

Should we copy

Mc Ginty

Shelton

Palmieri

COS Yes ?
Strett

4-16-97

THE WHITE HOUSE

WASHINGTON

April 15, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: HELEN HOWELL *Hele*

SUBJECT: Lake Tahoe Event

is Miller OK on this memo

The attached McGinty/Skelton/Palmieri memo recommends a format for a series of Lake Tahoe events, and seeks your decision on a proposed schedule for your visit.

Event Summary. The primary goal of these events is to showcase a successful example of government action to achieve an integration of environmental protection and economic development. The secondary goal is to assist Sen. Reid and other Nevada and California delegation members whose constituencies care deeply about Lake Tahoe's environment and wish to see additional Federal attention and aid directed to the lake's needs.

Phase I will involve significant participation by Federal agencies. During the 60 days prior to your visit to Lake Tahoe, agencies will conduct five or six conferences in the Tahoe region, e.g., Agriculture will conduct one on forest ecosystem restoration, and the EPA will host a session on improving water quality. **Phase II** will consist of a "wrap-up" meeting by the VP with leaders from the various conferences in Tahoe, and the VP will hike a trail or undertake a similar outdoor/environmental event. **Phase III** will consist of a visit by you, the VP and bipartisan political leadership from the region to a photogenic natural setting on Lake Tahoe (probably by boat) -- where you will announce specific measures to help protect Lake Tahoe. Afterwards, on land, you and the VP will meet with local leaders of efforts to protect Lake Tahoe and the Sierras -- to thank them for their hard work. Based on a preliminary review of programs and taking into account budget limitations, your morning announcement is likely to include measures to improve the health of the Tahoe-area forests, reduce pollution of the Lake, improve Tahoe basin transportation planning, restore native wetlands and aquatic habitats, improve intergovernmental coordination, and help other areas learn from Tahoe's example.

Proposed Schedule. The memo recommends (and John, Sylvia and Stephanie concur) that you depart for Lake Tahoe on Saturday morning, April 26, participate in a morning message event with the VP and chair the afternoon event meetings. Upon the conclusion of the Tahoe events, you would depart for a Saturday overnight in L.A. On Sunday, April 27, you would attend a morning church service in L.A. and a DCCC fundraiser in the evening. You would overnight in L.A., and on ~~Monday morning, April 28~~, you would fly to Las Vegas to address the National Governors Association. You would return to the White House Monday evening. *Note that the proposed schedule avoids an overnight in Lake Tahoe in an effort to limit disruptions to travelers during the height of Tahoe's tourist season.*

☒ Approve☐ Disapprove☐ Discuss*was April?*
*July**OK - our press D - overnight in Vegas? - for fundraiser*



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

April 7, 1997

10

MEMORANDUM TO THE PRESIDENT AND VICE PRESIDENT

CC: ERSKINE BOWLES

FROM: KATHLEEN A. McGINTY
KAREN SKELTON
JENNIFER PALMIERI

Kathleen McGinty
Karen Skelton
Jennifer Palmieri

SUBJECT: LAKE TAHOE EVENT

Introduction

This memorandum presents a recommended format for the Lake Tahoe event, and seeks your decision on a proposed schedule. Our recommendations reflect consultations among your senior staff, appropriate agencies, the offices of Senators Reid, Bryan, Boxer, Feinstein, Congressman Vic Fazio, and others.

Event summary

Lake Tahoe's stunning beauty has been a natural magnet for development and for conservationist advocacy. For almost 30 years, local and state government, with appropriate federal help, have worked to strike a balance between those pressures and they have done a remarkably good job. The Tahoe basin's high-quality environment is the engine of the region's strong tourism and lifestyle-based economy. There are some issues to tackle, but overall the Lake Tahoe basin presents a good news story that offers lessons for other areas in the region and across the nation.

The primary goal of the Lake Tahoe event is to showcase a successful example of government action to achieve an integration of environmental protection and economic development. Lake Tahoe is an ideal setting to profile the Administration's environmental philosophy, namely, that a healthy environment goes hand-in-hand with a strong economy.

The secondary purpose of the event is to assist Senator Reid and other Nevada and California delegation members whose constituencies care deeply about Lake Tahoe's environment and wish to see additional federal attention and aid directed to the lake's needs.

Our recommended approach for the "Lake Tahoe event" has three parts, culminating in a final day that will feature the President at Lake Tahoe. The event will involve significant participation by the departments of Agriculture, Transportation, and the Interior, the Environmental Protection Agency, and Army Corps of Engineers.

As the first step, during the 60 days prior to the President's event, federal agencies will conduct five or six topically-focused conferences in the Tahoe region. For example, the Department of Agriculture will conduct a conference on forest ecosystem restoration; the Department of Transportation will hold a conference on improved transit systems in the Tahoe basin; the Environmental Protection Agency will host a session on improving water quality. These conferences will provide for outreach and help frame federal actions that the POTUS will later announce.

Second, on the day before the final event, the Vice President will chair a "wrap-up" meeting with leaders from the various preceding conferences. The Vice President will "collect the message" coming out of the topical conferences and be understood to be conveying that message to the President. Also, on the same day, the Vice President will hike a Tahoe-area trail or undertake a similar outdoor/environmental event.

Third, the President will come to Lake Tahoe for the final event. The event will occupy most of one day and have two basic parts. In the morning, the President will visit a photogenic natural setting on Lake Tahoe (probably by boat). The President will be accompanied by the Vice President and bipartisan political leadership from the region. During this stage of the event, the President will announce specific measures to help protect Lake Tahoe.

Those measures are being defined through consultations now underway among our agencies and with the delegation, states, and stakeholders. It is likely, based on our preliminary review of available programs and resources (taking into account present budget limits), that the President will be able to announce measures to:

- improve the health of Tahoe-area forests;
- reduce pollution of the lake;
- improve Tahoe basin transportation planning;
- restore native wetlands and aquatic habitats;
- improve intergovernmental coordination; and
- help other areas learn from Tahoe's example

Other measures may come to light as our planning and consultations and the regional conferences proceed.

Afterwards, on land, the President and Vice President will meet with local leaders of efforts to protect Lake Tahoe and the Sierras, including political leadership from California and Nevada, business interests, environmentalists, and others. The President will thank them for their hard work. We believe that the conferences held in advance, and the announcements earlier in the day, will create a friendly environment for this meeting, such that comments from the various attendees will be positive and thankful.

We believe the event will draw national attention to the President's actions to help Lake Tahoe and the environment, as well as to the Administration's environmental philosophy. This is also a

very important event for Nevada and California elected representatives. The event will also improve federal, local, and state efforts to aid the lake.

Proposed Schedule

We recommend that the Lake Tahoe event be held on Saturday, July 26, as part of a western trip that would include a DCCC fundraiser in Los Angeles on Sunday, July 27, and an appearance at the National Governors Association's annual summer meeting in Las Vegas on Monday, July 28.

The proposed schedule is for you to depart for Lake Tahoe on Saturday morning, participate in a morning message event with the Vice President, and chair the afternoon event meetings. Upon conclusion of the Tahoe event, you would depart for a Saturday overnight in Los Angeles, perhaps attend a church service in Los Angeles on Sunday morning, attend a DCCC fundraiser Sunday evening and overnight in Los Angeles Sunday night. On Monday morning you would fly to Las Vegas to address the NGA and then return to the White House Monday evening.

The schedule is designed to avoid an overnight in Lake Tahoe in an effort to limit disruptions to travelers during the height of Tahoe's tourist season.

Recommendation

That the Lake Tahoe event be held on Saturday, July 26, followed by travel to Los Angeles for a DCCC fundraiser on Sunday July, 27, and travel to Las Vegas for a speech before the NGA on Monday, July 28.

_____ Approve

_____ Disapprove

_____ Discuss

It helped that a wide variety of residents had a say like him.

Crack and Cocaine Penalties

DUANE EDWARDS, a convicted D.C. drug dealer, was surely disappointed Monday, when the U.S. Supreme Court refused to hear an appeal in his case. But he couldn't have been surprised that the courts continue to reject the constitutional argument he made. In June 1995, he and a codefendant sold 126.6 grams of cocaine base (crack) to an undercover officer. When his car was subsequently searched, the police discovered another 61.6 grams of the substance. Because this offense involved more than 50 grams of crack, he was sentenced to a mandatory minimum of 10 years in prison. If he had been dealing in powdered cocaine instead of crack—the substances are pharmacologically indistinguishable—he would have had to have possessed 100 times the amount he did to get such a stiff sentence.

Mr. Edwards is not the first offender to argue that such an enormous disparity in sentencing suggests a bias against African Americans, who are 95 percent of the country's crack users, while Hispanics and whites predominate among cocaine users. But the constitutionality of the statutory scheme was upheld in Mr. Edwards's case by the U.S. Court of Appeals

here, as it has been in other circuits. And though he had a formidable team of attorneys that included John Floyd, who chairs the criminal law section of the National Bar Association, Charles Ogletree, a professor at Harvard Law School, and Johnnie Cochran of O. J. Simpson fame, he lost again this week.

It's not necessary to believe that Congress intended to discriminate racially when it voted to penalize crack offenses so harshly. Nevertheless, the impact of these staggering sentences has fallen disproportionately on one segment of the community. The Edwards case is simply another sign that the courts won't correct this imbalance. It is a legislative function. The U.S. Sentencing Commission, whose recommendation should carry more weight with elected officials, wants a revision. The attorney general and the White House resist. And Congress, you will not be surprised to learn, takes the path of least resistance and votes to continue the harsh penalties for crack crimes while treating cocaine offenses more leniently.

The commission will send new recommendations to the Hill this spring. Congress should acknowledge this unintended inequity and correct it.

*Rahm Emanuel
This is a fair
secret way*

The Washington Post

WEDNESDAY, APRIL 16, 1997

THE PRESIDENT HAS SEEN

4-16-97

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Rahm Emanuel
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By PETER APPLEBOME

JACKSON, Miss. — No one is saying that the future of public education comes down to a group started by 20 parents here in Mississippi's capital.

But as big-city schools continue to lose white and middle-class minority students and as alternatives to public education like systems using school vouchers continue to hover on the horizon, there is an intriguing glimpse of American education in that group: Parents for Public Schools.

The group, which got its start in 1989 at a gathering of mostly affluent white parents in the living room of Dick Molpus, who was then Mississippi's Secretary of State, began with a simple idea: If parents want to support and nurture public schools, they should put their children in them. Out of that idea has grown a national organization that now includes minority parents and has 50 chapters in 22 states. The chapters work on a long-term basis to upgrade public education in entire communities or school districts.

Despite some successes, however, Parents for Public Schools is also a case study in the limits of good intentions when it comes to revitalizing public education.

Although the group's growth is a signal that many others want to embrace its philosophy that healthy public schools are fundamental to the nation's future, even here in Jackson the percentage of whites in the schools continues to dwindle.

In the 1988-89 school year, black students made up 77 percent of the district, and white students 23 percent. Now the district's 32,414 students are 87.7 percent black and 11.6 percent white. Of the four elementary schools with a substantial white enrollment — where much of the group's energy was originally focused — all have seen a significant decline in the percentage of whites in recent years.

And such declines are occurring throughout the country, as highlighted by a recent study by the Harvard Graduate School of Education, which found the fastest rate of school resegregation since the Supreme Court's landmark 1954 ruling in *Brown v. Board of Education*.

"There are a lot of people in the country in a lot of different roles who are in a sense desperate for ways to make public education work, so I think an organization like this has enormous potential," said M. Hayes Mizell, a member of the group's board who works on education with the Edna McConnell Clark Foundation in New York. "But a broad philosophical kind of support for education will only take you so far. And that's why unless you really come to

grips with an improvement agenda, and you really strike at the heart of what education is all about, the general notion of supporting public education can take you only so far."

In some ways, the growth of Parents for Public Schools has been remarkable. Its 50 chapters are in places as diverse as Greenville, S.C.; Waco, Tex.; Ellenville, N.Y.; Teaneck, N.J.; Los Angeles, Cincinnati and Cleveland. Beyond enrolling their children in local public schools, members of the group focus on concerns like bond issues, overcrowding or alternative schools. Through conferences, literature and joint planning, members share information on common education problems and strategies for addressing them.

In Cincinnati, the chapter helped organize support for two successful bond issues in recent years, and has organized a public rally for public education.

Brewster Rhoads, vice president of the Cincinnati chapter, said, "I think it's absolutely essential that parents become more involved than they've ever been, not just in supporting their own kids' school, but also in making sure that the community at large rededicates itself to making sure that public schools work."

In Jackson, members of Parents for Public Schools say the continued shift in the racial balance of the schools reflects in part the growth of the black population.

"If it wasn't for Parents for Public Schools, this would probably be an all-minority district today," said Kelly Butler, the group's executive director. "We put a thumb in the dike even if we didn't completely reverse the tide."

Consequently, the group has changed its focus from recruiting white parents to building alliances of parents of different races and economic backgrounds to find solutions to problems in the schools.

Here in Jackson, for example, the chapter president is white but the chairman of the task force that deals with specific issues is black, and the board is about half black and half white. The national board has 6 minority members out of 23.

The group has no schedule for growth, but officials say they get up to about 10 inquiries about possible new chapters a week, and hope to be active in all 50 states before long.

"There are a host of worthwhile organizations working to improve particular schools," Mr. Molpus said. "We can be the voice for systemic reform at the school district level around the country. If that happens, I think you'll see some of the divisiveness along racial and class lines healed."

Still, most chapters depend on the efforts of a small core group, and local leaders of Parents for Public Schools are wary of grand claims.

In addition to the forces pulling white and middle-class minority students from public schools, they say, is the simple factor of time: parents involved in their own lives and schools can find it hard to stretch to find energy for such an organization.

"It is swimming against the tide, but that doesn't mean we have to sink," said Margaret Hulbert, president of the Cincinnati chapter. "Parents for Public Schools provides so much emotional and intellectual support. It's easy to look at the problems of the schools and say, 'Why bother?' It really helps to know other people are finding ways to make things work."

Insurer to Cover Some Who Are H.I.V. Positive

By JOSEPH B. TREASTER

A small Midwestern insurance company said yesterday that it was beginning to offer life insurance to some people who were H.I.V. positive, a first commercial step toward recognizing that contracting the AIDS virus may no longer be an automatic death sentence.

Executives of the company, Guarantee Trust Life Insurance, the first to offer such coverage, said that for the first 90 days sales would be limited to the company's home state of Illinois, but that they intended to expand across the nation once they were able to gauge demand and set up sales and administrative machinery.

Richard S. Holson 3d, the president of the 60-year-old company in Glenview, Ill., said it was offering the coverage because "we believe many otherwise healthy H.I.V.-positive individuals are more appropriately viewed as having a treatable chronic illness rather than a terminal disease."

Javier G. Salazar, an official of the AIDS Action Council in Washington, said, "We're excited that the insurance industry has started to recognize the fact that we're making some real improvements in treatment, that people are living longer." The council represents more than 1,400 AIDS-advocacy groups across the country.

The policies, which will provide coverage of up to \$250,000, will not be available in New York, because Guarantee Trust is not licensed to do business in the state. New York has the strictest insurance regula-

Continued on Page 5

Continued From First Business Page

tions in the country.

Moreover, the coverage will not be offered to all those with H.I.V. It will be available to those who have contracted the virus through sexual activity or accidental needle sticks, company executives said, but will be denied to patients who have developed the disease through the injection of drugs. The reason, the executives said, is that they feel drug use creates incalculable risks for the company, including the chance that medications will not be taken.

In the early 1980's, as the AIDS epidemic was beginning, many people diagnosed with H.I.V. died in less than two or three years. But Dr. Mervyn F. Silverman, a former president of the American Foundation for AIDS Research, said that with treatment that now included combinations of drugs known as AIDS cocktails, some people with the condition are living 10 years or longer.

Dr. Silverman as well as Mr. Salazar and officials of the Gay Men's Health Crisis in New York cautioned that the cocktails had been available for only a short time and that the long-range benefits were not clear.

Even so, Guarantee Trust executives, who since 1970 have been selling coverage to high-risk clients rejected by other companies, said they believed enough progress had been made in treating the disease that they could reasonably calculate the risks for them.

"Our assessment is that it has moved from the acute to the chronic condition," said Bennett Montgomery Edson, the marketing director

for Guarantee Trust.

The coverage is expensive. While a "fairly healthy" 30-year-old man who does not smoke pays \$55 a month for \$50,000 worth of coverage from Guarantee Trust, a person with the same characteristics, but who is H.I.V. positive would pay \$300. For the maximum coverage of \$250,000, the cost for someone who is H.I.V. positive will be \$1,500 a month.

And the costs may well limit sales for Guarantee Trust and other companies that insurance experts say are contemplating providing this kind of coverage.

Mr. Salazar said he thought a relatively small group of patients would be able to afford the coverage. "The majority of people living with this disease are busy using their resources to keep themselves alive," he said.

Mr. Edson said the company, which has 400,000 life insurance policies in force now, had set no minimum or maximum number on the amount of policies it would be willing to offer to those who are H.I.V. positive. If demand proves to be particularly high, Mr. Edson said, the company would simply turn to reinsurance companies, which are in the business of sharing risk with insurers who deal directly with the public.

In addition to life insurance, Guarantee Trust has about 600,000 other policies in force, mainly for health insurance for college students, coverage guaranteeing the payment of automobile loans and supplements to Medicare. Last year, it had \$200 million in revenue, a tiny fraction of the business done by such giants in the industry as Prudential and Metropolitan Life, which measure their annual revenues in the tens of billions of dollars.

As examples of other high-risk policies the company has been writing, Mr. Edson cited those covering people who had survived cancer, organ recipients and people with more than one ailment such as a combination of diabetes and coronary disease.

The company has been making money on those policies, Mr. Edson said, and began thinking that the H.I.V. condition was about the only chronic condition it was not covering. "This led us," he said, "to think, 'Gee, maybe we ought to take a look at this.'"

The New York Times

WEDNESDAY, APRIL 16, 1997

Most Efforts to Stop Crime Fall Far Short, Study Finds

Boot Camps and Drug Classes Are Criticized

By FOX BUTTERFIELD

The most comprehensive study ever of crime prevention shows that some of the most popular programs, including boot camps, midnight basketball, neighborhood watches and drug education classes in schools, have little impact. The study also questions the effectiveness of the nation's huge prison construction program in the past two decades.

But the study, recently made public, found promising results for some programs, particularly intensified police patrols in high-crime areas, drug treatment in prisons and home visits by nurses, social workers and others for infants in troubled families. The work was done for Congress by a team of University of Maryland criminologists.

Still, the study found that it remained difficult to assess Federal crime-prevention programs because there was so little rigorous, scientific evaluation of them.

The research, ordered by Congress last year, set out to determine the effectiveness of the more than \$3 billion the Department of Justice now grants annually to help local law-enforcement authorities and community groups prevent crime. The study, which focuses heavily on programs to stop juvenile crime, was presented to Congress late last week and was the subject of hearings yesterday by the House Judiciary Committee.

The study is more a compendium of existing evaluations of the various crime prevention programs than an analysis of why each one works or fails. It reported that according to new research, boot camps, midnight basketball, neighborhood watches and drug education classes for schoolchildren tended to be short-term programs that did not fundamentally change the thinking or behavior of troubled young people or ameliorate the conditions in which they live.

But infant visitation programs can have lasting effects on both the child and the parents because problems are dealt with early, the study reported. Similarly, recent research has found that the police can have an impact on crime if they focus their efforts on high-crime areas or work to stop petty crimes, like vandalism, as a way to head off felonies.

But Lawrence W. Sherman, the chairman of the department of criminology and criminal justice at the University of Maryland and the lead author of the report, said, "The most important finding is that we really can't tell how a majority of funding is affecting crime."

A major reason for that problem, Professor Sherman said, is that Congress has never insisted on the same kind of scientific evaluation of crime prevention programs that it does, for example, in testing new drugs.

The reason for this laxity, said a Justice Department official who spoke on the condition of anonymity, is that members of Congress tend to vote for anti-crime measures, like prison construction, if they believe that the programs are politically popular or if the programs fit the Congressman's own views on crime.

In addition, the official said, while it is clear from research that violent crime is heavily concentrated in a

few areas of large cities, most members of Congress vote to spread out the money to fight crime so more districts are included, instead of concentrating the resources where they would have the most impact.

In fact, the report said, half of all homicides in the United States occur in the 63 largest cities, which have only 16 percent of the nation's population. Even within these cities, homicides are heavily concentrated in a few neighborhoods. The study found that 10 percent of all places in the United States are where about 60 percent of all crimes occur.

"We know enough from research to conclude that the success of these crime prevention programs depends on how well they are focused on high-risk crime areas," Professor Sherman said.

With programs like the one that calls for the addition of 100,000 police officers, a provision President Clinton pushed for in the Crime Control Act of 1994, resources are being spread evenly across the country, not concentrated in the most vulnerable areas, he said.

"We need to put the money where the crime is, not just where the votes are," Professor Sherman said.

Few Federal programs directed at crime are rigorously evaluated.

The study's findings on prison construction and drug education classes in schools are most likely to produce criticism.

The drug education program, called Drug Abuse Resistance Education, or D.A.R.E., was founded in Los Angeles in 1983 and is now used in about 70 percent of the nation's public schools. The classes warn about the dangers of drug use and are taught by uniformed police officers instead of regular teachers.

The program, usually given to fifth and sixth graders, is extremely popular with parents. But the report said repeated evaluations had found that its "effects on drug use are, except for tobacco use, nonsignificant."

Denise Gottfredson, a professor of criminology at Maryland and a co-author of the study, said: "D.A.R.E. has its good points. It's in 70 percent of our schools, so I would never recommend stopping it."

But the trouble with D.A.R.E., she said, is that it "doesn't have as much a focus on developing social competency skills," like teaching students how to make decisions, solve problems and learn to read emotions, as do some other programs for poor, inner-city youth that are not as well known but are more effective.

Two of the better programs, which have records of being carefully evaluated, Professor Gottfredson said, are ones developed in New Haven by Roger Weissburg and in New York City by Gilbert J. Botvin, a professor at Cornell Medical School.

Ralph Lochridge, a spokesman for D.A.R.E. America, a nonprofit group in Ingelwood, Calif., acknowledged that when D.A.R.E. was presented only to fifth and sixth graders, "the lessons erode over time, like anything else." But, Mr. Lochridge said that when the program was given during more school years, as is now happening more often, "statistically significant" beneficial effects had been found.

On the effectiveness of building prisons as a crime-prevention strategy, the report agreed that incarcerating serious, repeat criminals did stop some crimes. But the study found that much of the research on prisons was inadequate or flawed, making it impossible to measure how much crime was actually prevented or deterred by locking up more criminals.

"Here is the most expensive thing in modern crime prevention," Professor Sherman said, "but it is completely removed from scientific evaluation, with no idea of its cost-effectiveness. Moreover, he said, "the evidence we do have is very troubling."

On the one hand, Professor Sherman said, "we may have reached the point of diminishing returns" by locking up people who are less serious criminals because the worst offenders might have already been incarcerated. On the other hand, he said, locking up such a high proportion of the young, black male population may be doing harm by disrupting the social fabric of the inner city.

The nation's prison population has tripled in the past 20 years, to 1.6 million.

Representative Bill McCollum, Republican of Florida and chairman of the House subcommittee on crime, said the study seemed to defy "common sense."

"I can't help but believe that if we lock up violent felons, it will keep them from committing more crimes," said Mr. McCollum, who has been a strong advocate of building more prisons and lengthening sentences.

The New York Times

WEDNESDAY, APRIL 16, 1997

THE PRESIDENT HAS BEEN
4-16-97

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LOS ANGELES TIMES (first-edition)
Page 1 for Wednesday, April 16, 1997:

Top of page:

Col 1: Feature on Japanese bureaucracy. (moving a later date).

Cols 2-4: Photo of tax-day activities. (refers to inside story, TAXES, moved).

Cols 5-6: FBI crime laboratory experts gave inaccurate testimony at the trials of defendants in the World Trade Center blast and the 1989 bombing of Avianca Flight 203 in Colombia, and lab scientists and technicians used shoddy analysis and did not follow procedures in scores of other cases, Justice Department inspectors conclude. (with art). (FBI-TIMES, moved).

Above fold:

Cols 2-3: Feature on redevelopment of local city.

Col 4: Local feature.

Below fold:

Col 3: Local feature on Los Angeles Police Chief Willie L. Williams.

Cols 5-6: Horrified Chinese visitors are crossing the long bridge that links the hermetic hell of North Korea with the well-fed Chinese town of Tumen and returning with tales of a hunger far more harrowing than anything Western aid workers have been permitted to observe. (KOREA-HUNGER 1stld, moved).

Bottom of page:

Cols 1-2: A University of California, San Francisco, study suppressed for seven years by the drug company that sponsored the research finally will be published Wednesday after a delay that may have cost U.S. consumers more than \$2 billion. (THYROID, moved).

Cols 5-6: A fire sweeps across a pilgrims' encampment outside Mecca as 2 million Muslims gathered for one of Islam's most sacred rituals. (wires).

Lawmakers Urge Clinton Not to Strip FDA of Control Over Tobacco By Henry Weinstein
(c) 1997, Los Angeles Times

The co-chairmen of the Congressional Task Force on Tobacco and Health urged President Clinton Tuesday not to strip the Food and Drug Administration of any of its new regulatory powers over tobacco products as part of any future "global settlement" of tobacco litigation.

Reps. Martin Meehan, D-Mass., and James V. Hansen, R-Utah, acted in response to a recent National Journal interview in which White House Deputy Counsel Bruce R. Lindsey suggested that the Clinton administration might agree to limits on how much control the FDA would have over the tobacco industry as part of a settlement.

"We believe that any such negotiations involving tobacco litigation and regulation should not sacrifice the Food and Drug Administration's jurisdiction over nicotine-containing tobacco products," the congressmen said in a letter to the president.

Last year, in a historic move, the Clinton administration declared that the FDA has the right to regulate certain activities of the \$50-billion-a-year tobacco industry, imposing restrictions designed to curb the appeal of cigarettes to youths. The cigarette companies sued immediately, challenging the FDA's right to regulate them in a lawsuit that's now pending in a North Carolina federal court.

While praising Clinton's past efforts, Meehan and Hansen, who head the bipartisan, 75-member congressional group, also urged the president to oppose any settlement that "fails to provide monetary compensation that is fully commensurate with the real damage caused by tobacco products."

And they told the president they "would strongly oppose" any deal that gave the industry blanket immunity from future suits. Such immunity is considered a key point if the cigarette companies are to accept any deal.

Leaders of several major public health organizations have expressed skepticism about the advisability of a global settlement at this time and in particular have said they were opposed to any blanket award of immunity or scaling back of FDA jurisdiction.

The Meehan-Hansen letter comes on the heels of a similar "Dear Colleague" letter circulated late last week by six Democratic senators, including Sen. Edward M. Kennedy, D-Mass., and long-time tobacco foe Sen. Richard J. Durbin, D-Ill.

"We urge you to maintain a healthy skepticism about any proposed legislative settlement of legal claims against the tobacco companies," the senators' letter states, stressing that a deal could undercut the efforts of 22 attorneys general who have sued the industry to recover smoking-related health costs. "We hope you will resist efforts to bail out the tobacco industry in Congress," the letter concludes.

Reports have been circulating periodically since late last summer of negotiations for a global settlement and in recent months some industry executives have indicated sympathy for the idea. Last week, Lindsey told the National Journal that prospects for such a settlement would be greater if it could be consummated before July 7, when Mississippi's massive suit against the industry is scheduled to go to trial.

Will Keyser, Meehan's administrative assistant, said he had seen no signs that a deal is imminent. "There are so many potentially precedent setting things in a global settlement, including all kinds of very serious long-term impacts on a wide-ranging group of people, it's remarkable that people think they could do this on a fast track," Keyser said.

"Prior to the Lindsey comments, our sense was that there was not a whole lot of interest in the White House in a 'global settlement,'" Keyser said. "But in light of those comments, we felt it was an appropriate time to weigh in," he added.

White House spokeswoman April Mellody said only that the administration appreciated the congressmen's past support and "we welcome their input on this issue."

*Rahm
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April 16, 1997

NOTE TO: STAFF SECRETARY

'97 APR 16 PM3:37

FROM: KITTY HIGGINS *KHK*

How do you plan to handle?

4/16/97
City -
This was forwarded to
the President -- he signed off
in principle on imposing cps.
Gene / Dorothy Robyn have been in
touch with Alvarez. All taken care of.
Phil



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

APR 14 1997

MEMORANDUM FOR THE PRESIDENT

FROM: *Aida Alvarez*
AIDA ALVAREZ

SUBJECT: RECOMMENDED \$500,000 CAP ON SBA-GUARANTEED-7(a) LOANS

*Steve
2/27/97
check w/
staff
in how the
program
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K*

Unless we take action, demand in SBA's 7(a) guaranteed loan program will exhaust available funding by mid-August of this year. We essentially have four options available to avert a program shutdown: (1) administratively cap the permissible size of 7(a) loans at \$500,000 (reducing the maximum amount guaranteed by SBA from \$750,000 to \$375,000); (2) administratively prohibit the use of guaranteed loans for refinancing certain other loans; (3) seek legislation to impose new fees on borrowers; and/or (4) request a supplemental appropriation of up to \$43 million for FY 1997 to fund all or part of the shortfall. Similar demand pressures are likely to occur in FY 1998.

As outlined below, I recommend that SBA impose a \$500,000 cap as of early May, monitor loan activity to assess whether a restriction on refinancing will be necessary later this year, and discuss the loan demand pressures and any need for permanent changes in the program with the Chairs and Ranking Members of our authorizing Committees and appropriations subcommittees.

Background

The Administration's budget request for FY 1997 sought a 7(a) program level of \$11 billion. The Congress provided funds (\$158 million in appropriations plus \$40.5 million in carryover) sufficient to support a program level of only \$7.814 billion. Given loan activity to date, SBA projects a FY 1997 demand of between \$9.0 and \$9.5 billion, leaving a shortfall of from \$1.2 to \$1.7 billion. This shortfall would cause us to run out of program funds in mid-August. SBA's budget request for FY 1998 seeks funding for a 7(a) program level of only \$8.5 billion. That level would not be sufficient to meet demand matching this year's experience.

As you may recall, SBA faced a similar shortfall in 7(a) funding during FY 1995. After imposing a \$500,000 cap in January 1995 and a refinancing restriction in May 1995, SBA operated the program through the end of the fiscal year.

Analysis

(1) Imposing a \$500,000 ceiling on 7(a) loans made during May through September would reduce demand by an estimated \$1.2 billion. This would extend our program funding into September and give us time to determine whether further measures are appropriate.



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Although loans in excess of \$500,000 represent only 10% of the number of 7(a) loans made this year, they have used up 40% of our program dollars. Imposition of the cap would enable us to shift funds from larger borrowers so that we can make loans to a greater number of smaller borrowers. Some of the affected large borrowers will still be able to get SBA financing through our 504 loan program (which offers loans for fixed assets). Others will be able to borrow from non-SBA sources on less favorable terms. In general, we will have chosen to focus our resources on the smaller businesses which traditionally have the most difficulty obtaining credit and which create the most jobs.

(2) Prohibiting the use of 7(a) loans to refinance certain existing loans is another administrative measure that would free up program funds. If the \$500,000 cap proves insufficient to extend 7(a) loan availability through the end of the fiscal year, SBA could impose a refinance restriction to avoid a September shutdown.

(3) The imposition of new fees on 7(a) borrowers would require legislative action. An increase in fees would reduce the program's cost, allowing us to expand our lending levels without further appropriations. Ideally, the new fee structure would be graduated to minimize the adverse impact on start-ups and smaller businesses which are least able to withstand additional cost burdens. To put this in context, if SBA wanted to cover this year's entire shortfall through imposition of a new upfront fee on all loans, the fee would need to be set at 1.5% of the loan amount. This would represent an additional \$3000 fee for a \$200,000 loan and an additional \$1500 fee for a \$100,000 LowDoc loan. If the fees were graduated, larger loans could still be made, but the borrowers would pay more in fees than would small businesses seeking smaller loans.

(4) Although SBA would only need \$43 million to fund its entire 7(a) shortfall and although supplemental funding would clearly be popular among borrowers and lenders, we are aware of the sensitivity of any request for a supplemental. Accordingly, we do not recommend that a formal request for supplemental funds be made at this time. It may make sense to keep this problem in mind during discussions of the FY 1998 budget, however, particularly if we fall back solely on administrative measures to respond to the shortfall this year.

Recommendation

Under the circumstances, I recommend that we impose the \$500,000 cap, monitor loan demand to assess whether a refinance restriction will be needed later this year, and discuss legislative action with the Congress without making any specific proposals. Pursuant to a statutory directive imposed after SBA instituted its last cap in 1995, we must notify our authorizing Committees at least 15 days before implementing any of these administrative measures. If you agree with my recommendation, we can give such notice this week and implement the cap by the first week in May.

Please advise me of your thoughts.

cc. Erskine Bowles
Gene Sperling

Frank Raines
Michael Deich

4-16-97

Send to Maureen
Lewis?

Yes

No

Maureen

Phil

as
cent

to
my

Phil

C

Staff Sec.

MRS

GEORGE F. WYNNE, M.D., LTD.

113 West Cypress

Warren, Arkansas 71671

403 W. P-97 APR 16 AM 7:53

Dear President Bill,
I need your help in preserving the Martin Cemetery in Wake County, North Carolina. It is the oldest graveyard in that part of the state.

I am a descendant of William Martin who died in 1811 on my daddy's (Judge E. F. McFaddin) mother's side. You might remember her. She was Mrs. Ross Gillespie of Hope, Arkansas. She died in 1958 and is buried in Rose Hill Cemetery just a few yards from your mother's grave.

The Brwill Investment L.L.C. of Raleigh, N.C. plans to re-locate the historic Martin graveyard to build a development "Wakefield Plantation".

A historical group is fighting to preserve this two-hundred year old graveyard in its present site. It was suggested that I could help by writing the Governor of North Carolina.

MAS

GEORGE F. WYNNE, M.D., LTD.
113 West Cypress
Warren, Arkansas 71671

403 W. Pine

I replied, "I don't know your governor,
but I know your president."

So, I am appealing to you -

Yours very affectionately,

Matilda McFadden Wynne
(Mrs. L. F.)

Thank you so much for your sweet letter of
sympathy to my sister, Mary Ross, upon the
death of her husband Lindsay Cotton Thomas
of Little Rock -