THE PRESIDENT HAS SEEN
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March 14, 1997

Copies sent to Smith Bowles

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: Craig Smith

SUBJECT: Weekly Political Update

These reports are very informative. Thanx BC

ARIZONA

Governor Fife Symington, who faces trial on financial fraud charges, announced this week that he'll fight to keep his job. Additionally, he plans on running for a third term in 1998. Despite polls showing the majority of Arizona residents think Symington should step down, attempts to hold a recall vote have failed. To date, no one is officially in the race.

COLORADO

There is still speculation in Colorado newspapers that Governor Roy Romer is considering a challenge against Senator Ben Nighthorse Campbell. Other possible contenders include U.S. Representative David Skaggs, who is taking a serious look at the U.S. Senate race. Skaggs has been meeting with Democrats around the State about taking on Sen. Nighthorse Campbell, but has acknowledged that a major factor is the plans of Gov. Roy Romer.

The Colorado Legislature is poised to send what is a called a "referred measure" to the voters for the 1998 ballot that would, in essence, dismantle state affirmative action programs in personnel and higher ed. As a referred measure, the Governor will not be in a position to veto the measure.

The Colorado House passed a measure that bans same sex marriages - essentially equating same sex partnerships with prohibited marriage under Colorado law (like incest, bestiality, etc.). The Senate was poised to do the same when last Friday, the Governor sent a letter to the Legislature warning that he would veto the bill unless it were completely rewritten. Romer proposed a simple bill that conforms with the federal legislation signed by the President -- stating that the term "marriage" in Colorado is between man and woman and the Colorado will not recognize marriages performed in other states that does conform with that definition. In essence, Romer was offering a moderate alterative. The Governor also stated in the press that he would create a commission to study domestic partnership issues for gay and lesbian couples. The Senate passed Romer's proposal with a majority of Republican votes and some Democrats. The Senate and House now have to resolve differences in conference. Romer has said he will not accept any changes from his proposal.

Lt. Governor Gail Schoettler definitely plans to run for Governor in 1998. She may be challenged in the primary by Colorado Senate Minority Leader Mike Feeley, but realizes the need to avoid a primary battle. The primary, if necessary, is in August 1998.

Clips are attached.

CONNECTICUT

In the 1994 governor's race, an issue was made of an argument that allegedly took place between Republican candidate John Rowland and his wife. The existence of a police report describing the argument caused Rowland some problems and his support among women dropped significantly. Rowland was still able to win a tight three-way race, but the *Hartford Courant* has been attempting for three years to get a copy of the police report. This week a state appellate court ruled that Connecticut's Freedom of Information Act did not require that the report be made public. Governor Rowland expressed relief, but the *Courant* may still appeal.

DISTRICT OF COLUMBIA

This week, District leaders went up to Capitol Hill to testify in support of the Administration's proposal to "Revitalize the Nation's Capitol." Both Mayor Barry and Council Chair Pro Temp Jarvis emphasized the importance of your plan in assisting the nation's capital in its financial recovery. But, Control Board Chairman Andrew Brimmer testified that the President's plan would actually contribute to the District's deficit in succeeding years because of cash flow shortages and obstacles to short term borrowing caused by the elimination of the city's federal payment. Raines in news accounts, disagreed with Brimmer's assessment.

District leaders are praising the selection of U.S. Attorney Eric Holder as the number two person at Justice. Mr. Holder's tenure as the District's U.S. Attorney has been widely praised by law enforcement officials and community activists. Congresswoman Norton, who had senatorial courtesy in 1993, will begin to look for a replacement and will make her recommendation to the White House next month.

Clips are attached.

HAWAII

Republicans in Hawaii have announced their plan to challenge U.S. Senator Daniel Inouye in his bid for a seventh term with conservative freshman GOP state Senator Sam Sloam.

Inouye insiders contend Congressman Neil Abercrombie (D) is considering not running in '98. An insider rumor suggests former Governor John Waihee is a potential candidate.

KENTUCKY

As you know, Sen. Wendell Ford announced this week that he will not seek a fifth term. Rep. Jim Bunning (R) is the likely Republican nominee. The lone Democrat in the congressional delegation, Rep. Scotty Baesler (D), said he will run, which puts his House seat in jeopardy of a Republican pickup. Attorney General Ben Chandler (D) and Lt. Gov. Steve Henry (D) are likely to enter the race as well. Another possibility is Louisville Mayor Jerry Abramson (D). Ex-Kentucky Human Resources Sec. Masten Childers (D) said he may run and challenge his opponents to adopt a voluntary cap on contributions to" set an example for the nation."

IDAHO

The Democratic Party elected A.K. Lienhart-Minnick as the new State Chair. A.K.'s husband is Walt Minnick who ran for U.S. Senate last Fall.

INDIANA

Attorney Peter Rusthoven, who served as Associate Counsel under Reagan from '81-'85, announced the formation of a committee to explore a run against Evan Bayh for the U.S. Senate next year. Rusthoven said he hopes "the party will coalesce around a single candidate, and that I will be that standard bearer. ... [The '98 election] is not a referendum on the past. It's not a referendum on the whether anybody is nice person. It's a race about the future. ... Why would Hoosiers want a senator who will cancel out Dick Lugar's votes 90% of the time? Why would Hoosiers want a senator who will vote with the Clinton Administration 90% of the time?" Bayh has already raised $1.5 million. Ft. Wayne Mayor Paul Helmke (R) is interested in the race. Rep. David McIntosh (R) seems less inclined to enter the race now that he has found such notoriety leading the House subcommittee investigating the White House.

IOWA

Gov. Terry Branstad (R) announced that he will not seek a fifth term and endorsed Sen. Chuck Grassley. This puts considerable pressure on Grassley, who state Republicans feel is the only other candidate who can beat Sen. Harkin. Grassley has said he will make his plans for '98 known by the end of April. Before Branstad's announcement, most observers were predicting that Grassley would seek reelection next year. Sen. Harkin is very interested in the gubernatorial race but his wife, Ruth is not a fan of the idea. If Harkin is successful in forcing Grassley out of the race, he might drop the idea of a run next year.

ILLINOIS

Rep. Glen Poshard, D-IL -- who previously indicated he would not seek re-election in 1998 after imposing a five-term limit on himself-- announced he is a candidate for governor next year. He is expected to face a tough battle in the Democratic Party's gubernatorial primary: Former U.S. Attorney General John Schmidt, who has personal wealth and close ties to Chicago Mayor Daley, is expected to run. And former state Attorney General Roland Burris and former state Comptroller Michael Bakalis -- both of whom had been contemplating a primary challenge to Sen. Moseley-Braun, are now looking at running for Governor.

Popular incumbent GOP Governor Jim Edgar has yet to say whether he will seek re-election or run for the Senate. Governor Edgar was in Washington on March 11th to meet with Senators Ashcroft and McConnell to discuss a possible bid against Moseley-Braun.

Mayor Daley has signed on as a co-chair of Senator Mosely-Braun's finance committee and is putting together an event on March 24th which is expected to raise $500,000. This fundraiser should wipe our her current debt and provide her with a small surplus in the bank.

THE PRESIDENT HAS SEEN
3-11-97

MARYLAND

Lt. Governor Kathleen Kennedy Townsend will again be the running mate to Governor Parris Glendening in 1998. She indicates their highest need is for party-building activities in the state.

MASSACHUSETTS

Governor Weld's eight-day trade mission to Israel, Dublin and Belfast added fuel to the speculation that an ambassadorial post remains a possibility for the popular governor. Weld has not announced whether he will run for reelection in 1998, but promised to only serve two terms when he first ran for election. According to sources close to Weld, he will seriously entertain an offer of a significant ambassadorial post. Clearly, if Weld does not run for reelection, Congressman Joe Kennedy would be a heavy favorite in the 1998 race. Another reason Weld may be delaying his decision is that his good friend, Lt. Gov. Paul Cellucci, needs time to recuperate from financial problems before a potential primary fight with State Treasurer Joe Malone.

MINNESOTA

State Sen. Roy Terwilliger (R) became the first Republican (of many to come) to announce his candidacy for governor. Terwilliger is a "straight arrow" with a "low profile" who is unlikely to win the right-wing state party's endorsement. Lt. Gov. Joanne Benson and St. Paul Mayor (and recent party switcher) Norm Coleman are the two top Republicans most often mentioned for this race. Announced Democrats are: Ted Mondale, Attorney General Skip Humphrey, former Auditor Mark Dayton and Hennepin County Attorney Mike Freeman.

MISSOURI

Popular Attorney General Jay Nixon (D) announced the formation of a committee to explore a run against Sen. Kit Bond (R) next year. Though Nixon was beaten badly by Sen. Jack Danforth (R) in 1988, he was the top Democratic vote-getter in the state in 1996. Bond has $1 million in his campaign account but is vulnerable due to press accounts of alleged alcohol abuse and mismanagement of his family fortune. Gov. Carnahan will be very active in helping Nixon raise the funds needed for this race.

MONTANA

Good

Secretary of State Mike Cooney, has begun exploratory efforts for a 1998 congressional race against Rick Hill (R).

NEBRASKA

Lt. Governor Kim Robak has been raising money and polling in anticipation of possibly running for governor in 1998. Robak stresses the need to rebuild the state party and field organizations in order to prevail.

NEW HAMPSHIRE

New Hampshire's two most powerful leaders, Gov. Jeanne Shaheen (D) and House Speaker Donna

Sytek (R-Salem), are battling over kindergarten and cigarettes. New Hampshire is currently the only state that does not provide kindergarten. Shaheen promised to change that in her campaign. Shaheen has proposed an increase in the state cigarette tax from 25 cents to fifty cents to pay for grants to towns to fund kindergarten. Sytek opposes the new tax and the use of the money for kindergarten. Internal polls show that the public supports Shaheen's plan (78%-22%). This week while Sytek was in Washington for a conference, Shaheen gained the support of one member of Sytek's leadership team, Majority Leader Emeritus Ann Torr (R-Dover). Torr stressed that they have to consider the children of New Hampshire before partisan disputes when she said, "Five year olds don't know what an 'R' is or what a 'D' is."

NEW JERSEY

The Democratic gubernatorial primary has officially narrowed to three people: State Senator and Woodbridge Mayor James McGreevey, Congressman Rob Andrews (D-01), and Former Morris County prosecutor Michael Murphy. Murphy is not considered a threat to the other two candidates. This week Cherry Hill Mayor Susan Bass Levin ended speculation that she would run, but did not endorse either of the frontrunners. Former Insurance Commissioner George Zoffinger also declared he was not running, but he endorsed Andrews. Freshman Congressman Steve Rothman also endorsed Andrews. It appeared that after two weeks of endorsement after endorsement, Andrews was rolling to an easy win. Some Democrats even tried to convince McGreevey to drop out, but late this week Andrews's momentum was stopped when his supporter, Essex Co. Chair Thomas Giblin, was thwarted from delivering the county endorsement. If the Essex County Party had put Andrews on its ballot line, it would have been a deathblow for McGreevey. Hudson County Executive Robert Janiszewski and Cong. Menendez (D-13) have already endorsed Andrews and delivered the Hudson County Party ballot line.

McGreevey also got good news from the financial reports. He has out fundraised Andrews to this point $1.5 million to $500,000. Andrews will have to spend the next month raising money in order to compete in the June 3rd primary.

A *Newark Star Ledger*/ Eagleton poll conducted 2/27-3/6 of 800 adults provided the Democrats with more hope of being able to beat Gov. Whitman in November. The analysts concluded that while a Democratic candidate will have to find an issue that catches on and that it will be difficult to beat Whitman, "it may not be as difficult as people thought."

Vote for Whitman?	All	GOP	DEM	IND
Yes	39%	75%	20%	33%
No	29	8	55	27
Depends on Dem. Nominee	22	12	20	28

Whitman Job Rating	
Excellent	10%
Good	42%
Fair	29%
Poor	15%
Don't Know	5%

Finally, McGreevey announced that his campaign has hired Regina Thomas, Thomas ran the highly successful African American effort in New Jersey during the 1996 election. Penn & Schoen will do his polling and Struble, Oppel, Donovan are his media consultant.

SOUTH CAROLINA

When Governor Beasley was facing a potentially dangerous Democratic challenger in Charlestown Mayor Joe Riley (D), he decided to move toward the political mainstream and supported a proposal to remove the confederate flag from the top of the state house. The debate on the issue was quite hostile and it appeared that the flag supporters would likely win. This week the debate was cut short because Beasley conceded defeat. Analysts believe that Riley's withdrawal last week led Beasley to move his attention from winning the general election to a possible primary challenge from his right. Beasley's withdrawal of the flag proposal was seen as way to appease his party's conservative wing.

SOUTH DAKOTA

Attorney/RNC member Ron Schmidt said he is "seriously considering" a run for the seat of Minority Leader Tom Daschle. Schmidt would join a GOP field that already includes state Senator Alan Aker.

TEXAS

Knee surgery. You and Governor Bush, share something in common--knee surgery. On Wednesday, Bush underwent orthoscopic knee surgery to repair cartilage damage, due to an injury obtained while jogging.

TX-28 Congressional District Special Election. The special election to replace the late Congressman Frank Tejeda is Saturday, March 15. There are 15 candidates on the ballot--9 Democrats, 4 Republicans, 1 Independent. Most observers believe there will be a runoff between State Representative Ciro Rodriguez and ex-San Antonio City Councilman Juan Solis--both Democrats. Rodriguez is viewed by many as the frontrunner because of his strong campaign organization, labor endorsements, and finances. Solis is viewed as the pro-business candidate. The Tejada family is supportive of Juan Solis, but the Tejada political machinery is backing Rodriguez. The dark horse of the campaign is Carlos Uresti, whose resume is identical to the late Frank Tejeda. Even though he is a second-tier candidate, he is viewed as an up and coming political player who could win a down-ballot office. The campaign has become nasty and will continue through the runoff. The runoff will take place within 30 days of the special election. The anticipated date is April 15. We will be tracking the results on Saturday.

Polls. President Clinton is enjoying his highest favorability ratings in Texas right now. A Harte-Hanks Texas Poll released on March 1 showed the President's favorable rating at 60%, up 7 points from November 1996, and an unfavorable of 37%. (Texas Poll, February 3-15, random sample of 988 adults, phone survey and ± 3% margin of error). The Texas poll correlates closely with a national Pew Research Center Poll that found 60% of Americans approve of the job President Clinton is doing. The Texas Poll showed the following:

* Highest ratings among Hispanics and African Americans. Younger Texans and lower

income residents had a more favorable opinion of the President than the elderly and the rich.
* 66% favorable rating from women, 55% from men.
* Most popular among singles rather than married people.
* Regionally, President Clinton rated the highest in South Texas, 71% favorable and lowest in Central Texas with 52%.

Some of our contacts are cautious of the results, believing that the fundraising articles haven't hit, and we are still riding high on the wave of the re-election and inaugural. Others believe that the public doesn't care about campaign finance reform. *Clips are attached.*

75TH Legislature. The last day to file bills for consideration in the legislature is today. The session ends June 2nd. The most controversial bill in this session is the property tax relief bill proposed by Governor Bush, but it has gone nowhere. A nine-member House Select Committee was appointed by Speaker Laney to fix the bill. State Representative Christine Hernandez, our '92 Texas C/G political director, serves on that committee. She is the only woman and the only Hispanic on the committee. Other noteworthy bills include school vouchers, a minority college enrollments, and a campaign finance reform.

UTAH

State Chair Mike Zuhl announced he will run for Salt Lake City Mayor in '99. He joins a democratic field of Dave Jones, State House Representative and Jim Bradley former gubernatorial candidate.

cc: The First Lady
Mrs. Gore
Erskine Bowles
John Podesta
Doug Sosnik

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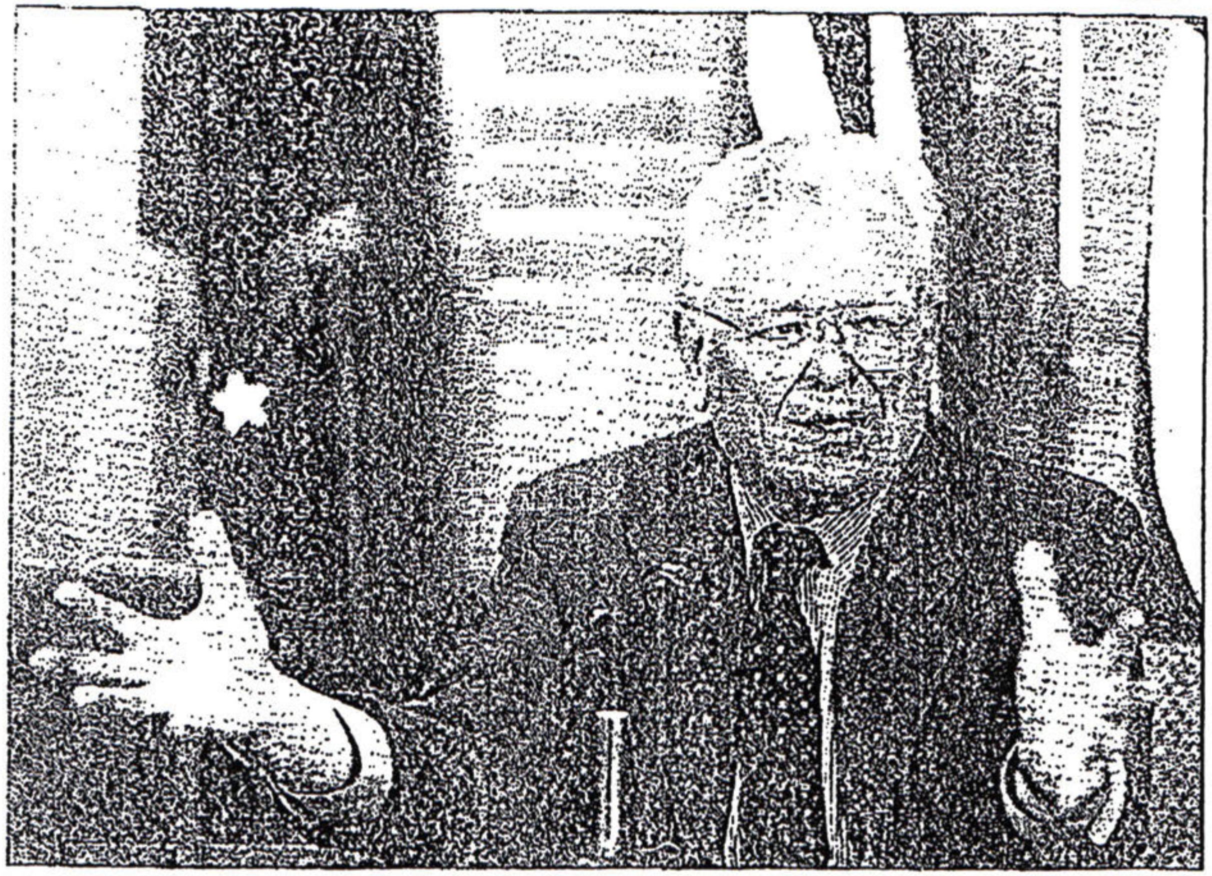

Steve Groer/Rocky Mountain News

Colorado Gov. Roy Romer, speaking with reporters in his Denver office Thursday, says being the general chairman for the Democratic National Committee has been an "interesting experience."

Running Dems a challenge every day, Romer admits

By John Sanko
Rocky Mountain News Capitol Bureau

Gov. Roy Romer says being general chairman of the Democratic National Committee, has been an eye-opener.

"Every day there's something new that arises," Romer said Thursday from his office in the Colorado statehouse. "It has been an interesting experience."

The DNC has been awash in campaign finance problems, with a new situation arising almost daily.

One recent incident, Romer cited as an example, involved the DNC offering to refund a $107,000 donation made to the party by the Cheyenne-Arapaho tribe of Oklahoma. Cheyenne-Arapaho leaders complained they were coerced into the donation from a tribal welfare fund, but did so in hopes of clearing up a land dispute.

See ROMER on 23A

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By John...

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Drivers eluding cops could wind up walking

By John Sanko
Rocky Mountain News Capitol Bureau

Motorists who lead police on high ... license plate number, then track down the vehicle's owner, who could either help identify the driver or ...

Pay hike for law... passes Senate ...

By John Sanko
Rocky Mountain News Capitol Bureau

A proposal to boost lawmaker salaries by more ...

Romer says cleaning up DNC has been a challenge

ROMER from 14A

The day after the refund was offered, tribal attorney Rick Grellner said Indian leaders "want their land, not their money."

"Midday, we sent another letter to the tribe telling them there cannot and never will be any connection between (the land and the donation)," Romer said. "It's not the way it works. We still haven't had an answer. The story is still lingering."

In addition, there are daily comments by members of Congress about fund-raising problems and new situations cropping up all of the time, Romer said.

"You try to sense what the next day's story is going to be," Romer explained. "I've got to be on a talk show Sunday morning. If you want to prepare for the talk show on Sunday, you can't even do it on Saturday because of what the heck happens in the wee hours before you get on there."

But Romer insisted the DNC is trying to clean up the situation that he inherited when he accepted the spokesman job at President Clinton's request.

"We have in place rules and procedures that go far beyond what the law requires. They're very precise and very highly regulated. We're having the press in on any of our fund-raising functions like two dinners with the president. It's an interesting atmosphere."

Asked whether the situation as DNC chairman was making a bid for the U.S. Senate from Colorado next year more attractive, Romer insisted, "I don't have that on my mind."

Romer to create commission to study needs of homosexual couples

By John Sanko
Rocky Mountain News Capitol Bureau

1997 LEGISLATURE

INSIDE
■ DNC post eye-opener for Romer/14A

Gov. Roy Romer said Thursday he will create a commission to study the needs of homosexual couples in long-term partnerships.

"I believe that partners of the same sex have a real need for clarification of what their status is," Romer said.

"By executive order, I will form a commission. I think there probably are people unhappy on both sides of this issue."

At the same time, Romer issued a warning to lawmakers who are considering a ban on same-sex marriages, telling them they risk a veto if they change his suggested wording.

The measure has been approved in both legislative houses, but has not been sent to Romer's desk.

Romer volunteered the comments during a news conference after he signed several other bills.

Both houses have approved HB 1198, which bans same-sex marriages in Colorado and won't recognize those performed in other states.

But Rep. Marilyn Musgrave, R-Fort Morgan, the chief House sponsor, has said she intends to ask for a conference committee because of the Senate's wording in the bill, which is different from that approved by the House.

The legislation was amended in the Senate to include wording that Romer sought. Last year he vetoed a same-sex marriage ban Musgrave sponsored.

"I'm not very flexible — not very flexible," Romer said about any attempt to change the wording. "I did this in the spirit of trying to get us down the road. If somebody wants to come in and begin to amend that language, it's most likely I would just veto the bill."

Romer said he would provide details later on his plans to create a commission.

"I don't think you get this problem solved by polarizing it," Romer said. "I think what we need to do as a community is begin to understand each other better. The fact of life is that there are some people who have a sexual orientation that is different from others."

In other action Thursday, Romer:

■ Signed HB 1131, preventing the insurance industry from denying medical coverage to applicants solely because they ride motorcycles, snowmobiles or cross-country vehicles.

■ Said he believed earmarking 10 percent of vehicle and vehicle parts sales taxes to Colorado's roads went beyond what he wanted.

■ Said he supported a proposal by President Clinton to give the states flexibility to use toll roads to get additional money needed for transportation. Romer said he wasn't endorsing toll roads, but the ability of states to use them in some cases.

Rocky Mt News 3-14

DNC returns donations by 2 tribes

Indians saw contribution as necessary to be heard

Associated Press

OKLAHOMA CITY — The Democratic National Committee returned a $107,000 donation from two impoverished Indian tribes, saying it could not keep money from a group that thought government influence came only at a price.

The Cheyenne-Arapaho tribes made the donation last year in hope of winning back 7,500 acres seized by the federal government a century ago. To make the contribution, the tribes drained an emergency relief fund.

The DNC said it mailed back the donation on Thursday.

"There seems to be a link in the minds of the tribes' members that they needed to give this money in order to be heard on an official government matter," DNC chairmen Steve Grossman and Roy Romer said. "That is not the case, and we cannot retain this money if they believe that to be so."

The party said it accepted the donation to help the party expand its American Indian voter registration but gave it back because of the tribes' position on why it made the donation. The DNC also said it was unsure from which tribal fund the donation came. The Interior Department is examining whether federal money was used to make the political donation.

The tribes' public position that they gave money in hopes of influencing policy, combined with the economic hardship the donation created, raised public relations concerns for Democrats.

The tribes are seeking land the government took in 1869 to build the now-defunct Fort Reno. The tribes want to transform the old fort into a tourist attraction.

Some Cheyenne-Arapaho tribal members who say they never consented to the donation have called for a congressional investigation.

Minyon

Times 3·14·97

Aid package blasted on Hill

Norton sees problems with Clinton's plan

By Vincent S. Morris
THE WASHINGTON TIMES

D.C. Delegate Eleanor Holmes Norton yesterday declared President Clinton's $3.9 billion aid package for the city "in serious jeopardy," after the city's top leaders said the plan isn't all it's cracked up to be.

After a three-hour hearing before the House and Senate government oversight subcommittees on the District, Mrs. Norton, a Democrat, said concern about the plan's impact on the city's finances is too serious to ignore.

"I'm not going to say you can't put Humpty Dumpty back together again but I will say he's pretty broken up," said Mrs. Norton. "I'm not mincing any words here. The testimony puts the plan in serious jeopardy."

The testimony was offered by D.C. financial control board chairman Andrew F. Brimmer and Chief Financial Officer Anthony A. Williams, both of whom were offering their first detailed views on Mr. Clinton's massive proposal.

In frank and critical terms, the two — especially Mr. Brimmer — highlighted a series of failings in the plan, particularly a provision to yank the $660 million annual federal payment.

"The [control board] is very concerned with the prospect of the federal payment's elimination. The federal payment is not a gift," said Mr. Brimmer, who like the other four control board members were appointed by Mr. Clinton. Mr. Brimmer raised his eyebrows with his strong criticism of the president's offering.

Mr. Brimmer provided an analysis that he said shows Mr. Clinton's plan will cost the city money after 1998.

"Even assuming that the president's plan is implemented, the District ... would not be out of the woods," said Mr. Brimmer.

He also poked a hole in Mr. Clinton's $300 million economic development package for the city, which received gushing reviews in a White House ceremony on Tuesday.

Mr. Williams was not as critical as Mr. Brimmer but said that losing the federal payment could create cash-flow problems for the city and make it harder — and more expensive — to borrow money.

Mr. Clinton's plan calls for the federal government to take over the city's tax-collection system, as well as court and prison operations. The federal government would assume pension liability, would boost its contribution to Medicaid expenses and establish a $125 million fund to repair roads and bridges.

In exchange, the city would forfeit its federal payment, as well as make unspecified management improvements.

Mr. Brimmer said the government should pay a larger share of Medicaid costs and consider taking over St. Elizabeths Hospital, the mental health facility whose operations costs the city $113 million yearly. And he questions unemployment compensation and welfare management jobs, which the city currently provides but which are typically state responsibilities.

Franklin D. Raines, director of the federal Office of Management and Budget, says the federal payment has to be dropped in order to minimize the plan's impact on the budget. It's also being dropped, though Mr. Raines hasn't said this publicly, to assuage conservatives on Capitol Hill who are not eager to offer the District too much generosity at once.

While the hearing included testimony from Mayor Marion Barry and D.C. Council Chairman Pro Tem Charlene Drew Jarvis, the bulk of the questions were directed at Mr. Brimmer and Mr. Williams — both of whom are highly regarded in Congress.

But Mr. Barry was forced to defend himself from questions from Rep. Thomas M. Davis III, a Virginia Republican and chairman of the House Government Reform and Oversight subcommittee on the District. Mr. Davis peppered Mr. Barry with questions about his failure to implement management reforms, such as renegotiating expensive city leases and monitoring heating fuel costs.

Mr. Davis, who is generally on good terms with the mayor, also quizzed him about a lack of cooperation in dealing with Mr. Brimmer and at one point referred to Mr. Barry's testimony as "wandering all over." Earlier, Mr. Davis checked his watch and stifled a yawn during Mr. Barry's testimony.

The mayor objected to Mr. Davis' use of the word "wandering" and said so loudly, before launching into a defense of his relationship with the control board. "We have excellent cooperation," said Mr. Barry.

But "I have certain constituencies ... I have promises I made during the campaign," he added, to explain his recent split with the control board over its decision to order him to come up with deeper budget cuts.

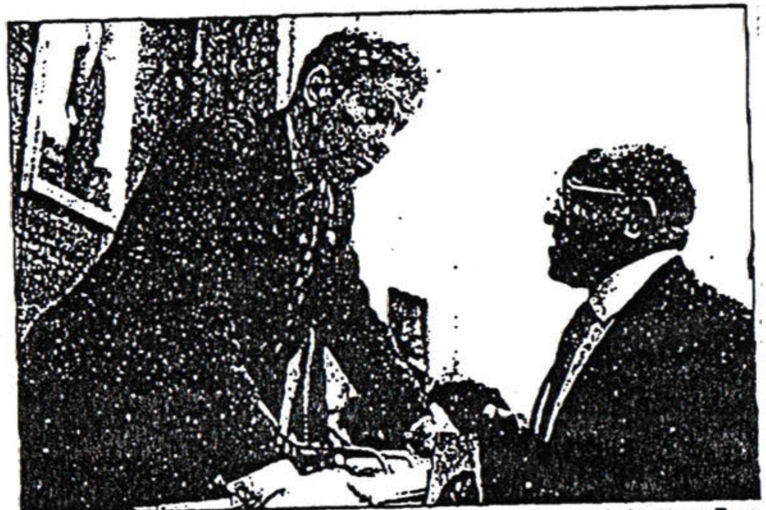


Photo by Kenneth Lambert/The Washington Times

Rep. Thomas M. Davis III (left) talks with financial control board Chairman Andrew F. Brimmer before the hearing on the District.

Key Senator Blasts D.C. Economic Plan

GOP's Brownback Says Clinton Proposal Encroaches on City Affairs

By David A. Vise
Washington Post Staff Writer
Friday, March 14 1997; Page A17
The Washington Post

A key Senate Republican said yesterday that President Clinton's economic development plan for the District is a "bad idea" because it focuses on central planning, federal control and specialized tax breaks.

Sen. Sam Brownback (R-Kan.), chairman of the Senate Governmental Affairs D.C. subcommittee, said he is vehemently opposed to the $300 million package of tax breaks and grants intended to spur investment and create jobs. Brownback assailed the plan's central feature -- creation of a federally controlled D.C. Economic Development Corporation to direct growth and allocate $97 million in tax breaks -- as a heavy-handed White House intrusion into city affairs that would fail.

"It would be a `Department of Commerce for D.C.,' it looks like to me," he said during a congressional hearing. "I think it is a bad idea. Seven members appointed by the president handing out tax subsidies in the District of Columbia -- this isn't a plan for economic revitalization. You are just going to give certain people and groups a tax break. That is not how you grow an economy."

The economic plan is part of the White House's broad-based D.C.-aid proposal that would transfer control of prisons, a troubled pension fund and other District programs to the federal government. In exchange, the city would give up the annual $660 million federal payment.

But many city officials and members of Congress oppose eliminating the payment. Rep. Thomas M. Davis III (R-Va.), chairman of the House Government Oversight D.C. subcommittee, said that the city needs some of that money to pay its bills and that a sum will be included in D.C. legislation.

D.C. financial control board Chairman Andrew F. Brimmer told Congress yesterday that eliminating the federal payment would exacerbate the city's financial woes and contribute heavily to budget deficits in years to come. He said projections show the city would run a $112 million deficit in 2000 if the payment is dropped.

"The deficits persist," Brimmer warned, explaining that the city cannot afford to lose the payment because projections show rising costs but flat revenue.

After Brimmer's testimony, Del. Eleanor Holmes Norton (D-D.C.) said Clinton administration officials -- who proposed eliminating the federal payment to reduce the cost of the plan and enhance its political prospects -- should reconsider.

"Anything that leaves the District in deficit is the opposite of what the president's plan promised," she said. "This testimony puts the plan in serious jeopardy. This is a very serious blow."

Federal budget chief Franklin D. Raines has said he is willing to discuss alternative proposals with legislators. Yesterday, Lawrence Haas, a spokesman for the administration's budget office, said Brimmer's analysis was misleading because it failed to include future spending cuts.

"Our plan will provide a net positive benefit to the city," Haas said. "But let me make an obvious point: No plan will work unless it is accompanied by additional spending cuts. . . . We would expect the control board to take the lead in ensuring that the spending cuts and the prudent management occur."

D.C. Mayor Marion Barry (D) and other local officials who testified generally praised the White House economic stimulus package, which local business and civic leaders have rallied behind since it was announced Tuesday. Barry said its only major flaw is that the economic development entity's board of directors should have a majority of local appointees, rather than seven people selected by the president and two by local leaders.

D.C. community leaders have said the White House plan could help revive poor neighborhoods and move major development projects forward. D.C. Council member Jack Evans (D-Ward 2) said that if Brownback knew more about the District, he would understand the extent to which an earlier federal-local partnership, the Pennsylvania Avenue Development Corporation, had succeeded in stimulating growth.

But Brownback said he favors a broad-based capital gains tax cut or ideas built around Norton's proposal to slash federal income tax rates for D.C. residents to 15 percent. The legislator, who replaced Sen. Robert J. Dole and heads the primary D.C. oversight panel in the Senate, said he will work to defeat Clinton's economic proposal.

"I don't see it happening," Brownback said.

Norton said Brownback's opposition to the plan is significant. "It is not going to go forward in the form it is in," she said.

Haas said the Clinton administration is open to new ideas on how to stimulate economic growth in the city. But he said Norton's tax-cut proposal is too costly.

"We believe our tax cuts are properly targeted to creating jobs and increasing investment in the city, and we think they will work," Haas said.

Congresswoman
ELEANOR HOLMES NORTON
District of Columbia

NEWS

For Immediate Release
March 13, 1997

Contact: Donna L. Brazile
(202) 225-8050

NORTON BEGINS THE SEARCH FOR NEW U.S. ATTORNEY
APPLAUDS HOLDER

Washington, D.C.---Congresswoman Eleanor Holmes Norton (D-D.C.) announced today that she will begin the search for a new U.S. Attorney for the District of Columbia immediately in anticipation of the departure of U.S. Attorney Eric Holder, who has been nominated to the position of Deputy Attorney General at the Justice Department. Congresswoman Norton selected Mr. Holder in 1993 after President Clinton gave her senatorial courtesy to select U.S. District Court judges, the U.S. Attorney and the U.S. Marshal for the District. She said that she was beginning the search now and applications are available immediately from her office. "The high crime rates in the District require that there be no leadership gap in this important law enforcement post," she said.

The Congresswoman also released the following statement regarding U.S. Attorney Holder's service and appointment:

"We congratulate Eric Holder even as we regret this loss. Mr. Holder's promotion is likely to be a benefit as well as a loss to the District because we count him as another Washingtonian in high office who will help us there as he has helped us here.

"Eric Holder has a special place in the history of this city. He was the first African American to serve as U.S. Attorney and the first to be selected by representatives of the people of the District. When the President granted me senatorial courtesy, he empowered District residents, acting through a Judicial Nominating Commission, which I appointed to screen candidates. Eric Holder was one of the names the Commission recommended to me, and he has richly vindicated his selection. He has forged what we hope will be a lasting relationship between the Office of the U.S. Attorney and the many communities of the District; he has initiated new programs that improve and further professionalize law enforcement; and he has worked tirelessly to improve the Metropolitan Police Department."

###

Clinton's Texas approval rating hits 60 percent, poll says

By Max B. Baker
Star-Telegram Staff Writer

Texas Poll

FORT WORTH — President Clinton did not win Texas in last year's presidential election, but 60 percent of Texans gave him favorable reviews in the latest Texas Poll.

Clinton's popularity has gone up 7 percentage points since October, and his unfavorable rating has dropped that much, to 37 percent, according to the Harte-Hanks Texas Poll.

The president won 43 percent of the state's popular vote in November, compared with Republican Bob Dole's 48 percent and Reform Party leader Ross Perot's 7 percent.

A robust economy, low unemployment rates and Clinton's espousing of centrist views on economic and governmental policies are responsible for the president's rise in popularity, political analysts said.

Mortgage rates declined this year, and the unemployment rate is low — 5.4 percent nationally, 5 percent in Texas and 3.2 percent in Tarrant County. The number of Texans working increased by 30,000 in December and by 166,000 in 1996.

"When the economy is good, I believe that makes everybody feel good," said Allan Saxe, a political scientist at the University of Texas in Arlington. "It colors everything we do."

According to the Texas Poll, 94 percent of those polled said they would vote the same way if they had to vote again. Forty-five percent said they would vote for Clinton, 41 percent for Dole and 4 percent for Ross Perot.

But Clinton is in the midst of a second-term honeymoon, and revelations about fund-raising methods involving the White House, as well as tough decisions on budget matters, could chip away at his numbers, analysts said.

"I think it will be difficult to maintain as we get into the meat of the congressional session," said Jim Riddlesperger, a political science professor at Texas Christian University. "He can be centrist for only so long."

Among political parties, 92 percent of Democrats, 61 percent of independents and 27 percent of Republicans have a good opinion of Clinton.

In what one analyst said was a continuation of the gender gap that brought Clinton victory in 1996, 64 percent of the women surveyed had a favorable opinion of the president compared with 55 percent for men.

"He is enormously popular because he likes people, and it shows," said Gerry Tyson, a Democratic political consultant in Fort Worth. He said people are still talking about his visit to Fort Worth in the fall.

For the most recent Texas Poll, conducted Feb. 3-15, pollsters interviewed 998 adult Texans. The poll has a margin of error of plus or minus 3 percentage points.

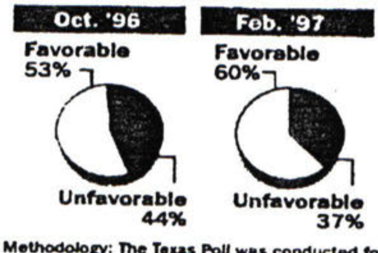
THE TEXAS POLL

Clinton's ratings go up among Texans

The most recent Texas Poll shows that 60 percent of Texans have a favorable opinion of President Clinton, a seven percentage point increase since October.

The favorable rating is how people feel about Clinton in general. It is not the same as an approval rating that measures support for how the president is doing his job.

Q: Would you say your opinion of Bill Clinton is ...



Clinton's favorable rating, broken down by demographic groups:

Income	
Less than $10,000	73%
$10,001-$20,000	72%
$20,000-$30,000	73%
$30,001-$40,000	57%
$40,001-$50,000	50%
$50,001-$60,000	44%
$60,001 and above	50%
Age	
18-29	68%
30-39	62%
40-49	57%
50-59	56%
60-94	57%
Sex	
Female	64%
Male	55%

Methodology: The Texas Poll was conducted for Harte-Hanks Communications by the Office of Survey Research of the University of Texas. Pollsters surveyed 998 adult Texans Feb. 3-15. They were contacted by telephone in a random sample of active telephone exchanges statewide. The margin of error is plus or minus 3 percentage points, slightly larger for subgroups.

THE PRESIDENT HAS SEEN
3-17-97

THE WHITE HOUSE

WASHINGTON

March 15, 1997

copies sent to Sperling Bowles

MEMORANDUM FOR THE PRESIDENT

FROM: **GENE SPERLING**

RE: **NEC Weekly Report**

cc: **Erskine Bowles**

Since this is the NEC's first weekly report to you, I have included information that predates this week.

School Construction: Legislation for your school construction proposal was sent up to the Hill on Friday. Jon Kaplan, Jake Siewert, and Ellen Seidman, together with the Education Department, coordinated a roll-out plan for the announcement in Florida. In your stead, the Vice President visited an elementary school in California on Friday to announce the legislation, and I discussed your legislation on a conference call with regional newspapers. The Vice President also delivered the Saturday Radio Address, which highlighted school construction as well as the rest of your education agenda.

Higher Education. Next week, we plan to transmit to the Hill our higher education legislation. We are working with Education and Treasury to create an event that would include announcing the legislation's transmission, releasing both Pell Grant Scholarship state by state information and an endorsement letter signed by approximately 200 college presidents.

America Reads. Bruce and I will meet internally and then with Carol and the Department of Education to formulate the best strategy for getting a bipartisan agreement on legislation that meets the goal of ensuring every child reads by the end of 3rd grade. Also remember that Gov. Bush and Gov. Wilson have both called for a specific goal for their state and use GOALS 2000 funds to do so. This may be our best chance to get bipartisan consensus on a key education budget issue.

NEXTEA: The announcement of the National Economic Crossroads Transportation Efficiency Act generated good coverage. Most notably, it was the second story on ABC News Wednesday evening, ran throughout the day on CNN, and made the front page of the *Los Angeles Times*. Some reports, however, did focus on a relatively minor aspect of the plan which would allow states to charge tolls on existing interstate highways. Critics have charged that this provision amounts to double taxation. This change was made in response to requests by some states for another source of revenue for state and transportation.

THE PRESIDENT HAS SEEN
3-17-97

The reaction to the bill was very encouraging, even among key Republicans. Thursday's *Congress Daily* ran with "Key Players Praise NEXTEA Plan." Sen. Chafee lauded it for building on the landmark ISTEA bill. Chairman Shuster stated he is pleased with the proposal's emphasis on safety, interstate maintenance, the National Highway System and "innovative financing" provisions and made the point that it was decidedly not "Dead on Arrival." He did voice concerns that the plan does not spend more money from the transportation trust fund, and uses highway funding for Amtrak and the D.C. transit system.

In order to ensure that this is seen as an important White House priority, I started a NEXTEA Working Group that includes all the relevant departments to discuss our long-term legislative and outreach strategy. Post-rollout, we are working with DOT to amplify the NEXTEA message through congressional visits, creation of an Internet site, and a mailing to constituent groups. Together with other EOP offices, we will be reaching out to groups with a particular interest in our bill, including those representing sustainable transportation, welfare-to-work and urban issues.

agree

I recommend that we look for good places where we can issue Presidential statements that show your constant involvement in this issue.

Financial Services Modernization: Next Tuesday, we will hold an NEC principals' meeting on Treasury's financial services modernization proposal. With the Treasury Department, we have prepared a briefing memo for the principals that outlines the four main issues: (I) go/no go; (ii) banking and commerce; (iii) holding company regulation; and (iv) CRA -- where there has been considerable lobbying from all sides. Treasury intends to announce the Administration's position on March 31, and transmit legislation on April 6, in accord with a statutory requirement from last year's BIF/SAIF bill.

DC Economic Development: Your announcement of the D.C. Economic Development package on Tuesday, March 11 was deemed a great success. Ellen Seidman has helped coordinate the various pieces of this event, including helping develop the program, working with OMB and Treasury on business outreach and writing documents. On Thursday morning, staff followed up with a meeting with the DC Strategy Group, along with OMB and Treasury.

Credit Card Debt and Personal Bankruptcy: One issue we should keep our eye on is concerning the rise in credit card debt and personal bankruptcies. Personal bankruptcies exceeded 1 million for the first time in 1996. Using the most recent data from the Federal Reserve, the credit card banks, and other sources, Peter Orszag and I have been analyzing trends in consumer credit and bankruptcies. Peter has also been reviewing the work of the National Bankruptcy Commission, which held hearings in January and which will issue recommendations this fall. We plan to work with Janet Yellin to send you a joint memo on the trends in this area.

This week, we met with representatives of the credit card industry. They feel Chapter 7 is being used and abused for "financial planning" and want to change the law to move more middle-income people into Chapter 13 providing more bankrupts who are able to pay back some of their debts are forced to do so. Others, however, put more of the blame on credit card company practices themselves. We will soon meet with representatives from the consumer side of the industry to hear their proposals (such as limiting solicitations and lines of credit).

THE PRESIDENT HAS SEEN
5-13-97

Budget Assumptions: Last week, we distributed a document to relevant agencies, the Hill, and outside validators that walks through the economic assumptions in our budget -- showing specifically how we have adopted conservative forecasts. We also came up with a list of key economic and budget experts who are called often by the press. They will be contacted to make the case for our economic assumptions and budget as well as to address any questions. Finally, a new long-run forecast was issued on Monday by the Blue Chip private sector consensus. It shows that our budget assumptions are conservative. Over the next 5 years, for example, we assume average real GDP growth of 2.22 percent per year. The Blue Chip figure is 2.28 percent; CBO assumes only 2.16 percent. Janet Yellen issued a press statement when the Blue Chip numbers were released.

Hispanic Median Income Meeting. You wrote me a note in early February on a *New York Times* article looking at why Hispanic income has fallen in recent years. Peter Orszag and I responded with an analysis of the issue, from which you suggested that we look at it further by talking to Henry Cisneros. As a result, I met with Henry, Congressman Xavier Becerra, Administrator Aida Alvarez, Maria Echaveste, Alicia Munnell, Ed Montgomery from the Department of Labor, and Ken Apfel to discuss Hispanic income inequality. Six issues areas for addressing the problem were identified, including (1) education; (2) raising wages; (3) job growth; (4) adult training; (5) identifying formula differentials that disproportionately affect Hispanics; and (6) the lack of information on key federal programs. The result was a very positive and encouraging first meeting. We will be actively following-up. I believe the process will result in some tangible and effective recommendations.

Income Stratification: In light of your concerns on this issue, I have called together a group, including our top economists, to look at this as well as other income and poverty issues. Next week, we will convene the first meeting of the Income Stratification Study Group, a technical working group comprising NEC, CEA, and Labor. The group will examine both trends in, and possibly policy responses to, problematic areas in the income distribution.

Electricity Deregulation: The interagency policy development process will begin next week with a briefing for White House staff, including an overview and scoping of major issues and preliminary options. Congressional activity is off to a slow start: the Senate Energy Committee is holding "workshops" and informational hearings to begin educating their members; House Commerce Committee staff have sent out broad requests for information from industry. Elgie Holstein has continued our outreach discussions with interested industry, intergovernmental, environmental, and consumer representatives, regarding major issues.

Particulate Matter/Ozone: We are working with industry and OIRA to set up an outreach meeting about proposed pm/ozone standards. Additional meetings were set up with state and local groups and environmental organizations. Next week, the NEC will join with OIRA in the first of a series of meetings with an interagency technical team. The goal of the group will be to identify major issues that may need to be resolved through the OIRA review process and additional interagency discussions.

Children's Environmental Health EO: We are working with CEQ and OIRA to develop options to address concerns about litigation risks and regulatory burdens associated with the draft executive order. Discussions with OIRA, DPC, and CEQ will continue next week to finalize the order.

THE PRESIDENT HAS SEEN
3-17-97

CEO Meetings: Over the past few weeks, I have been meeting with various CEOs, including Phil Condit of Boeing, Robert Shapiro of Monsanto, and Robert Denham of Solomon Brothers. The attitude towards you and the economy is quite positive. Condit was most concerned on how the American Airlines strike would hurt Boeing as they have a significant order with American. Denham is willing to be constructive on a balanced budget and the CPI. I also had an opportunity for discussion with Jack Welch, John Snow, and Ralph Larson at the Business Council dinner. Their attitude toward government is as positive as it has been. Their concerns included tort reform, the sales source rule, and concerns that Gephardt could overly influence our policies. We may wish to consider a strategy for how to stay in touch with a key group of CEOs while protecting your time.

In advance of your meeting with the Big Three CEOs, we will be conducting pre-meetings with company representatives this week to develop our agenda and our understanding of their issues.

AFL-CIO Convention: Last month, I spoke to the Executive Committee of the AFL-CIO at their convention in Los Angeles. Kathy Wallman is taking the lead on our staff of working with the other EOP offices and interested Cabinet departments to ensure smooth implementation of the procurement changes that the Vice President discussed.

I met individually with Bob Georgine of the Building and Construction Trade Union, Andy Stern of SEIU, Gerry McEntee of AFSCME, George Kourpias and Tim Buffenbarger of IAM, Jay Mazur of UNITE and Moe Biller of the Postal Workers Union. Notable issues raised included procurement reform in the context of reinvention to achieve enforcement savings, the disproportionate share payment issue, and the Administrations' wage tax credit proposal. I will be meeting with Moe Biller next week to discuss COLAs.

Ship Scrapping: Elgie Holstein convened a second meeting to try to resolve a dispute between EPA and DOT (Marad), State and the Navy over the export for scrapping of obsolete ships that contain polychlorinated biphenyls (PCBs). EPA and Marad negotiated a set of rules for removal of PCBs and notification of foreign governments that receive the ships to be scrapped. However, Marad has found the rules unworkable. Because of the growing number of (Navy) ships that Marad has to dispose of, this has become a serious problem.

Puerto Rico: Mark Mazur, on our staff, participated in a meeting of the Interagency Working Group on Puerto Rico to discuss upcoming testimony on legislation to permit elections on the status of Puerto Rico (the current status of commonwealth or statehood or independence). This is the first step in what should be a several-month-long process to develop an Administration position on this legislation and to work to get the position reflected in law. The lengthy process is required because the status question covers Constitutional, foreign relations, tax, and other domestic policy issues.

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THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
3-17-97

March 14, 1997

copies sent to Higgins Bowles

MEMORANDUM FOR THE PRESIDENT

FROM: **KITTY HIGGINS** KMB for KH

SUBJECT: **Summary of Cabinet Weekly Reports March 7 - 14, 1997**

DEPARTMENT OF TREASURY

- **Russia:** On March 13-15, Deputy Secretary Summers led a delegation to Moscow to advise the Russian government on economic reform, particularly tax issues, and discuss the US-Russian joint economic statement for the Helsinki Summit. The trip responds to Prime Minister Chernomyrdin's request for Deputy Secretary Summers' help at the Gore-Chernomyrdin Commission meetings in February. Summers met with both Chernomyrdin and recently-appointed First Deputy PM Chubais, who are in the midst of forming a new cabinet.

- **World Bank Strategic Compact**: Intensive discussions are underway with World Bank President Wolfensohn to obtain revisions in the World Bank's proposal for changes in its staffing and institutional mission. While agreeing with the broad thrust of the effort, Treasury officials are proposing modifications to make the package both more effective and less costly.

- **Uganda:** During the week of March 10, the IMF and the World Bank Executive Boards discussed whether Uganda would be the first country to be eligible for comprehensive debt relief under the new initiative unveiled last fall for heavily indebted countries -- the HIPC debt initiative. Although a final decision will be made at the end of April, Uganda is likely to be eligible to receive as much as a 20% debt reduction, including debts owed to the IMF, World Bank, and other international financial institutions.

- **Disaster Insurance:** On March 11, Treasury officials met with the Brookings Institution and representatives of State Farm Insurance to explore capital markets as options for spreading risk. Treasury officials are also meeting with representatives of the reinsurance industry.

- **DC:** Treasury officials continue to work with OMB and other Administration officials regarding the short- and intermediate-term financing requirements of DC. One outstanding issue is the collateral to be pledged by DC for repayment of the loan. On March 14, DC is expected to submit a requisition to borrow $50 million from Treasury by March 27 for short-term financing. On March 12, Treasury officials met with DC's Deputy CFO for Finance, and he informed us that if the Federal payment is not available to repay the loan, DC will agree to repay Treasury from the proceeds of a $300 million general obligation debt refinancing. Treasury officials are examining this proposal and others for intermediate-term deficit financing.

- **Flood Relief:** The Bureau of the Public Debt is helping victims of floods and tornados by expediting the replacement or payment of savings bonds for owners in the affected areas. The IRS is offering disaster victims specific tax relief programs, including extensions of certain form filing dates, suspension of enforcement activities, and the placement of IRS representatives at FEMA Recovery Centers to help taxpayers with returns.

- **Adoption Tax Credit:** In accordance with the your December 14, 1996 Executive Order on Adoption, Treasury has been working with the IRS and HHS to draft a new IRS information publication about the new adoption tax credit. This publication will be made available for distribution in the next few weeks.

- **IRS Commission:** On March 6, Deputy Secretary Summers met with Representative Coyne to discuss his role on the National Commission on Restructuring the IRS. Representative Coyne said that he would be sending a letter to the Administration asking for its views regarding the IRS, but overall, he appeared willing to work with the Administration on the Commission. Representative Coyne also indicated that he agrees with Treasury's position that removing the IRS from Treasury is not a good idea.

- **Lautenberg Amendment:** On March 5, the ATF Deputy Associate Director Gagliardi testified before the House Judiciary Subcommittee on Crime on the Lautenberg Amendment (denies ownership of a gun to anyone convicted of domestic violence). The hearing focused on whether there is a need for an exemption to the retroactivity provisions for police officers. While members were not happy about the retroactivity provisions, they seemed to understand that the ATF was merely enforcing the law as passed. Representative Barr, a strong critic of the ATF in the past, congratulated them on the job they have done in GA investigating recent bombings.

- **Counterfeiting Briefing:** On March 6, Treasury, US Secret Service and Bureau of Engraving and Printing officials held a briefing for House Banking Committee members on efforts to fight counterfeiting. After the briefing, Chairman Leach pledged support for Treasury's efforts to gain the necessary authority to fight international counterfeiting.

- **Secretary's Schedule**: The Secretary will participate in the following events:
  - March 18 Meet with Senator D'Amato regarding financial modernization. Meet with Senator Sarbanes on financial modernization.
  - March 20 Meet with Chairman Greenspan.

DEPARTMENT OF JUSTICE

- **INS Delays:** On February 18, plaintiffs filed a new class action alleging that the INS failed to meet its statutory obligation to adjudicate naturalization applications within the required 120 days after naturalization interviews. Plaintiffs seek a ruling that the alleged delays are illegal and request an order directing the INS to adjudicate the delayed naturalization applications within twenty days of a final order.

- **Fair Housing Act:** On March 10, DOJ announced that it had resolved allegations that Nationwide Insurance Company had made homeowners insurance unavailable in minority neighborhoods in violation of the Fair Housing Act. The decree requires Nationwide to provide $13 million over six years to assist homebuyers in minority communities and to continue to establish new offices in urban areas.

- **Coast Guard Sexual Harassment:** Becker v. Secretary of Transportation. On February 28, a former Coast Guard service member sued her superior officers alleging sexual harassment and discrimination over a three-year period, and that her superior officers had impeded her efforts to seek intramilitary relief. The district court rejected her claims, and she appealed. The Ninth Circuit affirmed, holding that Title VII protection does not extend to uniformed members of the Coast Guard, that the Feres "incident to service" test barred plaintiff's Federal Tort Claims Act claims, and that she could not state a direct constitutional claim against the U.S. The court also held that her failure to exhaust intramilitary remedies foreclosed it from reaching plaintiff's claims of constitutional injury.

- **Merchant Sea Captain Judgment Reversal:** Bram C. Coumou v. U.S. et al., (Feb. 26, 1997) [5th Cir.; E.D. LA]. Plaintiff was the captain of a freighter stopped on the high seas near Haiti by the Coast Guard. The Coast Guard escorted the vessel to its next port of call, St. Marc, Haiti. Two hundred pounds of cocaine were found in the ship's cargo. Haiti asserted criminal law enforcement jurisdiction over the matter. Plaintiff was ultimately cleared of drug charges in a Haitian court proceeding. Prior to his acquittal, he was deprived of adequate food, medical care, and was nearly killed. After his release, he brought suit against the U.S. for transferring him to the Haitians. After a trial, the district court ruled for plaintiff and awarded damages in excess of $4 million. The Fifth Circuit has now reversed, holding that the district court gave no legally valid reason for imposing liability.

- **SBA Government Procurement:** Concrete Tie of San Diego v. Liberty Construction, Inc., (Feb. 27, 1997). Plaintiffs are a minority-owned small business and obtained a procurement contract through SBA's "Section 8(a)" program. SBA's policy is to ensure that participating small businesses enter contracts at prices that will enable them to earn a reasonable profit. The plaintiff firm here lost money on such a contract and its debts to subcontractors were eventually paid by its sureties. The contractor and the sureties sued SBA in tort and contract in the district court. DOJ successfully moved for summary judgment on the ground that SBA had no tort duty to ensure the 8(a) contractor's profits. The Ninth Circuit has now affirmed.

- **DEA Sting Operation:** Jose Abelardo Calmet Couzado, et al. v. U.S., et al., (Feb. 20, 1997) [11th Cir.; S.D. FL]. As part of a sting operation, the Belizean National Police, in conjunction with a Guatemala-based DEA agent, placed cocaine on a Belize Air cargo flight departing from Belize to Miami. When the plane made a scheduled stop in Honduras, local police found the drugs and arrested the flight crew. These individuals did not know about the drugs but were held in a Honduran prison for ten days prior to their release. They sued the U.S. and prevailed on the ground that U.S. authorities in Honduras were not given prior notification of the operation. DOJ appealed, arguing that liability was foreclosed under the Federal Tort Claims Act's explicit "foreign country" exception. The Eleventh Circuit has now affirmed, holding that there was sufficient involvement of government agents within the U.S. to render the foreign country exception inapplicable.

- **Prison Conditions for Women:** On March 10, DOJ filed lawsuits against MI and AZ alleging unconstitutional conditions in prisons for women inmates in those states.

- **UT Affirmative Action:** Last week, in Cache Valley Electric Company v. Transportation Department, the court dismissed on standing grounds a post-Adarand constitutional challenge to DOT's disadvantaged businesses enterprise (DBE) program, which requires recipients of certain federal funds to establish goals for DBE participation. Under the program, minorities are presumed to be disadvantaged. In dismissing the case, the court held that the plaintiff lacked standing to challenge the DBE program because it had failed to demonstrate any injury stemming from the program's race-based presumptions. The court said that the plaintiff could not participate in the program even if race were not considered, because it is too large.

- **Internet Decency Act:** Reno v. ACLU involves Congress's recent passage of the Communications Decency Act (CDA), which attempts to protect children from indecent material on the Internet. The three key provisions of the Act that are being challenged on First Amendment grounds prohibits the knowing transmission of indecent material to people under 18 years of age (the transmission provision), knowingly sending to a specific person under 18 years of age indecent material (the specific person provision), and knowingly displaying indecent material in a manner available to people under 18 years of age (the display provision). In the brief, DOJ argues that the CDA serves a compelling government interest and is narrowly tailored to achieve that end.

- **Corrections Case:** On February 7, Acting Solicitor General Dellinger filed a brief amicus curiae in Richardson v. McKnight. Petitioners are two correctional officers employed by a private corporation under contract with TN to run a prison. The question presented is whether employees of a for-profit corporation, acting under color of law as prison correctional officers, are entitled to assert qualified immunity as a defense to a constitutional tort action. Both the district court and the Sixth Circuit concluded that they are not. DOJ argues that, although qualified immunity may in some circumstances appropriately be afforded to private parties acting on the public's behalf, principles of qualified immunity preclude petitioners from invoking immunity in this case.

DEPARTMENT OF COMMERCE

- **Trade Numbers:** On March 20, the trade numbers for January will be released.

- **Anti-boycott/Discrimination:** On March 10, the House International Relations Committee requested all DOC memorandums and e-mail messages related to the exclusion of Jews from an Air Force project in Saudi Arabia. The committee is checking reports that the DOJ and the Air Force did not fully cooperate with the investigation by Commerce's Office of Anti-boycott Compliance, which enforces rules against the Arab boycott of Israel.

- **The following economic indicators will be released during the next week:**

Housing Starts and Building Permits (February)	March 18
U.S. International Trade in Goods and Services (January)	March 20

- **Secretary's Schedule:** On March 18, Secretary Daley will meet with King Hussein of Jordan.

- **FOIA Requests:**
  - On March 5, *States News Service* requested correspondence to the DOC since January, 1993, from Senators Feinstein and Boxer and Representative Pelosi.
  - On March 5, the *New York Post* requested correspondence between January 20, 1989 and January 20, 1993 from the RNC to DOC, DOC to the RNC and DOC documents discussing 1992 election.
  - On March 10, *Small Newspaper Group* requested correspondence between DOC and Senators Wellstone and Grams and Representative Gutnecht.

DEPARTMENT OF LABOR

- **WV Dislocated Coal Workers Grant:** This week, the DOL awarded a $11.7 million grant to WV to assist dislocated coal workers. The grant will help 408 workers who have been or will be dislocated from their jobs as a result of the closure of the Consolidation Coal Company in Osage, WV.

- **Upcoming Bureau of Labor Statistics Releases:**

CPI data for February 1997	March 19
U.S. Import and Export Price Indices for February 1997	March 21

- **Welfare to Work:** DOL's Office of Administration and Management (OASAM) and its Employment Training Administration (ETA) are working together on government-wide implementation of the Welfare-to-Work initiative. On March 17, they will showcase the employment and training system as a source of federal employment for welfare recipients at an IAG meeting. DOL is developing a home page which all employers, including other federal agencies, can use to access information regarding the welfare population, location of employment and training grantees and the types of service strategies proven to be effective in successfully transitioning this population.

- **Kaiser Permanente Strike:** On March 7, the CA Nurses Association (CNA) announced that its members at Kaiser Permanente's northern CA facilities will strike beginning April 16 to protest "escalating patient care abuses and massive concessions demanded by Kaiser." The options under consideration include a one-day strike April 16 at all Kaiser facilities, or rolling strikes by region or facility beginning April 16. Beginning March 14, the nurses will engage in mass picketing at selected sites Approximately 7,500 registered nurses are covered by the CNA's contract with Kaiser which expired January 30. Since that date, no talks have been held and none are scheduled.

- **American Airlines Mediation:** Following the conclusion of hearings before the Presidential Emergency Board on March 5, representatives of American Airlines and the Allied Pilots Association (APA) agreed to participate in a mediation effort by the PEB prior to the March 17 deadline for submittal of its report to you. On March 13 or 14, talks were expected to begin. Economic issues and an APA demand for assurances that its members only would fly the carrier's regional jets have been the principal obstacles to a settlement.

- **United Air Lines/APA:** Last weekend, the Allied Pilots Association sent its members at United Air Lines (UAL) the tentative agreement on a revised package of "midterm wage adjustments" and advised that ratification ballots would follow. On April 10, ballot-counting will take place. The union's Master Executive Council at UAL unanimously recommends approval.

- **United Air Lines/AFA:** On March 7, United Air Lines and the Association of Flight Attendants (AFA) announced agreement to begin a concentrated period of negotiations in the Chicago area. The announcement came less than a week after AFA members began informational picketing to protest the slow pace of contract talks. The union identified raises, retirement and job security as its top priorities.

- **IN GM Strike:** At General Motors, local contracts have yet to be reached with the United Auto Workers at a number of its facilities, a situation which in some instances could result in strike notices. Such is the case at the company's Ft. Wayne, IN, truck plant where the union reportedly has threatened to strike on March 14.

- **CPI Hearing:** On March 12, BLS Commissioner Abraham along with Michael Boskin testified before the House Budget Committee regarding the CPI. The hearing focused on the Boskin report and related recommendation. The questioning focused on BLS plans to improve the CPI, possible adjustment estimates and the time frame. All members were supportive of BLS efforts to improve the CPI and your request for additional resources. Commissioner Abraham was questioned about BLS reaction to a Commission, Congressional or Presidential proposal to adjust COLAs by various amount; as this is a policy consideration, Dr. Abraham would not comment on this proposal. Several minority members were skeptical about the need of such a commission and how it would relate to BLS. Commissioner Abraham said that BLS would co-exist with such a body.

- **DC Summer Jobs:** On March 20, Acting Secretary Metzler will kick-off the DOL's Summer Jobs Program, highlighting the DC Summer Jobs Program.

- **Computers Donations:** On March 18, Acting Secretary Metzler will present 45 computers in memory of the late PBGC Director Marty Slate to the agency's Adopt-a-School program. The presentation will coincide with GSA's DC event announcing the federal government's computers-to-schools program.

DEPARTMENT OF TRANSPORTATION

- **DC Initiative:** On March 20, Secretary Slater will participate in an event at the St. Joseph Day Care Center in Washington, DC. The Secretary will give brief remarks about child care safety seats and present safety seats to some families.

- **Civil Aviation Commission:** On March 14, Secretary Slater will announce the members of the National Civil Aviation Review Commission. This commission was established by Congress in legislation last year and is charged with reviewing FAA financing and safety.

- **U.S.-Brazil Open Skies**: On March 7, the DOT tentatively selected Continental Airlines and Delta Air Lines to serve Brazil. Under the aviation agreement between the U.S. and Brazil, four carriers may be authorized to operate scheduled combination services. American Airlines and United Air Lines have already been authorized to serve the Brazil market.

- **Commuter Airlines Rule:** On December 20, 1995, the FAA published a series of rulemaking actions which required commuter air carriers who conduct scheduled passenger service in airplanes with 10 or more passenger seats to comply with the same regulations as the major air carriers. Commuter carriers are required to recertify to these higher standards by March 20, 1997. Most of the commuters are expected to meet this compliance date; however, some smaller carriers have identified issues which may delay all or part of their compliance. The FAA will continue to work with the industry to resolve specific issues and meet the "one level of safety" initiative.

- **San Francisco Airport Extension:** On March 6, the Bay Area Rapid Transit District (BART) signed a "term sheet" with the San Francisco Airport (SFO) Commission and the ATA, which represents the airlines at SFO, outlining the parties' agreement on the financing aspects of the proposed $1.2 billion SFO Extension. BART reluctantly accepted the airlines' demands for an annual $2.5 million rental payment for 50 years and a 25 percent fare discount for airline employees. However, the agreement could collapse because BART made a unilateral exception to the agreement refusing to sign a side letter to FAA supporting the airlines' position to strictly limit the use of airport revenue to civil facilities owned and controlled by the airport. The airlines had included this demand as a condition for withdrawing its opposition to the project.

- **Miami Cocaine Seizure:** On March 7, the Cutter POINT MARTIN and U.S. Customs seized the U.S. sailboat CLASS ACT in Miami, FL, after boarding officers found 349 lbs of cocaine and $7,500 in cash on the boat. The operator was arrested.

- **Dominican Migrants Interdiction:** On March 7, 82 Dominican migrants were interdicted by the Cutter OCRACOKE near Puerto Rico. One migrant was evacuated to Puerto Rico for medical reasons by a Coast Guard helicopter. The remaining migrants were transferred to the Dominican Navy for return to the Dominican Republic.

- **Cuban Migrants:** On March 7, five Cuban migrants were picked up by a merchant ship and turned over to the Coast Guard. One migrant was sent to Guantanamo Bay, CU, and the remaining 4 migrants were repatriated to Cuba.

- **Passenger Manifests:** On March 12, the DOT asked for public comment on how to implement an effective system to improve passenger manifests on U.S. domestic flights. Families of passengers of aviation disasters strongly advocated for the recommendation. Last September, the Department proposed that carriers on flights between the United States and another country be required to provide a comprehensive passenger manifest to the State Department within one hour of an aviation disaster.

- **Child Safety Seats:** On March 12, NHTSA will publish in the Federal Register a notice describing the settlement agreement executed by DOT and GM on March 7, 1995, and request organizations interested in receiving funds from GM for the purchase and distribution of child safety seats to submit a certification. As a result of the first three notices, GM has donated $6 million to organizations for the purchase and distribution of child safety seats, and approximately 120,000 child safety seats have been distributed. As a result of this fourth and final notice, GM will donate the final $2 million under the settlement agreement, bringing its total donations for child safety seats to $8 million.

- **CA Airport Fund Transfer:** On December 16, 1996, the Department/FAA initiated a formal investigation into whether and to what extent the September 1996 transfer of $31.1 million by the City of Los Angeles Department of Airports to the City's General Fund for claimed unreimbursed expenses for the period 1928-1971 violates the City of Los Angeles' grant assurances under Federal law that all revenues generated by an airport be spent only for airport and airport-related purposes. On January 15, the City transmitted a Deloitte & Touche Consulting Group report in support of approximately $29 million of the City's claims for unreimbursed contributions for the period 1928-1971. The City also submitted legal arguments and additional information to support the transfer. The FAA has prepared a draft Director's Determination to be issued next week.

- **Jobs Initiative:** On March 5, 1997, at a joint DOT/HHS task force meeting, FTA Administrator announced the formation of a task force that will develop guidelines for state and local planning agencies to achieve specific transportation coordination objectives.

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- **Mexico Counterdrug Operations:** On March 10-20, the Coast Guard will conduct a counterdrug operation with the Mexican Navy in the Eastern Pacific. This is the first such operation, in approximately one year and will further solidify the operational relationship between the U.S. Coast Guard and the Mexican Navy.

- **Haitian Coast Guard Graduation:** On March 14, the Haitian Coast Guard will graduate its second class of 26 personnel. The first class of Haitian Coast Guardsmen, trained by U.S. and Canadian Coast Guard personnel, have proven their value in support of law enforcement efforts in Haiti, and also made two large cocaine seizures in the last half of 1996.

- **Media Activities:**
  - *The Washington Post* requested information pertaining to an investigation of Webster Hubbell's contact with DOT.
  - *NBC* is preparing a four-part series on aviation safety that is airing this week.
  - The *Los Angeles Times* and *San Diego Union Tribune* are following a story about a possible threat by FHWA to withhold federal funds because CA is not in full compliance with a law on the licensing of convicted drug users.

<u>**DEPARTMENT OF HEALTH AND HUMAN SERVICES**</u>

- **Aging:** On March 17, HHS will release a survey showing that the health of older Americans continues to improve dramatically, according to current findings from the National Long Term Care Survey (NLTCS)--a 12-year longitudinal survey designed to study changes in the health and functional status of older Americans (age 65+). Researchers estimate that 1.2 million fewer older people were disabled in 1994 than would have been expected based on disability rates observed in 1982. The number of older people with functional problems in 1994 stood at 7.1 million, not the 8.3 million who would have been impaired if health had not improved over the last few years. The decrease in disability is also accelerating: the annual declines in disability between 1989 and 1994 were greater than those of the 1980s. The 1994 survey and analysis, which was funded by the National Institute on Aging, will be released on March 17 (embargoed until publication on March 17th).

- **Child Support:** On March 13, HHS submitted its plan to Congress on new incentives for states to improve child support collections. The new incentive funding system is intended to measure the true performance of states' child support programs more accurately than the current system, which is based solely on the cost effectiveness of enforcement program. We anticipate media interest in the report.

- **Cloning:** On March 13, the National Bioethics Advisory Commission (NBAC) met in Washington to begin deliberations regarding the ethics associated with the prospect of cloning human beings and possible steps to prevent abuses. The Commission is to report its findings and recommendations to you before the end of May.

- **NY Medicaid Waiver:** HCFA and HHS staff are continuing to work with the State on the terms and conditions of the New York Section 1115 waiver. The waiver may be approved in the next couple of weeks.

- **Head Start Expansion Funding:** Next week, the Head Start Bureau of the Administration on Children, Youth and Families will invite Head Start grantees to apply for financial assistance to expand Head Start enrollment. Only current Head Start grantees are eligible to submit applications to compete for a total of $200 million that is available to expand enrollment in current service areas.

- **Ryan White Grants to be Awarded:** Next week, Ryan White Title II formula grants of approximately $230 million will go to the 50 States, DC, Puerto Rico, Guam and the Virgin Islands for services. Another $160 million is expected to be earmarked for State AIDS Drug Assistance Programs, bringing the formula grants total to an anticipated $398 million. Early next week, HRSA is also awarding Ryan White CARE Act Title III grants totaling $5,075,951 to 15 community health care organizations to support outpatient early intervention, primary care, and substance abuse services for low-income individuals living with HIV/AIDS.

- **Kurdish Asylees Update.** Since September, three groups of people have been evacuated from Northern Iraq. They are often referred to as Quick Transit (QT) I (consisting of employees of the U.S. Government and their families), II (members of the Iraqi opposition and their families), and III (employees of U.S. based and funded non-governmental organizations and their families). All of the QT I group (approximately 2,180 people) have been resettled in the U.S. We are in the process of resettling the remaining evacuees from QT II and QT III (approximately 4,437 people). Our goal for camp closure is April 15.

- **Reinventing Government:** FDA soon will publish a final rule which allows FDA-regulated industry to maintain required records electronically and to submit, under certain circumstances, electronic records and electronic signatures as equivalents to paper records and signatures written on paper. Firms that adopt the electronic technologies will realize substantial savings from simplified record-keeping and speeding the filing of applications and other regulatory documents.

- **Upcoming Hearings:**
  - On March 18, the House Commerce Subcommittee on Health and the Environment will hold a hearing on reauthorization of SAMHSA's expiring program authorities. Nelba Chavez, Administrator, Substance Abuse and Mental Health Services Administration, will testify.
  - On March 18, the House Government Reform and Oversight Subcommittee on Human Resources and Intergovernmental Relations will hold a hearing on the Department's implementation of the Government Performance and Results Act. June Gibbs Brown, Inspector General, HHS, will testify.
  - On March 19, the Senate Finance Committee will hold a hearing on Medicare managed care with a focus on HCFA administrative actions to assure beneficiary protections and quality care as well as the President's 1998 proposals affecting managed care. The HCFA Administrator, Bruce Vladeck, will be the witness.

- **Secretary's Schedule:** Secretary Shalala will participate in the following events:
  - March 17 — Address the opening session of the American Medical Association's national leadership conference in Philadelphia, PA.
  - March 18 — Address the Congressional Urban Caucus.
  - March 20 — Participate in a breakfast event commemorating the 25th Anniversary of the Older Americans Act. Attend an event on Sudden Infant Death Syndrome with Mrs. Gore.

- **Alzheimer's Disease Study:** In the March issue of the journal *Neurology*, researchers report on a 15 year study showing that anti-inflammatory drugs such as ibuprofen appear to reduce the risk of Alzheimer's disease. The study was the first to look at a large number of patients over a substantial period of time, allowing scientists to eliminate a number of biases found in earlier studies.

- **Hepatitis G Virus:** In the March 13 issue of the *New England Journal of Medicine*, researchers report on a study which shows that hepatitis G virus (HGV), the most recently discovered hepatitis virus, might not cause liver disease. While the team concluded that HGV is a common, persistent, transfusion-transmissible virus, 73 percent of patients infected had no evidence of liver diseases and another 16 percent had enzyme levels too low to be classed as hepatitis. Further study is needed to clarify the findings.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **DC Initiative:** Secretary Cuomo joined community leaders at a ribbon-cutting ceremony for a new Safeway store in Anacostia. The store is a cornerstone of the new Good Hope Marketplace Shopping Center, a major development in Anacostia that will generate up to 375 new jobs. The center, located in the District's Enterprise Community, is being built with $11.5 million in HUD loan guarantees and a $1 million Economic Development Initiative grant to the Anacostia Economic Development Corporation.

- **FHA Audit:** An audit by KPMG Peat Marwick showed continued financial improvement in FHA's portfolios. This is the fourth consecutive year of improvement according to auditors, due in part to HUD's note sales program to reduce the size of FHA's portfolios and increase recoveries.

- **Contractor Investigation:** Press reports indicated that DOJ decided to investigate a contractor's allegations of improper contracting procedures with regard to HUD's multifamily mortgage auction program. The contractor already has a $40 million lawsuit pending against HUD.

- **New Computer Centers:** Four Neighborhood Networks centers opened in HUD multifamily properties in Spokane, WA, and a new computer lab opened in Providence, RI. Next week, a computer learning center will open at an assisted housing development in Harlem, NY. Neighborhood Networks is an attempt to encourage owners to invest in computer training facilities. Each development includes an on-site learning facility to help residents gain job skills and educational opportunities.

- **Community Renewal Zones:** The American Community Renewal Act would create 100 new "community-renewal zones" to receive tax breaks and regulatory relief to encourage economic development. House sponsors are Representatives Talent, Watts, and Flake; Senate sponsors include Senators Abraham and Lieberman. If enacted, the plan would cost about $5 billion over five years.

- **Empowerment Zones Report:** HUD's release of status reports on Empowerment Zones and Enterprise Communities (EZ/EC) was picked up by local and regional media outlets across the country. Most of the press was positive. In communities where the EZ/EC earned a letter of concern from HUD that could lead to decertification (Pittsburgh, Oakland, Camden, Ouachita Parish LA, Newburgh NY), media reports focused on HUD's criticisms of the zones and responses from local officials.

Office of National Drug Control Policy

- **WV Prison Drug Program:** On March 20, the Director will visit the drug-treatment program at the Federal Prison Camp, Alderson, WV. Alderson is one of 34 Bureau of Prison institutions operating a institutional and transitional drug-treatment program. The programs include institutional drug-treatment therapies followed by work-release or halfway-house programs, combining transitional support services with continuing drug treatment.

- **Hearing:** On March 19, Director McCaffrey will testify before Congressman Kolbe's Subcommittee regarding the ONDCP budget.

- **Director's schedule:** On March 18, Director McCaffrey will interview with *ABC-TV* News to announce the March project against drugs.

Department of Interior

- **FDR Memorial:** On May 2, the newest memorial in the Nation's Capital, FDR Memorial Park , will be dedicated. The 7-acre park depicts Roosevelt's four terms in office in four landscaped open-air "rooms" filled with sculpture and quotations. The $19.2 million contract to construct the memorial on the south side of the Tidal Basin was awarded in 1994. The National Organization on Disability intends to demonstrate peacefully at the monument beginning May 1 until there is a statue of FDR in a wheelchair or a legally binding commitment that one will be placed at the memorial. You have been asked to participate in the dedication. An options memo on how to address the concerns of the disabled community has been prepared for your signature.

- **NM National Monument:** On March 17, the Albuquerque City Council will consider a West Side Strategic Plan; the plan includes a road extension through the Petroglyph National Monument on Albuquerque's West Side. Protestors fear that the West Side plan, approved by the City Council's Land Use, Planning and Zoning Committee on February 12, will lead to a road through the Monument, which is filled with historic and prehistoric Native American and Hispanic petroglyphs.

- **Safe Harbor/Candidate Conservation Policy:** A revised final draft of the Safe Harbor and Candidate Conservation policies, which makes the Endangered Species Act more user-friendly, has been distributed to Fish and Wildlife Service (FWS) regional offices for comment. FWS wants to publish the proposed policies in the Federal Register prior to the annual meeting of the North American Wildlife and Natural Resources Conference to be held March 14-18 in Washington, DC.

- **Grand Staircase-Escalante National Monument:** In February, the BLM received an Application for a Permit to Drill (APD) from Conoco, Inc., for a site located within the Monument. The Conoco APD will be processed using standard procedures. A notice has been posted and letter sent to Conoco regarding the completeness of its application. Conoco has been informed that a decision is expected on its application before July 1, 1997.

- **Bilateral Species Protection:** In preparation for the upcoming April 6 meeting between you and the Prime Minister of Canada, Fish and Wildlife Service (FWS) staff met with staff from the Canadian Wildlife Service to draft an accord for collaboration and cooperation on cross-border endangered and threatened species conservation. The bilateral accord will be a preliminary, non-regulatory statement of intentions emphasizing partnerships in recovery and candidate conservation for shared species.

- **Central Valley Project Improvement Act Hearing:** On March 20, the House Resources Subcommittee on Water and Power will conduct an oversight hearing on the Central Valley Project operations and on implementation of the Central Valley Project Improvement Act. Deputy Secretary Garamendi is scheduled to testify.

- **Yellowstone Bison Slaughter:** On March 17, Secretary Babbitt will hold a press briefing to recap the Administration's efforts to stop the state of MT from the unnecessary killing of bison at Yellowstone National Park. The Secretary will announce DOI funding of a National Academy of Sciences study of our scientific needs in understanding brucellosis in wildlife and again call on Governor Racicot to halt the indiscriminate shooting of bison. The Yellowstone bison herd has been reduced from a population of 3,500 at the beginning of winter to an estimated 1,200 according to the most recent aerial count.

DEPARTMENT OF EDUCATION

- **Sexual Harassment Guidance:** On March 10, DOEd transmitted to the *Federal Register* policy guidance to schools regarding sexual harassment of students; publication was on March 13. The guidance provides information about applicable legal standards under Title IX of the Education Amendments of 1972 regarding peer sexual harassment and harassment of students by school employees.

- **DC Special Education Compliance:** At public meetings in early February, parents and community members stated that the DC Public Schools (DCPS) continues to fail to comply with many requirements of the Individuals with Disabilities Education Act (IDEA), which relates to provision of services to students with special educational needs. DCPS acknowledges that it is not in compliance, and DOEd will immediately begin working with DCPS to develop a plan to bring the district into compliance.

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- **School Offices Meeting:** On March 17, forty-two chief state school officers (CSSOs) will be in DC for a series of meetings to discuss states' participation in voluntary national reading and math tests.

- **Academic Standards:** On March 27, Secretary Riley will meet with Governor Thompson in DC to discuss the new organization Achieve, which will provide technical assistance to states developing academic standards.

Should check possibility of separate Gates Hatfield-Lowey on [illegible] BC

- **Balanced Budget Bill:** On March 7, DOEd forwarded to OMB final versions of the three principal education pieces of the Balanced Budget Bill, relating to student loan programs and the Hope Scholarship, the School Construction initiative and the America Reads Challenge. OMB has approved the School Construction component, which will be transmitted to Congress on March 14. DOEd is working to plan a press conference with Secretaries Riley and Rubin regarding the Hope Scholarship component during the week of March 16.

- **Appropriations Hearings:** On March 11, Secretary Riley testified before the House Labor/HHS/Education Appropriations Subcommittee. Members questioned the Secretary on a variety of issues including the school construction initiative, the effectiveness of DOEd's Safe and Drug Free Schools programs, and your national testing proposal. Some Members were concerned that the Administration might proceed with development of national tests without explicit Congressional approval, and Members also expressed concern that your planned expansions in student aid and tax incentives for higher education might result in tuition inflation.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Disaster Assistance Update:** On March 8, USDA approved the Disaster Food Stamp Program in 14 counties. There is little reported crop damage, but there is an estimated $12.58 million damage to farm dwellings, machinery and land.
  - In IN, USDA is working with state officials to determine food assistance needs, with an expected request for the Disaster Food Stamp Program in two counties.
  - In KY, the Department is working with state officials on a Disaster Food Stamp Program for flood-damaged counties. Damage assessments are not available, but it is expected that up to 75 counties may be eligible for the Emergency Conservation Program.

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- In OH, USDA is working with state officials on a food stamp response in flood-damaged counties. Senator DeWine has asked for USDA assistance in responding to environmental damage, with an estimated $25 million damages to levees, exposed sewer, water, and utility lines, roads, and agricultural land, as well as an estimated $126 million damages to farm dwellings, service buildings, and machinery. On March 22, Secretary Glickman plans to see flood relief efforts in Dayton, OH.
- In TN, DOJ is still assessing losses to winter wheat, farm buildings, fences, and timber, as well as environmental damage. USDA loans are available to family farmers suffering from losses.
- In WV, small quantities of USDA commodities from local school inventories were used for congregate meal service. State officials indicated there is no need for additional food assistance, and USDA is still assessing environmental damage.

- **Yellowstone Bison:** On March 23, Secretary Glickman will travel to Bozeman, MT, and Yellowstone National Park on a fact-finding trip about the problems associated with bison leaving the Park, an issue that has attracted considerable media attention.

- **Food Safety Update:** On March 7, USDA announced release of *Keeping Kids Safe*, a child care/food safety publication to help child care providers with food safety and sanitation basics, to be distributed to 80,000 child care providers. By the year 2000, an estimated 75 percent of American children under 5 will be cared for outside the home. On March 31-April 2, the final meeting on the President's National Food Safety Initiative will be held in Washington, DC to obtain comments that will be used to prepare a report for you on reducing the incidents of foodborne illness.

- **Mexican Gray Wolf:** Secretary Glickman, Babbitt, and Cohen have jointly signed the Mexican Gray Wolf Reintroduction Record of Decision (ROD), that will begin the process of the wolf's early 1998 release into the Blue Range Wolf Recovery Area on the Apache National Forest in southeast AZ and the Gila National Forest in southwest NM.

- **Rural Housing Loans:** In February, USDA reduced its delinquency rate on rural housing loans to 12.5 percent, an all-time low for this Administration and the lowest in 20 years.

- **Agricultural Trade Developments:** U.S. exports of wine and wine products reached $320 million in 1996, a 36 percent increase over 1995; volume was a record 1.8 million hectoliters, 23 percent above the record set in 1995.

- **Ozark Highlands Assessment:** Late February and March, public meetings in MO are generating Congressional calls for background information on the Ozark highlands Assessment, a joint AR-MO national forest data collection project undertaken in preparation for forest plan revision. The meetings have been sponsored by groups

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associated with Take Back Arkansas Inc., a private rights group concerned that UNESCO, associated with the Man and the Biosphere Program, will impose federal restrictions on land use and ownership. There is no connection between the two projects.

I'd like States requests on these considered & granted as [illegible] of time

DC Initiative/Gleaning: On March 20, Secretary Glickman will conduct a gleaning event with the Capital Area Food Bank, at which he will talk about food rescue with MD students, who must do community service before graduation.

Welfare Reform Update: USDA has received 41 state requests to waive provisions of the welfare reform bill regarding work requirements that limit receipt of food stamps for childless able-bodied adults to three months in any three-year period unless the individual is working at least 20 hours per week, due to the lack of job availability.

- **Forest Plan Update:** On March 7, the Court of Appeals for DC ruled against the federal government and allowed a timber industry group to pursue its claims against the BLM challenging adoption of the 1994 Northwest Forest Plan. As a result, your forest plan is back in court.

- **Press Inquiry:** The *Washington Post* inquired about a recent Wilderness Society report alleging that the Forest Service lost money on 1995 below-cost timber sales.

DEPARTMENT OF ENERGY

- **TX DOE Weapons Plant Strike:** Negotiations on a new agreement between DOE's operating contractor and the guard force are reaching a deadline at DOE's Pantex Plant in Amarillo, TX. The current agreement expires on March 17 at 12:01 a.m. The Union is requesting numerous administrative and economic enhancements to the agreement. This week, negotiations are continuing with the mediator. A contingency guard force from sites around the former nuclear weapons complex has arrived for site familiarization and training.

- **CA Construction Announcement:** On March 11, DOE announced that it will move forward on the $1.2 billion five-year construction project of the National Ignition Facility (NIF). The project will create 6,000 jobs nationally and 3,000 locally during construction, 890 long-term high tech jobs in the Bay Area, and benefit optics technology companies across the U.S. The NIF will be located at DOE's Lawrence Livermore National Laboratory in the San Francisco Bay area.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

- **Barshefsky Confirmation:** On March 11, the House approved, under unanimous consent, the necessary waiver for Ambassador Barshefsky to assume the position of USTR.

- **China WTO Accession:** Assistant USTR Sands completed a round of negotiations on China's accession to the WTO in Geneva. During a series of bilateral and formal Working Party meetings, the Chinese made notable commitments on trading rights and full implementation of the TRIPS agreement upon accession. Sands will brief both congressional and industry leaders on these developments. Ambassador Barshefsky met with *Business Week* to discuss these developments and reinforce that substantial progress must still be made in China's concessions.

- **Bananas:** On March 18, USTR expects to receive the preliminary findings of a WTO dispute settlement panel that is examining the complaint filed by the U.S., Ecuador, Guatemala, Honduras, and Mexico. The complaint regards the EU import regime for bananas, which discriminates against U.S. banana distribution companies and bananas that were not produced in the EU or its former colonies. The report will be confidential, and the parties will have an opportunity to submit comments to the panel before it issues a final report. USTR will provide guidance in the event that the EU leaks the report.

- **Fast Track:** Ambassador Barshefsky continues to lay the groundwork for fast track negotiating authority. On March 10, she met with Congressman Levin to discuss the parameters of a bill and on March 11, she met with Congressman Matsui to discuss support among Democrats for fast track. On March 18, Ambassador Barshefsky will discuss publicly the need for fast track when she testifies before the House Ways & Means Trade Subcommittee.

- **Ambassador's Schedule:** Ambassador Barshefsky will participate in the following events:
  - March 19 — Testify before the House Commerce Telecommunications Subcommittee concerning the WTO basic agreement on telecommunications.
  - March 20 — Participate in a NAFTA Commission Meeting with trade minister from Canada and Mexico. The Commission will review a number of outstanding issues including cross-border trucking and agriculture.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Disaster Declarations:**
  - IN received a major disaster declaration as a result of severe storms and flooding which impacted the State on February 28.
  - TN received a major disaster declaration as a result of heavy rain, tornadoes, flooding, hail and high winds which impacted the State on February 28.
  - WV received a major disaster declaration as a result of heavy rains, wind driven rain, high winds, flooding and slides which impacted the State on February 28.

Environmental Protection Agency

- **New Air Quality Standards:** On March 12, the public comment period for EPA's proposed revisions in the health standards for smog and soot ended, closing the most extensive outreach process ever conducted by EPA for developing a public health standard. In addition to comments from four public hearings held throughout the country, EPA received more than 17,000 letters, 3,000 e-mail messages, and 15,000 phone calls to a special toll-free number.

- **MD Water Quality Restoration Grant:** On March 19, the Administrator and Governor Glendenning will announce that EPA is giving a $177,000 grant from the Exxon Valdez oil spill fund to assist in the restoration of three aquatic areas in the state.

- **Automobile Emission Standards:** On March 13, the U.S. Court of Appeals for the District ruled that EPA inappropriately approved a petition by northeastern states to require the sale of cleaner cars in the northeast. The Clean Air Act allows the northeastern states, comprising 12 states and the District of Columbia, to adopt pollution control requirements that apply to the entire region to reduce regional smog. In 1994, nine out of the 13 states approved a petition asking EPA to require that cleaner cars (similar to what is required in CA) be sold in the entire northeast region. EPA approved this petition. VA voted against the petition and sued EPA over our ability to approve and enforce it. In yesterday's decision, the Court found that although the Clean Air Act generally allows EPA to mandate pollution control rules in the Northeast, if so petitioned by the Northeast states, in this case, the Clean Air Act expressly prohibits EPA from requiring more stringent automobile standards prior to 2004.

Office of Personnel Management

- **Veterans Preference Legislation:** On March 12, the House Government Reform and Oversight Committee favorably reported an amendment in the nature of a substitute to the Veterans Employment Opportunities Act of 1997. Chairman John Mica's substitute includes language requested by the postal unions regarding transfers, promotions, and the assignment of excess employees under collective bargaining agreements. The substitute also allows the Judicial Conference to develop its own program in consultation with the veterans service organizations to implement veterans preference. Finally, the substitute delays implementation of the reduction in force (RIF) provisions after the end of the 90-day period beginning on the date of enactment for all agencies but DOD which has been given a year after enactment to implement the RIF provisions. On April 7, the Committee expects to bring the bill to the floor.

United States Information Agency

- **VOA Albania:** VOA's Albanian Service is interviewing a wide spectrum of experts to give Albanians accurate, balanced, and comprehensive news on the rapidly changing situation in their country. Opposition leader Bashkim Fino, who will head the National Unity government being formed under an all-party accord reached March 9, gave his first interview in office to VOA.

Social Security Administration

- **IRS's W-2:** Next week, following OMB approval, SSA will publish in the *Federal Register* a final regulation changing SSA's reporting requirements for beneficiaries who work so that the IRS form W-2 and self employment reporting forms will replace SSA's separate reporting requirement. The change will be effective for 1997 and is a modification of a REGO II proposal.

- **Childhood Standard Disability Training:** To help ensure that the new childhood disability standard under the Supplemental Security Income program is applied correctly and uniformly, the Social Security Administration initiated a special, one-time centralized implementation review of childhood disability cases adjudicated using the new standard.

Small Business Administration

- **Disaster Loans:** On March 11, SBA had received referrals for disaster loans from more than 12,000 homeowners and renters, and more than 3,300 businesses in the 109 counties declared Presidential disaster areas. On March 8, Administrator Aida Alvarez traveled to OH and TN with Vice President Gore to tour disaster areas.

- **Administrator's Schedule:** The Administrator will participate in the following events:
  - March 18 — Address to the Greater Washington Ibero-American Chamber of Commerce at the National Press Club.
  - March 20 — Address the New Majority Economic Summit sponsored by the Asian American Development Center, National Puerto Rican Business Council and the One Hundred Black Men of New York, Inc.

General Services Administration

- **Computers to Schools:** Last week, Region 2 arranged the transfer of 29 computers from FEMA to a school in NY City. On March 11, Region 1 transferred 10 computers to the Brooking School in the EC of Springfield, MA. On March 18, Administrator Barram will hold a Computers to Schools event in support of your DC initiative.

- **Everglades Assistance:** GSA and Interior have entered into a partnership to identify and sell excess federal property in FL. Proceeds from such sales will be used for the Everglades restoration project. Recently, the City of Coca, FL presented GSA with a check for $199,000 for the purchase of the Cocoa Federal Building. These funds will go to the Everglades account.

cc:

The Vice President
Erskine Bowles
Franklin Raines
Bruce Reed
John Podesta
Sylvia Mathews
Ron Klain
Rahm Emanuel
Maggie Williams
Michael McCurry
Doug Sosnik
Marcia Hale
Don Baer
Maria Echaveste
John Hilley
Janice Kearney
Craig Smith
Ann Lewis

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

March 14, 1997

THE PRESIDENT HAS SEEN
3-17-97

copies sent to McGinty Bowles

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. McGINTY WPW for KAM

CC: ERSKINE BOWLES

RE: CEQ WEEKLY REPORT

NEW WORLD MINE SETTLEMENT

As part of the agreement concerning the New World Mine that you signed on August 12, 1996 in Yellowstone, the Administration was required to offer to the Crown Butte Company assets worth up to $65 million by March 12. Accordingly, the Administration has offered Crown Butte the right to receive a portion of the federal share of royalty interests on federally owned mineral estates that are currently under lease and production in Montana. The offer will require legislative approval by Congress. As you know, the budgetary offset for the loss of royalty revenue was obtained from deferring for one year 2 million acres of sign-ups for the Conservation Reserve Program (CRP) at the Department of Agriculture.

At the same time we announced the agreement, we also announced our intention to continue working with elected officials to consider other mining opportunities in Montana. As you stated in your speech last August, mining jobs are good jobs and we should support them where they make sense.

National and Montana editorials on the offer have been positive, although criticism of the use of the CRP is also being reported nationally and regionally (see attached). The New York Times editorial called the deal "a bargain." Environmentalists and the Northern Cheyenne Tribe have issued endorsements.

We have reason to believe that the company is going to accept our offer. The next step will be to get congressional approval for the royalty diversion and our budget offset. This part could be very tricky. The most negative remarks thus far have been from some of the key Congressional players, including Senators Conrad Burns (R-MT), Pat Roberts (R-KS), and Bob Smith (R-NH) and Representatives Rick Hill (R-MT) and Bob Livingston (R-LA). Negative Congressional comments have focused on the use of funds from the CRP.

ISTEA REAUTHORIZATION

The Administration's ISTEA reauthorization bill contains many features that are very popular with environmentalists and other groups concerned with sustainable communities. One of the most important provisions is the proposed increased of 30% in funding for Congestion Mitigation and Air Quality (CMAQ) grants and support for increased flexibility in the use of the funds. The CMAQ has also been very well received by state and local officials who are responsible for implementing the requirements of the Clean Air Act, especially in light of the EPA proposed rule regulating ozone and particulates.

HEADWATERS

This week we faced a March 11 deadline for proposing assets to exchange for Mr. Hurwitz's Headwaters property in California as part of our overall agreement with him. On Tuesday the parties to the agreement met in Senator Dianne Feinstein's office and agreed to extend the date for final effectuation of the agreement to February 17, 1998, providing more room to negotiate.

The extension of the deadline is subject to the following conditions: (1) by September 1, 1997, we will have sufficient commitment of assets to exchange; and (2) by May 1, 1997, both parties must be satisfied with the status of the ongoing private plan for conserving habitat. If either of these conditions is not met, Mr. Hurwitz can terminate the agreement. On March 20th, the Fish and Wildlife Service (FWS) is briefing Mr. Hurwitz on their preliminary findings regarding the habitat conservation plan. It is possible that Mr. Hurwitz will view the preliminary findings of the FWS as too restrictive and could threaten to walk again at that time. However, the final findings of the FWS are still subject to negotiations so further talks would be possible.

BISON IN YELLOWSTONE

The National Park Service's effort to keep bison from migrating out of Yellowstone has been only minimally successful. As a result, the State of Montana continues to kill bison leaving the park with at least six more have been shot by the state on National Forest land this week, bringing the death toll to 1059. National Park Service monitoring this week indicates the bison population in Yellowstone and adjacent Forest Service lands may be as low as 1200, a perilously small number.

In more bad news, Oregon and Colorado have banned Montana cattle from coming into their states. They cite the threat of brucellosis infection as a justification despite the fact that no bison have come into contact with Montana cattle.

CLIMATE CHANGE

Last week, the European Union (EU) called for industrialized countries to cut greenhouse gas emissions 15% from 1990 levels by the year 2010. The proposal won much praise from the environmental community. The United States has put forward a comprehensive negotiating text,

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but no specific targets or timetables. In light of the EU move, the United States is increasingly isolated and seen to be on the "right" end of the spectrum in this debate.

A considerable interagency effort is underway to analyze carefully the environmental and economic consequences of different emissions levels. I believe we need to move very soon to share some of our analyses with Capitol Hill and other interested parties. While many in the Administration are anxious about releasing information before our position on this most important issue becomes a little more clear, the consequence of delay on disclosure is that high anxiety is building and many suspicions and fears are developing about what we might have in mind. I believe strongly, however, that we must begin to reach out or we will have no chance of building support for any position on this issue.

Also last week, newly-published research challenged an argument often used by the few scientists who remain skeptical about climate change. These skeptics have pointed to satellite data showing global temperatures cooling slightly over the past 18 years. The new research points to possible errors in the satellite data and suggests, instead, a slight warming over this period. While the satellite data remains controversial, the 140-year surface-temperature record is unambiguous. It shows a warming of about 1 degree F. since the mid-19th century, and shows that the 1980s and the 1990s (to date) are the warmest two decades on record.

The New York Times
Editorial

March 13, 1997

A Bargain on the Yellowstone Mine

President Clinton's announcement last August that a Canadian company had agreed to abandon plans for a huge gold mine that threatened Yellowstone National Park brought an audible sigh of relief among all Americans who cared about the sanctity of the country's first and foremost national park. But there were two loose ends that needed to be tied up. The first was to find some way to compensate the company and its stockholders for property that was legally theirs. The second was to win Congressional approval of the deal.

The first obstacle is about to be cleared. After a seven-month search for Federal assets that the company might reasonably accept in exchange for the mine, the White House announced yesterday a proposal under which the company, Crown Butte, will receive about $65 million in Federal coal, oil and gas royalties in return for the property, which will then revert to the Federal Government.

The company must still approve the plan, but there is every indication that it will. This is a fair deal for both sides. The money involved is the equivalent of the company's capital investment so far plus about $22.5 million in cleanup costs. Crown Butte will not make a penny on its investment, while all Americans will profit greatly now that Yellowstone has been spared what might have been an ecological catastrophe. Geologists had warned that the mine's toxic wastes could eventually contaminate the wild and scenic Clark's Fork of the Yellowstone River and the park itself.

Conservationists noted with approval that the deal is environmentally benign. The cash will flow from existing oil and mining operations and will not require the sale of Federal forest lands or other sensitive properties.

Assuming the company's approval, the final hurdle is Congress. Because the deal involves a shift in Federal royalties, and thus affects the Federal budget, Congressional committees must give their consent. That should not be a formidable problem, but on environmental matters, nothing in this Congress comes easily. Within moments of the White House announcement, the chairman of the House Appropriations Committee, a Louisiana Republican named Bob Livingston, complained that the Administration was trading away Government assets "in a mad rush to fulfill campaign promises."

Since it is unlikely that Mr. Livingston has been wholly unaware of the long struggle over the mine, he should know that what began as a regional protest became a nationwide cause that enlisted Mr. Clinton's Cabinet, his Vice President and eventually the President. The result was to persuade one of Canada's most powerful companies to abandon its claim to an estimated $600 million in potential mineral wealth. In exchange, the company spared itself the lasting public condemnation it would have earned had the project gone forward.

Mr. Livingston and others in Congress who share his complaints can avoid the same censure if they will move this deal forward. The price is a small one to pay for securing Yellowstone and its surrounding ecosystem.

Missoulian
March 13, 1997

MISSOULIAN EDITORIAL

Cash for Crown Butte is best

SUMMARY: New proposal to use money from federal mineral royalties to buy out controversial Yellowstone mine makes good sense.

Finally, the Clinton administration is talking sense in the negotiations to buy Crown Butte Resources' rights to develop a controversial gold mine near Yellowstone National Park. On Wednesday, the Justice Department House offered to consummate the deal with cash.

The White House now proposes to pay the Canadian mining company $65 million in cash, using money generated by federal mineral and petroleum royalties that otherwise would flow into the Treasury.

The new offer is an intelligent move away from the administration's earlier notion of trading for Crown Butte's mining rights using $65 million worth of federal property – office buildings, abandoned military bases, or whatever. This approach seemed appealing at first blush – perhaps we savvy Americans could dupe the hapless Canucks into taking some old Army barracks in Guam and a vacant office building in North Dakota and call it even. But as the search for tradable assets began, it quickly became evident that the federal government doesn't own anything. The American people own all federal assets, and there isn't much that's worth anything to a Canadian mining company that isn't also worth at least as much to Americans. Just recall the reaction when Gov. Marc Racicot's staff suggested selling $20 million worth of western Montana national forest into the deal.

Cash is better. It's the open and straightforward way to buy the mining rights. Of course, if the Clinton administration uses its mineral royalties to pay Crown Butte, it's going to have $65 million less to spend on other things. Will Congress and the American people sacrifice $65 million in federal spending to protect the flagship national park? We'll see. Our guess is that $65 million in forgone mineral royalties, paid out over a number of years, won't even show up as a blip in a federal budget that exceeds $1.5 trillion a year.

Des Moines Register
March 14, 1997

Conservation funds diverted

Gold-mining firm to give up land, get $65 million

Agriculture interests decry the plan, fearing the funds may come to be seen as easily tapped for unintended purposes.

By KENNETH PINS
Of The Register's Washington Bureau

Washington, D.C. — Whoever said the Conservation Reserve Program was a gold mine for farmers had it backward.

The Clinton administration has announced plans to divert $65 million from CRP funds to pay a Houston-based gold-mining company, Crown Butte Resources Ltd., to give up its claim to federal land just outside Yellowstone National Park.

The diversion will delay enrollment of 2 million acres of erodible farmland into the Conservation Reserve Program this year, at a time when large numbers of CRP contracts are expiring and coming up for possible renewal.

"I think they should get it from someplace else," said L. Jeanette Winegarden, president of the Iowa Association of Soil and Water Conservation District Commissioners. "We have pushed hard to keep that acreage and keep that money there" in the CRP.

Major environmental organizations hailed the plan. "The beauty of this proposal is that it is environmentally benign and budget neutral. Who could argue with that?" said Betsy Buffington of the Sierra Club.

Iowa Secretary of Agriculture Dale Cochran, for one. "I think it's ridiculous," he said. Up to 600,000 acres of CRP contracts will expire in Iowa alone this year, he noted, and up to two-thirds of that would have been eligible to be re-enrolled.

By diverting the money to buy out the gold mine, enrollment of as much as 33,000 acres in Iowa could be postponed. "That might be lost forever because (farmers) are going to find other uses for that land," he said.

Under an 1872 mining law, Crown Butte had rights to the New World

"I think it's ridiculous."
— Dale Cochran
Iowa secretary of agriculture

gold mine on federal land in Montana three miles north of the Yellowstone boundary. Environmentalists worried that acid from the mining process would pollute water in and around the nation's first national park.

Under the complicated transaction, Crown Butte will give up its claim and spend $22.5 million cleaning up pollution at the site. In return, it will receive $65 million in oil, gas and coal royalties from federal lands, which will in turn be reimbursed from the Conservation Reserve Program.

The CRP was authorized to sign up 19 million acres this year, and 8 million next, on the way to a total of 36 million acres in government conservation contracts by the turn of the century.

Now, only 17 million acres can be signed up this year, according to Brian Johnson, a spokesman for the administration's Council on Environmental Quality, and up to 10 million in 1998.

Sen. Charles Grassley, R-Ia., said the plan sends a confusing signal. "Is the administration committed to a conservation program for farmers? Or is the CRP just a pot of money into which the administration can dip to fund other environmental goals of the president?" he asked.

Indeed, officials at the Agriculture Department reportedly fought bitterly against the proposal, more out of fear that the CRP would come to be seen as a pot of money from which Clinton could pay for environmental commitments.

A dispute between the White House budget office and the Agriculture Department was ultimately decided by Clinton against the USDA, according to an Agriculture official.

**Greater Yellowstone Coalition • Sierra Club Legal Defense Fund
Beartooth Alliance • Northern Plains Resource Council • Sierra Club
Northwest Wyoming Resource Council • Gallatin Wildlife Association**

For immediate release: March 12, 1997

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Conservation Groups Endorse Mine Asset Exchange Proposal

Conservation groups today strongly endorsed a federal proposal to use royalties from Eastern Montana coal and oil and gas leases to exchange for the proposed New World gold mine property adjacent to Yellowstone National Park.

The White House today announced that it had offered to Battle Mountain Gold the royalties to complete the agreement announced last August by President Clinton to end the gold mining project.

"President Clinton has kept his part of the agreement that forever safeguards Yellowstone Park from pollution by acidic mine wastes," said Mike Clark of the Greater Yellowstone Coalition. "We hope there will be bi-partisan support in Congress to complete this agreement to protect Yellowstone."

The New World mine was proposed for just 2.5 miles from Yellowstone's northeast boundary. It would have created an impoundment the size of 70 football fields to store acidic mine wastes. Local citizens, the National Park Service and others feared the mine would pollute waters flowing into Yellowstone and the surrounding area.

Responding to national outrage and universal opposition to the mine, President Clinton announced in Yellowstone last August 12 an agreement between the federal government, the mining company and conservation groups to exchange the assets of the mine, valued at $65 million, for other federal assets. Those are the mineral royalties identified today. In addition, the company must spend $22.5 million cleaning up mining pollution at the mine site.

The groups supporting the government's offer of mineral royalties include the Greater Yellowstone Coalition, Sierra Club Legal Defense Fund, Beartooth Alliance, Northern Plains Resource Council, Sierra Club, Northwest Wyoming Resource Council, and Gallatin Wildlife Association. These groups were plaintiffs in a Clean Water Act lawsuit against the mining company. Settlement of the lawsuit is part of the negotiated agreement between the groups, government and the mining company.

The exchange of royalties for the mine property will require congressional approval. It also will be subject to an environmental analysis, which requires a 30-day public comment period.

Doug Honnold, of the Sierra Club Legal Defense Fund and one of the negotiators of the August Agreement, said the agreement will protect Yellowstone Park and the surrounding area.

"We've stopped an environmental disaster at a cost to the taxpayer that is a drop in the bucket compared to what we're paying to clean up other mine disasters, such as the $100-million cleanup of the Summitville mine failure in Colorado," Honnold said.

"The beauty of this proposal is that it is environmentally benign and budget neutral. Who could argue with that?," said Betsy Buffington of the Sierra Club. "It is the perfect proposal to protect Yellowstone for our families and our future."

"This agreement not only stops the mine, but means that $22.5 million will be spent immediately to clean up existing pollution at the mine site area. This means jobs for the region as soon as Congress approves the agreement," said Joe Gutkoski of the Gallatin Wildlife Association.

Jim Barrett of the Beartooth Alliance said that it is fitting the agreement was struck while the nation celebrates the 125th Anniversary of Yellowstone Park.

"Stopping the New World mine has been a bipartisan effort and hopefully that will continue to be the case while we consummate this historic conservation milestone. Protecting this portion of the Yellowstone Ecosystem should be a source of pride for everyone," Barrett said.

"We think this is a good deal for Yellowstone, the Beartooths and for the country," said Richard Parks, of the Northern Plains Resource Council. "Having been involved in these discussions for months, I know how difficult it has been to work out the details. I appreciate the leadership, perseverance and just plain hard work put into this resolution by President Clinton's team. Now all the parities need to work together to convince Congress to act expeditiously to implement the agreement."

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- WOHEHIV -
The Morning Star

NORTHERN CHEYENNE TRIBE

P.O. Box 128

LAME DEER, MONTANA 59043

- WOHEHIV -
The Morning Star

PRESS RELEASE

March 12, 1997

William Walksalong, President of the Northern Cheyenne Tribe, has issued the following statement on President Clinton's decision on the Crown Butte Mine exchange:

"The Northern Cheyenne Tribe commends President Clinton for his decision to offer only federal royalties from existing coal, oil and gas operations to compensate Crown Butte Mines for the termination of the proposed New World Mine project near Yellowstone Park. The Tribe greatly appreciates the President's sensitivity to the economic, social, cultural and environmental interests of the Northern Cheyenne Tribe that would have been jeopardized had the "Montana Initiative" been adopted, a proposal which was fashioned without considering the interests of the Tribe or otherwise informing or inviting meaningful input by the Tribe.

"The Tribe understands that, as a separate matter, the federal government is interested in assessing whether federal coal properties at Wolf Mountain should be made available through normal coal leasing channels. Such leasing in the past has been conducted in violation of federal statutory and trust obligations to consider and mitigate adverse impacts on the Tribe and ensure that the Tribe and its members benefit from such development. However, the Tribe would be interested in learning more about the Wolf Mountain properties and exploring whether they could be leased in full compliance with the United States' statutory and trust obligations, including the adoption of special arrangements to provide desperately-needed employment and economic development opportunities to the Tribe and its members. We would hope that, in considering any such leasing proposal, particular efforts would be made, in close consultation with the Tribe, to develop such special arrangements."

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copies sent to Reed Bowles

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN 3-17-97

March 15, 1997

MEMORANDUM FOR THE PRESIDENT

CC: ERSKINE BOWLES

FROM: BRUCE REED BR/ek

'97 MAR 14 PM6:41

SUBJECT: DPC WEEKLY REPORT

1. ABC Radio Town Hall. During the March 12 ABC Radio Town Hall on drugs, a student named Mikisha Bonner told you that an open-air drug market operates across the street from her school. You told her that you would look into what could be done. In response to your request, General McCaffrey's staff contacted the DEA. Working with the Metropolitan Police Department, the DEA now has expanded an ongoing investigation in the vicinity of the open-air drug market. The DEA will keep General McCaffrey informed of the status of this investigation.

2. Education Standards. On Monday, the organization of Chief State School Officers -- as well as a number of individual members -- will endorse your testing proposal. (You are currently scheduled to meet with the School Officers on Monday, along with the Vice President and Secretary Riley.) The following Monday (March 24), during your trip to California, California Superintendent Delaine Eastin and a group of Silicon Valley high-tech executives also will endorse your proposal. California's endorsement is very important because the State has 11% of the country's schoolchildren. We are currently considering whether you should give a speech in California on standards that takes on both the Ebonics movement and English-Only initiatives.

3. Service Scholars. You are currently scheduled to do an event on March 27 to launch the National Service Scholars Program, which you called for last year at Penn State. The program will provide $1,000 scholarships for high school students who have performed outstanding service, with the federal government putting up $500 out of existing Americorps funds and a community or service organization (e.g., Lions, Elks, Kiwanis, Moose) putting up the rest. You will issue an invitation to school principals to nominate students for the scholarship and probably announce some commitments from national organizations for matching grants as well.

4. National Anti-Drug Media Campaign: Your FY 98 budget includes $175 million for a national anti-drug media campaign directed towards our youth. ONDCP can start this campaign right now by using discretionary funds in its FY 97 budget. We would like you to kick off the campaign next month at a Rose Garden event with one of the celebrities who has agreed to appear in an ad. ONDCP is currently reaching out to celebrities and sports figures such as

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Michael Jordan, Grant Hill, and Tiger Woods; if Michael Jordan agrees, we should aim to have the event when the Chicago Bulls visit the White House on April 3. At the same time, you should release a letter to every network challenging them to match the federal government's contribution and begin dedicating more air time to anti-drug ads.

5. Welfare business group announcement. Eli Segal is planning a formal announcement of his organization in early April. He thinks he should make this announcement in Milwaukee, where he can line up the support of a few hundred businesses, Mayor Norquist, Governor Thompson, and the head of Manpower (Mitch Fromstein). This event is tentatively scheduled for April 7. I am attaching to this memo a recent editorial from the New Republic making specific reference to Milwaukee and concluding generally that "the process of transforming the underclass into a culture of working, two-parent families who are full participants in society is underway."

6. Victims Constitutional Amendment: In June 1996, you announced your support for a constitutional amendment to guarantee victims the right to be notified, to receive restitution and reasonable protection measures, and to be heard at sentencing and parole hearings. We are working on an event at which you would: (1) urge Congress to pass the Amendment quickly; (2) receive a report from the Attorney General, in response to your June 1996 directive, outlining measures taken by the Justice Department to increase and improve Federal services and protections for victims of crime; (3) announce the creation of a Federal victim notification system; and (4) announce that additional funding from the Victims' Crime Fund will be provided to victims' services and shelters throughout the country. The event could be held on April 19, which is the third anniversary of the Oklahoma City bombing, or the week of April 14 - 18, which is National Crime Victims' Week.

7. Medical Records Privacy. We are working with HHS to develop legislation that will protect the confidentiality of medical records and guard against inappropriate use of genetic screening information, while not frustrating legitimate medical research. The subject is complex, but we have this initiative on a fast track and should be ready to announce legislation in early May.

8. Ban on Importation of Gun Clips. We are looking into the possibility of endorsing Sen. Feinstein's bill to prohibit the importation of large-capacity ammunition clips manufactured prior to the enactment of the 1994 Crime Act. We have learned that Sen. Feinstein's bill would amend a provision of the Crime Act on which Rep. Dingell insisted as a condition of his support. We will have a recommendation later this week after discussions on the Hill with Rep. Dingell and Sen. Biden.

THE NEW REPUBLIC

MARCH 24, 1997

IT'S WORKING

Welfare reform is barely six months old, yet the verdict of the American left is in: it's a disaster. The bleak diagnosis is laid out in the cover story of the latest *Atlantic Monthly*, in which Peter Edelman, the Clinton appointee who quit in protest over the bill, chews over its fatal flaws. His complaints, echoed by Anthony Lewis in a March 4 *New York Times* op-ed piece, are familiar: 1 million more children in poverty, 11 million low-income families worse off, a race to the bottom by governors determined to drive their poor across the border. "How bad, then, is it?" Edelman wonders, rhetorically. "Very bad."

Edelman wrote his article this winter. But he could have written it a year ago. His predictions of a doomed future are just that—predictions, based on models done before the bill passed. In fact, the real evidence about the effects of welfare reform is in, and much of the news is good. While it's too early for euphoria, it's not too early for guarded hope. Preliminary reports show that, in every state but Hawaii, welfare caseloads have dropped. So far it seems the logic behind welfare reform was right: now that the incentives have changed, welfare recipients are making better decisions.

Edelman mentions, in passing, that the welfare rolls have decreased "somewhat." In fact, they've plummeted dramatically since the bill took effect. The decline in caseloads began three years ago and has spiraled since August. In the last year, caseloads have dropped 18 percent nationwide. A healthy economy accounts for only part of the decline. It does not explain why the steepest drop in caseloads—650,000—happened in the four months after the bill was signed. It also does not explain why the states with the most comprehensive reforms are showing the most improvement. Wisconsin, for example, lost about a third of its welfare recipients in the last year. In Milwaukee, the city with the nation's highest out-of-wedlock birthrate, caseloads dropped 23 percent.

Edelman's not-so-minor omission colors the rest of his analysis. In 2002, he grimly predicts, states will have less federal money than they would have had under AFDC, because bloc grants are fixed for six years. And they will chafe under the requirement to place 50 percent of recipients in jobs. But it's not at all clear that states will have less money. Bloc grants were set at 1994 levels, when caseloads were at a record high. Because of the dramatic decline in caseloads, states actually have more money for the families left behind in the program.

The real 2002 may look more like this: barring a recession, close to half of welfare recipients are off the rolls. (After all, states are only 5 percent away from meeting the 1996 goal of 25 percent working.) That leaves a glut of money to pour on the hardest cases, who will need more training and hand-holding. States that cannot meet the requirement will be fined a small amount; if most states fail, the requirement will surely be relaxed. Some people will fall through the cracks—lose income, or even end up in homeless shelters. This is the inevitable price of positive cultural upheaval. What's important is that the process of transforming the underclass into a culture of working, two-parent families who are full participants in society is underway.

We agree with Edelman that denying benefits to legal immigrants and cutting adults off Food Stamps is gratuitous. Clinton should work to correct these failings, and many have already begun to correct themselves. Thirty-six out of the forty states that have submitted welfare reform plans are paying legal immigrants out of state funds. And the government has begun to quietly ease requirements for citizenship. Once these two problems are eliminated, much of Edelman's tragedy disappears.

Our faith in the future of reform, we realize, depends on the governors. And, thankfully, first reports show they are not as sinister as expected. In his latest budget, Wisconsin Governor Tommy Thompson increased welfare spending on each new family by 20 percent. This suggests middle-class stinginess is counterbalanced by another dynamic: once Americans see welfare as an effective work program, rather than a sponge, they can be convinced to pay for it.

Our faith also depends on something else: a belief in the human capacity for change. Edelman and other liberals who oppose reform speak of the poor as if they are irrevocably crippled, lost forever: "much of what we do in the name of welfare is more appropriately a subject for disability policy," Edelman writes. But, as we've learned over the last six months, the problem is much simpler. A small core of people need tremendous help. But the large majority seem to need only a small shove. That's the best news we could have hoped for. •