between the two surveys, with the purchasing power of the average Indonesian falling by 25 percent. The share of Indonesian households in poverty rose from 11 percent to between 14 and 20 percent (depending on inflation assumptions). Although quite substantial, this increase was far smaller than the five-fold increase claimed by the Indonesian government.

A sharp increase in food prices is the most salient change affecting individual well-being, with almost 60 percent of those surveyed in 1998 reporting that they had been made significantly worse off by the rising price of rice. This large increase in food prices caused the share of the household budget spent on food, particularly staples like rice, to rise (see chart). In 1998, about one-quarter of households reported that they had recently taken advantage of programs distributing food at subsidized prices launched by the Indonesian government and international NGOs. However, the study argues that the subsidies need to be better targeted to the neediest households.



Health status and use of health care. While food shares increased, spending on health and education declined, especially among the poorest households. Use of primary preventive health care services by children declined sharply. For example, children's use of outpatient services fell by 38 percent, and the proportion receiving Vitamin A, which reduces children's vulnerability to infectious disease, dropped by 22 percent. Thus far, there is little evidence of significant effects on physical health status, which is likely to be fairly resilient in the short term. Some evidence suggests, however, that nutritional status among the poorest Indonesians may have worsened.

Education. Among 13- to 19-year olds, drop-out rates increased substantially in both rural and urban areas and across all income levels. Reduced enrollment among 7- to 12-year olds was concentrated in the poorest households. Prior to the crisis, Indonesia had achieved near-universal enrollment in primary school; today 1 out of every 10 children aged 7 to 12 in poor households is not in school.

Conclusion. The study provides evidence confirming that Indonesia's recent troubles have carried a high human cost, although poverty rates have risen by far less than the initial projections of the Indonesian government. Few people in Indonesia have been left untouched by the crisis, but children in the poorest households are the most likely to be affected in the long run as these households cut back on investments in education and health.

4-12-99

EYES ONLY

ARTICLE

Can Japan Keep Inequality at Bay?

How will Japanese workers fare as the country moves toward greater deregulation and other structural reforms? Some clues may be found by examining how employment practices specific to Japan, as well as globalization and domestic protection more generally, affected income distribution in the early 1990s.

Is a falling tide lowering all boats? In contrast to the United States, where the past two decades have seen rising inequality between high-skilled and low-skilled workers, Japan's economic problems during the early 1990s seem to have *reduced* inequality—or at least slowed its growth relative to the 1980s. The wage premium received by college graduates rose to nearly 50 percent relative to high school graduates during the 1980s but decreased slightly during the early 1990s. After growing in the 1980s, overall wage dispersion has become more compressed, both among industries and among individuals, and the Gini coefficient measuring inequality in household income among workers has subsided somewhat.

Stuck in middle management. One reason for this unusual phenomenon is Japan's convention of lifetime employment, along with its seniority-based pay scale. Japanese firms are expected to retain excess labor during a recession, and a firm that cannot lay off workers may choose to control costs instead by slowing the pace of promotions or of new hires. One observer finds lower odds for promotion among middle-aged managers in the 1990s relative to the 1980s, suggesting a slowing of pay increases for senior, college-educated workers.

Above and below, wages have nowhere to go. Meanwhile, a glut of new college graduates relative to employer demand has depressed the wages of college graduates at the entry level. A government survey found a placement rate for new graduates in 1998 of just under two-thirds—the lowest rate since 1951. Another survey found that over one-third of Japanese firms had frozen their starting salaries for new graduates between 1997 and 1998. At the same time, Japan's job market exhibits a "downward price rigidity" that prevents wage declines for unskilled workers at the lower end of the distribution. Together, these restrictions at the two ends of the pay scale may help compress the wage distribution.

Does globalization matter? Although globalization has been one of several forces driving income inequality in the United States, it seems to affect the Japanese labor market differently. Whereas American wages in tradable goods sectors (such as manufacturing) are generally high compared with wages in sectors less subject to international competition, the reverse appears to be true in Japan. One study finds that the shares of exports and imports in a given industry are negatively correlated with industry-specific wage premiums (the difference between actual wages and predicted wages based on workers' educational level, size of firm, and other background factors). Industries with substantial exports or imports, such as steel,

metal products, and machinery, are generally characterized by low or negative wage premiums. Almost all positive wage premiums occur in domestically oriented industries—mainly those that are highly regulated (such as banking and insurance and public utilities) or highly unionized (such as public utilities, communications, and public services).

Implications. Many in Japan are apprehensive about changes in labor market practices associated with deregulation and other structural reform. The evidence suggests why, as there are likely to be many winners and losers. First, adjusting to the market will be disruptive to workers who benefit from lifetime employment arrangements and seniority-based wages. At the same time, however, greater openness to international competition should increase the demand for skilled workers in internationally competitive industries. Finally, if Japan is serious about deregulation, unionized and regulated sectors are likely to face particularly painful adjustment.

4-12-99

EYES ONLY

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Grading the States. A new study by Syracuse University's Maxwell School and *Governing* magazine used in-depth surveys and interviews to evaluate state governments on financial management, capital management, human resources, managing for results, and information technology. The study found that many states may not fit the common wisdom about them; Kentucky's managerial reforms earned it good grades; Connecticut lags in its use of computers; Louisiana's government is a pioneer in the use of performance measures; Wisconsin seems less prepared than others for unforseen economic downturns; and West Virginia received high marks for financial reporting. The average state grade for financial management was a B. Encouragingly, some states are giving agencies more flexibility in their financial affairs, and legislatures are requesting and receiving more information about the future cost of current programs. Overall, states earned a B- for capital management, where insufficient funding for regular maintenance of structures is the biggest problem. The average grade was also a B- for human resources. Reform has been slow, but many states have removed the most constrictive elements of civil service codes, eased the hiring process, and reduced the number of job classifications. Although a growing number of states have begun experimenting in strategic planning, performance measurement, bench marking, and performance-based budgeting, the average grade for managing for results was a C+. States also received a C+ for information technology. Most states now have some kind of strategic IT planing process, but the quality varies.



Regulations Credited with Boosting Air Quality and Home Values. A recent study finds that the 1970 and 1977 Clean Air Act Amendments had positive impacts on both pollution and housing prices. The study uses property value data combined with EPA assessments (from 1970 to 1990) on whether a county was in attainment with federally determined air quality standards. It finds that much of the observed differences across counties in achieving reductions in suspended particulates can be attributed to differences in regulatory pressure. (Counties that were not in attainment faced greater Federal regulatory oversight.) Also, the regulations appear to have increased home values: housing prices in regulated, non-attainment counties rose by about 5 percent more in the 1970s and 4 percent more in the 1980s than housing prices in non-regulated counties, after controlling for changes in population density and other socio-economic characteristics of counties. According to one estimate, this translated into gains of $80 billion in the 1970s and $50 billion in the 1980s for homeowners in regulated counties.

4-12-99

EYES ONLY

INTERNATIONAL ROUNDUP

EIA Projects Slower Growth in Global Carbon Dioxide Emissions. The annual international energy forecast recently released by the Energy Information Administration contains projections of energy consumption and related carbon dioxide emissions through 2020, assuming no new policies, such as the Kyoto Protocol, are implemented. Global energy consumption is projected to be 4 percent lower than forecast last year, primarily because of slower economic growth in Russia and Asia. Emissions in 2010 from Eastern European and Former Soviet Union countries are expected to be nearly 30 percent below their Kyoto targets, and below previous forecasts. The forecast for carbon dioxide emissions for Japan and the European Union was reduced as well. While developing countries are projected to have slower emissions growth than previously forecast, their emissions are still expected to surpass industrialized countries' emissions by 2015. Further, China's carbon emissions are projected to surpass U.S. emissions in about 20 years. The slower emissions growth in industrialized countries could reduce the costs of complying with emissions targets established in the Kyoto Protocol.

World Bank Sees Slow Growth in Developing Countries. Although the risk of deep global recession has receded in recent months, depressed world trade and falling commodity prices will prolong the crisis in emerging markets, according to the new *Global Finance Development 1999* report from the World Bank. Compared with its December forecast, the Bank's growth forecast for developing countries in 1999 has been revised downward by 1 percentage point to 1.5 percent, the lowest rate since 1982. For developing countries as a group, a return to trend growth in the 4½ to 5 percent range is unlikely before 2001. The Bank noted that net private capital flows to the developing world dropped to $227 billion in 1998 from $299 billion in 1997. This decline was concentrated in loans and portfolio flows, while foreign direct investment (FDI) was relatively resilient. However, the Bank warned that FDI in developing countries is likely to slow over the next 2 years, in response to a slowing of world output and reduced corporate earnings in source countries. Nevertheless, as corporate restructuring accelerates, FDI flows to Asian crisis countries should pick up, and FDI is likely to remain the largest source of finance for developing countries in the foreseeable future.

Palestine Hopes to Offer First Bonds. The Palestinian Authority is currently projecting a budget deficit that it hopes to finance with the first Palestinian bonds, according to recent remarks to the press by the Authority's financial affairs chief. Thus far, the Authority's ambiguous status has prevented it from raising money in the sovereign debt market. The finance official said that foreign governments were prepared to provide backing for Palestinian bonds, although he did not name which. He also claimed that the size and pricing of the bond issue is being negotiated with major investment banks prepared to serve as underwriters, and that the bonds could be issued as early as June. A serious question remains, however, as to whether these bonds could indeed find a market.

RELEASES THIS WEEK

Producer Price Index

****Embargoed until 8:30 a.m., Friday, April 9, 1999****

The producer price index for finished goods rose 0.2 percent in March. Excluding food and energy, producer prices were unchanged.

Leading Indicators

The composite index of leading indicators increased 0.2 percent in February, following an increase of 0.5 percent in January.

MAJOR RELEASES NEXT WEEK

Consumer Prices (Tuesday)
Retail Sales (Tuesday)
Housing Starts (Friday)
Industrial Production and Capacity Utilization (Friday)

EYES ONLY

U.S. ECONOMIC STATISTICS

	1970-1993	1998	1998:2	1998:3	1998:4
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	4.3	1.8	3.7	6.0
GDP chain-type price index	5.4	0.9	0.9	1.0	0.8
Nonfarm business (NFB) sector:					
Productivity (chain-type)	1.5	2.7	0.3	2.5	4.6
Real compensation per hour:					
Using CPI	0.6	2.5	2.2	2.3	1.7
Using NFB deflator	1.3	3.7	3.5	3.4	3.4
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	11.0	11.2	10.9	11.0
Residential investment	4.5	4.3	4.3	4.4	4.5
Exports	8.2	11.3	11.3	11.0	11.3
Imports	9.2	13.0	13.1	12.9	13.1
Personal saving	5.2	0.3	0.3	0.1	-0.0
Federal surplus	-2.7	0.9	0.9	1.1	0.8

	1970-1993	1998	Jan. 1999	Feb. 1999	March 1999
Unemployment Rate (percent)	6.7**	4.5**	4.3	4.4	4.2
Payroll employment (thousands)					
increase per month			217	297	46
increase since Jan. 1993					18176
Inflation (percent per period)					
CPI	5.8	1.6	0.1	0.1	N.A.
PPI-Finished goods	5.0	-0.1	0.5	-0.4	**0.2**

**Figures beginning 1994 are not comparable with earlier data.

New or revised data in **boldface**.
PPI data **embargoed until 8:30 a.m., Friday, April 9, 1999**.

EYES ONLY

FINANCIAL STATISTICS

	1997	1998	Feb. 1999	March 1999	April 8, 1999
Dow-Jones Industrial Average	7441	8626	9323	9754	10198
Interest Rates (percent per annum)					
3-month T-bill	5.06	4.78	4.44	4.44	4.28
10-year T-bond	6.35	5.26	5.00	5.23	5.03
Mortgage rate, 30-year fixed	7.60	6.94	6.81	7.04	6.92
Prime rate	8.44	8.35	7.75	7.75	7.75

INTERNATIONAL STATISTICS

Exchange Rates	**Current level April 8, 1999**	**Percent Change from Week ago**	**Year ago**
Euro (in U.S. dollars)	1.084	0.5	N.A.
Yen (per U.S. dollar)	120.9	0.5	-8.9
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. $)	95.84	-0.1	-0.8

International Comparisons [1/]	**Real GDP growth** (percent change last 4 quarters)	**Unemployment rate** (percent)	**CPI inflation** (percent change in index last 12 months)
United States	4.3 (Q4)	4.2 (Mar)	1.6 (Feb)
Canada	2.8 (Q4)	7.8 (Feb)	0.8 (Feb)
Japan	-3.0 (Q4)	4.7 (Feb)	-0.1 (Feb)
France	2.8 (Q4)	11.4 (Jan)	0.3 (Feb)
Germany	1.8 (Q4)	[2/] 7.2 (Jan)	0.2 (Feb)
Italy	0.9 (Q4)	12.3 (Jan)	1.4 (Feb)
United Kingdom	1.1 (Q4)	6.3 (Dec)	2.1 (Feb)

1/ For unemployment data, rates approximating U.S. concepts as calculated by the U.S. Department of Labor, Bureau of Labor Statistics.

2/ Rate for former West Germany. Using OECD standardized unemployment data, the unemployment rate for unified Germany for January was 9.1 percent.

'99 APR 12 PM4:10

4-12-99

Send to Burkhardt?

Yes ✓

No ____



Jock Gill <jgill @ penfield-gill.com>
04/10/99 09:45:53 AM

Record Type: Record

To: Nancy V. Hernreich/WHO/EOP, Betty W. Currie/WHO/EOP

cc: John Podesta/WHO/EOP

Subject: Y2K & Energy and drinking water supplies

VIA EMAIL

April 10, 1999

Dear Mr. President,

I am concerned that the country is not being prepared _emotionally_ for what appears to be inevitable disruptions in oil supplies and drinking water supplies. I wonder about sewage treatment too.

I sent this question to one of my Y2K friends:

"My Y2K friends tell me the really interesting problem is pumping oil into super tankers. Neither the ships nor the loading/unloading systems are thought to be Y2K compliant. Watch for every super tanker to be off line starting in mid December. Oil prices could really jump. This could send the market reeling. If the market does not recover by September/October, should it fall badly, kiss Al Gore good bye. Just a scenario, but some folks think it has a good better than zero for a possibility. The unintended consequences NOT of Kosovo, but of Y2K. How ironic if technology failure kills off Al Gore's presidential bid. Do we really want Geo. W. Bush?"

And David Isenberg wrote back:

Jock,

I think it was a year ago that I pointed out to you the Gore/Y2K downside scenario. It DOES look like stuff is trending towards this direction.

Not only are tankers and loading systems in trouble, but oil rigs are very, very heavy ~~on~~ date-dependent embedded systems. Refineries too. So even if the electric generator plants make it through Y2K, by late January 2000 the oil-fired ones might not have enough oil.

Meanwhile, John "3-day snowstorm" Koskinen's team says that 1 in 10 cities is likely to have water delivery problems,
more in suburbs and small towns.

I wish somebody would tell Internet Al to lead, follow, or get out of the way. No, I don't want GHW Bush Junior the Fourth either, but right now, (I'm VERRRY sorry to say) it looks like Steve Forbes is the only one who seems (in public) to get it. That'd really be a bummer.

David I

I have this morning sent the following to Greg Simon, Mike Nelson and Dan Dutko:

"Dan, Greg, and Mike,

This Y2K problem with the countries energy supply is no damn joke. Yet there is nothing about Y2K on the algore2000 web site. the only way for Al to come out ahead on this issue is to show real leadership NOW to prepare the country emotionally for problems that will be much worse than 'minimal'. 10% of our cities with significant drinking water problems? This is agreed to by Koskinen and this is not trivial. Can you imagine this 10% voting for Al Gore -- Mr. Technology who could not even save their drinking water? Not unless Al steps up the issue right now. He simply can not let Forbes take this one away from him."

Mr. President, the country requires your special ability to communicate with them about preparing for Y2K - not for bank failures, but water and oil supply failures. Please imagine if the price of gas goes to $5 or $10 per gallon for a few months, what can we expect? How well will the food distribution network, so dependent upon oil, function? With the proper mental attitude the country can easily make the transition. But if it is allowed to be lulled into complacency, the citizens will be first frighten and then very angry that their leadership left them so exposed to preventable disruptions. This would be a terrible way to end your administration.

Very best personal regards,

Jock

--

Jock Gill
www.penfield-gill.com
Infrared Internet Vision



Record Type: Record

To: Betty W. Currie/WHO/EOP

cc:
Subject: calls

Betty,

The following calls were on the machine:

David Winters for David Beem... AGAIN. He sent an e-mail to POTUS, First Lady, and VP. It has to do w/ a grant for the Fairview Facility. They would like to meet w/ one of the above (and are assuming it will be the "VP b/c he is the least busiest of the three."

Pat Walsh in Sen. Dodd's office. He is in Germany and will be going over to Macedonia, he knows POTUS is aware. She left a number for him but it would have only been good until Saturday.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20502

'99 APR 9 PM6:16

4-12-99
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Lane
Podesta

April 9, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: NEAL LANE

CC: JOHN PODESTA

SUBJECT: OSTP WEEKLY REPORT

Human Stem Cell Research

Yesterday (4/8), Harold Varmus convened an ad hoc panel in a public forum to help NIH develop an oversight process and guidelines for the ethical use of human stem cells in federally-funded research. Accounts of the panel's deliberations ran in today's *New York Times* and *Washington Post*. OSTP staff attended the meeting and reports that the guidelines discussed on Thursday are only a first draft. Once the panel finishes its draft guidelines, NIH plans to publish them for a 60-day public comment period. A final version must be approved by Dr. Varmus' advisory committee before he will consider moving ahead to fund human stem cell research. During a public comment session, a representative of the House Pro-Life Caucus reiterated earlier Congressional statements that Federal funding of human stem cell research violates the Congressional ban on human embryo research. On Tuesday (4/13) there will be a meeting between OSTP, DPC, Public Liaison, and the Women's office with patient advocacy groups and scientific societies to discuss recent executive and legislative branch activities related to human stem cell research. The message to these groups will be that the Administration continues to support the science of stem cell biology.

International Space Station Takes Step Forward, Russian Service Module Rolls Out

The formal rollout and ribbon-cutting ceremony for the Service Module element of the International Space Station will be held April 26 at RSC-Energia in Moscow. Top NASA, Russian Space Agency, RSC-Energia, and European Space Agency space station officials will hold a press conference immediately before the rollout. After the ceremonies, the Service Module will be shipped to its launch site at Baikonur, Kazakhstan, where it is scheduled to be launched this fall for linkup as the third element of the International Space Station.

Questions Arise over Technology Transfer Practices

The front page of today's *USA Today* reported on a House Democratic Science Committee Staff Report that investigates whether a scientist at Department of Energy's Lawrence Livermore National Laboratory (LLNL) misappropriated an invention with applications in cell phone and radar systems. The report focuses on a patent dispute between LLNL and a small Alabama

company, Time Domain, and alleges misleading advertising practices and unfair competition on the part of LLNL. OSTP will continue to monitor this situation.

IT² Amplification

On Tuesday (4/6) I delivered an address on your Initiative on Information Technology for the 21st Century (IT²) before the National Defense Industrial Association's conference on "Research and Development in the New Millennium." The conference was hosted by the Congressional delegations of Pennsylvania, New Jersey, Delaware and Maryland.

As you know, roughly 60 percent of the IT² funding will go to support university-based research, which will help meet the growing demand for workers with advanced IT skills. This will help address the problem highlighted in a front page *Washington Post* article on Monday (4/5): Microsoft's ability to lure faculty elites to its research center at a pace so fast that some campus departments say they're being picked clean. IT² will help us meet the growing demand for highly skilled, creative IT workers.

Meetings with Chinese Minister of Science and Technology

I co-chaired the second meeting of the Science for Sustainable Development Working Group of the U.S.-China Environment and Development Forum today (4/9) with Madame Zhu Lilan, the Chinese Minister of Science and Technology. The meeting reviewed progress in sustainable development policies in both countries since the last meeting in Beijing in March 1997. We agreed to explore a cooperative dialogue on land-use issues such as reforestation and desertification; agreed to initiate a three-year cooperative research project based on the results of China's first agricultural census; established a joint coordination panel that will support China's efforts to manage growing coastal pressures and collect data and information that will benefit U.S. coastal management; and agreed to hold a U.S.-China workshop and symposium on climate forecasting in Beijing in September 1999.