FOIA Number: 2016-0970-F

FOIA MARKER

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Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Staff Secretary

Series/Staff Member: Sean Maloney

Subseries:

OA/ID Number: 14868

FolderID:

Folder Title:
Tuesday, October 12, 1999 [1]

Stack:	Row:	Section:	Shelf:	Position:
S	40	5	3	1

THE WHITE HOUSE
WASHINGTON

Date 10/12/99

To: SALLY KATZEN

From: The Staff Secretary

PER OUR DISCUSSION -- I'VE ATTACHED A COPY OF THE ORIGINAL MEMO AND COPIES OF PODESTA'S AND ECHAVESTE'S COMMENTS. I THINK EVERYONE WOULD AGREE THAT A PROCESS IS NECESSARY, IF THIS IS SOMETHING WE WANT TO DO. — SEAN

Document No. ____________

WHITE HOUSE STAFFING MEMORANDUM

Date: 8/31/99 ACTION /CONCURRENCE / COMMENT DUE BY: 9/7/99

Subject: WHITE HOUSE SENIOR EXECUTIVE FELLOWSHIP

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	✓	☐	MOORE	☐	☐
~~PODESTA~~	✓	☐	NASH	☐	☐
ECHAVESTE	✓	☐	REED	✓	☐
RICCHETTI	✓	☐	RUFF/MILLS	✓	☐
LEW	✓	☐	SOSNIK	☐	☐
BERGER	☐	☐	SPERLING	☐	☐
BLUMENTHAL	☐	☐	STEIN	☐	☐
		☐	STREETT	☐	☐
		☐	TRAMONTANO	✓	☐
		☐	UCELLI	☐	☐
		☐	VERVEER	☐	☐
		☐	WALDMAN	☐	☐
		☐	YELLEN	☐	☐
		☐	____________	☐	☐
		☐	____________	☐	☐
LINDSEY	☐	☐	____________	☐	☐
LOCKHART	☐	☐	____________	☐	☐
MARSHALL	✓	☐			

Per Maj from Maria
Very interesting idea
want do VP + NPR
think & what's
the next step?

9/7/99

REMARKS:

Any Comment?

RESPONSE: Does Counsel see
major conflict of
interest issues?
JDP

staffing.doc 07/14/99

Staff Secretary's Office
Ext. 62702

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415

'99 AUG 30 PM3:26

OFFICE OF THE DIRECTOR

August 25, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: JANICE R. LACHANCE Janice R Lachance
DIRECTOR
U. S. OFFICE OF PERSONNEL MANAGEMENT

SUBJECT: CREATION OF THE WHITE HOUSE SENIOR EXECUTIVE FELLOWSHIP

Please find for your review a memorandum by Alex Friedman, a member of the 1998-99 White House Fellows class. Because of my dual role as OPM Director and a member of the White House Fellows Commission, Alex approached me with his idea for a Senior Executive Fellows program for retired senior business executives. As you will see from his memorandum, I have worked with him to develop this concept and I believe it has merit.

Please let me know if you would like more information.

AUGUST 26, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: ALEXANDER FRIEDMAN
WHITE HOUSE FELLOW

SUBJECT: CREATION OF THE WHITE HOUSE SENIOR EXECUTIVE FELLOWSHIP

Purpose: Recruit retired senior business executives to serve for one year as 'White House Senior Executive Fellows.' Each Fellow will be a paid advisor to a cabinet secretary focused on advising the secretary on improving management practices of their department.

Rationale: There are five reasons why this kind of Senior Executive Fellowship makes sense:

- First, there is a tremendous need for experienced managers to help impart best business practices to the different departments and agencies of the government, and there are many retired CEO's with proven track records of management excellence who would find this kind of senior, one-year, advisory role attractive.
- Second, this would allow cabinet secretaries and deputy secretaries who find themselves time-limited in the attention they can pay to internal management issues to leverage the experience of senior business leaders who would be focused full-time on their internal management challenges.
- Third, this fellowship would enable the Administration to bring in a group of senior business leaders who otherwise might only be attracted to government service in more traditional political appointee roles of Under Secretary and higher.
- Fourth, retired CEO's who are brought in for one year would be unlikely to be seen as threats by senior political appointees and career civil servants. Additionally, unlike White House Fellows, their age would work in their favor as being representative of their years of experience.
- Fifth, this fellowship can serve as an effective bridge between business and government, particularly because it will bring older, opinion-leaders together with the younger generation that, for the most part, makes up the leadership of the Administration.

Selection Criteria: The Fellowship would be designed to attract very senior executives, recently retired from professional practice. Therefore, recruitment would be handled by 1-2 full-time staff and targeted through Boards of Directors of leading Fortune 500 companies, and through leading civic institutions like the Business Roundtable, the Council on Foreign Relations, SCORE and the Executive Service Corp. Each applicant would fill out an application and be chosen through an interview process with a group comprised of former Cabinet Secretaries and former senior Administration officials. Approximately 10-12 fellows should be chosen, with placement taking place in a manner analogous to how White House Fellows are placed.

Yearly Activities: The bulk of the Fellows' year would be spent in their substantive advisory role to their respective cabinet secretaries. Additionally, the class of Fellows would, as a whole, hold a bi-annual, day-long management leadership conference with approximately 20 leading Fortune 500 CEO's focused on changing management practices and private sector business advice for the government. Each conference will result in a report to the President reflecting best business management practices and their applicability to the Administration.

Conclusion: The creation of the White House Senior Executive Fellowship makes sense as a way to help administration leaders improve management practices in their respective cabinet department and agencies, and to effectively create a cross-fertilization of management practices between government and the private sector. The costs to the administration are relatively low relative to the likely benefit.

I have discussed this proposal with Janice Lachance, Director of the Office of Personnel Management, and she agrees the idea has real merit. If you decide to move forward, she is willing to take the lead in looking into the specifics of how this program would be designed and operated. Issues to be decided upon would include whether the program can be established by Executive Order or would require legislation, how candidates would be recruited and assessed, and how the program would be administratively funded. Director Lachance could have a fully developed proposal by the end of October for your consideration. It may be that this new White House Senior Executive Fellowship would be an appropriate new program for funding in the FY 2001 budget.

Recommendation:

Approve for further development ____________________

Reject ____________________

Comments ______________________________

Contact: Alex Friedman
White House Fellow
w 202-406-5425
h 202-342-5725

Document No. ____________

WHITE HOUSE STAFFING MEMORANDUM

Date: 8/31/99 ACTION /CONCURRENCE / COMMENT DUE BY: 9/7/99

Subject: WHITE HOUSE SENIOR EXECUTIVE FELLOWSHIP

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JOHNSON, J.	☐	☐	WALDMAN	☐	☐
KLAIN	☐	☐	YELLEN	☐	☐
LANE	☐	☐	S. Katzen's	☐	☐
LEWIS	☐	☐	comments attached	☐	☐
LINDSEY	☐	☐		☐	☐
LOCKHART	☐	☐		☐	☐
MARSHALL	☑	☐			

REMARKS:

ANY COMMENT?

RESPONSE:

staffing.doc 07/14/99

Staff Secretary's Office
Ext. 62702

Document No. ____________

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Date: 8/31/99 ACTION /CONCURRENCE / COMMENT DUE BY: 9/7/99

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FRAMPTON	[ ]	[ ]	TRAMONTANO	[x]	[ ]
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LANE	[ ]	[ ]	____________	[ ]	[ ]
LEWIS	[ ]	[ ]	____________	[ ]	[ ]
LINDSEY	[ ]	[ ]	____________	[ ]	[ ]
LOCKHART	[ ]	[ ]	____________	[ ]	[ ]
MARSHALL	[x]	[ ]			

REMARKS:

Any Comment?

RESPONSE:

UNITED STATES

OFFICE OF PERSONNEL MANAGEMENT

WASHINGTON, D.C. 20415

'99 AUG 30 PM3:26

OFFICE OF THE DIRECTOR

August 25, 1999

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FROM: JANICE R. LACHANCE *Janice R Lachance*
DIRECTOR
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SUBJECT: CREATION OF THE WHITE HOUSE SENIOR EXECUTIVE FELLOWSHIP

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Recommendation:

Approve for further development ______________

Reject ______________

Comments ______________________

Contact: Alex Friedman
White House Fellow
w 202-406-5425
h 202-342-5725

Document No. ______________

WHITE HOUSE STAFFING MEMORANDUM

Date: 8/31/99 ACTION /CONCURRENCE / COMMENT DUE BY: 9/7/99

Subject: White House Senior Executive Fellowship

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PODESTA	☑	☐	NASH	☐	☐
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LANE	☐	☐	______	☐	☐
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LINDSEY	☐	☐	______	☐	☐
LOCKHART	☐	☐	______	☐	☐
MARSHALL	☑	☐			

REMARKS:

Any Comment?

RESPONSE:

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415

'99 AUG 30 PM3:26

OFFICE OF THE DIRECTOR

August 25, 1999

MEMORANDUM FOR THE PRESIDENT

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SUBJECT: CREATION OF THE WHITE HOUSE SENIOR EXECUTIVE FELLOWSHIP

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Recommendation:

Approve for further development ____________________

Reject ____________________

Comments ____________________________________

Contact: Alex Friedman
White House Fellow
w 202-406-5425
h 202-342-5725

Document No. ______________

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LOCKHART	☐	☐	______	☐	☐
MARSHALL	☑	☐			

REMARKS:

Any Comment?

RESPONSE:

staffing.doc 07/14/99

Staff Secretary's Office
Ext. 62702

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415

OFFICE OF THE DIRECTOR

'99 AUG 30 PM3:26

August 25, 1999

MEMORANDUM FOR THE PRESIDENT

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DIRECTOR
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Recommendation:

Approve for further development ____________________

Reject ____________________

Comments ______________________________

Contact: Alex Friedman
White House Fellow
w 202-406-5425
h 202-342-5725

Creation of the White House Senior Executive Fellowship

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Yearly Activities: The bulk of the Fellows' year would be spent in their substantive advisory role to their respective cabinet secretaries. Additionally, the class of Fellows would, as a whole, hold a bi-annual, day-long management leadership conference with approximately 20 leading Fortune 500 CEO's focused on changing management practices and private sector business advice for the government. Each conference will result in a report to the President reflecting best business management practices and their applicability to the Administration.

Conclusion: The creation of the White House Senior Executive Fellowship makes sense as a way to help administration leaders improve management practices in their respective cabinet department and agencies, and to effectively create a cross-fertilization of management practices between government and the private sector. The costs to the administration are relatively low relative to the likely benefit.

I have discussed this proposal with Janice Lachance, Director of the Office of Personnel Management, and she agrees the idea has real merit. If you decide to move forward, she is willing to take the lead in looking into the specifics of how this program would be designed and operated. Issues to be decided upon would include whether the program can be established by Executive Order or would require legislation, how candidates would be recruited and assessed, and how the program would be administratively funded. Director Lachance could have a fully developed proposal by the end of October for your consideration. It may be that this new White House Senior Executive Fellowship would be an appropriate new program for funding in the FY 2001 budget.

Recommendation:

Approve for further development ________________

Reject ________________

Comments ____________________________

Contact: Alex Friedman
White House Fellow
w 202-406-5425
h 202-342-5725

AUGUST 26, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: ALEXANDER FRIEDMAN
WHITE HOUSE FELLOW

SUBJECT: CREATION OF THE WHITE HOUSE SENIOR EXECUTIVE FELLOWSHIP

Purpose: Recruit retired senior business executives to serve for one year as 'White House Senior Executive Fellows.' Each Fellow will be a paid advisor to a cabinet secretary focused on advising the secretary on improving management practices of their department.

Rationale: There are five reasons why this kind of Senior Executive Fellowship makes sense:

- First, there is a tremendous need for experienced managers to help impart best business practices to the different departments and agencies of the government, and there are many retired CEO's with proven track records of management excellence who would find this kind of senior, one-year, advisory role attractive.
- Second, this would allow cabinet secretaries and deputy secretaries who find themselves time-limited in the attention they can pay to internal management issues to leverage the experience of senior business leaders who would be focused full-time on their internal management challenges.
- Third, this fellowship would enable the Administration to bring in a group of senior business leaders who otherwise might only be attracted to government service in more traditional political appointee roles of Under Secretary and higher.
- Fourth, retired CEO's who are brought in for one year would be unlikely to be seen as threats by senior political appointees and career civil servants. Additionally, unlike White House Fellows, their age would work in their favor as being representative of their years of experience.
- Fifth, this fellowship can serve as an effective bridge between business and government, particularly because it will bring older, opinion-leaders together with the younger generation that, for the most part, makes up the leadership of the Administration.

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Approve for further development ____________________

Reject ____________________

Comments ____________________________________

Contact: Alex Friedman
White House Fellow
w 202-406-5425
h 202-342-5725

UNITED STATES

OFFICE OF PERSONNEL MANAGEMENT

WASHINGTON, D.C. 20415

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315878

OFFICE OF THE DIRECTOR

August 25, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: JANICE R. LACHANCE *Janice R Lachance*
DIRECTOR
U. S. OFFICE OF PERSONNEL MANAGEMENT

SUBJECT: CREATION OF THE WHITE HOUSE SENIOR EXECUTIVE FELLOWSHIP

Please find for your review a memorandum by Alex Friedman, a member of the 1998-99 White House Fellows class. Because of my dual role as OPM Director and a member of the White House Fellows Commission, Alex approached me with his idea for a Senior Executive Fellows program for retired senior business executives. As you will see from his memorandum, I have worked with him to develop this concept and I believe it has merit.

Please let me know if you would like more information.

AUGUST 26, 1999

MEMORANDUM FOR THE PRESIDENT

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WHITE HOUSE FELLOW

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Recommendation:

Approve for further development ____________________

Reject ____________________

Comments ________________________________

Contact: Alex Friedman
White House Fellow
w 202-406-5425
h 202-342-5725

THE WHITE HOUSE
WASHINGTON

Sally's concerns

- 2d bullet may cut a/g our desire to build mgmt expertise

- need to manage expectations

- thinks its interesting — but do we have time

CC: lists

Weekly Reports
Week Ending October 8, 1999

Tab A	copied full report to Jennings, Baily, Podesta copied pages 2-3 to Reed copied page 7 to Jennings, Reed, Ucelli, Lockhart, Podesta
Tab C	copied Sperling, Podesta
Tab D	copied Reed, Liu, Podesta
Tab E	copied Frampton, Podesta
Tab F	copied Lane, Podesta
Tab G	copied full report to Stein, Podesta copied page 1 to Stein, Richetti, Moore, Podesta
Tab I	copied full report to Marshall, Balderston, Podesta copied page 11 to Marshall, Balderston, Podesta, Berger
Tab L	copied Johnson, Podesta
Tab M	copied Makay, VP, Podesta
Tab N	copied Cutler, Echaveste, Podesta

'99 OCT 12 PM10:20

10/12/99

OK

THE PRESIDENT HAS SEEN
10·12·99

EYES ONLY

'99 OCT 8 AM 8:58

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

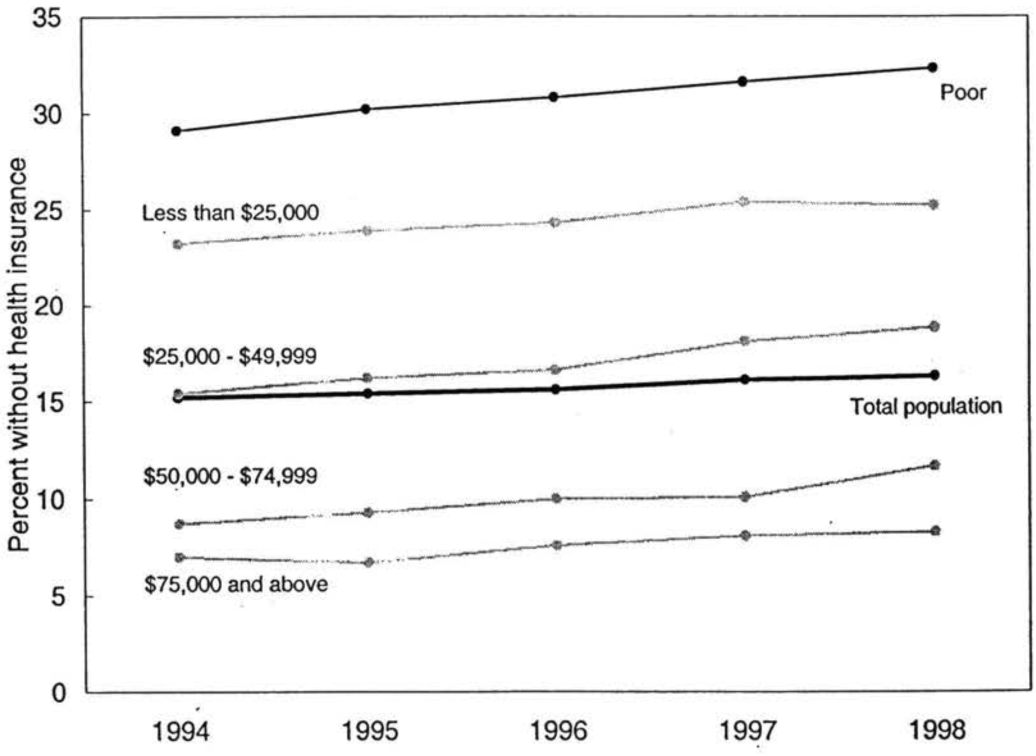
copied
Jennings
Podesta
Baily

October 8, 1999

CJennings

CHART OF THE WEEK

Lack of Health Insurance Coverage by Income Group



The latest data on health insurance coverage show an increase in the share of people without health insurance from 16.1 percent in 1997 to 16.3 percent in 1998. Among the four income groups shown in gray, the two middle income groups experienced the largest increases in the share of people without health insurance. While health insurance coverage increased among households with less than $25,000 in income, the proportion of people living in poverty and without health insurance went up to 32.3 percent.

How many poor not eligible for Medicaid?

EYES ONLY

CONTENTS

TREND

SPECIAL ANALYSIS

ARTICLE

DEPARTMENTS

"But we're playing *cell* phone! It's *supposed* to be annoying."

THE PRESIDENT HAS SEEN
10-12-99

EYES ONLY

TREND

Extreme Child Poverty and the Income of Single Mothers

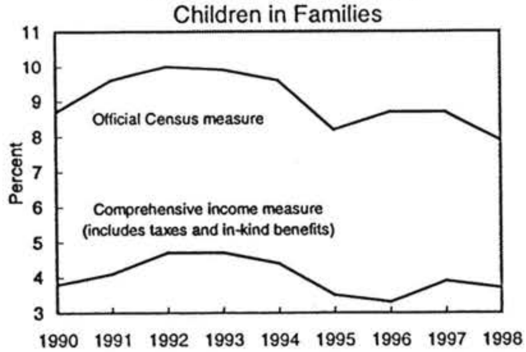
Based on their analysis of income and poverty data through 1997, the Children's Defense Fund (CDF) and the Center on Budget and Policy Priorities (CBPP) this summer reported disturbing trends in extreme child poverty and the income of female-headed households with children. However, a new Department of Health and Human Services analysis shows that these trends did not continue in 1998.

Copied
Reed
Jennings
Baily
Podesta

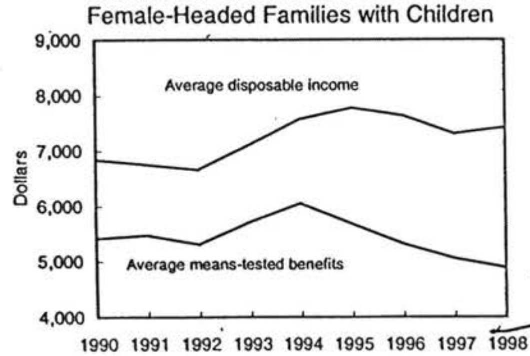
Background. The CDF report focused on extreme poverty (household income less than half the poverty threshold). While official Census data showed no change from 1996 to 1997 in the proportion of children living in extreme poverty, CDF used a comprehensive definition of income that includes the effects of in-kind benefits, such a food stamps (but not medical care), and taxes. Under this definition, the proportion of children living in extreme poverty jumped from 3.3 percent in 1996 to 3.9 percent in 1997. The difference between the Census and CDF findings appears to reflect a decline in in-kind benefits (mainly food stamps) between 1996 and 1997 for this group. This point was further emphasized in the CBPP report, which found that means-tested cash and in-kind benefits received by poor female-headed families with children fell substantially between 1995 and 1997, contributing to a decrease in disposable income for this group.

Extreme Child Poverty. The HHS analysis of the latest poverty data shows that the extreme poverty rate for children in families decreased between 1997 and 1998 under both the official and the comprehensive measures (see upper chart). However, the drop in the Census measure was much larger (from 8.7 to 7.9 percent, or over 550,000 children). The decline in the comprehensive measure from 3.9 to 3.7 percent (a drop of just over 100,000 children) was not statistically significant, and this measure remains higher than it was in 1995. Nevertheless, the new data provide a less discouraging picture of the trend in extreme child poverty than the one based on 1997's data.

Extreme Poverty Rates for Children in Families



Income and Benefits for Bottom Fifth of Female-Headed Families with Children



Female-headed households. The trend toward lower disposable income for the poorest fifth of female-headed households with children reported by the CBPP was also halted in 1998. The HHS analysis shows that the average means-tested benefits received by this group continued to decline in 1998 (see lower chart on previous page). However, earnings and other income increased by more than enough to offset the decline in benefits, leading to an increase in average disposable income (the comprehensive definition of income). As a result, the comprehensive measure of the poverty rate for female-headed families declined slightly between 1997 and 1998.

Conclusion. Trends since 1995 in extreme child poverty and in income and poverty among low-income female-headed households with children are being used by some groups as indicators for assessing welfare reform. The latest data show that the disturbing trends in last year's data have been arrested. And the increase in earnings and other income for those most likely to have been affected by welfare reform is encouraging. Still, child poverty rates remain high and receipt of in-kind benefits like food stamps continues to decline.

Why? They're eligible aren't they?

EYES ONLY

SPECIAL ANALYSIS

An Alternative to Stricter Medicaid Asset Limits

A recent article in the *Weekly Economic Briefing* cited new evidence that Medicaid rules could encourage transfers of assets to other family members by people who anticipate that they will enter nursing homes. Meanwhile, the market for private long-term care insurance is developing slowly, with less than 5 percent of total long-term care costs paid for by such insurance. This follow-up suggests that the transfer issue could become more important in coming years, and examines an approach that some states have taken to create positive incentives for individuals to purchase long-term care insurance as an alternative to imposing more stringent Medicaid qualification limits.

Increasing asset transfers may put more pressure on Medicaid. The shift from defined-benefit to defined-contribution pension plans will increase the number of retirees with non-annuity pension wealth that might potentially be transferred to other family members. Significant asset transfers could affect Medicaid costs, which have skyrocketed for many years and in 1996 consumed over 20 percent of state budgets, rivaling the cost of education.

Partnership programs offer an interesting alternative. A 1988 initiative established partnerships between state Medicaid programs and private long-term care insurance companies. Partnership programs were first introduced in four states (California, New York, Connecticut, and Indiana). At least 11 other states considered similar programs shortly thereafter, but provisions of the 1993 Omnibus Budget and Reconciliation Act have discouraged implementation. The four existing Partnership programs, which were granted waivers to continue, vary in structure, but all offer benefits to pay for long-term care costs while providing Medicaid asset protection. Key features of these plans include:

- a minimum daily benefit whose value is adjusted for inflation;
- portability of long-term care benefits (but a residence requirement in the issuing state for initial purchase and for Medicaid asset protection);
- retention of some or all assets above the state Medicaid limit (without changing the income limits).

This last feature means that individuals still contribute toward their nursing home care, but it reduces the incentive to transfer assets.

Early indicators are encouraging. Preliminary evaluations suggest that partnership programs have successfully attracted middle-income-and-asset households—exactly those who might otherwise transfer their assets in order to qualify for Medicaid. In New York, partnership insurance accounts for 20 percent of all long-term care policies active in the state. In addition, partnership policies

THE PRESIDENT HAS SEEN
10-12-99

EYES ONLY

may represent a more affordable long-term care option for some people. In Connecticut, for example, it is only necessary to purchase an amount of insurance equal to the amount of assets an individual wishes to protect. These early indicators suggest that partnership policies may present a viable way to address the transfer problem.

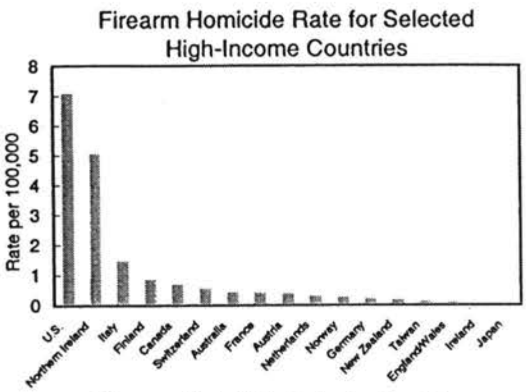
Policy implications. Partnership programs are consistent with Administration goals of increasing long-term care insurance coverage, expanding Medicaid eligibility, and encouraging partnerships between Medicaid and qualified elderly housing. However, even in states that have partnership programs, few people purchase long-term care insurance. For example, a survey of non-partnership long-term care insurance purchasers in California found that 80 percent did not know about the program. The Administration's proposed national long-term care education campaign can help increase public awareness of these programs.

Conclusion. The Administration has proposed a major initiative to address the Nation's long-term care needs. Some version of partnership programs may offer additional encouragement for using private long-term care insurance rather than simply transferring assets to qualify for Medicaid.

ARTICLE

The Costs of Gun Violence

The medical costs of treating gunshot injuries are large, and approximately half of these costs are borne by taxpayers. But gun violence also imposes economic and social costs that go well beyond these direct medical expenditures.



Incidence of gun violence. The United States leads the developed world in the incidence of gun violence (see upper chart). The rates shown in the chart (for years in the early 1990s) imply total firearm homicides of about 6 per year in New Zealand, 25 in Japan, 36 in England, 179 in Germany, 214 in Canada, and over 18,000 in the United States. Gun violence exacts its highest toll among younger people. Roughly 75 percent of gunshot victims are under 30 years old. And while the homicide rates among older age groups have fallen since 1979, homicide among those aged 15 to 24 ballooned in the early 1990s and has remained high despite recent declines (see lower chart).

Medical costs. One recent study estimates that total gunshot-related medical costs in 1994 were $2.3 billion, or $17,000 for each of the 130,000 gunshot injuries in that year. Non-fatal gunshot injuries, three-quarters of which are inflicted in assaults, accounted for a disproportionate share of total medical costs. Eighty-five percent of total medical costs from gunshots were incurred in treating hospitalized gunshot survivors, ~~and the average lifetime cost of treating~~ a hospitalized gunshot survivor was $35,000. Costs for hospitalized gunshot victims who survive their injuries are higher because the majority of medical treatment costs are incurred in the years after a patient's discharge from the hospital, reflecting the magnitude of follow-up treatment costs from gun violence.

Taxpayer share of costs. Because approximately 80 percent of discharged gunshot victims do not have private insurance, taxpayers incur a large share of the medical costs of gun violence. While government programs are the primary payers for 40 to 50 percent of hospitalized gunshot injury cases generally, the government pays an even greater share of the costs of more expensive gunshot injuries requiring hospitalization. For example, government programs are the primary payer of acute-care costs for approximately 63 percent of spinal cord injuries due to gunshots and 89 percent of spinal injury cases after initial hospitalization. In addition, hospitals may shift some of the losses they incur treating gunshot victims to privately insured patients.

Costs to hospitals. Gunshot wounds can impose a large burden on the hospital system. At one major trauma center in Northern California, for example, gunshot injuries accounted for about 1 percent of injury-related admissions, but they accounted for as much as 9 percent of trauma service admissions and 14 percent of trauma service hospital stays between 1990 and 1992. This trauma center estimated that reimbursement for firearm-related admissions was only 37 percent of total charges.

Additional costs. While large in absolute terms, direct medical costs are only a small part of the overall cost of gun violence. For example, one frequently cited study estimated that the value of output lost due to victims' reduced labor force participation is roughly 10 times greater than the direct medical costs. In addition, fear of gun violence can impose social costs. A recent study that used survey data to estimate how the public values reductions in gun violence estimated that, collectively, Americans would be willing to pay $24 billion for a 30 percent reduction in gun violence. This estimate implies a total cost per gun injury of $750,000 (or about forty times the estimated medical cost noted above).

Conclusion. While the medical costs of gun violence are significant, these costs represent only a small fraction of the total financial burden imposed by endemic gun violence in the United States. High levels of youth firearm violence are particularly costly because they can be associated with high levels of lifetime follow-up medical costs for survivors and many years of lost labor market activity associated with both injuries and death.

THE PRESIDENT HAS SEEN
10-12-99

EYES ONLY

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Fed Holds the Line but Adopts a Bias toward Tightening. On Tuesday, the Federal Open Market Committee voted to leave its target for the federal funds rate unchanged. Although it noted that strengthening productivity growth has been fostering favorable trends in unit costs and prices, the FOMC also observed that the pool of available workers willing to take jobs was shrinking and that it would have to be especially alert in the months ahead to possible inflationary pressures. Accordingly, it adopted a directive that was biased toward a possible firming of policy going forward—though committee members emphasized that this did not signify a commitment to near-term action. Indeed, several times in the past, the FOMC has adopted a bias toward tightening without raising rates in the near term.

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Jennings
Podesta
Reed
Ucelli
Lockhart

Telecom Consolidation Continues. This week, MCI Worldcom announced plans to acquire Sprint in a deal that would combine the second and third largest long distance companies. If the merger is completed, the new company's share of the long distance market would be approximately 36 percent, compared with 43 percent for AT&T. Separately, the FCC announced approval of the merger between local carriers SBC and Ameritech, but it attached a list of 30 conditions to ensure that the combination would not harm consumers. One provision requires SBC to enter at least 30 local phone markets outside of its region or face almost $1.2 billion in fines. Another provision imposes a "most-favored nation" clause covering terms SBC may negotiate with other phone companies. To enter outside of its region, SBC may need to lease network elements from other phone companies, and this clause requires SBC to make similar terms available to entrants in its own region. Although such provisions could benefit new entrants in SBC's region, these provisions may also make it less likely that SBC will aggressively seek to enter other regions. If SBC knows that a "good" deal outside its region will reduce revenues within its region, then it may not seek terms that would lead it to price more aggressively outside of its own region.

Survey Examines How Families Use the EITC. Over half of EITC beneficiaries planned to use their refund to improve their long-term economic well-being by saving, moving to a safer neighborhood, paying tuition, or purchasing or repairing a car, according to a recent study of low-income Chicago families. Almost all families receive the EITC as an annual, lump-sum tax refund check. This allows credit-constrained low-income families to move beyond current consumption by using the EITC to make extraordinary types of purchases or expenses. The study found that families who had access to financial institutions were more likely to use their refund for their long-term economic improvement. Making ends meet was also an important use of the EITC for almost one-half of the sample. The authors observe that the EITC allows families to do what they otherwise could not; without it, almost 90 percent either could not meet their top priority use of the EITC refund, would have to spend a lesser amount, or would be forced to delay their top priority.

cc Bruce
[illegible]
Joe L
Podesta
we can use [illegible] [illegible] [illegible] [illegible] earlier

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THE PRESIDENT HAS SEEN

10-12-99

EYES ONLY

INTERNATIONAL ROUNDUP

World Bank Launches New Global Poverty Initiative. The World Bank has released new findings on global poverty to mark the beginning of an expanded anti-poverty strategy that combines the efforts of the Bank, the IMF, and client governments. The Bank reports that poverty numbers, which dropped worldwide in the mid-1990s, have risen following the Asian financial crisis. Of the world's 6 billion people, 3 billion live on less than $2 per day and 1.3 billion live on less than $1 per day. The Bank notes that, under current trends, the international community will fall short of its goal of halving the world's poverty rate by 2015. Moreover, concerns about corruption, violence, powerlessness, and insecure livelihood remain widespread among the world's poor. To battle poverty, the new initiative combines plans for faster, broader debt relief with a strategy to balance macroeconomic and financial reforms with human, structural, and social concerns. The enhanced strategy will be introduced first in countries that are eligible for the Heavily Indebted Poor Countries (HIPC) initiative. In addition, the HIPC program was strengthened during the World Bank/IMF annual meetings last week when developed countries pledged a new infusion of cash into the program, which is now expected to help 36 countries.

China to Offer Foreign-Investment Tax Breaks. Beginning January 1, China will offer tax breaks and other preferences for foreigners investing in poorer regions. China is one of the largest recipients of foreign direct investment (FDI) in the world, but FDI fell almost 10 percent in the first half of 1999 from a year earlier, exacerbating the slowdown in economic growth. Also, inland areas have developed much less rapidly than coastal areas in recent years. The new regime addresses these concerns by allowing foreign enterprises in the poor central and western provinces to receive a preferential tax incentive for 3 years. China's government also announced several other incentives for technology transfer to poor regions, including a business-tax exemption for transferring advanced technology into the country and an import-tariff exemption for equipment and parts used by foreign investors for technological innovation.

Outlook for Global Steel Market Brightens. Global market conditions for steel are improving briskly, following 2 years of economic turmoil, according to a report from the International Iron and Steel Institute. Last year, global demand fell from its 1997 peak, but the report argues that strong consumption growth in the second half of 1999 should more than recoup the loss, and it projects continued strong consumption growth of about 3 percent next year. Growth in Asia (especially Korea and China) should lead the recovery, with Brazil and other South American countries expected to follow in 2000. In 1998, trade flows showed some massive surges as producers redirected sales from weak to buoyant markets. Trade balances in steel declined sharply in some major trading countries (the EU and the United States), as Japan and Korea increased exports in response to weak home markets. The report estimates, perhaps optimistically, that the EU's balance will improve, but not by enough to offset the earlier decline, while the U.S. balance in steel should return to near pre-1998 levels.

EYES ONLY

RELEASES THIS WEEK

Employment and Unemployment

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

In September, the unemployment rate was unchanged from August at 4.2 percent. Nonfarm payroll employment decreased by 8,000.

Leading Indicators

The composite index of leading indicators fell 0.1 percent in August, after increasing 0.3 percent in each of the prior three months.

MAJOR RELEASES NEXT WEEK

Retail Sales (Thursday)
Industrial Production and Capacity Utilization (Friday)
Producer Prices (Friday)

EYES ONLY

U.S. ECONOMIC STATISTICS

	1970-1993	1998	1998:4	1999:1	1999:2
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	4.3	6.0	4.3	1.6
GDP chain-type price index	5.4	0.9	0.8	1.6	1.3
Nonfarm business (NFB) sector:					
Productivity (chain-type)	1.5	2.6	4.1	3.6	0.6
Real compensation per hour:					
Using CPI	0.6	2.5	2.0	2.9	1.5
Using NFB deflator	1.3	3.7	3.4	3.0	3.7
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	11.0	11.0	11.0	11.2
Residential investment	4.5	4.3	4.5	4.6	4.7
Exports	8.2	11.3	11.3	10.9	11.0
Imports	9.2	13.0	13.1	13.2	13.7
Personal saving	5.2	0.3	-0.0	-0.5	-0.9
Federal surplus	-2.7	0.9	0.8	1.4	1.6

	1970-1993	1998	July 1999	August 1999	September 1999
Unemployment Rate (percent)	6.7**	4.5**	4.3	4.2	**4.2**
Payroll employment (thousands)					
increase per month			**373**	**103**	**-8**
increase since Jan. 1993					**19409**
Inflation (percent per period)					
CPI	5.8	1.6	0.3	0.3	N.A.
PPI-Finished goods	5.0	0.0	0.2	0.5	N.A.

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

New or revised data in **boldface**.
Employment and unemployment data **embargoed until 8:30 a.m., Friday, October 8, 1999.**

EYES ONLY

FINANCIAL STATISTICS

	1997	1998	August 1999	September 1999	Oct. 7, 1999
Dow-Jones Industrial Average	7441	8626	10935	10714	10537
Interest Rates (percent per annum)					
3-month T-bill	5.06	4.78	4.72	4.68	4.70
10-year T-bond	6.35	5.26	5.94	5.92	6.05
Mortgage rate, 30-year fixed	7.60	6.94	7.94	7.82	7.82
Prime rate	8.44	8.35	8.06	8.25	8.25

INTERNATIONAL STATISTICS

Exchange Rates	Current level October 7, 1999	Percent Change from Week ago	Percent Change from Year ago
Euro (in U.S. dollars)	1.072	0.7	N.A.
Yen (per U.S. dollar)	107.7	0.8	-13.1
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. $)	92.51	-0.1	-0.9

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	3.9 (Q2)	4.2 (Sep)	2.3 (Aug)
Canada	3.7 (Q2)	7.7 (Jul)	2.1 (Aug)
Japan	1.1 (Q2)	4.9 (Jul)	0.2 (Aug)
France	2.1 (Q2)	11.3 (Jun)	0.5 (Aug)
Germany	0.6 (Q2)	7.1 (Jul)[2/]	0.6 (Aug)
Italy	0.8 (Q2)	12.1 (Apr)	1.7 (Aug)
United Kingdom	1.4 (Q2)	6.1 (May)	1.1 (Aug)

U.S. unemployment data **embargoed until 8:30 a.m., Friday, October 8, 1999.**

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 July was 9.1 percent.

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EYES ONLY

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Fed Holds the Line but Adopts a Bias toward Tightening. On Tuesday, the Federal Open Market Committee voted to leave its target for the federal funds rate unchanged. Although it noted that strengthening productivity growth has been fostering favorable trends in unit costs and prices, the FOMC also observed that the pool of available workers willing to take jobs was shrinking and that it would have to be especially alert in the months ahead to possible inflationary pressures. Accordingly, it adopted a directive that was biased toward a possible firming of policy going forward—though committee members emphasized that this did not signify a commitment to near-term action. Indeed, several times in the past, the FOMC has adopted a bias toward tightening without raising rates in the near term.

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Telecom Consolidation Continues. This week, MCI Worldcom announced plans to acquire Sprint in a deal that would combine the second and third largest long distance companies. If the merger is completed, the new company's share of the long distance market would be approximately 36 percent, compared with 43 percent for AT&T. Separately, the FCC announced approval of the merger between local carriers SBC and Ameritech, but it attached a list of 30 conditions to ensure that the combination would not harm consumers. One provision requires SBC to enter at least 30 local phone markets outside of its region or face almost $1.2 billion in fines. Another provision imposes a "most-favored nation" clause covering terms SBC may negotiate with other phone companies. To enter outside of its region, SBC may need to lease network elements from other phone companies, and this clause requires SBC to make similar terms available to entrants in its own region. Although such provisions could benefit new entrants in SBC's region, these provisions may also make it less likely that SBC will aggressively seek to enter other regions. If SBC knows that a "good" deal outside its region will reduce revenues within its region, then it may not seek terms that would lead it to price more aggressively outside of its own region.

Survey Examines How Families Use the EITC. Over half of EITC beneficiaries planned to use their refund to improve their long-term economic well-being by saving, moving to a safer neighborhood, paying tuition, or purchasing or repairing a car, according to a recent study of low-income Chicago families. Almost all families receive the EITC as an annual, lump-sum tax refund check. This allows credit-constrained low-income families to move beyond current consumption by using the EITC to make extraordinary types of purchases or expenses. The study found that families who had access to financial institutions were more likely to use their refund for their long-term economic improvement. Making ends meet was also an important use of the EITC for almost one-half of the sample. The authors observe that the EITC allows families to do what they otherwise could not; without it, almost 90 percent either could not meet their top priority use of the EITC refund, would have to spend a lesser amount, or would be forced to delay their top priority.

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THE WHITE HOUSE
WASHINGTON

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October 8 , 1999

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

SUBJECT: NEC WEEKLY REPORTS

cc: JOHN PODESTA

New Markets: We are obviously thrilled that we have $20 million reserved for APIC, subject to authorization by June 30. This gives us more than 6 months to pass and start to implement a key part of your New Markets Initiative. Since our goal is to win bipartisan support for passing this, we need to continue to talk about this as a bipartisan effort so as not to discourage Republicans from helping us to authorize the bill. Your letter to Hastert was hand-delivered on Thursday afternoon. While we have not heard back from Hastert at this point, when I told his Chief of Staff Scott Palmer that it was coming and that it was a personal note that would not be released to the public, Palmer said they appreciated the spirit in which it is being offered. I also had a positive meeting with the Hispanic Caucus in which at the end of the meeting Congressman Becerra handed around signature sheets and got 5-10 additional co-sponsors for both the New Markets Tax Credit and New Markets Venture Capital Initiative. The fact that we got $70 million for Empowerment Zones as well as money for APIC also helps show many people that we can successfully fight both for increased funding for EZs and new funding for your New Markets Initiative. Maria, Stephanie, and I plan to send you the memo next week on proposed sites for the next New Markets trip. We think we have some good options and I am in steady communications with Ray Chambers on the Newark visit.

Social Security: On Friday I met with a National Council of Women's Organizations Task Force on Women and Social Security, a group led by Heidi Hartmann. The group was very enthusiastic about our focus on reducing women's poverty and is conducting outreach among women to build further support for proposals in this area. The group, however, expressed the strong view that the retirement earnings test should not be eliminated for people between 62 and the normal retirement age. They argued that this step, by itself, would increase poverty among older women. They were concerned to know the Administration's position on this issue, including what we think about proposals to eliminate the Retirement Earnings Test in the absence of other Social Security reforms, something they thought might be on the Congressional agenda this year. I told them that the Administration does not have a position on this issue yet, because we have always thought about eliminating the earnings test in the context of widow poverty options and other reforms. NEC has been conducting technical working group meetings with OMB, SSA, Treasury, and CEA to explore the consequences of eliminating the Retirement Earnings Test at age 62 for widow's poverty. Your economic advisors will meet in the near future to discuss the Administration's view on this issue.

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Budget Lockbox: We've been coordinating lock box meetings on two tracks. The first track, which we have virtually completed, is finalizing the legislative language for our Social Security lock box that would extend solvency to nearly 2050. We are getting this ready to be released in case there comes a moment in the next week or two that Cong. Gephardt and Sen. Daschle feel that it would be a positive move to rally around a Social Security lock box. John Podesta has had discussions with Congressmen Gephardt and Obey in which they indicated that they were very interested in rallying around Social Security lock box. Following that John Podesta, Larry Stein, and I have talked with both Senators Daschle and Conrad about whether our lock box could draw support – or at least avoid public criticism – among Senate Democrats. Although Daschle seemed enthusiastic, we agreed that we are going to do individual outreach in near future to Senators Levin, Moynihan and others. The second track is to devise a lock box that in a negotiation could be used to also ensure that any Social Security surplus used this year would be paid back in future years as part of the lock box. This is an option that could only work as part of bipartisan negotiations -- if the Administration or Democrats proposed it first they would instantly and loudly be accused of having a secret plan to raid Social Security by Tom Delay and others.

Financial Modernization: Next Tuesday, Senator Gramm and Representatives Leach and Bliley will unveil their proposal. The Conference will be given two days to debate amendments to that plan. In anticipation, CoS Podesta sent a letter to the Conference reiterating the four core concerns that you mentioned in your letter to Gramm last March. Based on Gramm's trial balloons, we expect: (1) ***CRA***-- limit CRA reviews of small banks to every 5 years, omit the obligation to maintain adequate CRA records to conduct new activities, and force disclosure of CRA agreements with community groups; (2) ***Privacy*** -- notice and opt-out before sharing with third parties, with new loopholes and possible exemption for small banks; (3) ***Choice in Operating Structure ("Op Sub")*** -- effectively precluding use of Op Subs for securities underwriting and merchant banking; (4) ***Banking and Commerce*** --silent, punting the issue to the Conference Committee. These CRA and Op Sub provisions clearly fail to meet the test of your earlier veto threat. However, some suspect that Senator Dodd has pre-arranged with Gramm to offer an amendment to improve (if not totally fix) the CRA provisions. Meanwhile, Treasury and the Federal Reserve have made some progress in their negotiations on the Op Sub issue although Treasury is not yet satisfied.

Pensions -- Cash Balance Plan Disclosures: On Thursday, Secretary Herman and I joined with a bipartisan group of members (including Senators Moynihan and Jeffords and Representatives Matsui and Weller) to unveil legislation, developed by your Administration, to require timely and meaningful disclosure of the adverse impact of pension plan changes. Many employers are shifting to a new hybrid type of pension plan -- known as a cash balance plan. The conversion often provides greater benefits to younger workers, but results in significantly reduced future benefits for older workers. Few workers understand how the change affects them. Our disclosures would allow workers to compare and thus would shine sunlight on management decisions that harm workers. In addition, appropriate agencies are developing regulatory guidelines on various questionable conversion features. We also are assessing whether legislation beyond disclosure is required. Congressman Sanders and some others want a substantive change requiring certain forms of grandfathering on cash balance plans.

We stressed that these are difficult and complicated substantive issues being reviewed now by IRS, Labor, and EEOC that still need to be worked out, but that full disclosure was something everyone should agree on, while more difficult issues required further consultation. Nonetheless, our proposal has an excellent chance of enactment this year if an appropriate vehicle is signed.

Air Traffic Control Reform/FAA Reauthorization Bill: The NEC is coordinating an Administration effort that includes Secretary Slater, OMB, CEA, and Legislative Affairs to get conferees on the FAA reauthorization bill to address the need for fundamental reform of air traffic control (ATC). Although the Senate bill provides for incremental reforms, neither it nor the House bill addresses the key reform necessary to allowing the ATC system to operate more like a business: replacing the current ATC financing mechanism – an excise tax on airline passengers -- with cost-based charges on the actual users of ATC (user fees). Moreover, the House bill would take the entire aviation trust fund off-budget, which the Administration and key senators strongly oppose. There *is* a potential win-win scenario: In exchange for cost-based user fees, we and the Senate would gladly agree to let those fees be used exclusively for ATC (i.e., special budget treatment). We might also have to agree to higher funding for airports, which is Rep. Shuster's major goal in seeking off-budget. Unfortunately, even this win-win scenario is an uphill battle, because key constituencies (general aviation, Southwest Airlines) still oppose user fees, and we need time to craft a fee system that they can live with. Thus, at a minimum, we are trying to preserve the ability to get Congress to take up the ATC issue next year. Next week, after the conferees have been named, we may suggest that you send them a letter underscoring the importance of ATC reform and reiterating our opposition to taking the trust fund off-budget, except as part of broader reform of ATC financing.

Preparing an Economic/Trade Agenda for Next Tuesday's Visit of King Abdullah of Jordan: King Abdullah wrote to you on August 14 and requested that the United States agree to a Free Trade Agreement (FTA) with Jordan. The NEC ran a deputies process to discuss our position and the deputies are recommending that we proceed cautiously--agreeing to explore the matter and to have our officials meet to discuss, but refraining from a whole-hearted endorsement, however we will need to discuss this at the principal level to make sure that all issues have been considered. Jordan's exports to the United States are small enough that an FTA would not generate much domestic opposition by itself. The reason for caution is that there are important questions that still need to be resolved--such as how this would fit in with our overall trade strategy (with P-5 plans and our WTO strategy, for example), and what its effects might be on our relations with countries like Chile and Egypt that have been promised early FTA action.

International Debt Meeting with NGOs: Larry Summers and I hosted a meeting with a cross-section of the NGO community to discuss the international debt relief initiative. The group was very complimentary of your speech at the IMF/Bank Meeting and its announcement of 100% forgiveness of USG debt for HIPC countries that take steps to reform and reduce poverty –as were other people -- Bono called Gene and wanted you to know what an important step this was and that it was seen in Europe as a major step. Even so, some of the NGOs clearly would like the international community do more; however, no one questioned the significance of the Cologne Initiative and the need to convince Congress to appropriate the funds necessary to finance it. They agreed that it is important to continue building the issue into one that is above partisan politics and reported that they have recruited Sen. Mack to introduce a Senate companion to the Leach-LaFalce bill (Sen. Sarbanes is the lead Democratic sponsor).

THE PRESIDENT HAS SEEN
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We were encouraged to concentrate for the time being on gaining the support of Democratic appropriators on both sides of the Capitol while they work Republicans. On another related issue, some NGOs expressed reservations that the investment proceeds from gold sales that the IMF will use to fund its participation in debt relief will be deposited into an existing trust fund that finances not only debt relief but also structural adjustment loans known for their sometimes stringent macroeconomic conditions. They are concerned that placement of the proceeds into the HIPC/ESAF (debt relief/structural adjustment) trust fund could have the effect of creating an ongoing funding source for the controversial ESAF (Enhanced Structural Adjustment Facility) program, thereby reducing its accountability to donor countries. For this reason, they and some Hill Democrats have taken a non-committal posture thus far regarding the authorizing legislation necessary for the Administration to support the gold transaction. In response, Secretary Summers stressed that the Cologne Debt Initiative cannot be implemented without the funds raised from gold sales, and he emphasized that, as part of the Cologne Initiative, ESAF will shift its emphasis to poverty reduction and economic growth in the poorest countries and change its name to reflect this. Moreover, Treasury and the IMF have restructured the transaction so that it will involve non-market (IMF to member government) rather than open market gold sales, ensuring that these will not affect world prices for the commodity --- a key concern of gold producing countries and US states. Finally, Treasury agreed in the meeting to coordinate follow-up discussions between the NGOs and IMF on poverty reduction reforms at the Fund.

Trade Legislation: An NEC Principals' meeting was held on Wednesday to review strategy on the CBI and Africa trade bills as well as on other pending international trade legislation. Senator Lott is now saying he may bring the CBI/Africa bill up the week after next. Senators Roth and Moynihan are planning to offer a bipartisan managers' amendment to the House-passed Africa bill that would include Finance Committee's (more narrow) version of Africa, a CBI provision similar to yours, and straight extensions of the GSP program of tariff preferences for least developed countries and the Trade Adjustment Assistance program for dislocated workers. Sen. Lott has asked for assurances from Democrats and Sen. Daschle that they will help keep the amendment process under control, perhaps as a condition for bringing the bill up. Daschle has been reluctant to pressure his Caucus to forego message amendments absent a show of support for this proposition from a group of Democratic Senators. Sen. Graham, who is a strong CBI advocate, has volunteered to make this pitch; however, Leg. Affairs has been tasked to recruit a few additional Democrats. Approaches are being made to Senator Dodd, Bayh, and Lieberman in this regard. And Cabinet members are making calls more broadly in the Senate to underscore the priority you place on passage of the legislation in this session. Separately, preparation within the Administration of legislation to propose a trade preference program for SE Europe is nearly complete, permitting outreach discussions to begin shortly with key Members of Congress to assess whether the proposal has any prospect of being included in the Roth/Moynihan Africa-CBI package or is better introduced as a bill and promoted separately.

We need this CBI/Africa trade

Seattle WTO: General Council Chairman Mchumo released a draft Ministerial declaration (Oct. 7th) with bracketed text. This was anticipated. No delegation has given any reaction to its release and we are simply stating if asked that we are studying the text. The bracketed text contemplates a "single undertaking" while making provision for early agreements. We, of course, cannot sign off on a single undertaking until we know the full scope of the agenda.

For instance, the draft text contemplates possibly including investment, competition, and trade remedy issues in the negotiations. These issues are either "unripe" or non-starters. However, there is also language in the draft text in which competition and investment would be dealt with by merely extending the work within current working groups (which we could live with). All of our potential deliverables such as extending the prohibition on e-commerce duties, an agreement on government procurement transparency, an accelerated tariff liberalization (ATL) agreement, and an expanded information technology agreement are in bracketed text. Other notables are the failure to mention at all the issue of biotechnology and an aggressive posture on affording all LDC products duty free treatment (we are unable to go beyond current preferences combined with the Africa and CBI bills). Work in Geneva will continue and then an informal Ministerial meeting will be sponsored by the Swiss October 25-26 at which it is hoped differences can be narrowed down to five or six key issues.

China WTO: This weekend, Chinese trade negotiators meet their European counterparts for the first round of WTO accession discussions since the accidental bombing in Belgrade. Ambassador Barshefsky and Secretary Albright have urged their European counterparts to stand firm and not allow the Chinese to divide us. President Jiang is scheduled to visit the U.K, France, Portugal, Morocco and Saudi Arabia beginning October 18. As you know, we remain far apart with China, which insists it made no agreement with us on April 8. In a meeting earlier this week, principals agreed that we should not appear too eager, and should reassess following the talks with Europe. The Europeans do not expect a breakthrough. Obviously, we are fast approaching the time when it will not be possible to secure permanent NTR even if we were to conclude a bilateral accession agreement with China. We have made that very clear to China. While we have some flexibility, China must come forth with something much closer to the April 8 commitments for us to engage seriously.

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THE WHITE HOUSE
WASHINGTON

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October 8, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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

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

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

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

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

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

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

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10-12-99

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

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October 8, 1999

Podesta
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I want to go over this
stuff - it will be hard
to sustain a veto

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MEMORANDUM FOR THE PRESIDENT

CC: JOHN PODESTA

FROM: GEORGE T. FRAMPTON, JR. DS for GTFJr.

SUBJECT: CEQ WEEKLY REPORT

This is a joint report from CEQ and the Office of Environmental Initiatives.

BUDGET

Appropriations

So far the Administration has had mixed success on environmental funding issues. For FY 2000, the Administration proposed more than $1.6 billion in increases in spending (from $3.58 billion to $5.22 billion) on four hallmark issues – Climate Change, Land Legacy, the Clean Water Action Plan, and Northwest salmon. To date, in the Energy and Water bill and the VA-HUD bill, Congress has provided overall funding for Climate Change and Clean Water that is far below Administration requests on climate change and slightly below FY 1999 enacted. (See Climate Change report attached).

Our current priorities include:

1. *Lands Legacy* – Our federal land acquisition requests have been gutted in the Interior bill with some coastal components in the Commerce-State-Justice bill. House and Senate versions cut funding substantially below FY 1999 enacted and provide only 30% of the amounts requested for FY 2000.

   Key land acquisition priorities include:
   (1) Baca Ranch ($95 million, $55 million if we can hold onto last year's $40 million);
   (2) Catellus-California Desert ($36 million with an equal private match to acquire almost 500,000 acres in California Desert parks and wilderness);
   (3) Everglades ($45 million);
   (4) Civil War Battlefields ($22 million); and
   (5) Grants to states for forest easements, particularly in Northern New England ($50 million)

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2. *Pacific Salmon* – In CJS, the Senate has given us barely enough to get by ($130 million total for coastal restoration to the four governors plus Pacific Salmon Treaty funding), but the House zeroed out the entire account. We must fight to keep the Senate money. Also, we need about $20 million additional for NMFS's salmon operating program in the Northwest, under the Endangered Species Act.

3. *Climate Change* – We need to plus up the reductions in Energy Efficiency and Renewables in the Interior bill to compensate for the reductions from FY 99 that were contained in the VA-HUD and Energy & Water bills. This means an increase of $50-75 million from the House and Senate marks – which would still be far below our FY 2000 request.

4. *Riders* – There are about three dozen riders in the Interior, CJS and Foreign Operations bills, almost all of which are completely unacceptable.

A victory on the environment this year will require prevailing on all four of the above.

RESOURCE STEWARDSHIP

Atlantic Salmon Recovery

In December 1997, the Commerce and Interior Departments withdrew a proposed listing of Maine Atlantic salmon as "threatened" under the Endangered Species Act. The decision against listing was contingent on efforts by the State of Maine to protect and conserve Atlantic salmon. The Commerce and Interior Departments again reviewed the status of Atlantic salmon this year and found deficiencies in the implementation of Maine's conservation measures. While the Departments have been working with the State to try to improve implementation, deficiencies remain, and it is their current intention to propose a threatened listing for Atlantic salmon. This listing would be publicly announced by October 15 (court filing deadline).

INTERNATIONAL LEADERSHIP

Trade/Forest Products Tariff Reduction Measure

Next week, a group of forest protection advocates from across the country will be in Washington to lobby the Administration and Congress to remove the Accelerated Tariff Liberalization initiative in forest products from the U.S. agenda for the WTO Ministerial in Seattle. This proposed measure has become the poster child for environmental opposition to the WTO and has served as a rallying point for forest activists to join trade activists in criticizing our trade policy – and what they believe is a lack of a comprehensive policy to assess the environmental implications of trade agreements. We are prepared to release an Environmental Review of the timber tariff reduction proposal, showing that it will have only negligible impacts on demand for timber or on the environment. The NGOs remain concerned about non-tariff barriers, but these are not being negotiated at this time.

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CLIMATE CHANGE

Press, Science and Industry

Fighting global warming could cost as much as 60 percent less than most analysts have predicted, researchers reported in the journal *Nature*. Previous studies have focused almost exclusively on reducing emissions of carbon dioxide, the main greenhouse gas. But the cost of complying may be much less than previously estimated when efforts are made to reduce all six types of gases covered by Kyoto, according to the new analysis by researchers at MIT.

Three environmental groups launched an $8 million TV and newspaper advertising campaign Wednesday regarding the dangers of global warming. The 30 second ads, created by Mandy Grunwald and funded largely by Ted Turner, will run in 220 cities in prime time between now and Thanksgiving. The National Environmental Trust, the Union of Concerned Scientists and Physicians for Social Responsibility said they planned to spend another $3 million for a longer-range "grassroots" campaign on climate change.

Leaders of more than two dozen church bodies in Pennsylvania, including Protestant denominations, the Greek Orthodox Church and the Philadelphia Board of Rabbis, have signed a "Religious Leaders Statement on Global Warming". The statement warns that human beings are doing violence to God's creation by causing global warming and urges support for the Kyoto Protocol.

Legislation

Conferees finished work on the VA, HUD, Independent Agencies appropriations bill this week. Working with the both the majority and minority, we succeeded in preventing Representative Knollenberg (R-MI) from expanding the scope of his rider prohibiting implementation of the Kyoto Protocol prior to Senate ratification. Thus, the language is the same as the provision contained in last year's enacted bill – which does not prevent EPA from undertaking climate change programs.

We did not fare so well with respect to climate change funding. The Clean Air Partnership Fund was zeroed out. EPA's portion of the Climate Change Technology Initiative received $102 million, $6 million below FY99. Thus, both DOE's renewable energy programs and EPA's climate change programs have been funded significantly below FY99 levels. It is absolutely critical to both our domestic and international audiences that the Administration not be perceived as backing off our commitment to taking action to address climate change. Therefore, it is very important that DOE's energy efficiency programs – contained in the Interior bill – be funded substantially above FY99 levels.

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

October 8, 1999

THE PRESIDENT HAS SEEN
10-12-99

MEMORANDUM FOR THE PRESIDENT

FROM: NEAL LANE Neal

CC: JOHN PODESTA

SUBJECT: OSTP WEEKLY REPORT

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GPS Modernization Initiative Zeroed Out of Transportation Appropriations

We have worked closely with the Departments of Transportation and Defense over the past few months to make sure that adequate funds were made available to implement the GPS modernization initiative announced by the Vice President last January. But our efforts were dealt a major blow this week in conference action on the FY 2000 Transportation Appropriations bill. The conference action eliminated your request of $17 million in initial FAA funding to begin modernizing the GPS satellites to meet the future needs of aviation and other civil users. The U.S. has led the way in pioneering satellite navigation and positioning for the world. The early benefits to global air navigation are already evident and satellite navigation will form a fundamental part of our future air traffic control system in the U.S. Without this GPS modernization initiative, we may jeopardize U.S. leadership in satellite navigation and positioning as we move into the 21st century. We will continue working with DOT and DOD to support your funding proposal for GPS modernization, and if possible, to find ways of restoring this funding.

VA/HUD Appropriations Conference Report Restores House S&T Cuts

Thanks to the intense efforts of Jack Lew and John Podesta, the VA/HUD Appropriations Conference report ignored the deep cuts to the Federal S&T enterprise suggested by the House, and emerged with your request levels for NSF and NASA. NSF will receive a 7% increase over FY 99, nearly all of your requested $249 million increase. NASA will receive a slight increase over your request – a significant outcome considering the House had provided for a cut of nearly $1 billion.

Carbon Sequestration Research

The September 23 issue of *Nature* magazine carried two articles that were very supportive of the carbon sequestration research initiated as part of your Climate Change Technology Initiative, citing the PCAST recommendation that DOE increase research and development in this area. DOE has created two centers to examine terrestrial and ocean sequestration methods, and is now soliciting proposals for $18 million in carbon sequestration research. The authors emphasized the importance of removing carbon dioxide from the atmosphere, but noted that there are

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concerns about costs and congressional opposition to activities that are supportive of Kyoto commitments. They also note that many environmentalists fear that a focus on sequestration might undermine renewable energy and conservation efforts, but conclude that basic and applied research on carbon sequestration need to be pursued now despite the obstacles.

New Data on West Antarctic Ice Sheet

A new study of the history of the West Antarctic Ice Sheet published in today's issue of *Science* magazine led to stories on ABC Nightly News and the AP wire. The authors concluded that the West Antarctic ice sheet has been melting for thousands of years, as a result of warming since the end of the last ice age 10-20,000 years ago. They state that continued melting and even disappearance of the West Antarctic ice sheet may be inevitable – even without more external forcing (i.e., global warming as a result of human activity) – which would cause sea levels to rise by about 5-6 meters.

These findings are consistent with the prevailing scientific view on two issues: (1) It is not possible to link global warming and melting of the West Antarctic ice sheet as a whole; a recent increase in the break-up of ice sheets along the Antarctic Peninsula leading to massive icebergs can be linked to regional warming; (2) The rate and degree of warming projected in the next century could accelerate the melting and break-up of ice sheets on the Peninsula and contribute to a more rapid de-stabilization of the much larger West Antarctic Ice Sheet. Improving our understanding of the processes and consequences of change in the Antarctic and the Arctic is one of the top priorities for climate change research in the next decade.

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THE WHITE HOUSE

WASHINGTON

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October 8, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: **LARRY STEIN** LS

SUBJECT: **LEGISLATIVE WEEKLY REPORT**

Appropriations Activity

- **Transportation Appropriations:** On Monday, the Senate passed (88-3) the conference report to H.R. 2084, the FY 2000 Transportation Appropriations bill with Senators Conrad (R-MT), Enzi (R-WY) and Hagel (R-NE) voting against the report. Having previously passed the House (304-91) on October 1, the bill has been sent to the White House for your consideration.

- **Foreign Operations Appropriations:** On Tuesday, the House passed (214-211) the conference report to H.R. 2606, the FY 2000 Foreign Operations Appropriations bill with Rep. Bishop (D-GA) and Rep. Stabenow (D-MI)) voting for the measure. On Wednesday, the Senate passed (51-49) the conference report with Senators Smith (R-OR), Smith (I-NH), Voinovich (R-OH) and Hagel (R-NE) voting against. In a letter to the Speaker, you indicated that you would veto the bill because of its inadequate funding of our leadership efforts around the world.

This is terrible vote — what are they thinking?

- **Labor/HHS/Education Appropriations:** On Thursday, the Senate passed (73-25) S. 1650, the FY 2000 Labor, HHS, Education Appropriations bill. While considering the bill, the Senate: tabled (53-45) a Bingaman (D-NM) amendment regarding disadvantaged schools which would have taken $200 million of Title I funds for school accountability efforts; tabled (56-43) a Kennedy (D-MA) amendment to make available an additional $223 million for Teacher Quality Enhancement grants; tabled (50-49) a Kennedy (D-MA) Sense of the Senate amendment which would exempt education spending from across the board cuts; passed (54-46) a Nickles (R-OK) Sense of the Senate amendment opposing an on-budget deficit as a result of the FY 2000 appropriations bills and calling for across-the-board discretionary cuts to eliminate any such deficit; ~~tabled (54-46)~~ a Lautenberg (D-NJ) Sense of the Senate amendment to fund the FY 2000 bills without budgetary gimmicks and without across-the-board cuts; failed to table (2-97) a Bond (R-MO) second degree amendment to delay OSHA's proposed ergonomic standards (the amendment was subsequently withdrawn); and, tabled (59-40) a Smith (I-NH) amendment that would prohibit federal funding to enforce the Davis-Bacon Act in declared disaster areas.

Really! Make clear [illegible] this!

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House of Representatives

- **Child Abuse Prevention:** On Tuesday, the House passed (425-2) H.R. 764, the Child Abuse Prevention and Enforcement Act. It authorizes grants to provide child protective workers and child welfare workers access to criminal conviction information and protection orders, and authorizes the closed circuit testimony of children who are victims of abuse. The legislation also increases the Victims of Crime Act of 1984 set aside for child abuse victims.

- **Health Care Reform:** On Wednesday, the House passed (227-205) H.R. 2990, the Quality Care for the Uninsured Act, the so-called "access bill". Costing over $50 billion over five years, this bill would provide additional health care coverage for less than 1% of the nation's uninsured. Eleven Democrats voted for this bill.

  On Thursday, in a major victory for you, House Democrats, and specifically Representatives Dingell (D-MI) and Norwood (R-GA), the House passed (275-151) H.R. 2723, the Bipartisan Consensus Managed Care Improvement Act of 1999. The support of sixty-eight Republicans and all but two Democrats secured final passage by a wide bipartisan margin. The three substitutes offered by Republicans, which did not contain strong enforceability provisions, were defeated by the House: Boehner (R-OH), 145-284; Goss (R-FL)/Coburn (R-OK), 193-238; and, Houghton (R-NY)/Graham (R-SC), 160-269.

House Notes

- **Juvenile Justice/Guns:** On October 7, Rep. Conyers (D-MI) wrote Chairman Hyde (R-IL) urging that the Juvenile Justice conferees meet next week to complete the Conference. In his letter, Conyers highlighted the gun show loophole issue and stressed his concerns about a dozen or so aspects of that issue. Conyers does not expect Hyde to accede to his requests; rather, his letter was designed to keep Republicans from shifting blame for the impasse.

- **Minimum Wage:** Next week, a coalition of pro-labor Republicans and conservative Democrats, led by Representatives Lazio (R-NY) and Condit (D-CA), are expected to unveil a minimum wage/tax cut package. It will couple more than $35 billion in unpaid-for special interest tax cuts with a $1 increase in the minimum wage spread over three years. This package may be voted on in mid-October. Labor groups and the Democratic Leadership are urging Blue Dog Democrats not to co-sponsor this package. Instead, Representatives Rangel (D-NY) and Tanner (D-TN), working with the Democratic leadership, are completing details on an alternative $7 billion paid-for small business tax cut to be combined with a minimum wage increase.

- **Education/Title I:** The Education and Workforce Committee will complete its mark up of the Title I Reauthorization bill next week. The Committee leadership has been able to maintain its bipartisan approach, and has defeated many unfavorable amendments, including one regarding school vouchers. A favorable Payne (D-NJ) amendment was adopted setting the threshold of poverty for school-wide funding at 50%.

The Week Ahead

The House will re-convene on Tuesday, October 12, with no recorded votes before 6:00 PM, when it considers several bills under suspension of the rules. On Wednesday and for the balance of the week, it will consider H.R. 1993, the Export Enhancement of 1999 (SAP under development) and possibly H.R._____, the FY 2000 Labor-HHS-Education Appropriations Act. The House will also consider any appropriations conference reports as they become available. It is possible that Defense Appropriations will be considered on Wednesday and VA-HUD Appropriations on Thursday. No votes are expected after 2:00 PM on Friday.

United States Senate

- **FAA Reauthorization:** On Tuesday, the Senate passed (voice) S. 82, the FAA Reform Act. The bill will soon move to conference (perhaps as early as next week) where the Administration will attempt to include language which would make significant improvements to the Air Traffic Control system and will fight a move by Rep. Shuster (R-PA) to take the Airport and Airway Trust Fund off budget.

- **CTBT:** Today, the Senate proceeded to executive session for consideration of the Comprehensive Nuclear Test-Ban Treaty and began fourteen hours of debate on the resolution equally divided between the two Leaders. On Tuesday, the Majority Leader and the Democratic Leader may each offer one relevant amendment with four hours equally divided on each amendment. As you know, discussions are currently underway to avoid voting on the treaty at this time.

- **Judicial Nominations:** On Tuesday, by a party line vote, the Senate failed (45-54) to confirm Ronnie L. White, of Missouri, to be a United States District Court Judge for the Eastern District of Missouri; confirmed (93-5) Brian T. Stewart, of Utah, to be a United States District Court Judge for the District of Utah with Senators Boxer (D-CA), Feingold (D-CA), Johnson (D-SD), Mikulski (D-MD); and, Wellstone (D-MN) voting against; and, confirmed (69-29) Raymond C. Fisher, of California, to be a United States Circuit Judge for the Ninth Circuit.

The Week Ahead

The Senate will convene on Tuesday, October 12, at 9:30 AM and immediately resume consideration of the Comprehensive Test-Ban Treaty. At 5:30 PM, the Senate will hold a cloture vote on the conference report to H.R. 1906, the Agriculture Appropriations bill.

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

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October 8, 1999

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MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: **Summary of Cabinet Weekly Reports**
October 2 - 8, 1999

DEPARTMENT OF TREASURY

- **Financial Modernization:** On October 4 and 5, Secretary Summers met separately with Senate and House Banking Democrats to reinforce the Administration's views on the financial services modernization legislation, which is currently in conference and is expected to reach the House and Senate on October 20. On October 5, Secretary Summers delivered a speech on financial modernization at a Women in Housing and Finance luncheon. In the speech, Secretary Summers stated that you would veto any bill that would prohibit banks from choosing to organize their new businesses in operating subsidiaries, erode the relevance of the Community Reinvestment Act, fail to include adequate protections for consumers, or break down the walls separating banking and commerce.

- **Jordan:** On October 12, you will be meeting with King Abdullah of Jordan. Jordan has had some notable successes on the economic front: an energized WTO accession effort; progress on privatization; an improved external outlook; and a very positive first IMF review of Jordan's Extended Arrangement. To support Jordan's continued efforts on debt management, Treasury hopes to place a resident debt adviser in Amman by November. King Abdullah's top priority while in the U.S. will likely be obtaining a commitment to begin negotiating a U.S.-Jordan Free Trade Agreement as soon as Jordan's WTO accession is complete. USTR, NEC, State, and Treasury are working to develop a response that balances the various issues at stake in pursuing such an agreement.

- **International Law Enforcement:** Following up on Vice President Gore's proposal to establish an International Law Enforcement Academy (ILEA) in South Africa, a law enforcement assessment team from State, DOJ, and Treasury visited four possible locations in South Africa between September 20 and October 1. While the countries in the region are generally supportive of the ILEA concept, there is some disagreement over where the academy should be located. Although South Africa is generally viewed as the best location, it has expressed some reservation about hosting the academy. Botswana, however, is expected to offer to build a facility to house the ILEA. Treasury expects to resolve the issue by the end of this year.

- **Medicare:** A complete draft of the legislative language to implement your Medicare reform proposal is now in clearance at OMB. Treasury is focusing on the overall structure of the Balanced Budget Act "give-back" proposals and, in particular, on alternative ways of paying for the proposals.

DEPARTMENT OF JUSTICE

- **Reentry Court Concept:** On October 7, Attorney General Reno issued a call for Concept Papers to state and local jurisdictions to encourage the development of pilot "reentry court" programs. The reentry court concept, developed by DOJ's National Institute of Justice, aims to assist communities with the reintegration of the nearly 500,000 offenders who are released from prison each year. Among the core elements of a reentry court is active oversight of each offender by a judge in coordination with parole and community policing agencies.

- **Supreme Court Term Begins with Campaign Finance, Race Cases:** During the week of October 4, the first week of the new Supreme Court term, DOJ argued as an *amicus* in two cases. In Nixon v. Shrink Missouri Government PAC, DOJ contended that the Eighth Circuit erred in striking down a MO law that limits individual contributions to statewide electoral campaigns to $1075. In Rice v. Cayetano, DOJ argued that it is constitutionally permissible for HI to limit the right to vote for the trustees of the Office of Hawaiian Affairs to certain Native Hawaiians.

- **Supreme Court to Hear VAWA Challenge:** On September 28, the Supreme Court granted DOJ's petition for a writ of certiorari in United States v. Morrison. The question presented is whether the provision of the Violence Against Women Act of 1994 that creates a private right of action for victims of gender-motivated violence is a valid exercise of Congress's power under the Commerce Clause or the Fourteenth Amendment. The Fourth Circuit ruled that it was not a valid exercise of Congress' power under either provision.

- **Puerto Rican Clemency Hearing:** The Senate Judiciary Committee scheduled a hearing for October 7 on the decision to grant clemency to members of the FALN. The Deputy Attorney General and Roger Adams, the Pardon Attorney, were invited to testify before the Committee.

- **Indian Country Law Enforcement:** During the week of October 11, DOJ will announce more than $70 million in grants as part of your Indian Country Law Enforcement Initiative. The grants will provide fully equipped and trained law enforcement officers, new jails and detention facilities, and support for tribal courts and programs to address the problems of gangs, substance abuse, domestic violence, and other crime in Indian communities.

- **Judicial Training Seminar in Kosovo:** On September 24-25, DOJ participated in the first judicial training seminar in Pristina, Kosovo. The seminar focused on issues relating to the legal and international human rights provisions that apply to arrest and detention; judicial and prosecutorial ethics; local and international war crimes prosecutions; and humanitarian law.

DEPARTMENT OF INTERIOR

- **U.S. Virgin Islands Financial Recovery Plan:** On September 29, VI Governor Turnbull signed a MOU with DOI that incorporates a financial recovery plan containing tangible performance standards tied to debt reduction and implementing protections for the Island's natural resources. Part of the recovery plan includes restructuring and refinancing the current government debt and obtaining new working capital through the issuance of additional general obligation bonds. Legislation is pending in Congress that would allow the VI government to use proceeds from the issuance of general obligation bonds for working capital.

- **West Nile Fever/Bird Die-off:** On October 7, USGS sent a team of scientists to NY to assist in assessing the possible expansion of the West Nile fever outbreak in the NY area. In addition to NY and CT, the virus has recently been confirmed in crows from four counties in northern NJ. There have been reports of die-offs of other species of birds, but these have not been confirmed as West Nile fever. Because this is the season for migratory bird movement, the USGS team will be sampling with CDC and other agencies down the Atlantic Coast.

- **FDR Memorial:** House conferees on the FY2000 Interior bill are firmly resisting an amendment by Senator Inouye to provide $3.5 million for construction of a forecourt at the entrance to the FDR Memorial. Unlike the Senate, where bipartisan support helped gain acceptance of the Inouye amendment, no funding was provided during House consideration of the measure and there is House report language criticizing DOI's request for additional funds.

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UNITED STATES DEPARTMENT OF AGRICULTURE

- **Agriculture Appropriations Bill:** As of October 6, Senators were still attempting to come to an agreement for consideration of the conference report on the FY2000 Agriculture bill, which includes $8.7 billion in emergency aid for farmers suffering from natural disasters and low market prices. Several Senators voiced concerns over different aspects of the bill, ranging from the level of disaster aid funding and the aid's funding mechanism, to the sanctions and dairy provisions not included in the conference report. The House approved the legislation on October 4 by a vote of 240 to 175.

- **Emergency Funding:** On October 7, Secretary Glickman addressed the National Chicken Council, and a ceremony marking National Cooperatives Month, during which he will stress his concerns over the adequacy of the emergency funding including in the Appropriations bill and the flaws in the mechanism it provides for distribution of payments to compensate farmers for low commodity prices. Before the NCC, the Secretary also announced a USDA award of $9.4 million for 73 food safety education projects at minority-serving institutions, and that incidences of salmonella have declined 50 percent since introduction of USDA's new science based meat and poultry inspection system.

- **National Summit on Food Security:** On October 14, Secretary Glickman will keynote USDA's National Summit on Food Security, in Chicago. At the summit, which USDA is holding coincidentally with World Food Day, the Secretary will announce voluntary community and private sector commitments to improve food security significantly by 2015. According to a new USDA research report Secretary Glickman will release during the summit 10 percent of U.S. families, mostly in southern and western border states, suffered these ills at some time between 1996 through 1998.

- **Hurricane Floyd:** On October 5, Secretary Glickman met with NC Governor Hunt, sharing with him USDA's most current estimates of agricultural losses in NC, which indicate a total of $492 million for crop damages and $13 million for lost livestock. Additional agriculture-related losses, for farm land, structures, and USDA-assisted projects may total substantially more, but a full assessment will be impossible until flood waters recede. USDA's emergency food stamp program has provided approximately $37 million to NC residents -- $20 million to 70,000 new households and $17 million to 67,000 existing beneficiaries, to replace food they lost in the flood.

- **Commodity Markets:** Wheat cash prices were up on average, but futures fell sharply on good planting weather in the Southern Plains and higher-than-expected stocks reported by USDA. Slow farmer selling helped push corn cash prices up last week, but futures fell in the anticipation that USDA would raise its production forecast on October 8. Strong exports boosted soybean prices. Rice cash prices held steady in the face of harvest pressure, but futures rose with positive export reports. Cotton cash prices moved marginally higher, but poor domestic and export demand pushed futures down. Strength in boxed beef prices helped push cattle prices up. Hog prices rose last week, as the Midwest crop harvest slowed marketings. Sluggish seasonal demand sent broiler prices down slightly.

- **1999 Drought:** On October 20, USDA will release an assessment of the economic effects of the 1999 drought, showing that while it has had severe financial effects on farmers in the drought regions, its effect on overall production has been limited. According to the study, drought will reduce commodity receipts relative to 1998 by an estimated $1.29 billion.

DEPARTMENT OF COMMERCE

- **Hurricane Floyd:** The Economic Development Administration, in conjunction with FEMA, will work to prepare flood damage assessments for communities affected by Hurricane Floyd. The National Climatic Data Center's Monitoring/Rapid Response Team has placed a detailed report online concerning Hurricane Floyd, detailing storm impact information, rainfall tables and maps, satellite images/movies, and links to other sources of information and data.

- **Interagency Market Impact Committee (MIC) to Review Stockpile Disposals for FY2000 and FY2001:** The interagency MIC, co-chaired by the Bureau of Export Administration (BXA) and State, will begin its annual review of DoD proposals to dispose of excess materials from the National Defense Stockpile during FY2000-01. During the week of October 4, BXA published a *Federal Register* notice of the proposals with a request for public comment, to be followed by a November meeting to review the proposals and public comments.

- **Buy America/Buy California Veto:** CA Governor Davis has vetoed a bill which would have required all state and municipal authorities to use material of U.S. origin when awarding public contracts, and would have given a five percent price preference for CA-made products. CA is one of 37 U.S. states that earlier agreed to provide non-discriminatory access to executive branch procurement opportunities under the WTO Agreement on Government Procurement. Prior to the veto, DOC advised CA officials regarding U.S. WTO obligations and the benefits for CA exporters of the GPA agreement .

- **Nitrogen in the Air Polluting Ocean:** A study funded by the National Oceanic and Atmospheric Administration has revealed that the amount of nitrogen polluting NC waters and other parts of the North Atlantic Ocean Basin has significantly increased over the past three decades and parallels increasing harmful algal bloom activity. The study is

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significant because it reconfirms that atmospheric nitrogen is a regional and global source of pollution.

DEPARTMENT OF LABOR

- **Collective Bargaining Update (Auto Industry):** UAW leaders unanimously endorsed tentative agreements reached on October 1 with General Motors and the Delphi Parts Division. The mirror agreements follow the pattern set by negotiations with Daimler-Chrysler Corporation. The ratification process is expected to be concluded by October 10. Negotiations continue between the UAW and Ford, However, the UAW has issued a strike deadline for October 8.

- **Dislocated Worker Assistance Grant (NC):** Next week, DOL plans to award a $3.5 million NAFTA/TAA grant to provide job training and other reemployment services to approximately 1,100 workers dislocated for the State's textile industry.

- **Disaster Relief Grants (Hurricane Floyd):** On October 6, DOL authorized a Disaster Relief grant of up to $2.5 million for VA to create 150 temporary jobs for workers cleaning up and repairing the damage caused by Hurricane Floyd. An initial award of $833,000 will be provided for immediate use. The remainder of the grant funds will be awarded as needed. Disaster Relief grant requests are still anticipated to fund temporary jobs for workers cleaning up and repairing the damage caused by Hurricane Floyd in FL, GA, MD, NJ and SC. The North Carolina Employment Security Commission is training additional staff to deal with the increased workload that has resulted from the flooding in eastern NC.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **West Nile-like Virus:** As of October 6, no new human cases have been diagnosed with West Nile-like infection. In addition to the Emerging Infections Network in the Mid-Atlantic and New England, CDC has contacted the Council of State and Territorial Epidemiologists and the Association of Public Health Laboratories about the ongoing investigation, advising them to consider the possibility of West-Nile like virus in patients with encephalitis.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Youthbuild Grants:** Secretary Cuomo announced $39.1 million in Youthbuild grants to train 2,000 high school drop-outs in 35 states to build and renovate low-income housing and support themselves as construction workers. The Youthbuild program provides economically-disadvantaged young adults with opportunities to obtain education, employment skills, and meaningful on-site construction work experience as a service to their communities and a means to achieve self-sufficiency.

- **National Congress of American Indians:** Secretary Cuomo delivered videotaped remarks to the National Congress of American Indians (NCAI) as they gathered for their 56th Annual Session in Palm Springs, California. The NCAI, founded in 1944, is the oldest, largest and most representative national Indian organization serving the needs of a broad membership of American Indian and Alaska Native governments.

- **Secretary Cuomo Awards $24.5 Million in HUD Grants to Help More than 5,000 People with HIV/AIDS and their Families:** Secretary Cuomo awarded $24.5 million to programs in 15 states and DC to provide housing and supportive services for more than 5,000 low-income people with HIV/AIDS and their families. Because of the growing need for housing for people with HIV/AIDS, you proposed increasing funding for HOPWA grants in his FY2000 budget to $240 million. However, despite the increasing need, the HUD budget bills approved by the House and Senate do not fully fund the program. The House bill provides the current level of $225 million, while the Senate bill provides $232 million. The bills will be considered by a House-Senate Conference Committee.

- **Increase In New Home Sales:** New home sales in August were 983,000 units on a seasonally adjusted annual basis, the second highest month in the 35-year history of the series. Sales were up 2.9 percent from July, which was revised down substantially in Thursday's release. August was up 17.6 percent from August 1998 when 836,000 units were sold on a seasonally adjusted annual basis. Year to date, new home sales are running 6.6 percent higher than in 1998 which was the highest year ever. This is the 20th month in a row with sales over 800,000. The previous record was the 5-month period from August 1996 to December 1977.

- **Hurricane Floyd in NC:** Estimates are being completed this week of damages from Hurricane Floyd to FHA insured and Section 202/811 properties. Thirty two properties were impacted. These 32 properties have a total of 1,379 living units and 260 nursing home beds for a total of 1,639 units. A Community Builder Disaster Specialist will visit the area from October 6 through 8 to meet with local FEMA officials, state and local government officials and HUD Field Office staff. In addition, SAO staff will be meeting with National Governor's Association staff to discuss HUD's disaster preparation and response in general, and to discuss HUD's response to hurricane Floyd along the entire eastern seaboard.

- **Hurricane Floyd in VA:** Estimates are being obtained of the actual need for housing units as the flood waters start to recede, however it is known at this time that a total of 388 housing units are unavailable with 25 of these housing units permanently destroyed in the Hampton Roads area. In Franklin, it is estimated that 60 households will need housing as well as an additional 90 households throughout the remainder of the County.

Travel trailers are being provided to landowners whose land has not been condemned due to contamination. The small community of Franklin was extremely hard hit by Hurricane Floyd losing 69 single family homes permanently and having 98 single family homes receive major damage.

- **Hurricane Floyd in NJ:** Reports indicate that a total of 8,344 housing units were damaged by Hurricane Floyd with 203 of these housing units destroyed beyond repair. Disaster Recovery Centers are now open in several locations for families and individuals to apply for assistance.

DEPARTMENT OF TRANSPORTATION

- **Transportation and Trade Mission to South America:** From October 17-23, Secretary Slater will lead a Transportation and Trade Mission to Brazil, Chile and Peru. The trip will focus on key transportation issues and opportunities for U.S. transportation businesses in those countries. The Secretary will be accompanied by other government and private industry officials.

- **Livable Community Forum:** On October 19, the first of ten nationwide DOT Safe and Livable Communities Forums will take place in Atlanta, GA. This forum will focus on Pedestrian Safety and include participation from the Mayor of Atlanta, the Atlanta City Council, and the GA Governor's Office of Highway Safety.

DEPARTMENT OF ENERGY

- **Agreement on U.S.-Russian Plutonium Disposition Nears:** Representatives from State and DOE are scheduled to travel to Moscow during the week of October 11 to conduct the 8^{th} round of negotiations with Russia on a plutonium disposition agreement. The U.S. is aiming to complete this agreement this fall to enable plutonium disposition to proceed in both countries.

- **National Ignition Facility Optics Assembly Building to be Completed and Commissioned:** The National Ignition Facility (NIF) Optics Assembly Building (OAB) will be completed and commissioned in late October 1999. This will be the first of the three NIF buildings to be finished. After installation of special equipment for assembly of precision optics packages, the OAB will be used to assemble optics packages for installation in the NIF Laser and Target Area Buildings. The OAB is being constructed by Nielsen Dillingham Construction Co. at a cost of approximately $15.1 million.

- **Nevada Effort to Obtain the New Space Program Landing Facility:** On September 21, the Nevada press reported that a nonprofit quasi-public company known as NTS Development Corporation was stepping up efforts to bring Lockheed Martin's

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VentureStar, a new space shuttle program for the 21st century to DOE's Nevada Test Site. NTS Development was funded by DOE to find new ways to use the test site for non-defense purposes. Nevada is one of 15 states vying to provide a home for VentureStar. NTS Development has informed the Nevada Legislature's Interim Finance Committee that promoters of the Nevada location already have invested $750,000 and that amount would probably double before any state assistance is sought. If further state assistance is sought, the Nevada legislators could be asked to provide $2 million. The investors will first try to ensure that Nevada has a very good chance of being selected as the home of VentureStar.

- **Gasoline Prices Mixed, Stocks Up:** Profit taking, the raising of Iraq's export ceiling, and the specter that Norway may end production cuts in January served to undo gains seen earlier in the week from a crude oil inventory draw reported September 29, 1999. On October 4, 1999, the New York Harbor spot price for conventional regular gasoline was 68.53 cents per gallon, losing most of the previous week's gain. (The spot price for West Texas Intermediate crude oil at Cushing, Oklahoma went from $24.63 per barrel to $23.71 per barrel over the week.) A downed unit at one refinery and runs cuts at another precipitated a 4.50 cent rise in the California grade reformulated gasoline spot price in Los Angeles from week to week. A two-cent decline in the Midwest helped lower the national average retail price for regular gasoline to 125.5 cents per gallon on October 4, 1999, 0.7 cent lower than last week but 23.6 cents higher than last year. The average in California was down 1.2 cent per gallon, but the eight-week decline may be ended by recent gasoline spot price increases and additional pressure associated with upcoming refinery maintenance.

DEPARTMENT OF EDUCATION

- **GAO Reports 92 Percent of Federal Education Funds Reach Classroom:** In late September, the GAO released a report finding that, for ten major federal education programs administered in FY96, less than one percent of the funds were consumed at the Federal level. The states, in turn, distributed 94 percent of the funds they received to local agencies, such as school districts, meaning that 92 percent of all Federal education funds reached the classroom. The report concluded that funds retained at the Federal and state level supported "such activities as research and evaluation related to the programs and information dissemination about them." States, which may fund a wider range of acceptable activities under the law, also retained a portion of their funds for efforts such as developing student performance standards and professional training for teachers.

- **Student Loan Default Rate:** At an October 5 press conference, Secretary Riley announced that the national student loan default rate fell to 8.8 percent for FY97, the lowest point since the Federal government started calculating the rate. This marks the seventh year in a row the default rate, which reached 22.4 percent in 1990, has declined.

- **NC Flood Damage:** In a September 28 letter, NC's chief state school officer asked Secretary Riley for assistance and support in the aftermath of Hurricane Floyd, which destroyed and damaged many NC schools. DOEd has been working closely with FEMA on a response, and the initial determination is that we will probably be able to provide waivers and some funding.

DEPARTMENT OF VETERANS AFFAIRS

- **Health Care Eligibility:** Secretary West announced that VA medical facilities will enroll all honorably-discharged veterans who seek VA health care during the new fiscal year. His announcement ensures continued eligibility for the lowest priority group in a seven-category listing of veterans that began in 1998 under a nationwide VA enrollment system.

- **Hurricane Floyd:** Since September 24, VA has been working with the American Red Cross and FEMA in its facilities in Somerville, NJ, to provide temporary housing for 200 people left homeless by the floods resulting from Hurricane Floyd. Many of the flood-displaced families are from the town of Manville, NJ, which is located three miles from the VA facility.

- **Delta 2000 Initiative:** VA continues to support the Mississippi Delta Region Initiative by identifying benefits and services provided to Delta veterans and which contribute to the local economy. VA recently awarded grants totaling $1.5 million to local facilities assisting homeless veterans in the Delta states of AR, IL, LA, MI, MO, and TN. Local VA officials participated in Secretary Slater's Delta listening tour in Baton Rouge, LA, Vicksburg, MS, and Cape Girardeau, MO.

ENVIRONMENTAL PROTECTION AGENCY

- **Air Pollution from Heavy-Duty Trucks and SUVs:** On October 6, EPA announced a strategy to significantly reduce harmful levels of smog-causing nitrogen oxides and particulate matter, or soot, from heavy-duty trucks and large sport utility vehicles. The strategy also includes a plan to produce cleaner diesel fuel. In May, in a separate action, you announced the toughest tailpipe standards ever for passenger vehicles, light-duty trucks, minivans, and SUVs weighing up to 8500 pounds. That proposal is expected to be finalized before the end of the year. EPA's new strategy would extend these requirements to the heaviest vans and SUVs that have only recently been marketed and exceed 8500 pounds.

- **Rule for Radon in Drinking Water:** EPA expects shortly to publish a multimedia proposal under the Safe Water Drinking Act for radon in public drinking water systems. Radon is a naturally-occurring contaminant that may be found in drinking water systems

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that use ground water. Radon can also seep from underlying soils into buildings at which represent significantly higher risks than those associated with drinking water

- **Hurricane Floyd:** EPA has more than 100 staff persons in the impacted states. E staff are conducting hazardous substance release responses, assisting states and loc in assessing the damage to drinking and waste water systems and providing technical and financial assistance in getting the systems up and running. EPA is also aiding private citizens whose private wells have been impacted.

UNITED NATIONS

- **UNICEF's Bellamy to Travel to Iraq:** USUN is concerned by UNICEF Director Carol Bellamy's plans to travel to Iraq October 12-17 to inspect UNICEF programs, Bellamy is presenting the trip as an overdue routine mission to UNICEF's second largest country program. USUN opposes the trip due to the legitimacy that it affords the Government of Iraq as well as the danger of possible manipulation of the visit. Ambassador Holbrooke met with Bellamy on October 7 to express opposition to the trip.

- **Sierra Leone:** Canada and the Netherlands are asking the Security Council to grant Chapter VII (peacekeeping in a hostile environment) authorization for a UN Force in Sierra Leone. ~~USUN objects to having UN peacekeepers act in a~~ peace-enforcement capacity in this mission. The Gambia would like the Council to approve Chapter VII powers for the regional ECOMOG forces in Sierra Leone. ECOMOG has acted in a vigorous Chapter VII capacity in both Sierra Leone and Liberia for much of the 1990's.

Podesta
Sandy
We don't want another Rwanda story — we'll let the fighting unless somewhere else wants to

UNITED STATES TRADE REPRESENTATIVE

- **Japan Deregulation and Competition Policy:** On October 6, Ambassador Thomas Foley presented the U.S. submission on Japan's Deregulation and Competition Policy to Japan's Foreign Minister, Yohei Kono. The submission calls on Japan to adopt bold regulatory reforms in key sectoral and structural areas of the Japanese economy, and builds on the progress achieved by both governments under the bilateral Enhanced Initiative on Deregulation and Competition Policy. Both Governments set March 31, 2000 as the target date for the issuance of a Third Joint Status Report which will detail new deregulation measures designed to open Japan's economy and increase market access for U.S. and foreign firms.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Meeting with Partnership for a Drug-Free America:** On October 12, Director McCaffrey will travel to New York to meet with Chairman Jim Burke and President Dick Bonnette of the Partnership for a Drug-Free America (PDFA). Topics of discussion include: how to balance traditional advertising techniques and other media to maximize the impact of the anti-drug message, and how to define the roles of advertising experts such as Oglivy-Mather and the Ad Council in the Youth Anti-Drug Media Campaign.

- **Drug Intelligence Architecture Review:** In August, the Attorney General, the Director of Central Intelligence, and the ONDCP Director, along with representatives of the Secretaries of Defense, State, Transportation, and Treasury agreed to key provisions in the National Coordination chapter of the draft General Counterdrug Intelligence Plan (GCIP). ONDCP expects to have the final GCIP ready for Cabinet signature, Presidential approval, and transmittal to Congress in November.

SMALL BUSINESS ADMINISTRATION

- **Drug-Free Workplace Program:** SBA awarded over $3 million to 16 eligible intermediaries and nearly $1 million to 14 Small Business Development Companies as part of the Drug-Free Workplace Act of 1998. Awardees will use the funds to educate small businesses on the benefits of a Drug-Free Workplace Program, provide financial assistance to small businesses as they set up these programs and educate parents who work for small businesses on how to keep their children drug free.

OFFICE OF PERSONNEL MANAGEMENT

- **Presidential Rank Awards:** On September 29, you approved the 1999 Presidential Rank Award winners. This year, 58 career Senior Executives were named Distinguished Executives and 253 executives were named Meritorious Executives. The FY99 winners will be the first to benefit from the increase in the awards approved by Congress last year.

GENERAL SERVICES ADMINISTRATION

- **GSA National Capital Region to Review Buildings for PCBs:** During the 1980s, GSA undertook a major program in GSA-operated buildings to either replace or retrofill large equipment that contained PCBs. Approximately $133 million was spent. Any remaining sources for PCBs such as the smaller Simplex capacitor that caught on fire last week at the Commerce building are identified through periodic building environmental surveys and regular building inspections. Any such equipment containing PCBs then receives priority funding under GSA's repair and alteration program. As a result of the Commerce fire the GSA National Capital region will conduct a thorough review of its owned buildings to determine if there are any similar systems that may contain PCBs.

SOCIAL SECURITY ADMINISTRATION

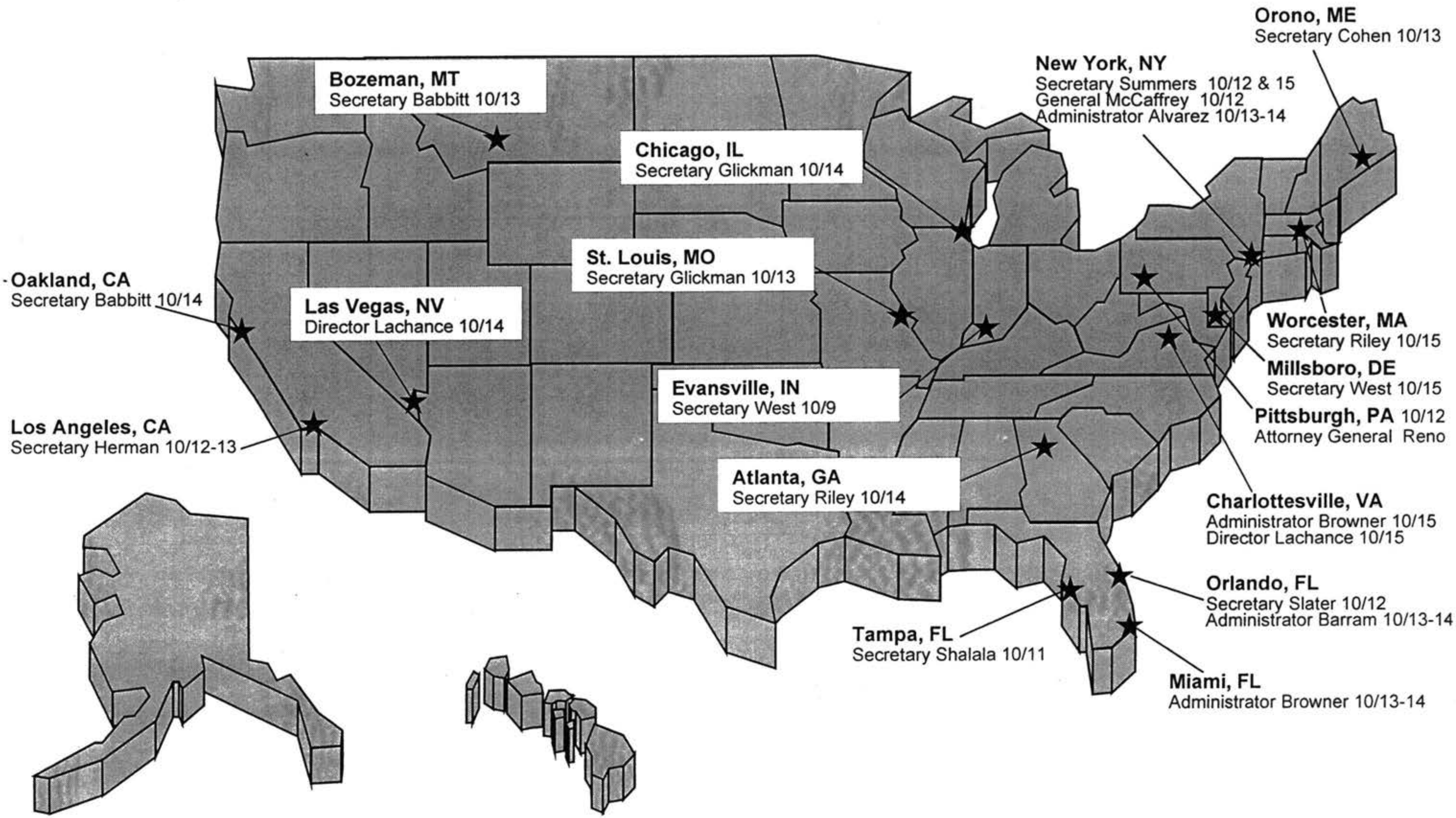
- **Plain Language Award:** Vice President Gore presented his September plain language award to SSA employees Marlene Pegg and Maruita Bontz for their rewrite of the SSA form, "Your Social Security Statement." They developed the new form with input from citizen focus groups and a mail survey sent to 16,000 people.

- **Hurricane Floyd:** SSA arranged to have Social Security and Supplemental Security Income checks held at servicing post offices in NC for beneficiaries/recipients living in flood-destroyed areas and/or storm shelters as a result of Hurricane Floyd. SSA employees were outstationed at post offices serving the worst hit areas to certify the identity of individuals picking up their checks. In addition, SSA arranged with SBA and FEMA to give priority attention to requests for verification of benefits for individuals applying for small business loans.

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

Cabinet Travel

Monday, October 11 - Sunday, October 17, 1999



Jordon, Israel, West Bank/Gaza, Egypt, Saudi Arabia, United Arab Emirates
Secretary Daley 10/8-19

Mexico
Secretary Herman 10/14-15

Germany, Russia, Finland
Attorney General Reno 10/17-22

Brazil, Chile, Peru
Secretary Slater 10/17-22

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THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
10-12-99

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Johnson
Podesta

OCTOBER 8, 1999

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: BEN JOHNSON

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

ACTIONS

One California: At the request of CA Lt. Gov. Bustamente, we met with the coalition of people involved in the "One California Initiative". We outlined White House activities such as the legislative agenda around education that includes hiring more teachers; the New Markets Initiative and other programs aimed at closing the opportunity gap. We had an interesting conversation about the need to dialogue with people with opposing views. Several participants suggested that we come up with ways to engage the "other" to have a meaningful dialogue, and away from talking past each other with soapbox monologues.

Ad Council: We participated in a meeting organized by the Ad Council, "Youth Hate Prevention" with representatives from agencies, non profit and communications entities (e.g. GE Capital, YWCA, MTV, CBS, Court TV, AT&T) to share on-going programs and discuss the possibilities for future partnerships. We will follow up with small group of media folks to explore ways to combat distorted portrayals of minorities and to promote a message of diversity and tolerance.

American Bar Association (ABA): We conducted two workshops for the ABA Racial Justice Conference. We distributed materials on promising practices and outlined the federal government's efforts to curb racial profiling among the its enforcement agencies. We also stressed the fact that under your Administration, there is a coordinated effort underway to really give focus to civil rights enforcement activities. The group was very pleased to hear that serious time and resources committed to the issue.

The Eye Institute: I gave the keynote address at the LA Eye Institute. This organization is attempting to design and build a facility to service Hispanics, Asian Americans and African Americans, that will specialize in research into eye diseases that contribute to blindness, with disproportionate impact on minorities. Congresswoman Juanita McDonald asked me to advise you that her district has recently been designated as the most diverse in this country.

THE PRESIDENT HAS SEEN

10-12-99

CONSTITUENT OUTREACH

Brotherhood Crusade: I met with the LA based community based organization to discuss One America activities. I specifically asked them to get involved with assisting the Administration agenda to end disparities in health, employment, education and economics. Danny Bakewell, who is the head of the organization, may have mentioned this to you at Clarence's home Sunday night.

First A.M.E. Church: We were invited to participate in a meeting with Rev. Cecil Murray of FAME, the leading Methodist church in LA. We talked about the New Markets Initiative; Empowerment Zones and other activities aimed at sparking economic development in minority communities. They were looking for ways to revitalize businesses in some of the blighted areas in LA. We referred them to SBA and the Dept of Commerce and other economic development related programs operated by the federal government.

LA County Supervisor: I attended the birthday celebration for LA County Supervisor Yvonne Burke, where I read a birthday greeting from you. It appeared that this was the first time that she ever received a birthday greeting. She and her 250 guests were overwhelmed by your remarks.

CABINET RACE INITIATIVE WEEKLY

Department of Commerce

Hispanic Employment Plan: On September 28, Secretary Daley approved DoC's Hispanic Employment Plan. Acting DAS for Administration, Sonya Stewart has established a working group to implement this aggressive plan to increase Hispanic representation in the Department's workforce.

MBDA Conference: DoC's Minority Business Development Agency (MBDA) will host a meeting entitled "New Realities for Minority Businesses" on October 7 at DC's International Trade Center. One hundred people, representing large corporations and financial institutions, minority business advocacy organizations, minority businesses, academia, and government are expected to attend the meeting

Department of Housing and Urban Development

Native American Outreach: HUD has begun to make new consultation policy with Indian Nations. The number of Section 184 mortgage loans on tribal trust land was doubled from previous years and a disproportionate number of Indian tribes successfully competed for Rural Housing and Economic Development Grant funds from HUD. HUD has completed the first cycle of funding under the new block grant delivery system under NAHASDA; and ten new Community Builders are staffing the Office of Native American Programs, bringing specialized expertise and technical assistance to Indian Country.

Department of Justice

Supreme Court Term: During the first week of the new Supreme Court term (Oct 4), DOJ argued as an amicus curiae in two cases. In *Nixon v. Shrink Missouri Government PAC*, DOJ contended that the Eighth Circuit erred in striking down a Missouri law that limits individual contributions to statewide electoral campaigns to $1075. In *Rice v. Cayetano*, DOJ argued that it is constitutionally permissible for HI to limit the right to vote for the trustees of the Office of Hawaiian Affairs to the "descendant[s] of the aboriginal peoples inhabiting the Hawaiian Islands which exercised sovereignty and subsisted in the Hawaiian Islands in 1778, and which peoples thereafter have continued to reside in Hawaii."

Small Business Administration

Small Disadvantaged Business: SBA held a two-day workshop at the Governor's Conference on Minority Business Marketplace '99, sponsored by the Wisconsin Department of Commerce. A second notice was sent to more than 170,000 firms registered in PRO- *Net* explaining the benefits of both the Small Disadvantaged Business and 8(a) Business Development programs.

Native American Outreach: Plans are underway for a "listening conference" to include all the Arizona Native American tribes, tribal leadership and tribal planners. The goal is to encourage tribal participation in offering SBA programs to reservation communities. In addition, SBA participated in the Polson, Montana conference and met with an economic development officer from the Hoopa Tribe of California as well as the Assistant Secretary of the Bureau of Indian Affairs (BIA) to discuss collaboration between BIA and SBA programs. The BIA aims to streamline the processing of land trust issues that often create obstacles to entrepreneurship on reservations.

Social Security Administration

Historically Black Colleges and Universities (HBCU): SSA's Deputy Commissioners will speak at a town hall meetings at Harris-Stowe State College in St. Louis and at Lane College in Jackson, TN with participants from Fisk and Tennessee State University on Oct 13 and 21. They will discuss the Social Security Statement and the importance of Social Security to African-Americans and its impact on the community.

Department of Transportation

Air Bag and Seat Belt Safety Campaign (AB&SBSC): On October 15, AB&SBSC and the National Black Caucus of State Legislators (NBCSL) will hold a breakfast briefing and news conference in Washington, D.C. to release the findings of a new public opinion poll on African American attitudes about and experience with enforcement of seat belt laws in both primary and secondary enforcement states. The poll finds overwhelmingly strong support for primary enforcement safety belt laws among African Americans. Invited speakers include Secretary Slater, Congressman

Conyers, Transportation Committee Chair of the NBCSL Holmes, and the Executive Vice President and Chief Operating Officer of the National Urban League, Milton Little.

Research and Special Programs Administration (RSPA): On October 1, Secretary Slater announced grants to states, territories and native American tribes totaling $8.5 million in RSPA funds for planning and training to improve response to hazardous materials transportation incidents. Of the total, nearly $1.3 million will go to states with counties in the Mississippi Delta Region.

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THE WHITE HOUSE

WASHINGTON

October 8, 1999

MEMORANDUM FOR THE PRESIDENT AND THE VICE-PRESIDENT

FROM: Kenneth H. MacKay, Jr. KHM

SUBJECT: Special Envoy for the Americas Weekly Report

CBI: I have been making calls to Senators to express the Administration's support for the CBI and Africa Trade bills. While in Chicago this week, I participated in an editorial board discussion with the Chicago Tribune that primarily focused on the positive impact on CBI for Illinois. In addition to the editorial board meeting, I submitted an op-ed piece on CBI to the Chicago Tribune. I also met with John Bryan, Chairman and CEO of Sara Lee, to discuss this issue. He is very supportive and is aggressively working towards passage. He also offered to call Chad Holliday, the CEO of DuPont, (DuPont is opposing the Africa legislation) and encourage him to support this legislation. I am working in conjunction with the Office of Public Liaison to hold briefings next week for the Hispanic and ambassadorial communities. I am also working with Senator Graham's office to put together an event on the hill on October 20 in support of CBI.

Peru: Peruvian Ambassador Alfonso Rivero met with me to discuss our bilateral relationship with his country. Of note, the Ambassador discussed in detail President Fujimori's intention to enter into a strategic partnership to eliminate drugs in Peru within the next five years. Peru's willingness to cooperate has led to a significant reduction in coca production. I thanked the Ambassador for Peru's cooperation and noted that illegal drug trafficking is a major issue in Congress and in the public eye. On Colombia, the Ambassador indicated Peruvian concern for the peace process, but agreed that Pastrana's comprehensive strategy provides that most promising course for resolution of Colombia's problems.

Business Outreach: I met with Ambassador Allen Lever of the World Trade Center Chicago to discuss ways we might work together to promote economic integration and the FTAA in the mid-west. We had a very productive discussion and will likely be collaborating on some projects in the future.

Hispanic Outreach: I spoke at the 1999 United States Hispanic Leadership Conference in Chicago. My speech focused on the importance of Free Trade initiatives such as CBI and FTAA for the Hispanic Community.

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THE WHITE HOUSE

WASHINGTON

October 8, 1999

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MEMORANDUM FOR THE PRESIDENT

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THROUGH: JOHN PODESTA

FROM: LYNN CUTLER Lynn

CC: MARIA ECHAVESTE

SUBJECT: INDIAN COUNTRY AND EAST ARKANSAS MEETING

National Congress of American Indians Annual Conference

- I attended the conference this week and spoke to them. I was able to tell them about the strong stands we have made for the legislation that will be of help to them. I told them about the Statement of Administration Policy that Jack Lew sent to the Hill that was totally dedicated to Indian Country issues and they were very appreciative. Assistant Secretary for Indian Affairs Kevin Gover spoke movingly about the meeting in the Roosevelt Room in May with the tribes from the Plains, and about your visit to Pine Ridge. I also talked about how much you care and how you have continued to press for follow-up to both events. I brought your warmest regards and read a strong letter from the Vice President to them. While it was wonderful to have had such a great reception, the myriad of appeals and pleas for help that came to me as I walked the halls of the convention center were almost overwhelming. At the same time that there is universal recognition of the commitment you and all of the staff here at the White House have to them, it is sad that there is still so much to do. For example, they care a great deal about the elevation of Dr. Trujillo, Director of the Indian Health Service at the Department of Health and Human Services to Assistant Secretary, and Representative Bliley will not even let it out of committee.

Pine Ridge

- It is great that the Empowerment Zone money for the reservation and the other rural Indian tribes was included in the Department of Veterans Affairs-Department of Housing and Urban Development appropriation. We have notified President Salway and they are thrilled.

- Another issue at Pine Ridge is the match that they have to come up with for the Federal Emergency Management Agency assistance after the tornado. The amount that the tribe owes is $7 million and they are very concerned about the ability to pay. I have discussed this

THE PRESIDENT HAS SEEN
10-12-99

issue with James Lee and he is very reluctant to waive the match. Unless you have another thought, I am going to have to tell them "no."

- On the youth center--we are obtaining a list of corporations that have been involved with Boys and Girls Clubs in the past and we will determine whom you want to contact about the construction assistance.

Electronic Commerce Resource Center Program ("ECRC")

- The Department of Defense is commencing Indian Initiative segment of the ECRC program. This initiative will teach Native Americans how to market their products electronically, obtain a certification number to become eligible for Department of Defense contracting opportunities, and pre-qualify for 8(a) certification. The program will also provide counseling and hands-on computer classes. The first program will be held in Arizona. There will be two more in the Southwest, and, hopefully, one in South Dakota, as a follow up to your visit to Pine Ridge.

East Arkansas Delta

- We had a good meeting with over 150 people from East Arkansas. Bob Nash opened the meeting. Sylvia Mathews talked about government process, and then we went to a panel of agency people and a discussion led by Maria Echaveste. I have attached a list of the panel participants. There were lots of questions, and many of the agency representatives gave helpful information. After Maria left, Bob and I let the meeting go on for another 45 minutes so that the delegation could feel that they had a good hearing. They were grateful for the meeting and seemed very glad that we did this. Many of the problems were the same as the ones that you heard about in Helena and have known about your whole life. I was struck by the similarity of their situation to that in Indian Country: rural, isolated, long-term poverty, and racial problems. The farmers were very concerned and we told them you were moving on an assistance package. There are some other issues that came up regarding the state and I was glad to see that the Governor's office was represented at the meeting. If the state will not move the labor, education, and transportation funds, it will be difficult to meet some of the needs.

- I met with Bob Nash today to go through some of the things we could do immediately and that you could take to the region if you go there again on the next New Markets tour:

- First, there is an overwhelming need for assistance on how to write a grant. Over and over we heard about lack of access to information and programs. We have programs that they do not know about, and then, do not know how to apply for. I think we can establish what I call a "circuit rider" program. This program would consist of a team of people from the agencies

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(the Departments of Agriculture, Commerce, Labor, Transportation, Health and Human Services, and Education), local community colleges, and the University of Arkansas. The team would go from one small town and county to the next--start a process—and keep coming back to check on progress and offer help. I hope that we can introduce this concept in Indian Country, but thought that we could do the "circuit rider" program on a pilot project basis for this part of Arkansas. With no county having more than ten thousand people, and small towns with no staff, you could order the Departments to work with the State, the Arkansas regional development commissions, the county extension offices and the federal regional offices to try this. I am sure that if you were to call the Governor, he would agree to participate.

- Second, I held a meeting with the Mid-South Community College people, Representatives Jones and Harris, and people from the Departments of Labor, Education and Transportation. Mid-South has a very exciting proposal that I am attaching to this memorandum. Dr. Glen Fenter, President of the College, reminded me of you. He has great vision and a passion about what they can accomplish. It is basically a way to provide good jobs and help the important transportation industry in the region at the same time. All of the agencies were very helpful and excited about the idea. I would think that you could sit with the Chief Executive Officers of Federal Express, United Parcel Service, White Trucking, and others and sell them on helping with this in a New York minute.

Bru working

- Third, Bob Nash has some other ideas that we should be able to move. We are going to pursue these aggressively. The Office of Management and Budget is still vetting some of the questions and options put to you when you were in Helena.

- I am also attaching the report of the interagency group headed by Secretary Slater, in case you have not yet seen it. As I went through it, I was struck by how many success stories were in Mississippi and Louisiana, and how few in Arkansas. The Secretary is just concluding a series of listening sessions in preparation for the final report, and we will forward the discussions of the meeting we held here to him.

- Maria is convening a larger meeting next week to follow up. If you want any more information on this, please let me know. I know how important this is for you, and I think the best thing is to seek specific, but systemic changes.

FEDERAL GOVERNMENT CONTACTS

Department of Agriculture

Jill Long Thompson, Under Secretary for Rural Development, Office of the Secretary	202-720-4581
John Dean, Director for Community Resource Development, Office of Community Development	202-619-7980

Department of Commerce

John Orszag, Senior Policy Advisor, Director of the Office of Policy, Office of the Secretary	202-482-2112

Department of Education

Philip Rosenfelt, Assistant General Counsel, Office of the General Counsel	202-401-8292
Steve Mancini, Special Assistant to the Assistant Secretary, Office of Elementary and Secondary Education	202-401-0113
Jacqueline Woods, Director, Community Colleges Liaison Office	202-205-5451

Department of Housing and Urban Development

Cardell Cooper, Assistant Secretary for Community Planning and Development, Office of the Secretary	202-708-2690
Preston Lee, Senior Advisor and Counsel, Office of Community Planning and Development	202-708-2690
Nancy Kirshner-Rodriguez, Deputy Assistant Secretary, Office of Intergovernmental Affairs	202-708-0030

Jacquie Lawing, Deputy Chief of Staff for Programs and Policy, Office of the Secretary	202-708-2236

Department of Labor

Raymond Bramucci, Assistant Secretary, Office of Employment Training and Administration	202-693-2700
Ted Mastroianni, Associate Assistant Secretary for Employment and Training, Office of Employment Training and Administration	202-693-2700

Department of Transportation

Mortimer Downey, Deputy Secretary, Office of the Secretary	202-366-2222
Nancy E. McFadden, General Counsel, Office of the Secretary	202-366-4702
Evelyn Fierro, Director of Intergovernmental Affairs, Office of Intergovernmental Affairs	202-366-1524
Gilda McCullough, Intergovernmental Affairs Liaison, Office of Intergovernmental Affairs	202-366-1524

Dr. Glen F. Fenter, President
Mid-South Community College
2000 West Broadway
West Memphis, AR 72301-3829
(870) 733-6722 / (870) 733-6799 FAX

Budget and Implementation Plan

Presented as a Supplement to the

Delta Transportation Technology Center Proposal

Delta Transportation Technology Center
Budget Explanation and Implementation Plan Summary

To accomplish the construction of the buildings and the establishment of the programs described in the Delta Transportation Technology Center proposal, Mid-South Community College proposes a five-year implementation plan. The narrative below briefly describes each budget area and the manner in which it will be implemented. Following the five-year implementation, on-going support of the Delta Transportation Technology Center will be provided through a combination of Federal, state, local, and industry funding.

Building Construction and Location

Two primary college facilities are recommended for construction. One building, termed the "Main Industrial Center" will be located at the Mid-America Industrial Park in Crittenden County, Arkansas. **(See budget item - $9,000,000 Building Construction).** This location is appropriately zoned for all the necessary heavy transportation training and will house the warehousing/transportation technology simulation lab. In addition, the proximity to current and future businesses will enable easy access for employee training at the facility and student internships at the businesses. Land acquisition of approximately 30-40 acres will be necessary to construct this facility. **(See budget item - $500,000 Land Acquisition).**

The second college facility, with an estimated construction cost of $5.0 million, will be the hub connecting the educational continuum of industry-driven transportation training with the local centers and the industrial community. This facility will be constructed on the campus at MSCC in the city of West Memphis, Arkansas and is termed the "High Tech MSCC Building". By locating this building on the College campus, we will be able to use $1.5 million of State funds designated for the construction of a transportation technology center at MSCC. **(See budget item - $3,500,000 Building Construction).** This facility will serve as the site for the development and coordination of the overall Delta Transportation Technology program in cooperation with industry, education, and government partners. In addition to academic programs, this facility will enable high tech customized training to be conducted for industry partners in response to training needs for current and future employees in the Delta.

Local centers are proposed to be constructed at a minimum of six (6) area high schools after the completion of the main college buildings. As mentioned in the initial proposal, these centers will launch early education and training for jobs in the transportation industry. Additionally, they will serve as extended education centers for the communities in which they are located. The first two centers will be built in West Memphis and Marion, Arkansas, during the second year of funding. Construction costs for each center are estimated at $750,000. The following year, local centers will be constructed at Earle and Turrell, Arkansas. Construction cost estimates for each of these centers has been increased to $800,000 to account for inflation. In the fourth year of funding, two additional centers will be constructed: one in the city of Crawfordsville and the other in a location to be determined based on area need and interest. Construction costs for these centers, likewise, have been projected to increase slightly to $850,000. **(See budget items – Building Construction – Local Centers).**

Equipment

Each of the two college facilities will require approximately $1.0 million for equipment and furnishings. The facilities will be equipped with the latest technological innovations in support of the programs outlined in the original proposal document. **(See budget items – Equipment Costs).**

Each of the six (6) local centers will require approximately $250,000 for equipment and furnishings. Each center will include general-purpose classrooms as well as computer labs, distance learning rooms and technology labs. **(See budget items – Equipment Costs – Local Centers).**

Staffing

A Transportation Technology Director will be hired in the first year of the project to oversee program development and to establish business and industry partnerships at the outset of the project. This is a critical position for the long-term success of the proposal as the Director will be responsible for managing all College transportation programs and coordinating with the local centers and advisory boards. To assist the Director in developing the programs, an Instructional Coordinator and Technical Support Staff person will also be hired during the first year. **(See budget items - Staffing – Main Industrial Center).**

All College instructors and additional personnel are scheduled to be hired during the second year of the project upon completion of the two College buildings. MSCC recently received a faculty development grant funded through Title III of the Higher Education Act, which complements the goals of the Transportation Technology Center proposal. Under the terms of the grant, the faculty position for Diesel Maintenance must be scheduled for the fourth year. The attached budget reflects all positions including those funded temporarily by Title III. Time periods where funding is provided for specific instructors are identified with the line item notation "Title III". All budgeted salaries include benefits and a 4% annual increase over the years listed. **(See budget item – Staffing – Main Industrial Center/High Tech MSCC Bldg.).**

Each of the six (6) local centers will be staffed by a local Site Director and an Assistant Instructor. These positions will start during the year in which the corresponding local center is being constructed. During that initial year, local center staff will work to ensure the success of the program by recruiting students to participate, learning/developing the

Delta Transportation Technology Center

9/29/99

Budget Categories by Year	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Sixth Year & Ongoing
Land Acquisition	$500,000					
Building Construction						
Main Industrial Center	$9,000,000					
High Tech MSCC Bldg.	$3,500,000					
Local Centers						
West Memphis		$750,000				
Marion		$750,000				
Earle			$800,000			
Turrell			$800,000			
Crawfordsville				$850,000		
High School TBA				$850,000		
Equipment Costs						
Main Industrial Center	$1,000,000					
High Tech MSCC Bldg.	$1,000,000					
Local Centers						
West Memphis		$250,000				
Marion		$250,000				
Earle			$250,000			
Turrell			$250,000			
Crawfordsville				$250,000		
High School TBA				$250,000		
Staffing (Includes 30% fringe)						
Main Industrial Center						
Director	$78,000	$81,120	$84,365	$87,739	$91,249	$94,899
Instructional Coordinator	$52,000	$54,080	$56,243	$58,493	$60,833	$63,266
Admin. Assistant	$0	$39,000	$40,560	$42,182	$43,870	$45,624
Secretary/Receptionist	$0	$26,000	$27,040	$28,122	$29,246	$30,416
Technical Support Staff	$45,500	$47,320	$49,213	$51,181	$53,229	$55,358
Technical Support Staff	$0	$45,500	$47,320	$49,213	$51,181	$53,229
Gen. Tech. Instructor	$0	$45,500	$47,320	$49,213	$51,181	$53,229
CDL Instructors - 3	$0	$136,500	$141,960	$147,638	$153,544	$159,686
Inventory Mgmt. Instructor	$0	$45,500	$47,320	$49,213	$51,181	$53,229
Forklift Instructor	$0	$45,500	$47,320	$49,213	$51,181	$53,229
Warehousing Instructor	$0	$45,500	$47,320	$49,213	$51,181	$53,229
Electronics Instructor	Title III	Title III	$46,794	$48,666	$50,612	$52,637
Industrial Maint. Instructor	$0	Title III	Title III	$48,741	$50,691	$52,718
Diesel Maint. Instructor	$0	$0	$0	Title III	Title III	$51,709
High Tech MSCC Bldg.						
Distance Learning Coordinator	$0	$45,500	$47,320	$49,213	$51,181	$53,229
Technical Support Staff	$0	$45,500	$47,320	$49,213	$51,181	$53,229
Logistics Instructor	$0	$45,500	$47,320	$49,213	$51,181	$53,229
Computer Instructors - 2	$0	$91,000	$94,640	$98,426	$102,363	$106,457
Trans. Technology Instructor	$0	$45,500	$47,320	$49,213	$51,181	$53,229

Delta Transportation Technology Center

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Budget Categories by Year	First Year	Second Year	Third Year	Fourth Year	Ongoing	Sixth Year & Ongoing
Staffing - Cont. (Incl. 30% fringe)						
Local Center Staffing						
West Memphis						
Site Director	$0	$0	$45,500	$47,320	$49,213	$51,182
Assistant Instructor	$0	$0	$32,500	$33,800	$35,152	$36,558
Marion						
Site Director	$0	$0	$45,500	$47,320	$49,213	$51,182
Assistant Instructor	$0	$0	$32,500	$33,800	$35,152	$36,558
Earle						
Site Director	$0	$0	$0	$47,320	$49,213	$51,182
Assistant Instructor	$0	$0	$0	$33,800	$35,152	$36,558
Turrell						
Site Director	$0	$0	$0	$47,320	$49,213	$51,182
Assistant Instructor	$0	$0	$0	$33,800	$35,152	$36,558
Crawfordsville						
Site Director	$0	$0	$0	$0	$49,213	$51,182
Assistant Instructor	$0	$0	$0	$0	$35,152	$36,558
High School TBA						
Site Director	$0	$0	$0	$0	$49,213	$51,182
Assistant Instructor	$0	$0	$0	$0	$35,152	$36,558
Administration Costs	$26,325	$139,351	$168,519	$206,788	$230,714	$257,740
Building/Equipment Maintenance	$0	MSCC	MSCC	MSCC	MSCC	MSCC
Renewal & Replacement	$0	$0	MSCC	MSCC	MSCC	MSCC
Total	$15,201,825	$3,023,871	$3,391,214	$3,785,372	$1,833,171	$1,976,007

curriculum, and teaching limited classes at the high schools and College. **(See budget item - Staffing – Local Centers).**

Administrative Costs

Administrative costs include all normal allowable indirect costs including supplies, travel, telephone, etc. Administrative staff supporting the Transportation Technology Center and staff in-service training will also be charged to this line item. The dollar amount for this category does not exceed 15% of the annual proposed budget excluding building construction and equipment costs. Also included in this budget category will be the expenses associated with developing and maintaining Industry Advisory Boards for program direction and oversight. **(See budget item – Administrative Costs).**

Building/Equipment Maintenance

Mid-South Community College proposes to bear the costs of building and equipment maintenance for all facilities constructed under this proposal. This is based on the assumption that upon completion of the facilities, additional funds will be provided through partnerships with the state and local government. **(See budget item – Building/Equipment Maintenance).**

Renewal and Replacement

Mid-South Community College proposes to bear the costs of equipment renewal and replacement for all facilities constructed under this proposal. This is based on the assumption that upon completion of the facilities, additional funds and equipment will be provided through partnerships with the state and local government and business and industry. **(See budget item – Renewal & Replacement).**

On-Going Federal Funds

After a five-year implementation program, it is anticipated that approximately $2.0 million will be required on an annual basis for on-going support. While the State and local government can provide the majority support to maintain the infrastructures established, monies would be needed to continue to fund the salaries of the staff directly involved and to offset a portion of the operations costs.

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Defter Weapon Against Iraqis: A Concrete Bomb

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By STEVEN LEE MYERS

INCIRLIK AIR BASE, Turkey, Oct. 3 — American fighter jets patrolling northern Iraq have an innovative new weapon to use against President Saddam Hussein: concrete.

Wary of killing civilians when F-15's and F-16's strike inside Iraq, the Air Force has begun filling 2,000-pound, laser-guided bombs with concrete instead of explosives and dropping them on sensitive military targets near populated areas, American military officials here said.

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A concrete bomb, the use of which has not previously been disclosed, can still destroy a target, but it does not have what military officials call "the explosive arc" of regular munitions. And so its use minimizes the risk that explosive bomb fragments will kill or wound innocent Iraqis who might be nearby.

"It can stub your toe," Lieut. Col. Michael S. Waters, a spokesman for the American operation here in this base near the Mediterranean, said of the concrete. "But there's no chance of collateral damage," he added, using the military's euphemism for civilian deaths.

That makes it useful against military targets Iraq has positioned in residential neighborhoods in what American officials believe is Mr. Hussein's main objective in stepping up skirmishing over the "no flight" zones over northern and southern Iraq: to foment international sympathy by publicizing civilian casualties.

The concrete bombs are also an apt symbol of a low-level war against Iraq that is dictated as much by political and diplomatic sensitivities as by any strategic or military concerns. In what has become the longest sustained military operation since Vietnam, for more than nine months now Iraqi forces have routinely fired on the American and British jets that patrol the no-flight zones, and the American and British crews have routinely struck back in what they say is self-defense. But it is a deliberately low-key war.

"The way we're conducting this is kept within the parameters of political acceptability," said a senior Clinton Administration official in Washington. "We don't want things to go wrong."

And so pilots here at Incirlik (pronounced in-JER-lick) fly into combat with strict rules about what, when, where and how they may attack.

The Turkish Government, wary of public sentiment about repeated air strikes against a neighboring country, limits the number of days the jets can fly and prohibits operations at night. The United States European Command, which oversees operations here, has put northern Iraq's most significant military targets off limits, fearing international outrage over what could be seen as an escalation of the fighting.

Above all, the pilots must avoid mistakes that could play into Mr. Hussein's hand. "It's between none and minimal collateral damage that we'll accept," said Maj. Hugh Hanlon, an F-16CJ pilot with the 55th Fighter Squadron at Shaw Air Force Base in South Carolina, who is stationed here.

The result is something of a standoff. The American and British forces have struck more than five times the number of targets attacked during four days of intensive air and missile strikes against Iraq last December and flown more than three-quarters as many combat missions as NATO pilots did during 78 days of bombing Yugoslavia.

The Iraqis say nearly 200 people, including many civilians, have been killed in the air strikes this year. American officials say that claim is exaggerated but they acknowledge that the strikes have killed some.

American military commanders say the air strikes have inflicted severe damage to Iraq's air defenses in the north. But they have not yet hit Iraqi forces hard enough to persuade the Government to stop challenging the patrols in the no-flight zones.

Commanders here and at the Pentagon say the strikes will end as soon as Iraq stops firing on the patrols, even though they acknowledge that Iraq has the ability to continue resisting at the current level for the foreseeable future.

"It's reached a stalemate," said Group Capt. Graham P. Dixon, commander of the 200 British troops and six aircraft involved in the operations at Incirlik. "I'm not sure there can be a way around this as long as Saddam Hussein is in power. I personally see this as a long-term proposition, not a short-term one."

The United States and its allies created the no-flight zones after the Persian Gulf war in 1991 to protect Iraqi Kurds in the north and Shiite Muslims in the south from repression by Iraqi forces. Officials in Washington say the zones remain an important part of the Clinton Administration's broad effort to isolate Mr. Hussein.

Iraq never accepted the validity of the zones, but American and allied jets patrolled them largely unmolested for more than seven years. Then last December, the United States and Britain carried out four days of attacks to punish Mr. Hussein for refusing to allow the United Nations to continue inspections of his nuclear, chemical and biological weapons programs.

Iraq then declared the zones a violation of its sovereignty, and its forces began challenging virtually every patrol, firing antiaircraft weapons, launching surface-to-air missiles and sending MIG jets darting into the zones.

While American officials decline to discuss their tactics in depth, including how or how long they have been using the concrete bombs, they do offer a stunning list of statistics.

Since December, they say, American and British patrols have flown nearly 16,000 sorties and dropped 550 bombs against 135 targets in southern Iraq. Here at Incirlik, they have flown more than 11,000 combat or combat-support sorties and dropped more than 1,100 bombs against more than 250 targets, including new strikes today.

Those targets have included more than 150 antiaircraft artillery batteries, 30 radar or communication centers and 22 buildings used as command centers, said Brig. Gen. David A. Deptula, the Air Force commander here until last week.

As in Yugoslavia, the air war has been decidedly one-sided. Iraqi forces have yet to hit an American or British aircraft, American officials said. According to American intelligence reports, Iraq has withdrawn

The New York Times

THURSDAY, OCTOBER 7, 1999

its most sophisticated weapons, like Soviet-era surface-to-air-missiles, from the no-flight zones in recent months to protect them.

But that has not stopped Iraq from firing back with antiaircraft artillery. That still poses a threat, though much less of one since, the pilots and commanders say, the jets flying into northern Iraq stay above 20,000 feet — high enough that they are less likely to be hit.

Iraq has also positioned its remaining antiaircraft batteries in residential neighborhoods in or near the northern Iraqi cities like Mosul and Tall'Afar.

General Deptula said that after American jets destroyed Iraq's main air-defense command center south of Mosul, the Iraqis recently moved their headquarters to the nearby historic ruins of Nineveh, the ancient capital of Assyria built in the seventh century B.C. While the general declined to discuss future targets, presumably that one would be off limits.

An American Government official with access to the intelligence reports said Iraq's tactics had significantly diminished its chances of hitting an aircraft, but were still accomplishing Mr. Hussein's goal of drawing attention to the patrols.

"He's trying to provoke us to do something, but he's trying to do in such a way he doesn't lose assets," the official said. "The ultimate intention of what Saddam Hussein is trying to do in the 'no fly' zones is not military."

The tactics on both sides — including the concrete bombs — have turned the conflict into an odd game of cat-and-mouse.

The United States has about 50 aircraft involved in the operation, from fighter jets to combat support. When they fly, they take off in one long, loud procession, accompanied by an Awacs communication plane, an RC-135 reconnaissance jet and KC-135 aerial refueling tankers, as well as British tankers and Jaguars that photograph potential targets.

Once they reach the border, about an hour away, only the fighter jets enter Iraq. The others fly over the khaki-colored mountains of eastern Turkey out of harm's way.

On today's mission pilots reported seeing 57-millimeter antiaircraft fire, bursting in distinctive gray puffs 15,000 to 18,000 feet up, well beneath the jets. An hour later they spotted the bursts again.

Pilots and commanders here say they try to respond. But from more than 20,000 feet, it is often impossible to see an artillery battery — no larger than a truck and often hiding in orchards or towns — and in those cases they attack other targets.

"We couldn't exactly identify where the threat was," an F-15 pilot said of today's skirmish, speaking on the condition that he only be identified by his rank and nickname, Lieutenant Colonel V.Q.

Under their rules of engagement agreed on by the United States, Britain and Turkey, the pilots most often strike at parts of Iraq's air defenses,

Diplomatic problems, and a low-tech solution.

including radio towers, radar stations and command centers that, according to the Pentagon, coordinate the Iraqi attacks.

Instead, today the F-16C's and the F-15's attacked separate targets at a communications center that they had decided to attack in advance if threatened.

France and Russia have criticized the strikes, and there are signs the strategy hampers United Nations Security Council negotiations over creating a new weapons inspection program in Iraq. A senior defense official said the Russians had tried to condition their support of new inspections on an end to the strikes.

"Our mission has not changed," General Deptula said. "The only thing that has changed is the threat, and we are employing ordinance to respond to that threat. But the larger question of the efficacy of the no-flight zones is a political one."

The New York Times

THURSDAY, OCTOBER 7, 1999

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Jim Hoagland

If This Treaty Goes Down . . .

America's way forward in world affairs approaches a turning point through a set of national security decisions that demand integrated resolution. Congress and the White House must clearly see and outline for the nation the relationship these decisions have to each other if they are to get any of them right.

The Senate opened ratification hearings yesterday on the Comprehensive Test Ban Treaty to inaugurate this autumn of strategic deliberation. The eventual vote on the global accord to ban nuclear weapons testing will be an authoritative statement of the Senate's vision of America's role abroad for the next decade, and longer.

The test ban treaty vote should not be based on good intentions or on arcane, conflicting technical criteria. The central issue here is as old as the American republic and as political as they come.

That issue is how involved America needs to be in the world to guarantee its own safety. "Little to not at all" seems to be the answer of many of those who favor killing U.S. participation in the test ban and who also want to overturn the Anti-Ballistic Missile (ABM) Treaty with Russia. This in turn would clear the way for construction of a comprehensive U.S. national missile defense system.

These battles bear in spirit on the struggles the Clinton administration is waging this month to get Congress to cough up $1 billion-plus to pay U.S. debts to the United Nations and to stop Congress from slashing U.S. foreign aid to shreds.

Despite appearances, this is not simply isolationism vs. internationalism, Round 223. In the decade since the end of the Cold War these labels have lost most of their meaning. Neither current has been able to establish itself as the dominant force in American politics at century's end.

The end of the Soviet menace was supposed to make America turn inward again. But this sentiment was immediately contradicted by heavy U.S. involvement in building (and profiting from) the new global economy, and in providing leadership to resolve destabilizing ethnic and political crises in Europe and Asia. Americans showed they would not exercise an opt-out clause in world affairs.

Sentiment has also been growing, however, to have America rely almost entirely on its current technological superiority to guarantee American security. Anything that lessens U.S. ability to do what it wants when it wants and how it wants for its own defense is to be rejected, in this view.

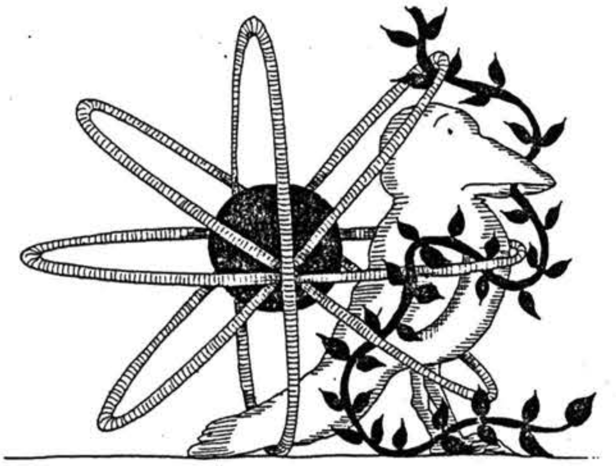
A nuclear test ban seems to fall in this category for the Republican majority in the Senate, even though there has been no U.S. nuclear testing since President Bush (!) ordered a moratorium in 1992. Extended by President Clinton, the moratorium has provided evidence that computer simulations can determine the reliability of the major powers' nuclear arsenals without testing.

Politically, Senate rejection of a treaty that President Clinton signed in 1996 with 153 other world leaders would be a blow to the constitutional process at home. And it can only intensify concern abroad about U.S. intentions to go it alone on strategic defense, to the detriment of U.S. allies.

In his last year in office Clinton has begun to bring together a strategy to negotiate new strategic arms reductions with Moscow while seeking a modest updating of the ABM treaty. The goal is to end ABM restrictions that interfere with deploying the first phase of a national missile defense big and sophisticated enough to keep atomic rockets launched by rogue regimes from hitting the 50 states.

The administration hopes to get Russian acquiescence for these changes. But Washington would also eventually need the cooperation of Britain and Denmark to upgrade existing long-range radar stations in Yorkshire and Thule, Greenland, for a missile system effective against Middle Eastern rogue states. Washington needs broad political backing from its European partners as well as it moves forward on changing the framework of strategic defense abroad.

Voting down a test ban treaty already ratified by Britain and France would work against achieving public support in Europe for these U.S. objectives. So will new threats to junk the ABM treaty if the Russians do not yield immediately to U.S. demands.



BY MARGARET SCOTT

The administration's efforts in this area are late and timid. But they deserve an opportunity to succeed or fail, and not to be undermined at the starting gate by a hasty Senate vote on nuclear testing held on partisan lines.

As leaders on both sides of the aisle have suggested in recent days, the future is too serious a subject to be determined in the haste triggered by Senate Majority Leader Trent Lott's abrupt scheduling of a vote for Oct. 12. More time, and a serious effort to fit this vote into a broader picture of America's responsibilities and opportunities abroad, are needed.

George Perkovich

. . . The Next President Will Pay the Price

If the Senate eventually fails to ratify the Comprehensive Test Ban Treaty, there will be another victim besides the one Senate Republicans intended. For it is not only President Clinton who will be harmed by the action but the person who takes office as president—and many Republicans presume it will be one of their own—in 2001. The new president will face nuclear shock waves around the world, bereft of bipartisan support when he most needs it.

Here are some likely scenarios:

■ India will probably conduct more nuclear weapons tests. India's nuclear scientists and hawkish strategists want a sophisticated arsenal, ranging from small tactical weapons to huge hydrogen bombs. They also wish to overcome doubts about the technical performance of the weapons tested in May 1998. More tests would satisfy them and their potential military "customers" that they can mimic the great powers.

Conversely, ratifying the test ban treaty would tether the nuclear hawks and allow India to concentrate on the economic route to major powerdom. India's leading statesmen, Prime Minister Atal Bihari Vajpayee and Foreign Minister Jaswant Singh, recognize this and want to avoid a costly and dangerous arms race. A Senate rejection of the test ban treaty would undermine these statesmen and badly complicate increasingly vital U.S.-Indian relations.

■ Pakistan would match India test for test. This would lead to the kind of arms race that Presidents Reagan, Bush and Clinton have sought to block in the subcontinent. Lest an arms race seem inconsequential, it should be recalled that India and Pakistan just battled in Kashmir. The fighting came closer to erupting into an all-out war and possible nuclear escalation than was reported. If more testing occurs and hawks in both countries are unleashed, defense spending will increase. Pakistan will move closer to bankruptcy. This will heighten the risk of Taliban-like groups gaining power in Pakistan, metastasizing cells of intolerance, aggression and anti-American terrorism that would bedevil the next American president.

■ While China has signed the test ban treaty, it will not ratify it if the United States doesn't. China assumes that rejection means Republicans want to conduct more nuclear tests; otherwise, why wouldn't they ratify? In this case, China will make preparations to resume nuclear testing, especially if India conducts more tests. China possesses only some 20 long-range, single-warhead missiles capable of striking America. This poses no serious threat to the U.S. deterrent. China has conducted some 45 nuclear explosive tests, the United States 1,030. The test ban is valuable precisely because it constrains the kind of weaponry advances that the Chinese military might otherwise wish to make with purloined American design information.

■ Japan will face pressure to reconsider its nuclear abstinence if China and India build up nuclear forces. Test ban opponents in Washington argue that American ballistic missile defenses should reassure Japan that it does not need to hedge its bets. However, the Japanese, like U.S. allies in Europe, recognize the technical and strategic problems posed by inevitably less-than-perfect defenses. Indeed, Senate rejection of the test ban paired with aggressive promotion of ballistic missile defenses will prompt China and Russia to feel that the United States is bolstering its capacity for nuclear coercion and possible first use. Moscow and Beijing will augment their nuclear offenses to counter defenses. In this context, Japan (and NATO allies) will feel more rather than less threatened. The next American president could then confront a crisis in alliance relations.

■ Globally, rejection of the test ban will endanger the nuclear nonproliferation regime. In 1995 the international community agreed to extend indefinitely the Nuclear Non-Proliferation Treaty on the promise that the nuclear weapon states would complete a test ban treaty by 1996. This was the minimal disarmament condition that the world would accept from the United States and the other nuclear states. The 187 parties to the nonproliferation treaty will meet next April to review the status of the treaty. If the Senate rejects the test ban, we can be sure that measures to tighten nonproliferation controls and maintain sanctions on Iraq will be opposed by an outraged international community. Instead of being the champion of nonproliferation, the United States will be seen as the rogue state of proliferation.

Again, isolationists may say, "Who needs the nonproliferation regime? If we feel threatened by proliferation, we can take care of it ourselves." But the U.S. interest in keeping countries such as Iran from acquiring nuclear weapons requires cooperation from states such as Russia and our European allies in controlling exports. Washington's persuasive powers will be seriously undermined by roguish behavior on the test ban treaty.

Republicans in the Senate who want both to defeat the test ban and elect a Republican president should be careful what they wish for. If they reject this treaty they will create conditions that no new president could welcome. Given that the United States could ratify the treaty and still legally escape from it if a threat to national security emerged, the next president would likely wonder, "Whose idea was this?"

George Perkovich is the author of "India's Nuclear Bomb," to be published next week.

The Washington Post

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I had good visits
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U.S.-Vietnam Trade Pact Still in Limbo

Politburo Hard-Liners Fret That Economic Openness May Foment Instability

By SAMANTHA MARSHALL
Staff Reporter of THE WALL STREET JOURNAL

When Vietnam and the U.S. said in July that they had agreed in principle to normalize trade relations, U.S. diplomats and investors were jubilant. Perhaps they should have waited for the ink to dry.

Three months later, the deal still isn't signed. Last-minute divisions in Vietnam's top-level Politburo have held it up, say Vietnam watchers, signaling the resurgence of concerns among hard-liners that economic openness might lead the Communist Party to lose control of key industrial sectors or invite political instability.

"Conservatives are saying it's better to stay out [of the trade deal] and maintain their insulation for a bit," says Carlyle Thayer, a professor at the Asia-Pacific Center for Security Studies in Honolulu.

Several Deadlines Missed

Vietnam already has missed several deadlines for signing the agreement, which needs to be approved first by Vietnam's National Assembly, then by the U.S. Congress, before Vietnam will get so-called normal trading relations with the U.S. (a status formerly known as "most favored nation," or MFN). To ensure passage in the next congressional session in Washington in November, Vietnam would have had to sign by the end of last month, because the U.S. Congress requires at least 60 days' notice before it can take action on a document.

Now the deal will have to wait for Congress to meet next year, timing that puts it at risk of being sidelined by national elections in the U.S. Meanwhile, Vietnam's allies in Washington, such as Sen. John McCain (R., Ariz.), may leave Congress soon, rendering trade relations with Vietnam without political defenders and lobbyists still chafing over old Vietnam War wounds.

In Vietnam, people familiar with the situation say, the holdup is partly because officials who weren't in the loop from the beginning of the negotiations are having new and complicated terms explained to them—giving rise to much debate in the consensus-driven National Assembly. On a recent visit to Finland, Prime Minister Phan Van Khai alluded to differences of opinion in the assembly on some technical points in the 100-page document.

"They want to make sure everyone is onboard," says Tony Salzman, president of Caterpillar construction-equipment dealer V-Trac in Ho Chi Minh City. But on the other hand, "what have the past four years of negotiation been about?" he asks. Last-minute balking at a deal that was all but signed "looks very bad to the international investment community," he adds.

'Unfathomable'

Why Vietnam would want to put the agreement at risk after four years and nine rounds of painstaking negotiations is "unfathomable," says Frederick Burke, vice chairman of the American Chamber of Commerce in Ho Chi Minh City, and a lawyer with U.S. firm Baker & McKenzie.

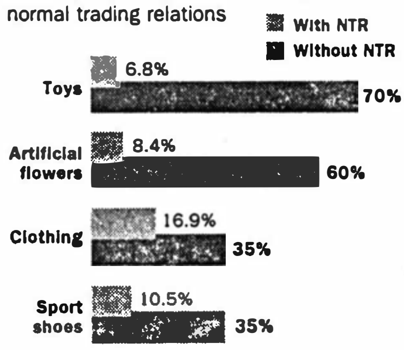
By signing the deal, Vietnam would open up the world's largest market for its exports, generating as much as $800 million in new exports, the World Bank estimates. Among the first sectors to benefit would be Vietnamese textile and footwear industries—sectors that economists say could help lead Vietnam out of an agriculture-dependent economy.

A common perception, however, among Vietnam's state-controlled media is that the U.S. has more to gain from the deal than Vietnam. No matter that freer trade stands to add a relatively minuscule $56 million a year to America's annual output. Vietnam would earn three times that figure, according to World Bank estimates.

One possible sticking point: Vietnam's powerful military will have to give up its monopoly on several state-owned industries to meet the terms of the agreement. Furthermore, remarks on human rights by U.S. Secretary of State Madeleine Albright on a recent visit to Vietnam may have rankled Communist leadership. Vietnam may have also been under pressure from China not to sign the deal before Beijing has completed its negotiations for entry into the World Trade Organization. If Vietnam caves in to U.S. demands, China might lose its chance to squeeze concessions out of the U.S., the theory goes.

An Accord at Risk

Duties on selected imports into the U.S. from Vietnam, with—and without—normal trading relations



Source: Vietnam Economic Times

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