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THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
8-11-97

August 9, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN
SEAN MALONEY

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Navy Secretary Dalton's update on BRAC**. Forwarded by John Podesta. John has been "riding herd on the issue" and says, "We have finally gotten some action out of the Navy." (*E.g,* the Glenview, Illinois Naval Air Station has finally been resolved.) "Dorothy Robyn and Laura Marcus have done an excellent job keeping on top of DoD and the services. We'll stay on top of this."

(B) **Jennings Memo re: Prostate Cancer** -- In response to your request. There has been a "noticeable increase" in deaths associated with prostate cancer, which kills 40,000 men annually. ~~Cases are~~ projected to increase by 90% between 1985 and 2000. The Medicare screening coverage contemplated under your balanced budget has "promising potential to save lives," because of the value of early detection. Generally, the Administration and Congress defer to scientists on these matters. As such, the budget agreement gives HHS time to evaluate the science and the cost-effectiveness under Medicare -- coverage won't be available until 2000. The coverage is part of a package of new Medicare cancer-preventive reforms that will extend coverage to colorectal screening, mammography, pap smears, and pelvic exams. These reforms are achievements worth highlighting.

Rahm / B(Reed)
X X
Might do an event on all these

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Emanuel
Reed
Jennings
COS
Scheduling

(C) **Peter Hart survey for the AFL-CIO on fast-track authorization**. Forwarded by Podesta. Report shows "substantial public opposition to congressional approval" (*i.e.*, by 66% to 19% people say free trade agreements have cost U.S. jobs). Americans believe fast-track authority (i) speeds up a process that should proceed more slowly; (ii) prevents Congress from improving trade agreements, and (iii) gives too much power to the President. *We have sent copies to Jay Berman, Vicki and Mack.*

(D) **Berger Response re: Sleeping Sickness in Sudan** -- You read a NYT article on the Sudanese epidemic and asked, "Can we do anything to help?" Sandy responds that a team of CARE specialists (including CDC representatives) is finalizing a survey that may indicate that nearly 20% of a major Sudanese area's population has the deadly disease. The U.S. humanitarian assistance program in Sudan is one of our largest and has provided over $600 million in aid since 1988. This year over $8 million was provided to support primary health care programs, but those programs do not currently extend to the affected areas. New prevention and control measures related to the epidemic will be considered upon completion of CARE's survey. The U.S. Office of Foreign Disaster Assistance will review other options, including encouraging groups like the Carter Center to get involved and U.S. pharmaceutical companies to donate drugs.

(E) **Jesse Jackson Zimbabwe Speech** -- Sandy sends along Jackson's remarks to the Sullivan conference in Harare, Zimbabwe. He says the speech is "well worth the reading -- for the music and the words." He has asked Jesse to "help us think about African trip."

(F) **NBC/WSJ Poll from Rahm** -- Peter Hart sent Rahm a good 3-page summary of his latest poll conducted between July 26 and 28 (just before budget deal was finalized). Highlights: (1) job approval at 56%, with equal approval among men and women, 62% approval of handling of the economy, including 50% approval from self-described conservatives; (2) budget agreement approval at 54% with Americans saying they agree more with you and the Democrats than with the Republicans on the budget (44% to 36%); (3) Americans feel more positive about the political system in Washington; Congress now has its highest approval rating of the 1990's (48%); 54% say you and the Congressional Republicans are working well together; (4) only 28% of Americans say they are interested in the Senate campaign financing hearings, with the most interested being Republicans.

We have also received the following item:

- **Thank you note from Rudy DeLeon.** Via John Podesta. Rudy was Secretary Aspin's Chief of Staff at DoD. For the past few years he has been the #2 at the Air Force. You nominated him to be UnderSecretary of Defense for Personnel and Readiness. He was just confirmed by the Senate and thanks you for the continued honor and opportunity to serve the Administration.

JIM DORSKIND:

Please coordinate the reply.

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THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
8-11-97

August 5, 1997

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MEMORANDUM TO THE PRESIDENT

FROM: Chris Jennings

SUBJECT: Prostate Cancer Background Information

Erskine and Sylvia asked me to respond to your desire for more information on prostate cancer. There has been a notable increase in the number of deaths associated with this disease. The good news is that early screening and intervention appears to have promising potential to save lives and, recognizing this, the Congress included screening coverage as one of the new Balanced Budget's Medicare preventive benefits that you signed into law today.

Background

Next to skin cancer, prostate cancer is the most common cancer among men and second only to lung cancer as a cause of death. About 40,000 men died from this disease in 1995 and the incidence of death is increasing, particularly among African American men. The number of reported cases is projected to increased by a startling 90 percent from 1985 to 2000. Moreover, although 80 percent of all patients with prostate cancer are covered by Medicare, the program has never covered prostate cancer screening tests.

Recent studies indicate that early detection of prostate cancer can be critically important. Ten-year survival rates are 75 percent when the cancer is confined to the prostate. However, due to insufficient clinical data, the tests needed to make such early detection have yet to be endorsed by the U.S. Preventive Services Task Force and the Partnership for Prevention.

Generally, the Administration and the Congress defer to the scientists on these matters. As such, the budget compromise delays the effective date of prostate screening until 2000 to give the Secretary (and her science advisors) time to evaluate the feasibility, advisability and cost-effectiveness of Medicare coverage of this service. It also gives the Secretary the authority to add new tests as the technology improves. Having said this, the fact that the new law explicitly takes steps toward early detection of this deadly disease is well worth noting and celebrating.

It is also worth noting that this benefit is part of a package of Medicare cancer-preventive services in the Balanced Budget Act, which also extends coverage for colorectal screening, mammography, screening pap smears and pelvic exams. These new benefits illustrates your ongoing and well-documented commitment to prevention and your sensitivity to significant cancer prevention interventions for all populations of Americans. We believe that it would be helpful to highlight these and other Medicare reform achievements in upcoming events and announcements.

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8-11-97

To Gene
FYI - BC

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THE PRESIDENT HAS SEEN
8-11-97

Same Old Cycles

In Some Industries, Executives Foresee Tough Times Ahead

They Talk of Overcapacity, Price Wars, Shakeouts, Even Without Recession

A Key Culprit: High Profits

AH

By Bernard Wysocki Jr.
Staff Reporter of The Wall Street Journal

MONTEREY, Calif. — About 20 executives are huddled in a conference room with a team of management consultants, and the mood is surprisingly somber.

It's a fine summer day, the stock market is booming, the U.S. economy is in great shape, and some of the companies represented here are posting stronger-than-expected profits. Best of all, perhaps, these lucky executives are just a chip shot away from the famed Pebble Beach golf course. They ought to be euphoric.

Instead, an undertone of concern is evident among these executives from Mobil Corp., Union Carbide Corp. and other capital-intensive companies. In between golf, fine meals and cigars, they hear a sobering message from their hosts.

"I feel like the prophet of doom", is the welcoming line of R. Duane Dickson, a director of Mercer Management Consulting and host of the meeting. "It's our belief that the downturn has started. I can't tell you how far it's going to go. But it could be a very ugly one."

Looking Ahead

For two days, the executives and their advisers discuss what they expect in their industries between now and 2000: growing overcapacity, world-wide product gluts, price wars, shakeouts and consolidations.

The meeting is a reminder that despite all the talk about the "new economy" of information technology, much of the old industrial economy still has cyclical ups and downs. Moreover, a downturn does seem to be starting. Quite a few industries — after peaking in the late 1980s, sliding into a trough around 1992 and prospering since then — may have peaked again.

The problems extend beyond the oil, chemical, paper and other industries that process raw materials. The global auto and airline industries are building capacity rapidly, and some experts expect shakeouts in them, too, by 1999. Already, U.S. retail space and semiconductor-manufacturing capacity are widely acknowledged to far exceed demand.

Too-Profitable Chemicals

One man who attended the Pebble Beach meeting, Joseph Soviero, a Union Carbide vice president, cites an odd but basic problem in chemicals: the strong profits of the past few years. "The profitability that the industry sees during the good times has always led to overinvesting, and it has this time," Mr. Soviero says. He adds that the chemicals business cycle is alive and has peaked. At Union Carbide, he says, "we always talk about the cycle" and try to manage it.

So far, demand isn't a big problem. In many industries, it is still growing steadily, though slowly. What is developing is too much supply, stemming from the recurring problem of overinvestment.

But even if several major industries are entering a cyclical slump, it won't necessarily trigger a recession. Economists say it is hard to calculate how much spillover effect, in terms of job loss, may be felt as these industries trim or cancel orders to their suppliers and as the workers' buying power shrinks. Probably the effects would be slighter than in previous decades because now the less-cyclical service industries play a larger role in the economy.

Many Possible Risks

However, a recession also could be triggered by other factors, ranging from sharply higher interest rates to a stock-market crash to a Mideast war that disrupts oil shipments. In the worst case, the trough in the cycle of capital-intensive industries might coincide with a recession. If that happens, the problems in chemicals, airlines and autos could be aggravated by a general slump in demand.

Recession or no, the next few years will bring fierce competition and falling prices. Producer prices are already under pressure, having dropped for six months in a row and stirred up talk of zero inflation or even deflation in the U.S.

One new twist: More than past cycles, this one is increasingly global. New factories are going up everywhere, especially in the emerging nations of Asia and Latin America. And the markets for the products they turn out are increasingly global, too. So, while U.S. factories, mines and power plants are running at a relatively high 83% or so of capacity, the huge additions of capacity in Asia and Latin America could strongly affect global markets.

That's the problem brewing in auto making. A fast-growing glut is most acute in subcompacts, with new plants coming on stream in Southeast Asia, in Brazil and elsewhere. "Everybody and his brother is getting into it," says W. Van Bussmann, chief economist at Chrysler Corp. "It's the largest market, with the greatest demand." He says these small cars, about the size of the Chrysler Neon, are favorite "national champion" cars promoted by developing countries. That's understandable: They create jobs, spur much-needed exports and add luster to a nation as a symbol of development.

The emerging nations will soon be huge auto makers. Between 1995 and 2000, auto capacity will double in Central and

Please Turn to Page A8, Column 1

Continued From First Page

South America, to five million vehicles, according to Merlis Automotive International Inc., a market-analysis firm in Westport, Conn. It will nearly double in developing Asia outside of Japan and South Korea, to nine million vehicles a year. In both regions, the new plants will turn out far more cars than the domestic markets can absorb. The result will be severe pressure on prices and profit margins, more pressure to export cars, or both. If Asia's economies slow down, pressures to export will intensify. The result could be several million cars floating around the globe looking for buyers.

Auto-industry experts expect a shakeout at the end of this decade. Most likely to survive and prosper will be companies that exploit specialized niches, such as minivans or luxury sports cars. Least likely to do so are manufacturers of basic cars, and Mr. Bussmann says several may well fail. Some of the weakest players are already in trouble. Kia Group, parent of South Korea's No. 2 auto maker, Kia Motors Corp., is negotiating desperately with its banks, trying to arrange emergency financing of more than $200 million.

Big-Spending Airlines

However, financial strength, not weakness, is mostly driving the world-wide buildup in capacity. Airlines, flush with profits after years of rough flying, are ordering record numbers of aircraft. John Walsh, an independent analyst in Annapolis, Md., predicts that 900 new airliners will be ordered next year, nearly double the 1995 total and topping the 1992 record. One important reason is the fierce competition between Boeing Co. and Europe's Airbus Industrie, which are wooing airlines with attractive deals.

The two plane makers "have been aggressively moving up production rates, producing more supply than what the market can absorb," Mr. Walsh says. He adds: "The airline executives themselves tend to be somewhat myopic. Essentially, you have too many airplanes. They don't realize it until they get them delivered. Then they lower prices to fill the seats. There's some stimulus of demand, but they aren't making any money. They start to delay or cancel. It's complete chaos."

The airlines themselves seem little worried. At an industry conference in June, several executives of big U.S. carriers said they expected to reduce capacity by retiring a lot of old planes. Mr. Walsh and others say they have heard this story before, but, in the past, airlines just kept flying aging jets. True enough, some airline executives reply, but they say this time will be different, at least in the U.S., where new laws will ground many old planes by the end of 1999.

Why don't many executives see capacity problems building up? One reason is ego: Companies figure that when the bloodbath is over, *they* will emerge the winners. Another reason is me-tooism, the herd mentality: When cash flow is strong, the fad is to spend it. In their big investments, though, companies also justifiably look beyond the downturn. Some of these investments, such as petrochemical plants costing $500 million or more, are designed to have an operating life of 15 years or more — beyond the trough of the next slump and through the next upturn.

Wall Street Watching

Although executives don't always prepare for the carnage, Wall Street tries to. That is especially true now in commodity chemicals, where the problems are becoming obvious, and many companies' stocks are trading 10% or more below year-earlier levels — even though the Dow Jones Industrial Average has risen 45% since then.

What is happening in the world-wide chemicals industry has all the makings of a cyclical downturn, says Ted Semegran, a chemicals analyst at Brown Brothers Harriman & Co. in New York. "I've been working since the 1960s. I've gone through about five of them," he says, and he now discerns "a classic capacity buildup."

In North America, a lot of additional plant capacity will come on stream in the second half of 1998. And those plants will be followed by new ones in the Mideast and Asia; some are joint ventures between multinationals and local producers. In the commodity types of chemicals, price and profit squeezes are likely. In early June, for example, Mr. Semegran cut his short-term stock recommendation on Dow Chemical Co. to "hold" from "buy," citing a "near-term peaking of petrochemical prices for the current business cycle."

Dow Chemical says it is taking precautions. "Over the last two cycles, we didn't earn cost of capital ourselves," says J. Pedro Reinhard, executive vice president and chief financial officer. So in the early 1990s, in the trough of the last industry downturn, Dow Chemical did what many U.S. companies did; it slashed costs.

It cut payrolls to about 40,000 employees today from 62,000 at the end of 1992. It left the pharmaceuticals business. It switched to a strategy of more plant additions rather than building from scratch, all in an effort to lift return on capital. This time around, Mr. Reinhard believes, Dow Chemical will get returns in excess of the cost of capital all through the cycle.

The Price of Being Lean

Yet, at many companies, the cost-cutting of the last cycle probably can't be replicated now. They are so lean that they don't have much fat to cut, at least not in payrolls, and they have to find other ways to cope with a business downturn.

So, at the meeting here in Monterey, the Mercer Management Consulting team is trying to convince the clients and perspective clients that they see the problems and some solutions as well.

Peter Leemputte, a vice president of the Marsh & McLennan Cos. subsidiary, says that most companies in process industries make their big investments when flush with cash but that the few that try to time investments to changes in demand show somewhat better results. Other ways to limit the volatility of the business cycle, the consultants suggest, are better management of working capital and strong industrial marketing.

Nonetheless, the main way companies deal with a shakeout is by consolidating through mergers and acquisitions. The consultants give mixed reviews to the continuing wave of mergers, however; they note that probably 50% of the larger, surviving entities fail to outperform industry averages following a merger.

Also discussed at the meeting are the increase in alliances and joint ventures. But they can be perilous, too. Carmine Falcone, head of strategic planning at the Shell International Petroleum Corp. unit of Royal Dutch/Shell Group of Companies, notes that "joint ventures are becoming more the norm," and he adds: "There are probably a lot more to come. People are using this vehicle" in hopes of getting economies of scale and increasing profits.

"But the flip side is, it leads to even more concentration and potentially even more fierce competition," Mr. Falcone says. As he speaks, others in the room nod silently in agreement. The mergers and joint ventures might reduce costs and risk, but the profitability gain might be temporary — and might fuel further price-cutting. "If we repeat some of the behaviors of the past," he says, "we might wind up giving it away to the marketplace again."

THE WALL STREET JOURNAL THURSDAY, AUGUST 7, 1997

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Worries of boomers, savings misplaced

By Eric Tyson

Most people I speak with have their fair share of personal financial worries. At the top of their list are fears about the impact the large, and aging, baby boomer generation will have on their lives.

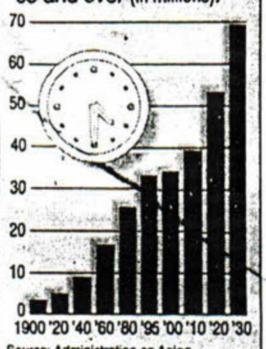
Six in 10 American adults under the age of 65 worry that there will be so many of us boomers drawing benefits, and not enough young people working and paying into the system, that Social Security will not be there for them when they retire.

Others worry that so many retiring boomers will simultaneously sell their homes and retirement stock investments in the early part of the next century, that those markets will be sent spiraling into a breathless free-fall. Even if these scenarios were to unfold, many boomers will still be in big financial trouble because they would not saved enough for retirement.

And what about those who have? Numerous media reports warned earlier this year that the thrifty are at great risk of being socked with tax penalties for having too much money in their tax-sheltered retirement accounts.

Aging boomers

Baby boomers will hit age 65 between the years 2010 and 2030. Number of persons 65 and over (in millions):



Source: Administration on Aging

By Gary Visgaitis, USA TODAY

So, after Social Security vaporizes, and stocks and real estate plunge in value, whatever nest egg we've got left will be wiped out by tax penalties! Right? The truth is, our worries are misplaced. In fact, while we're fretting over stuff we really shouldn't worry about, we're overlooking much bigger problems that do warrant our attention.

Social Security isn't going to disappear. Would you vote for any politicians who would take away your benefits? Of course, not. And that's precisely why this most-favored government program will be there for you when you need it. Population projections clearly show that higher-than-expected birth rates among the boomers, combined with continued high levels of immigration, will translate into a bigger population of young people in the next century who can work and pay into the system to fund the boomers' benefits. And, the worst savers will continue to work — at least part-time — past normal Social Security retirement age and thus pay more taxes into the system.

Furthermore, the boomers aren't all going to retire and sell their real estate and stock holdings at the same time. After all, the boomers vary in age by up to 18 years. We'll retire at different times. And the wealthy, who hold the bulk of real estate and stocks, won't sell most of their holdings. Like the wealthy of past generations, they'll pass along much of their assets.

And what about those penalty taxes for saving too much? The 15% penalty on excess IRA distributions was just repealed, and even when it did exist, it only kicked in if one withdrew more than $160,000 during a calendar year.

Here's what you should be worried about — your personal retirement savings:

▶ Take a hard look at the retirement benefits offered by your employer. Pension plans, in which the employer is socking money away for you to pay a monthly retirement benefit, are valuable. So, too, are 401(k) plans, which allow you to stash money away on a tax-deferred basis. Ignore naysayers who claim the capital gains tax reduction now favors investing outside rather than inside retirement accounts. The upfront tax break and long-term tax-deferred compounding of earnings inside retirement accounts still have great value. If your employer offers no such benefits — or worse, you're not taking advantage of them — be worried. Saving enough for your retirement without such tax help is darn hard. With unemployment at its lowest in more than two decades, vote with your feet if you're penny-pinching or a short-sighted employer won't offer help.

▶ Make sure you're covered. A surprising 25% of self-employed people do not carry health insurance. Even more troublesome, about 43% of Americans between the ages 25 and 55 don't carry long-term disability coverage, which replaces employment income in the event of a disability. If you have family members dependent upon your income, you should be carrying sufficient life insurance protection. And while you're at it, make sure you have adequate insurance protection for your home and liability coverage on your cars and home.

▶ Protect yourself with proper diversification of your portfolio. Instead of wringing your hands over when the U.S. stock market is going to crash — market prediction is a contradiction in terms — diversification will allow you to sleep soundly no matter what level the market is at. Put a third to as much as half of your stock investments overseas in diversified foreign stock mutual funds. And, in addition to holding a variety of diversified U.S. stock funds, keep a small portion of your retirement nest egg in bonds.

Eric Tyson is a financial counselor, lecturer and author of the national best-sellers Personal Finance for Dummies, 2nd edition *and* Investing for Dummies.

USA TODAY • THURSDAY, AUGUST 7, 1997

TO EB/FORAN

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Black Leadership Forum, Inc.

THE PRESIDENT HAS SEEN
8-11-97

August 5, 1997

The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

We are writing on behalf of the civil rights organization we represent to express our serious concerns regarding provisions that Senator Lauch Faircloth and the Department of Justice attached to your rescue package for the District of Columbia. We applaud your historic plan to bring desperately needed financial assistance to the city. However, we are profoundly concerned about two provisions in the package that strip the nearly 540,000 residents of the nation's capital of many of the rights to democracy enjoyed by all other Americans. These provisions are so-called management reforms attached to the bill by North Carolina Senator Lauch Faircloth and sentencing provisions attached by your own Administration's Department of Justice. Both violate the city's already limited home rule.

Although we recognize that you could not veto provisions contained in the larger bill that you pledged to sign, District residents should not have to bear the humiliation of being further stripped of their rights. It would be a travesty if what is remembered from your bold rescue package is that it became a vehicle for rescinding democratic rights in the nation's capital. District residents already endure less self-government than any Americans in the states or in the territories. They must not lose what rights they have managed to retain.

We ask you to do all within the power of your office to help reverse the antidemocratic measures in this law. Your original package would have enhanced home rule by eliminating the District appropriation subcommittees and providing the resources needed for the city to gain fiscal health and, in turn, greater autonomy. The amendments curtail the powers of elected officials and further deepen the second class status of the 540,000 residents of the nation's capital. We cannot stand for this injustice.

1090 Vermont Avenue, NW, Suite 1100, Washington, D.C. 20005-4961, (202) 789-1940, Fax (202) 789-6390
Chairman: 334 Auburn Avenue, NE, Atlanta, Georgia 30312, (404) 522-1420, Fax (404) 659-7390

We recognize that only Congress can remove these intrusions. However, your moral leadershp and the full persuasive powers of your office can be brought to bear to help right this wrong. From a strong supporter of statehood and full self-government for the nation's capital, residents of the District of Columbia and we ourselves expect no less.

Sincerely,

Joseph E. Lowery

[illegible]

[illegible] Jr.

Roy L. H. Winbush

[illegible] Jackson Jr.

Elaine R. Jones

Will Duncan

Daisy Lee Wood

Dorothy I. Height

[illegible]

[illegible]

Eddie N. Williams

Kweisi Mfume

Hugh B. Price

The Washington Post
WEDNESDAY, AUGUST 6, 1997

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8-11-97

Norman R. Augustine

When Politics Interferes With Science

History is replete with instances of how human progress and the process of discovery have been stifled by the imposition of political, religious or ideological beliefs on independent scientific inquiry and exploration. Our nation now threatens to provide the latest example of such unfortunate interference as the result of two recent appellate court rulings involving the National Academy of Sciences.

In a decision issued May 6, the U.S. Court of Appeals for the District of Columbia affirmed its earlier ruling that panels formed by the Academy of Sciences to study difficult and often controversial issues for federal agencies or Congress are subject to the 1972 Federal Advisory Committee Act (FACA). This law, intended to control *government*-appointed advisory committees, required that such groups be closely managed by their sponsoring agencies and that they provide public access to their deliberations and working documents.

There are two fundamental problems with applying this law to the Academy of Sciences and, by extension, to its affiliated organizations—the National Academy of Engineering, the Institute of Medicine and the National Research Council.

First, the court's ruling contravenes the explicit statement of legislative intent in adopting the Advisory Committe Act. Responding to a colleague's question during floor debate on the measure, the act's sponsor, Rep. Chet Holifield of California, stated: "The act does not apply to persons or organizations which have contractual relationships with federal agencies nor to advisory committees not directly established by or for such agencies. As the gentleman knows, the National Academy of Sciences was founded by Congress and, therefore, it comes under that category."

Even worse than this obvious case of judicial revisionism is the chilling effect that imposition of the act's provisions would have on the ability of the academy complex to provide unbiased, high-quality scientific advice to Congress and federal agencies such as the Departments of Commerce, Defense, Energy, Health and Human Services, and Transportation.

After the Challenger accident in 1986, the presidential commission chaired by former secretary of state William Rogers sought out the National Research Council to oversee redesign of the space shuttle's solid rocket boosters, recognizing the importance of keeping this vital endeavor independent of the political maelstrom in which the National Aeronautics and Space Administration and its contractors were then embroiled. A committee of experts convened by the council met 99 times over 30 months, focusing from the outset on development of objective, quality standards for the boosters' redesign and the shuttle's safe return to flight.

This effort would not have been possible under the act, since the act's meeting notice and agenda publication requirements alone would have prevented the panel from meeting as frequently or completing its work as quickly. Moreover, the act's open-meeting requirements would have subjected the panel's deliberations to contemporaneous public commentary and the same sort of nonproductive blame-laying then so prevalent.

Similarly, the Institute of Medicine's assessment of the integrity of the nation's blood supply during the early stages of the AIDS epidemic might not have produced important recommendations for dealing with future threats to blood safety had it been subject to control by any of the federal agencies whose actions were reviewed and, in some cases, criticized.

I ardently believe in open government and in the premise that—with few exceptions such as those involving critical national security matters—decisions should be made with an opportunity for public comment, discussion, debate and scrutiny of the end results.

So why am I critical of the appellate court's ruling, which, on the surface, would seem to make the process of government even more open and accessible? The answer lies in the fundamental difference between fact-finding and decision-making—between review of a final product and oversight of a work in process.

The panels of the academy complex do not make decisions on behalf of Congress, the executive branch or the independent agencies of our federal government—all of which provide ample opportunity for the airing of political and ideological views as they formulate public policy. Rather, the academy panels perform research so those empowered to make decisions can do so with the benefit of factual information and the best scientific expertise our nation has to offer—a process that demands both independence and objectivity. Further, all academy reports are made public—both in print and on the World Wide Web. Even when national security imperatives require classification of a report, an unclassified summary always is issued.

The academy has announced its intention to appeal the district court's ruling to the U.S. Supreme Court. An even more direct and expeditious remedy would be for the current Congress to reinforce legislative history—not rewrite it, as the courts seem inclined to do—by specifically exempting the academy complex from the provisions of the Federal Advisory Committee Act.

The writer is chairman of Lockheed Martin Corp. and a former chairman of the National Academy of Engineering.

Demetrios Papademetriou

A Solution Under Our Noses

To control illegal immigration, enforce the labor laws.

In the flare-up of concern for deaf-mute Mexicans found working under conditions of near-enslavement, an important lesson about our approach to controlling illegal immigration is being lost. Namely, penalizing employers for hiring unauthorized workers is a far less effective tool than strengthening the enforcement of existing labor laws, such as minimum wage and overtime rules, child labor restrictions, occupational health and safety rules and civil and human rights standards.

The public's horrified reaction to this incident has shown again that Americans are more outraged at exploitative labor practices than they are at the simple hiring of illegal immigrants. Yet our public policies go in exactly the opposite direction. We seem to be concentrating almost exclusively on employer sanctions—to the point of moving into the uncharted waters of a national identification system. This approach gives rise to the very situation we are now recoiling from: the growth in underground networks providing unscrupulous employers with undocumented workers too ignorant of their rights and too intimidated to insist on them.

Outlawing the hiring of unauthorized workers is a necessary part of a comprehensive illegal immigration control effort. It should not, however, be the centerpiece of our overall interior enforcement strategy. That role belongs to the enforcement of employment standards and other workplace rules.

An increase of 250 Department of Labor compliance officers would take on the additional duties effectively. The Immigration and Naturalization Service could be left to focus on *its* principal enforcement missions: controlling the border, intercepting organized smuggling and ferreting out and deporting criminal immigrants.

Failing to follow this prescription makes us appear much more concerned about the employment of unauthorized workers than about exploitive working conditions that erode the security of all workers.

A strong commitment to enforcing workplace rules would send a signal to employers who violate these laws with near impunity that we intend to move beyond rhetoric and pledge to improve working conditions for *all* workers. Such a commitment would help diminish the practices that have come to light—such as those affecting the deaf Mexican vendors—that are only the tip of a shameful iceberg.

It would level the playing field for workers who are authorized to work in the United States by not asking them to compete with workers whose undocumented status contributes to their willingness to work in substandard conditions. And it would stand a good chance of attaining the elusive consensus on how best to approach the goal of controlling illegal immigration.

The writer is director of the International Migration Policy Program at the Carnegie Endowment for International Peace.

Copied
Jonathan
Peter O'Keefe
Jay Shogren

TC:
Peter O
Jay Shogren

Daniel Lashof
And Howard Geller

Chrysler On Climate: Bad Science

And corporate America's denial.

As negotiations for next December's U.N. climate treaty in Kyoto enter their final phase, coal, oil and auto-industry interests are revving up their misinformation campaign. This is exemplified in "Global Warming: Industry's Response," by Chrysler Corp. Chairman R. J. Eaton [op-ed, July 17].

Eaton has a three-point plan for denying responsibility for the global warming problem: (1) It isn't a problem. (2) If it is a problem, we didn't cause it. (3) If we caused it, doing anything about it would be too expensive. Surely in running Chrysler, Eaton relies on better science and economic data than that contained in this polemic.

More than 2,000 scientists agree that global warming poses a severe threat. Even British Petroleum CEO John Browne said, "There is now an effective consensus that there is a link between the concentration of carbon dioxide and the increase in temperature, [and] it would be unwise to ignore the mounting concern." And the increase in concentrations—25 percent in the past century—is without doubt due to human sources, particularly coal-burning power plants and gasoline-burning cars. U.S. automobiles alone contribute more CO_2 to the atmosphere than do all sources in India.

Taking Exception

Opponents of a Kyoto accord argue that even if there is a problem, the United States should not sign up to binding pollution limits unless developing countries, such as India and China, agree to similar limits. Yet while Americans have more than one vehicle for every licensed driver, most Indians and Chinese are just now getting their first refrigerators. While we should encourage India and China to use energy as efficiently as possible, insisting that poor countries adopt emission limits on the same schedules as rich ones is not only unfair, it is certain to undermine the Kyoto talks.

On a cumulative basis, industrialized countries are responsible for more than three-quarters of CO_2 emissions from burning fossil fuels. Once we begin seriously to reduce our own emissions, we can credibly insist on phasing in limits for developing countries. In the meantime, well-designed implementation policies can ensure that the U.S. economy is not harmed.

Eaton is right about one thing. Advanced technologies, not tax increases, are the key to achieving large reductions in greenhouse gases. The "Supercar" project he touts can make a contribution, but only if fuel-efficient vehicles make it out of the laboratory and into mass production. Unfortunately, Chrysler, Ford and General Motors have made no such commitment. Meanwhile, Honda announced that 65 percent of its '98 Accords sold nationwide will meet California's Low Emission Vehicle standards, and Toyota announced plans to market a 60-mile-per-gallon vehicle in Japan starting next year.

Advanced technologies such as advanced building designs, fuel cells, advanced wind turbines and solar technologies for generating electric power, and new bioconversion technologies for producing fuels from waste materials can slash emissions from power plants, factories, homes and vehicles.

Following an innovative path could reduce U.S. CO_2 emissions to 10 percent below 1990 levels by 2010, while boosting economic performance. Consumers would save $530 per household per year, and the economy would support 800,000 more jobs by 2010 compared with the present path. By 2030, CO_2 emissions would fall 46 percent.

Rather than relying on bad science and economics to deny responsibility, major companies like Chrysler should acknowledge that global warming poses a serious risk, their products are contributing to the risk and with the risk comes an opportunity. The companies that innovate and clean up their processes and products will be the companies that thrive in the 21st century. Industry should seize this opportunity and support a strong agreement to protect the planet in Kyoto.

Daniel Lashof is a senior scientist at the Natural Resources Defense Council, and Howard Geller is executive director of the American Council for an Energy-Efficient Economy.

The Washington Post
Thursday, July 31, 1997

what's the support for this? Is there any?

Gene Sperling

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8-11-97

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WASHINGTON, D.C. 20005-5802

TELEPHONE: (202) 862-5000 - FACSIMILE: (202) 429-3301

TO:	HILLARY RODHAM CLINTON	**CLIENT #:**	1980
FAX NO.:	202/395-4198	**ATTORNEY #:**	
CONFIRM. NO.:	202/456-2957	**PAGES:**	1
FROM:	THOMAS A. TROYER	**PHONE:**	202/862-5025
RE:		**DATE:**	August 8, 1997

COMMENTS:

Dear Hillary:

The Washington Times today leads the list of prospects for the President's line item veto with the extension of the charitable contribution deduction for gifts of publicly traded stock to private foundations. This provision definitely should not be vetoed.

This is a provision long supported by the Council on Foundations and in the law since 1984. It should not even qualify for the line item veto -- experience demonstrates that it affects far more than 100 taxpayers. Indeed, a survey done by the Council on Foundations early this year showed that it has been a highly powerful engine for the creation of new foundations and the enlargement of existing ones. Hence, it is critically important for sustaining the flow of resources to programs for children, health, and the host of other worthwhile purposes that qualify as charitable.

I very strongly urge you to do your best to see that the President does not veto this key measure.

With warmest personal regards.

Sincerely,

Tom

TIME SENT

OPERATOR

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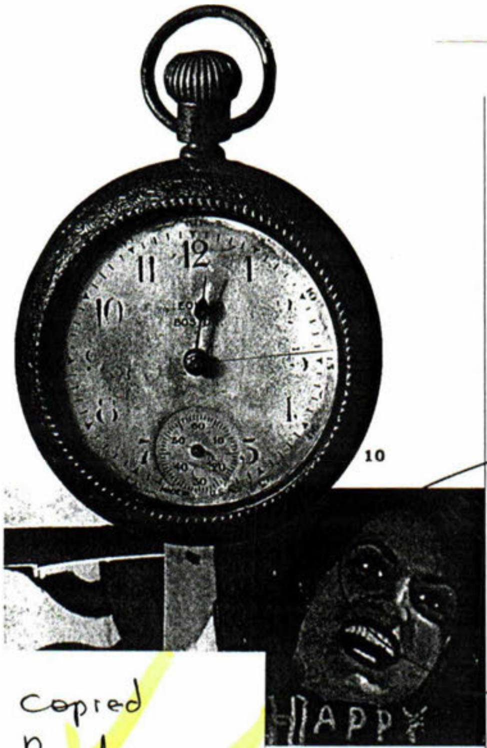
The Washington Post Magazine

THE PRESIDENT HAS SEEN
8-11-97

FEATURES



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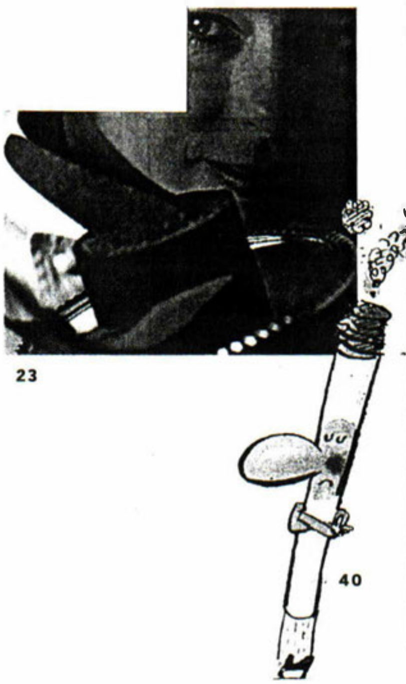
DEPARTMENTS



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Cover photo illustration by Gary Tanhauser Solution to last week's puzzle on page 26
Send letters to: 20071, The Washington Post Magazine, 1150 15th St. NW, Washington, D.C. 20071

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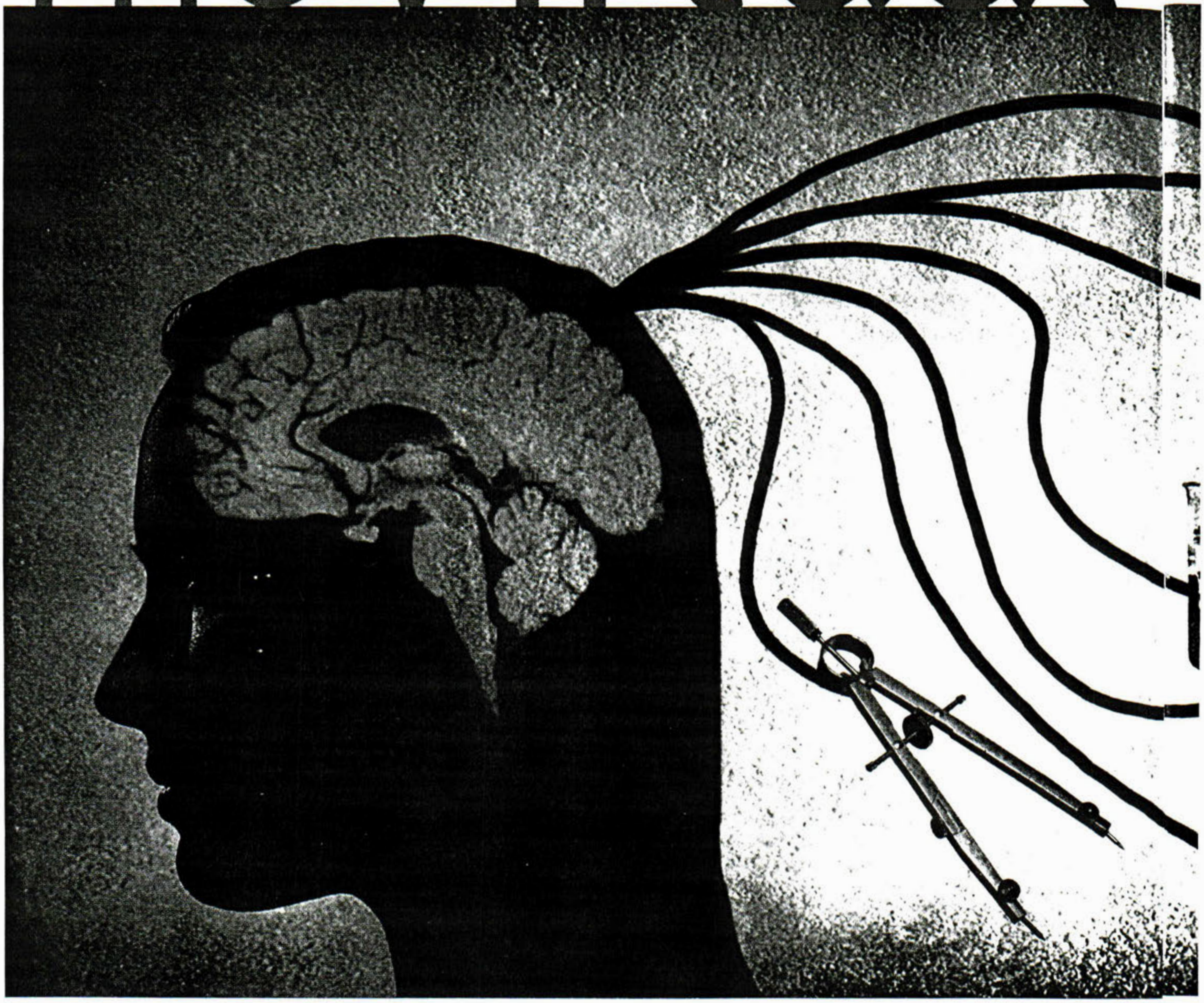
The Virtual

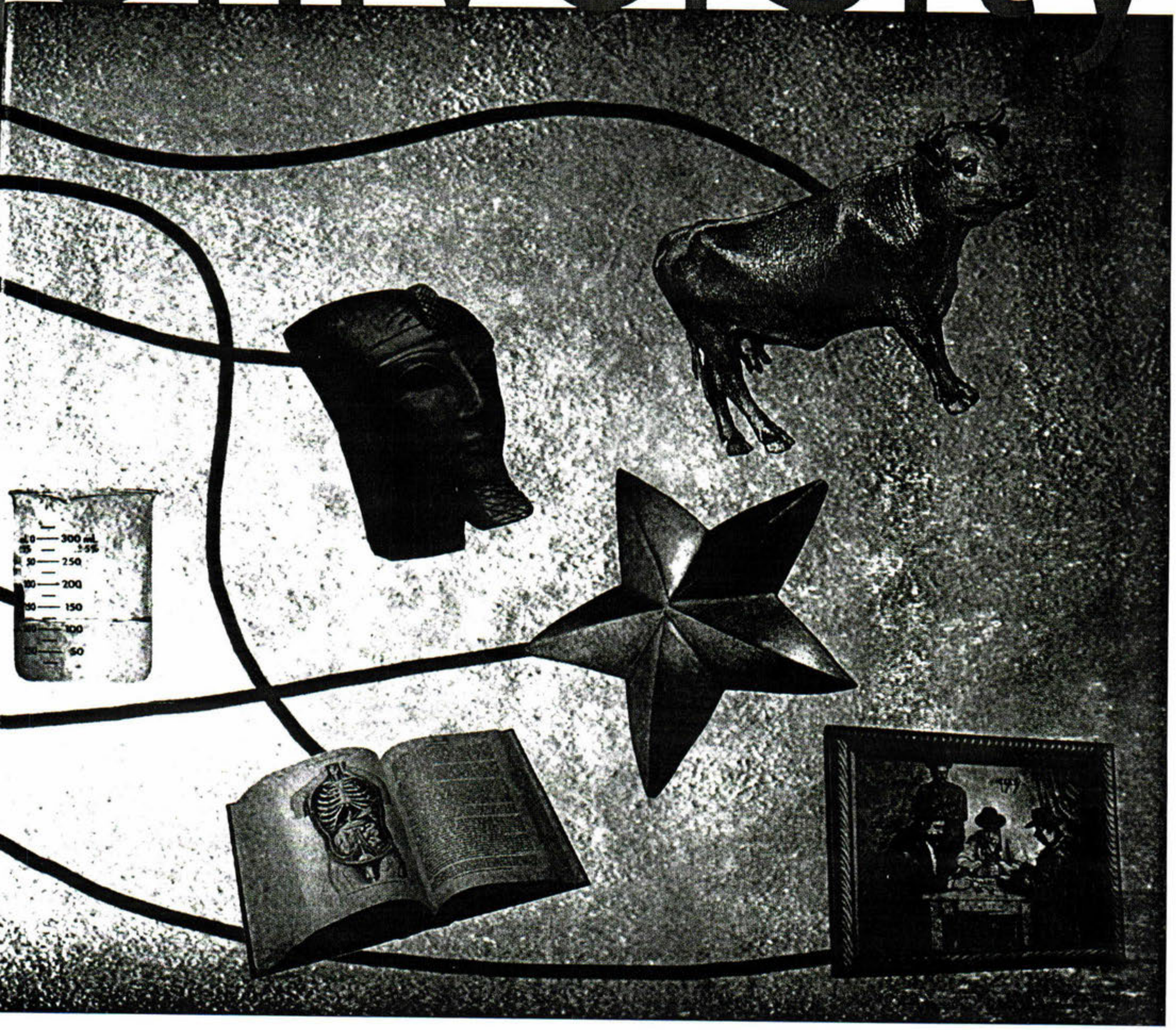


WITH THE GROWTH OF THE INTERNET, MORE AND MORE STUDENTS ARE ATTENDING CLASSES WITHOUT SETTING FOOT ON CAMPUS. COLLEGES AREN'T SURE WHETHER DISTANCE LE

"YOU GUYS UP THERE, CAN YOU READ THIS?" The "guys up there" are six George Mason University graduate students in computational sciences. Late on a summer afternoon they are sitting in a darkened classroom on George Mason's main campus in Fairfax taking notes in a math-intensive course. Their teacher, Wendy L. Poston, an adjunct professor at George Mason, is scribbling basics—vectors, matrices, axes—on a board in front of them as she explains how to use a complicated computer program called MATLAB. "There's no 'MATLAB for Dummies,'" she jokes.

Poston isn't in Fairfax, however. She is lecturing some 75 miles south of George Mason, at the Naval Surface Warfare Center in Dahlgren, Va., where she holds a second job as a staff engineer. Down at Dahlgren, six other Navy engineers are taking Poston's class live. The "guys up there" at George Mason are watching Poston via interactive video on a screen at the front of the classroom where the teacher would ordinarily sit. Poston has an identical

University



…LEARNING' WILL LIVE UP TO ITS BOOSTERS' PROMISES. BUT THEY'RE GIVING IT A TRY

BY CHARLOTTE ALLEN PHOTO ILLUSTRATIONS BY WILLIAM DUKE

screen in her Dahlgren classroom that enables her to see and hold class discussions with the students in Fairfax. The board on which she "writes" is actually a second, larger screen called an "electronic shared whiteboard" that functions as a combination blackboard and slide projector. She can write with a light pen and, thanks to the Internet, the data show up in Fairfax. The entire setup is an experiment in "distance learning," the burgeoning field of delivering college- and postgraduate-level education in a format other than the traditional classroom with a live instructor.

All is not going entirely well in Poston's virtual classroom in Fairfax. This is the first electronic course she has ever taught, and she keeps forgetting to look at her screen, often giving the impression that she is lecturing sideways. When students at Dahlgren ask questions, the Fairfax students can't hear them very well. Poston's light pen sometimes wanders off the whiteboard. At one point, an electronic snafu in Dahlgren causes Poston's monitor to freeze, and it stays that way. "You guys up there aren't moving!" she calls out. Another joke: "If you go ahead and leave, I won't even know it!"

Glitches and all, the summer course Poston is teaching would have been a technological near-impossibility a mere seven years ago. The multi-megabyte personal computer, the high-speed modem and, most significant of all, the Internet have made distance learning the new buzz phrase in higher education. Until 1990 or so, distance learning was essentially a glorified form of independent study, through correspondence or one-way televised courses, with little real contact between instructors and students. On-campus e-mail was relatively rare. Linking computers by modem suddenly made it possible for instructors and students physically separated from each other to interact: They could see and hear each other digitally (as in Poston's class at George Mason), or hold a class discussion in a chat room, or send and receive assignments by e-mail or Web page. Only when it became possible to simulate a classroom electronically (more or less) did distance learning really take off.

Online distance learning is so new that even such techno-hip institutions as George Mason still offer only a handful of computer-delivered courses (although many professors supplement their other courses with e-mail, Web forums and online conferencing). A few institutions have started granting entire degrees online: The Rochester Institute of Technology has been a pioneer. This fall, Northern Virginia Community College in Annandale will start offering a largely online (except for laboratories and other material) associate of science degree in engineering that will be transferable to four-year institutions. And there are other programs, in the Washington area and elsewhere. [See pages 34 and 35.]

For all its newness, online learning has already moved into the realm of hype. It has its boosters, who regard it as a universal panacea for higher-educational ills: It will cut colleges' overhead by eliminating the need to build more classrooms. It will bring in new students (along with their tuition checks) from out-of-the-way places. And—its advocates hope—it will actually replace higher education as we now know it, breaking the monopoly that accredited institutions and their doctorate-holding professors maintain on determining who has learned what. The right software on CD-ROMs or Web sites, they say, coupled with a standardized testing system administered outside the university (perhaps by potential employers), just might downsize away entire layers of expensive academic middle management.

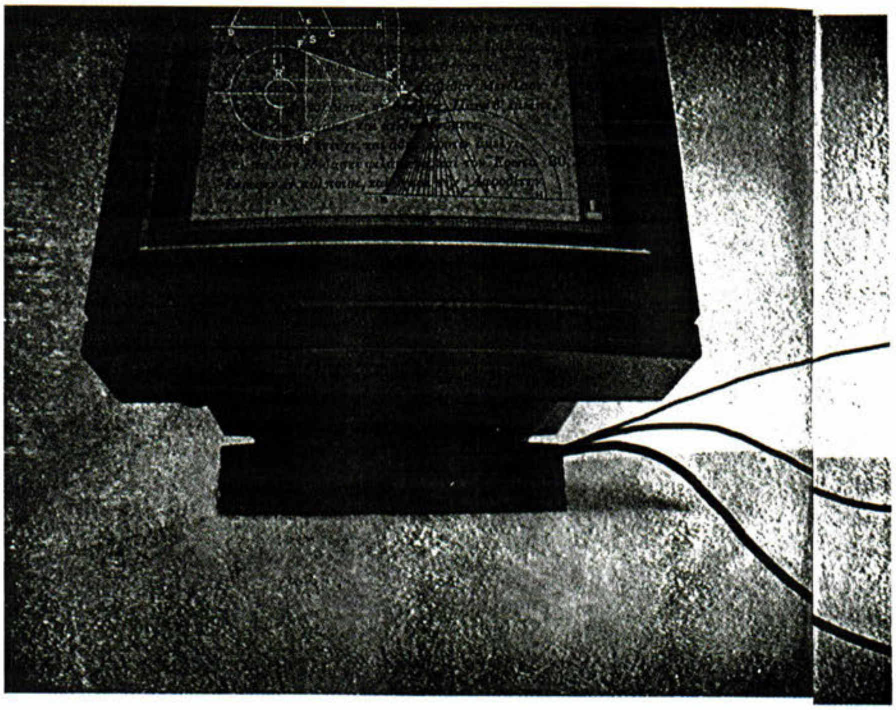
The class that Poston is teaching at Dahlgren and George Mason illustrates the ways distance learning can benefit everyone involved. George Mason has picked up revenue from the extra students at Dahlgren. Poston has a more diverse and potentially livelier classroom mix of working professionals and degree-oriented graduate students. The Dahlgren engineers don't have to drive the 75 miles to Fairfax or elsewhere to obtain advanced professional training. And, as George Mason student Ben Crain points out, even though he lives in the District and travels through rush-hour traffic to Fairfax for Poston's twice-a-week class, "This sure beats driving to Dahlgren."

At the same time, students and teachers alike have complaints. "I don't much like it, really," grouses Crain after class. "I can't imagine doing anything really complicated on that board."

"It's hard to mesh speaking to both classes right at the same time," says Poston. "And you don't have any of that human interaction." She teaches alternating weeks live at the George Mason campus (with the Dahlgren engineers sitting in electronically), so that everyone taking the class will experience a professor in person half the time.

CORRESPONDENCE COURSES HAVE BEEN AVAILABLE from colleges and universities for a century. For the past 20 years or so, students living in remote areas or too busy to commute to a campus have also been able to take classes for credit on television: through public stations, cable, rental cassettes and microwave broadcasts of live lectures to satellite "learning centers" in out-of-the-way areas (the University of Maryland has 25 such centers). It is possible right now for a student at Prince George's Community College to take 90 percent of the courses for an associate of arts degree in liberal studies or business via televised courses supplemented with textbooks and guidance from instructors in person and on the phone.

HIGHLY MOTIVATED OLDER STUDENTS TAKING COURSES FOR JOB ADVANCEMENT ARE DISTANCE LEARNING'S PRIME TARGET POPULATION. ANOTHER MARKET IS NON STUDENTS TAKING CLASSES FOR PLEASURE AND SELF-ENRICHMENT.



Televised classes are generally of extremely high quality: sophisticated productions distributed by the Public Broadcasting Service, the JEC College Connection and other entities to which the individual colleges pay a licensing fee.

Distance learning is a growth industry, perhaps the only one in America's overstocked academic marketplace, where some 3,700 accredited institutions vie for warm bodies and tuition dollars. Of their 14.2 million students, only about 4.5 million are "traditional" college students: undergraduates aged 18 to 22 attending full time and living on or adjacent to campuses. The rest attend school part time, often work full time and tend to be older—sometimes much older—than the traditional crowd. At George Mason, a red-brick, 24,000-student unit of the Virginia state system that caters to an immigrant-heavy commuting population, hardly anyone lives on campus, 80 percent of the students work, and the average age of undergraduates is 23. Fully half of George Mason's students are enrolled in graduate programs. That may be because master's degrees in some sort of management specialty—or "certificates," diplomas from programs that endow the enrollee with specific job skills—seem to be *de rigueur* for getting ahead in the late-20th-century business world. Those focused, highly motivated older students taking courses for job advancement are distance learning's prime target population.

Take Judy Hunter, a technology innovation manager for the U.S. Geological Survey in Reston who is about halfway through her course work on a master's degree in technology systems management from the University of Maryland University College. With 14,000 students in the Washington-Baltimore area, the UMUC campus was established adjacent to the University of Maryland's flagship College Park campus in order to serve people like Hunter: busy adults with full-time jobs. The median student age at UMUC is 36, a good match for Hunter, who is 43 and has never once had the luxury of attending college full time. It took her 22 years to obtain the bachelor's degree she got in 1994 (in computer science from Strayer College, which is also designed for part-timers). She hopes to finish the master's degree—a "credential" for her résumé, as she puts it—sometime in 1998. The live classes at UMUC are usually weekly three-hour marathons. Hunter lives in Seabrook. "It's not very far from College Park, but it's extremely tiring after I've been working all day," she says.

Fortunately for Hunter, at the same time that she was enrolling for her master's degree at UMUC in January 1996, the school's Graduate School of Management & Technology introduced its first online course. Now the college offers three different specialty master's degrees online, and this school year will list at least 38 separate computer-mediated management classes. The courses are a boon to Hunter because she can take them at home. They are, to use the jargon of distance learning, "asynchronous" or "anytime/anywhere," offered not by interactive video at a specific hour like Poston's class at George Mason but by software at the student's leisure. Because it is cheaper and more flexible for the student than interactive classes (even online class "discussions" often don't take place in real time), asynchronous online learning is the branch of distance learning with the most growth potential.

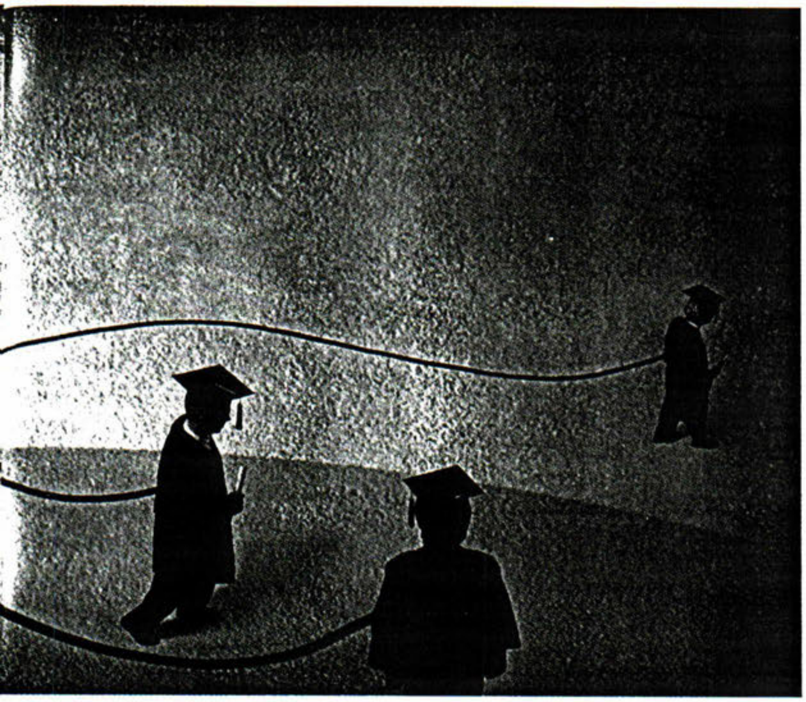
Hunter takes at least one such class every semester. "Now, I work all day, and I come home and log on. I get a list of homework assignments, and even though I work for hours I can dress any way I like, I can walk the dog in between, and if I get phone calls I can answer them," she explains. "You have online conferences—there's a special area set up for my class, and my instructor and my classmates have access. The only thing is that, instead of instant feedback, I have to go in at a later time and retrieve it."

Online courses are often more imaginatively presented than their conventional counterparts. One of Hunter's teachers, Christina A. Hannah, who also serves as associate dean for academic affairs at UMUC's graduate management school, put together a 48-page syllabus for her spring course, The Manager in a Technological Society, that included assignments in downsizing a corporation, defining the "post-industrial global society" and writing a model company credo. "I love this class, because I can teach it anywhere," says Hannah. "I've taught a class from Williams Lake, British Columbia, in a little log cabin up on a mountain—my family's from there—or at a conference in San Francisco. I just take along a laptop. My students do the same thing."

It has slowly dawned on university administrators that there is another distance market out there: non-students taking classes for sheer pleasure and self-enrichment. Until recently, the elite schools have generally looked down their noses at distance learning, regarding it as a low-quality stopgap for state universities with hordes of part-time students and limited building budgets. Except for a few advanced programs designed for physicians, dentists and other high-level professionals (and a handful of intellectual plums meant to tease greater donations from alums—perhaps a videocassette reading from the campus poet-in-residence), schools such as Harvard, the University of Pennsylvania and Johns Hopkins have so far avoided non-live course offerings. That situation is likely to change soon. Last November the University of Chicago, through its Oriental Institute, offered its first and only distance class, a noncredit introductory course in ancient Egyptian history taught over the Web by Peter Piccione, an Egyptologist with a doctorate from Chicago. Advertised in archaeology-buff magazines and carrying a bargain-basement price tag of $149, the course drew more than 300 applicants from around the world. Piccione picked out 35 of them, including a doctor, a dentist and two judges. The class (which will be offered again this year) included a textbook, readings from the Book of the Dead and other literature, and Piccione's own Web-posted photographs of tombs and other sites.

Yale University's medical school similarly enjoyed an unexpected popular success when it threw one of its graduate public health classes, about emerging infectious diseases, onto the Internet free of charge in the spring of 1996. The noncredit class, hyperlinked to the federal Centers for Disease Control and Prevention site, quickly attracted 7,000 to 8,000 people a month to lectures on E. coli, "mad cow disease" and other top-of-the-news germs and illnesses. It was repeated this year and will be in 1998 (address: *info.med.yale.edu/EIINet*). "People in the work force would watch it," says Lindsey Holaday, associate director of the Yale Telemedicine Center. "Professional training workshops would watch it. The Army watched it—we don't know why, but we'd love to find out. State health departments watched it. Nurses watched it. Housewives watched it. I think we had about 100,000 people doing it."

The one thing that the elite schools are unlikely to do in the near future is put their regular undergraduate- and graduate-level arts and sciences courses, typically taught by professors of stratospheric reputation, on software or video. "We already turn away four out of five people who'd like to take those courses on our campus," says James J. O'Donnell, a vice provost and classics *continued on page 33*



IF THERE IS MONEY TO BE SAVED—OR MADE—FOR UNIVERSITIES FROM ONLINE LEARNING, IT MUST COME FROM MINIMIZING TEACHERS' HANDS-ON INVOLVEMENT AND DEVISING COURSEWARE THAT CAN BE REPLICATED EN MASSE.

continued from page 19

professor at the University of Pennsylvania. "So we don't want to dilute their value."

RIGHT NOW, ONLINE distance courses tend to be handcrafted products cobbled together by the instructors and saturated with individualized virtual contact to make up for the lack of face time between teacher and student. They tend to be relatively small and moderately to extremely expensive to produce.

But if there is any money to be saved—or made—for universities from online learning, it must come from doing just the opposite: minimizing the teacher's hands-on involvement with the students and devising courseware that can be replicated en masse at universities across the country, monitored with a minimum of instructor time. The exact same Economics 101 class at the University of Maryland and at Yale and at Kansas State. An introductory physics class that can double in size without the building of an extra classroom or the hiring of an extra professor. There is some generic software along those lines already on the market, but everyone agrees it is mostly lousy, on the level of mail-order tapes. However, the universities (and their faculties) are jumping into the software-development business, hoping to improve the quality and also to cash in. George Mason recently devised a program that lends its professors seed money for inventing software "modules" (short instructional units that can stand alone or be combined with other material), the loans to be repaid if the courses go commercial. Howard University received a $1.7 million Defense Advance Research Projects Agency grant in June to develop courseware for professors at Howard and elsewhere to create their own online instruction.

A university/computer-industry nonprofit organization called Educom is undoubtedly the flag bearer of mass-application distance learning. Its education-by-software agenda is a kind of Clinton health plan for academia, promising to cut costs *and* improve quality *and* broaden access to instruction. Indeed, Educom vice president Michael Roberts makes the analogy to managed care. "The doctors wouldn't do anything about controlling costs by themselves, and things finally got so bad that they took the control away from them," says Roberts. "The faculty need to face up to those aspects of learning that really require interaction with a faculty member and those that don't." As examples, he mentions introductory freshman and remedial-level courses in composition, math, science and languages. Actually, though, the infrastructure expenses of rewiring campuses to convey the massive quantities of electronic learning that Educom envisions are enormous. And the Internet is already oversubscribed.

Meanwhile, the nation's first "virtual university," called the Western Governors University to reflect its sponsorship by the governors of 15 Western states (and Guam), will open its virtual doors in January. WGU is an all-electronic, no-faculty Educom dream come true in which "certifications of competency" will substitute for grades, and students will be able to register for online and cable-TV courses offered by the public universities of the participating states. After a flurry of populist rhetoric about eliminating professional academics from the degree-granting process, WGU has retrenched somewhat and for now plans to be a rather conventional online community college, with a two-year associate of arts degree in general studies and an electronic technician's certificate as its starter offerings.

In April, California, which is not part of WGU, launched a coordinated effort to market and expand cross-registration for online course offerings from the state's 300 accredited colleges and universities. Even East Coasters will soon be able to go to a central Web site and sign up for, say, an online screenwriting class with the UCLA extension division. The move will put California's formidable academic juggernaut into direct competition with WGU—and with the University of Maryland and Northern Virginia Community College, for that matter. The rivalry to enroll students will be intensified at all levels, and even the most prestigious schools may not be immune.

Geoffrey C. Orsak, an associate professor of engineering at George Mason, has been teaching a class with professors from Colorado, Rice and Cornell who delivered their material to George Mason students by interactive video. Orsak offers a harbinger of the distance-learning future: "I was giving a lecture to a collection of engineering professors about how our class worked, and all the different people who were teaching in it. I mentioned Cornell, and suddenly this professor asked, 'I spend $25,000 a year to send my daughter to Cornell, and you're telling me that you're offering *the same class* at George Mason for only $5,000 or $6,000?' " ■

Charlotte Allen is a contributing editor of Lingua Franca magazine.

Beating the Commute

Washington-area courses and degrees

American University, Washington. 202-885-1000. *www.american.edu.* Graduate course on implications of information systems offered fall 1997; online.

Capitol College, Laurel. 301-369-2800. *www.capitol-college.edu.* M.S. in systems management or management of telecommunications systems, beginning fall; online.

Corcoran School of Art, Washington. 202-639-1800. *www.corcoran.edu.* Computer graphics courses; online.

George Mason University, Fairfax. 703-993-1000. *www.gmu.edu.* Classes in English composition; online. Classes in conjunction with the Naval Surface Warfare Center; videoconference.

Georgetown University, Washington. 202-944-3754. *www.georgetown.edu.* Introduction to international business course; online.

Johns Hopkins School of Public Health, Baltimore. 410-614-7741. *www.sph.jhu.edu/~distance/certificate/.* Fifteen-month certificate program in public health; online, with three two-week sessions on campus.

Montgomery College, Rockville. 301-650-1551. *www.clark.net/pub/mc50.* English, management, paralegal, graphic design and other courses; online.

Northern Virginia Community College, Annandale. 703-323-3368. *nv.cc.va.us.* Courses in criminal justice, math, English composition and others; online and videoconference. Associate's degree in engineering; online, with lab work on campus.

Strayer College, Washington. 800-422-8055. *www.strayer.edu.* Courses in accounting, business administration and computer information systems; online.

University of Maryland University College, College Park. 301-985-7823. *www.umuc.edu.* Master's degrees in general administration, computer systems management or technology management; online.

University of Virginia, Charlottesville. 703-536-1100. *www.virginia.edu.* Master's degrees in information services in conjunction with the University of Tennessee; videoconference. Master of engineering degrees; one-way video, two-way audio. Graduate course in education; online.

Long-Distance Learning

A listing of selected U.S. universities offering degrees online

City University, Bellevue, Wash. 800-426-5596. *www.cityu.edu.* Bachelor's degree in computer systems; master's in business administration.

Colorado State University, Fort Collins, Colo. 800-525-4950. *www.colostate.edu/Depts/CE/.* M.B.A. and M.S. in business management. Online with videotape.

Duke University's Fuqua School of Business, Global Executive M.B.A. Program, Durham, N.C. 919-660-8024. *www.fuqua.duke.edu/programs/gemba.* A 19-month degree program.

Mercy College, Dobbs Ferry, N.Y. 800-MERCY-NY. *MerLIN.mercynet.edu/.* Bachelor's degrees in business, psychology and computer science; additional courses in literature, criminal justice, history, government, science and art.

New York Institute of Technology On-Line Campus, Central Islip, N.Y. 800-222-6948. *www.nyit.edu/olc.* Bachelor's degrees in interdisciplinary studies, business administration and behavioral sciences.

Rochester Institute of Technology, Rochester, N.Y. 800-CALL-RIT. *www.rit.edu/~613www.* Bachelor's degrees in environmental management and applied arts and science. Master's degrees in software development and management; information technology; and health systems administration.

Rogers University, Claremore, Okla. 541-482-5871. *www.wcc-eun.com/rogers/.* Associate's degrees in computer science, business administration, humanities and liberal arts.

University of Phoenix Online Campus, Phoenix, Ariz. 800-388-5463. *www.uophx.edu/online.* Bachelor's degree in business. Master's degrees in business administration, computer information systems and organizational management.

Western Governors University, Salt Lake City, 801-588-6480. *www.westgov.org/smart/vu/vu.html.* Plans to offer, beginning early 1998, associate's degree in general studies and electronic technician's certificate.—*Jennifer Baker*

THE PRESIDENT HAS SEEN
8-11-97

THE WHITE HOUSE

WASHINGTON

August 9, 1997

MR. PRESIDENT:

Attached are the following weekly information items:

(A) **Interest Rates and the Stock Market**

(B) **CEA Weekly Economic Briefing**

(C) **DPC Report**

(D) **NEC Report** (To be Forwarded)

(E) **CEQ Report**

(F) **Emanuel Report**

(G) **Cabinet Report**

(H) **Public Liaison Report**

(I) **Intergovernmental Report**

(J) **OSTP Report**

(K) **Political Report**

Phil Caplan
Phil

Copies:
Tab C : Reed, Kagan, COS
Tab E : McGinty, COS
Tab F : Emanuel, COS
Tab G : Marshall, COS (entire)
Emanuel, Radd (P. 3)

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
8-11-97

copied
Reed
Kagan
COS

August 9, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

'97 AUG 9 PM 3:41

SUBJECT: DPC Weekly Report

1. Health -- Pediatric Labeling: You, the Vice President, and the First Lady are scheduled to participate in an event on Wednesday to announce a proposed FDA regulation to ensure that drug companies test their products for use in children and provide information to pediatricians and other health care professionals on correct dosage levels for children. The drug industry's failure to test and label their products for use in children causes serious harm. Doctors may prescribe incorrect doses of drugs, resulting in under- or over-medicating fragile patients; alternatively, they may decline to prescribe needed medications altogether, for fear of giving the wrong dose and harming their patients. For example, doctors rarely prescribe protease inhibitors for children suffering from AIDS because they do not know how to do so safely. Pediatricians, children's hospitals, consumer advocates, and AIDS groups strongly endorse this regulation.

2. Health -- Implementation of Children's Health Initiative: We have started a process with HHS, OMB, the First Lady's office, and others to ensure effective implementation of the children's health initiative. By next week, we will have a complete schedule for issuing guidelines and regulations to help the states interpret the new legislation and design children's health plans. The schedule also will list meetings with state representatives (Governors, Medicaid Directors, etc.), children's advocates, health care providers, and others who are interested in the initiative. We will evaluate how you, the First Lady, and Secretary Shalala can most effectively highlight the new opportunities to cover uninsured children. In addition, we are now reaching out to foundations to determine their interest in using private dollars for outreach efforts designed to cover the 3 million children currently eligible for, but not enrolled in, Medicaid. The foundations have expressed some interest, and we will keep you informed of developments.

3. Immigration -- Commission Report: The U.S. Commission on Immigration Reform is preparing a report on structural reforms to the current immigration system. A draft of the report comments favorably on a proposal to abolish the Immigration and Naturalization Service (INS) and delegate its main functions to the Departments of State, Labor, and Justice. Under this scenario, the Department of Justice would have responsibility for immigration enforcement, including the Border Patrol, investigations, detentions, and deportations; the State Department would perform functions relating to immigration benefits, services, and visa processing; and the Department of Labor would have responsibility for all workplace-related immigration activities.

THE PRESIDENT HAS SEEN
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The report also discusses other options for structural reform, including establishing a new Cabinet-level department or independent agency on immigration and/or creating an Office for Immigration Policy at the Domestic Policy Council. The Commission will release its final report in late September. We said last week that we would give careful consideration to the Commission's recommendations; the Attorney General, though stating strong support for the job the INS is doing, also expressed a willingness to consider significant structural changes. Either DPC or REGO will begin an interagency process to evaluate the Commission's report and other proposals for structural reform of the immigration system.

4. Crime -- Community Policing Grants: On Thursday, the COPS Office released $92 million to fund approximately 1,300 police officers in 48 states. To date, the COPS program has funded an estimated 63,000 police officers and deputies.

5. Education -- Testing Lawsuit: The NAACP Legal Defense Fund filed a federal suit this week against the Johnston County School District in North Carolina, challenging a year-old policy requiring all students in grades 3 through 8 to achieve a specified score on North Carolina's reading and math tests before going on to the next grade. The plaintiffs claim that the high-stakes testing policy discriminates against African American and Hispanic students, because (1) these students disproportionately fail to attain the specified score and (2) the tests are not valid measures of individual student performance in school. The plaintiffs also claim that the district's test procedure discriminates against special education students by failing to provide accommodations, such as extra time. The case is one of the first ever to challenge state education standards and high stakes testing. The DPC has requested a briefing from the Justice Department this week to discuss the appropriateness of filing an amicus brief in support of the school district.

6. Tobacco: The U.S. Court of Appeals for the Fourth Circuit will hear oral argument on Monday in the tobacco industry's challenge to the FDA rule. Walter Dellinger will argue for the government. We will not know which judges will hear the case until Monday morning.

7. Welfare -- Welfare-to-Work Partnership: You will travel to St. Louis on Tuesday to highlight the success of welfare reform and underscore the critical role of the private sector. You will join Eli Segal in announcing that over 500 companies have joined his welfare-to-work partnership and that about 200 companies in St. Louis alone have committed to hiring welfare recipients. The two of you also will announce the Welfare to Work Partnership's new toll-free hotline and web page to help companies hire welfare recipients. Most important, you will be able to announce new caseload numbers: the rolls declined by an additional 200,000 people in May for a 1.4 million drop in the nine months after you signed the welfare law and a 3.4 million drop (24% of the caseload) since you took office.

8. Welfare -- New York and California Plans: State officials in New York and California finally reached agreement on welfare plans last week. The New York law requires that all individuals able to work accept any workfare assignment offered to them. New parents are exempt from the work requirement until the infant is 3 months old, with extensions allowed

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until the age of one. The plan also exempts from work those who are over 60, ill or incapacitated, or needed in the home because of the illness or incapacity of a family member. In response to a recent notorious case where a woman with a history of heart trouble died on a work assignment, counties must make work assignments consistent with an individual's limitations and consider an individual's medical reports. In addition, counties must allow workfare on college campuses for students on welfare (an idea Mayor Giuliani has resisted).

The plan increases the amount of earnings that can be disregarded for welfare purposes. Child care will be provided for children under 13 whose parents are assigned to work. The final plan preserves current benefit levels, rejecting Governor Pataki's proposal to gradually drop benefits as a family approaches the five-year time limit. After five years, families with children can move to a "safety net" program that offers non-cash benefits (using state rather than federal funds). Also in this program are those without children and immigrants not eligible for federal funds. Finally, New York chose to take advantage of a new state option to purchase food stamps from USDA for people who will lose food stamps under the welfare law. New York will buy food stamps for elderly or disabled legal immigrants and legal immigrant children, which will preserve benefits for about two-thirds of the legal immigrant population.

After a confrontation in California last month that culminated in Governor Wilson's veto of a Democratic bill, the Governor and the legislature reached an agreement earlier this week. They compromised on a plan to limit current welfare recipients to 24 continuous months of benefits and new recipients to 18 continuous months of benefits, with a six-month extension option. At the end of this period, recipients must leave the rolls for at least one year before they can requalify for benefits. Able-bodied adults must work or be in training for at least 20 hours a week; in the year 2000, that requirement increases to 32 hours a week. Women with infants are exempt from the work requirements for three months to one year, at the county's option. Children can continue to get aid after their parents reach the five-year lifetime limit. The state also enacted a lifetime ban on welfare for convicted drug felons. Democrats were unable to win approval of a provision that would assist legal immigrants losing federal food stamps.

9. Welfare -- Child Support Enforcement: You asked recently about a recent GAO study criticizing the nation's child support system. As you know, child support collections increased from $8 billion in 1992 to $12 billion in 1996. But during that time, the percentage of cases in which support is collected remained nearly constant at 20 percent. The main problem is that states have not moved quickly enough to automate their collection systems. Eight states, with about 40% of the nation's welfare caseload, will fail to meet the October 1, 1997 deadline for setting up computer registries needed to implement the 1988 Family Support Act. A much greater number of states need to do substantial work to update their computer systems to implement the provisions of the new welfare law. In response to state deficiencies in this area, Reps. Hyde and Woolsey have introduced legislation that would give all responsibility for child support collection to the federal government. The Administration has opposed this bill, arguing that the states should retain primary responsibility for this function. Given the inadequacies in child support enforcement, however, we must devise proposals for improving state systems. We accordingly have established an interagency working group, involving HHS, Treasury, and Justice, to track state efforts and consider a range of options for improving child support enforcement.

10. Welfare -- CEA Analysis of Child-Only Cases: In response to a recent item in CEA's weekly economic briefing on the growth of child-only welfare cases (attached), you asked whether certain features of the welfare law need to be fixed. The issue is that one part of the law (work requirements) appears to treat states with growing numbers of child-only cases unfavorably, while another part of the law (time limits) is too generous to such states. Because child-only cases count when measuring a state's caseload reduction credit, a growing child-only caseload reduces the size of that credit -- and means a state must put more people to work. On the other hand, a state with more child-only cases can grant more "hardship exceptions" to the 5-year time limit. This is because child-only cases are included in the denominator of the 20% hardship-exception calculation even though none of these families (which are excluded from the time limit elsewhere in the law) need the exception.

We do not believe a fix is needed at this time. On the caseload reduction credit, the tremendous decline in welfare caseloads is already making the work participation rates far easier to meet than expected. In addition, letting states exclude child-only cases in calculating the credit might give states a positive incentive to create child-only cases by sanctioning parents. On time limits, we are loath to re-open the issue of hardship exceptions so early in the implementation process, especially given that many groups (battered women, people with disabilities, grandmothers, etc.) are pressing for more, rather than fewer, exceptions to the lifetime limit.

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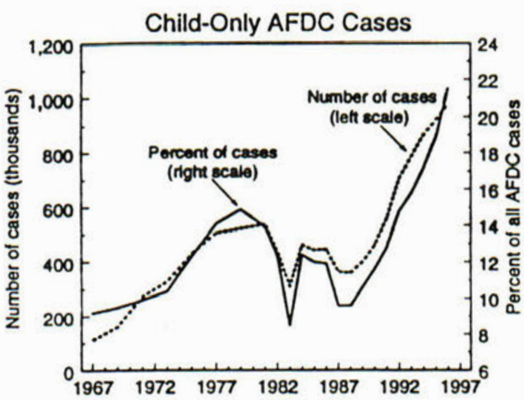
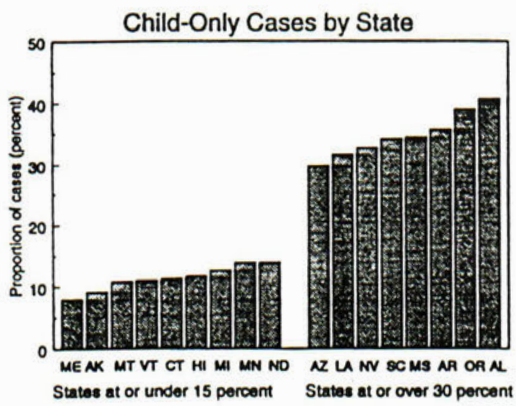
TREND

The Growth of Child-Only Welfare Cases

Single mothers with children represent the largest fraction of the welfare caseload. But recent years have seen tremendous growth in the number of "child-only" cases. Although a full explanation remains elusive, the surge in child-only cases has some immediate implications for welfare reform.



The facts. Child-only cases accounted for 21.5 percent of all AFDC cases in 1996, up from 9.6 percent in 1988 (see upper chart). The number of such cases increased from 360,000 to 980,000, resulting in nearly 1.7 million children in child-only AFDC households in 1996. Variation across states is also considerable: In 1996, child-only cases were 30 percent or more of the cases in eight states and 15 percent or less in nine others (see lower chart).



Why has the child-only caseload grown? Child-only cases fall into four main categories:

- caretaker is a non-recipient relative
- parent is an SSI recipient
- parent is an ineligible non-citizen
- parent has been sanctioned

Only scattered information is available about the reasons for growth in child-only cases, but it suggests that growth has probably occurred in each category.

Implications for TANF. Further analysis should provide a better understanding of the causes, but some immediate implications for welfare reform can be drawn from the way child-only cases are treated under Temporary Assistance for Needy Families (TANF):

- No work requirement. Child-only cases are not subject to work requirements. Hence, the changing composition of the caseload must be taken into account on a state-by-state basis to estimate accurately the number of work-related placements or the caseload reduction needed to meet work requirements. Estimates that ignore the growth of child-only cases overstate the difficulty of meeting work requirements, substantially for some states.

No lifetime limit. Child-only cases are not subject to the 5-year lifetime limit on TANF benefits. The growth of child-only cases means a substantial portion of TANF children will be protected from loss of benefits.

And, for TANF aficionados:

- Caseload reduction and hardship exemption. Work requirements and the 5-year lifetime limit do not apply to child-only cases. But, curiously, child-only cases are included in computing the change in a state's caseload after 1995, which is used to reduce the state's caseload work requirements. Child-only cases are also included in determining the number of cases that fall under the "hardship exemption" to the 5-year lifetime limit on eligibility: That is, states may exempt for hardship a number of otherwise "non-exempt" cases equal to 20 percent of the total caseload. As a result, given two states that are equally successful in reducing the non-exempt caseload, it appears that the state with the higher proportion of child-only cases will have a harder time meeting work requirements and an easier time meeting the 5-year time limit.

Bruce
Disturbing
to be fixed?
BC

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

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8-11-97

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August 8, 1997

MEMORANDUM FOR THE PRESIDENT

CC: ERSKINE BOWLES

FROM: KATHLEEN A. McGINTY MT for KAM

RE: CEQ WEEKLY REPORT

RESOURCE STEWARDSHIP

Yellowstone

This coming Tuesday marks the one year anniversary of the signing of the New World Mine Agreement. In the last year, the Administration has made good progress on all aspects of the Agreement, and we are close to our goal of protecting Yellowstone. The parties have recently agreed to a 60-day extension for Crown Butte to consider the Administration's proposal, as part of the Budget Agreement, for up to $65 million to fund the acquisition of property under the Agreement. It is now up to Congress to follow through on their commitment and appropriate the funds.

Steelhead Salmon

On Monday, NOAA will announce that five populations of steelhead salmon in California and the Pacific Northwest are in such a state of decline that they require the protection of the Endangered Species Act. Two populations will be listed as endangered: one in the Upper Columbia River and one in Southern California from the Santa Maria River to just south of Malibu Creek. Three other populations will be listed as threatened: in the Snake River Basin, on the Central California Coast, and on the South Central California Coast. Decisions on listings for five other populations will be deferred for six months due to scientific disagreement on the status of the salmon stocks. Steelhead are prized by sport fishermen but not harvested commercially.

The announcement's timing is the result of a court imposed deadline; the listing will take effect in 60 days. Secretary Daley will inform the governors of California, Washington, Oregon and Idaho of the listing on Monday and will urge state-Federal partnerships to develop conservation plans to recover Pacific salmon and steelhead.

PROTECTING COMMUNITIES FROM TOXICS

New York Harbor/New Jersey Ocean Dumping

CEQ convened a series of meetings this week with longshoremen, shipping interests, and environmental groups to discuss the final phase of the plan, announced by the Vice President last July, to phase out the controversial "Mud Dump Site" off of New Jersey's coast. The meetings are part of a broader strategy to address a controversy that had paralyzed dredging in the Port of New York.

At the end of August, an EPA rule closing the Mud Dump Site to contaminated sediment and creating a much larger Historic Area Remediation Site (HARS) will go into effect. The HARS will continue to be used for relatively "clean" dredge material, so that toxic hot-spots from unregulated dumping will be remediated. Shippers and labor groups are concerned that standards for use of the HARS site not be too strict, and that adequate alternatives for dredge material disposal are developed and funded. Environmentalists want to ensure that standards in the final rule for remediation of the HARS are adequately protective. We are working with EPA to ensure that the appropriate balance is struck between these two interests, and we currently expect to forestall any litigation over the rule.

THE WHITE HOUSE

WASHINGTON

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August 9, 1997

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MEMORANDUM TO THE CHIEF OF STAFF

FROM RAHM EMANUEL

SUBJECT WEEKLY REPORT

CRIME/DRUGS: This week HHS and ONDCP released the Household survey on teenage drug use. The survey reports that for the first time since 1992 the number of teenagers smoking marijuana has dropped. The report and HHS received extensive coverage in the media. On the same day Justice released a report showing a major reduction in the use of crack.

We have drafted a letter from the President to all Governors concerning their state's sexual predators file. This month will mark the one year anniversary of our national sexual predators file. In the past year only six states have submitted their files. This letter challenges them to finish the job.

I have talked to General McCaffrey about giving a major speech on the drug abuse problem in the state prison system. I think we need to be challenging states to do more to crack down on drug abuse and repeat drug offenders in prisons. A high profile speech by McCaffrey would focus on a serious problem and force the Governors to institute real drug testing and treatment programs. If communicated correctly, we could force a major increase in treatment dollars in the state prison system.

cc EB

I am raising a dissenting voice on our intent to move on the issue of needle exchange. We are trying to do a number of difficult things in executing a new drug policy. We are attempting to reduce the disparity between crack and powder, secure more resources for treatment, and secure funding for our national media campaign. All of these items will be very difficult on their own. I have real reservations about pushing a questionable policy like needle exchange in the midst of some serious work on juvenile crime legislation and drug policy funding.

EDUCATION: The New York Times ran a story earlier this week about 13 families who were suing the state over the standardized test in their schools. The suit also included a criticism of the "no social promotion" policy connected to the test. The case is now in the Federal courts.

I believe we should file an amicus brief in the case on behalf of the state and their right to test

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students before they advance from grade to grade. This case, as it reads, goes to the heart of our educational reform initiative. I cannot think of a better way to jump start our effort on education than to file an amicus brief in this case. Bruce is working with Justice on this matter.

agree - very urgent to me

We have every indication that the Republicans are going to use the Senator Coverdell's amendment on education vouchers as their back to school initiative. I believe we will need a very aggressive educational effort for back to school week in response.

URBAN: I have submitted a scheduling request that the President go to New York to announce a new private sector commitment of $250 million to low income housing. The money flows from our policy of special tax breaks for urban areas. We could visit the corner in the Bronx where President Reagan and President Carter stood. That corner has been transformed to single family dwellings because of our policies. The picture tells the story of our Urban policy better than any individual speech.

I like the corner comparison picture

WELFARE: I have been working with NBC on a story for Tuesday that they will run in conjunction with the President's announcement on welfare. The story is about the woman we hired here at the White House off of welfare. It is a very compelling story. Claire Shipman is running the story.

good

MEDICARE: Chris Jennings and I have been working all week with HHS and Justice to get them to develop an anti-fraud initiative for the Home Health care industry. The front page stories created by the IG at HHS has created a real problem for the administration. At the end of the day HHS and Justice say there really is not that much fraud. I wanted to halt payment to providers identified in the report to enable time for a further audit. HHS claims there are no cases to take such action. Right now we have the ability to announce the largest fund to crack down on fraud ever. It is better than nothing, but HHS really set us up here with no recourse to counter the broad abuse in the system.

HEALTHCARE: I have worked with Senator Hatch and Senator Kennedy on an Op-ed piece concerning the historic children's health agreement. The piece should run next week.

3RD STORY of Level 1 printed in FULL format.

The News and Observer (Raleigh, NC)

August 5, 1997 Tuesday, FINAL EDITION

SECTION: NEWS; Pg. B1

LENGTH: 851 words

HEADLINE: Johnston test troubles linked to confusion

BYLINE: GLENNA B. MUSANTE, STAFF WRITER

BODY:

SELMA -- Ironing out the glitches in Johnston County's new testing policy - the subject of a federal lawsuit - is as difficult as reassuring a fretful teenager with a learning disability.

Natalie Allen, 14, has been diagnosed with a disability that makes it hard for her to grasp words on a page - like those on the reading test she is taking today for the third time along with hundreds of other students who completed summer school last week.

Although she made A's, B's and C's in seventh grade last year at North Johnston Middle School, Natalie is sure that unless she passes the test, she'll never make it to the eighth grade. Her mother, Billyn, says administrators at her school and at summer school have said that if she doesn't pass, she'll fail for the year.

"This test is just too much pressure on a 14-year-old," Billyn Allen said.

But school officials say the mother and daughter's fears could all be a misunderstanding.

"We've had a lot of people who don't understand the policy," said Dr. James Causby, Johnston schools superintendent. Causby said he asked principals last week to review the files of students who failed the state test but achieved C's or better in class. He said they have found many who are eligible for a waiver of the rule, which requires most students to pass the state's end-of-year math and reading tests to be promoted to the next grade.

Causby said Natalie may be among students who are eligible for a waiver of the requirement. If they fail the state test after two tries, they must go to summer school, and they have to take the test a third time. But students who are diagnosed as learning disabled don't need to pass that third time to move on.

"If she qualifies, the teachers and principals at her school should have asked for an appeal," he said.

Such conflicting signals are one of the factors that led a group of parents to file the suit challenging the testing policy last week in U.S. District Court. A hearing on a the parents' request for temporary restraining order against the policy has not been set.

The News and Observer (Raleigh, NC) August 5, 1997 Tuesday,

Members of the parents' organization Educate Our Children, who support the suit, say that waivers and appeals are being handled in a haphazard fashion, and they say the test discriminates against minorities and children with learning disabilities.

While many parents applaud the schools' efforts to tighten standards by making it harder for teachers to promote students who haven't learned, the parents' group opposes using the test to determine what an individual child has learned over the course of a school year.

Their suit was filed with the aid of the NAACP Legal Defense Fund, which views the Johnston County situation as a clear example of misuse of the test.

"Tests need to be validated for the purpose intended," said Kimberly West-Faulcon, a staff attorney for the Legal Defense Fund. "And what we've learned about the North Carolina tests is that they were designed to evaluate schools and school systems, not students. And we feel students are being harmed by the policy."

The suit also claims that because minority students do poorly on the test, it may have inherent problems.

Causby agreed that minorities' performance on the test lags behind that of white students, but he said this is because the school system has been letting minorities down.

"We've known that for a long time," he said. "We don't want to keep accepting that [status quo]. We want them to improve. And if you look at the data [collected by the board after the second round of tests were conducted in June], the kids who had the most improvement in their test scores were the minority students."

But the suit is not solely about race, said Stephon Bowens, an attorney for Educate Our Children.

"Race is just one part of it," he said. "The [14 families] who filed the suit come from a wide spectrum," including people who are black, white, Hispanic, middle-class and poor - demographics as diverse as the county's.

"I think [the Legal Defense Fund] felt this was the right issue at the right time," Bowens said. The civil rights group is concerned that the growing national trend to use standardized tests can and has harmed students, such as those in Calhoun County, Ga., where poor test performers were grouped together into low-achievement classes.

Karen Price, one of the founders of Educate Our Children, said her group approached the county school board two times last spring with its concerns, delivered petitions with names of 2,100 parents opposed to the policy and asked school officials to wait a year before implementing it. But she said board members dismissed the parents and even laughed at them.

"These parents took these issues to the board very early on," West-Faulcon said, and the had to file suit "to get the board to pay attention to them as citizens and voters who have concerns about this issue."

Causby, however, said the board paid close attention to the parents' concerns and made some modifications to the policy after Price's group spoke to the board. But it denied the request for a year's delay.

LANGUAGE: ENGLISH

LOAD-DATE: August 5, 1997

4TH STORY of Level 1 printed in FULL format.

The News and Observer (Raleigh, NC)

August 1, 1997 Friday, FINAL EDITION

SECTION: NEWS; Pg. B1

LENGTH: 1367 words

HEADLINE: Johnston schools sued over testing

BYLINE: MARTHA QUILLIN AND MICHELE KURTZ, STAFF WRITERS

BODY:

A civil rights group has gone to federal court accusing Johnston County teachers and principals of illegally using standardized tests to hold back students.

A lawsuit, filed this week on behalf of 14 unidentified parents, said the practice affects a disproportionate number of minority students and discriminates against students with special needs. Attorneys also planned to ask for a temporary restraining order that would prevent school officials from using the scores to keep any student from rising to the next grade when school resumes this month.

Stephon Bowens, who was preparing that request for the N.C. Justice and Community Development Center in Raleigh, with help from the New York-based NAACP Legal Defense and Educational Fund, could not be reached late Thursday to say whether it had been filed.

The complaint stems from Johnston's efforts to meet new state requirements that all schools demonstrate that they are teaching students the basic skills they need. Beginning with the past academic year, Johnston County began giving standardized, end-of-year tests to measure the mastery of those skills in grades three through eight. Comparable, end-of-course tests are given to high school students in five core classes.

Although the suit does not cite problems in other counties, it may indicate some of the difficulties in trying to standardize public education in the state, and in relying on tests to determine whether goals are being achieved.

Johnston educators say they are pleased with the results of their Student Accountability Program. In fact, said Dr. James Causby, the superintendent, students made their best showing ever this year in grade-level proficiency.

The problem, according to the lawsuit, is that the county is using students' test scores the wrong way. While they may be a good measure of whether the school is covering the state's basic curriculum, Bowens said, they should not be used to decide whether an individual student passes or fails.

"The test should not be the threshold," Bowens said. "We're not sure the test indicates whether the student has learned the material."

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The News and Observer (Raleigh, NC) August 1, 1997 Friday,

Unfair to minorities:

In addition, the suit contends, minority students in general did not perform as well on the tests as white students and will be held back at a higher rate. Also, it said, provisions were not made for students with handicaps that entitle them to such things as extra time for testing.

It isn't known how many of Johnston County's nearly 18,000 students will be held back based on their scores from the 1996-97 school year. Between 2,000 and 3,000 students did not pass their end-of-year or end-of-course tests the first time they took them, officials say, but about half of those passed after getting intense tutoring and taking them again two weeks later. Some of those who failed the second time were given the option of summer school; for the lowest scorers, summer school was required, after which the students will be tested again.

One session of summer school has been completed. A second session will wind up next week, with students taking the standardized test beginning Aug. 5.

Causby denied the lawsuit's claim that end-of-grade tests are the only factor in deciding whether a student moves to the next grade.

That question is an issue especially for students who made A's, B's and C's ut bombed on the end-of-year or end-of-course tests. Parents have argued to the school board - and in the lawsuit - that a student could be held back simply ecause she doesn't perform well on a standardized test, or because he was aving a bad day when he took it.

In fact, Causby said, students who have done well throughout the year but on't pass the test after the three tries can have their case reviewed by the rincipal, who consults with the student's teacher and looks over samples of the tudent's work. The principal then makes a recommendation to a committee, which ecides whether the student moves on.

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Program called a success:

The whole program, Causby said, has taken a great commitment on the part of dministrators, teachers, parents and students, and is paying off. Early in the ear, teachers tried to identify students who might have trouble passing the ests and offered remedial programs, including before- and after-school tutoring nd Saturday programs.

As a result, Causby said, all students - especially minorities - have shown onsiderable improvement on proficiency exams.

Causby hopes that improvement will cut Johnston County's higher-than-average ropout rate.

"I firmly believe that the biggest reason most kids drop out is they're ehind academically," he said. "They're frustrated and they become discipline roblems, and they get out as soon as they can.

"This is not just a testing policy. The main focus of this effort is to get ids on grade level, starting early, and keep them there."

Ann Majestic, a Raleigh lawyer who is representing the school system in the case, said county officials believe the tests, which were developed by the state, can be applied to individual students, but they are consulting with test designers to be sure. The county also is fine-tuning the review process for students who have made average or better grades but repeatedly failed the standardized tests, to make sure every school follows the same procedure.

Elsewhere in the Triangle, some school systems have implemented similar "get-tough" policies, but they are not absolute.

In Durham, for instance, eighth-graders who fail their end-of-grade tests are required to attend summer school or repeat the grade. After summer school, students take the high school competency test, the equivalent of the eighth-grade exam. If they fail again, the principal must decide whether students can move ahead.

This spring, the first year for the policy, an unprecedented number of eighth-graders passed the exams, and officials credited the new requirement for much of that success.

Harry Monds, president of the NAACP in Durham, said Thursday that he supports Durham's eighth-grade requirement. In fact, he said he'd like to see a similar policy for every grade.

"It's a step in the right direction," Monds said. "I feel that it's necessary to hold students accountable."

But Monds does have concerns. Schools should work harder at identifying low-performing students early and giving them extra help throughout the school year, he said. And teachers and principals should also be held responsible for students' success or failure, he said.

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Students get more serious:

Orange County Schools, which adopted a strict retention policy last fall, saw some students take the end-of-grade tests seriously for the first time, officials said.

"You have some real wake-ups," said Nancy Farmer, Orange County's associate superintendent for curriculum and instruction.

But test results aren't the only criterion for promotion in Orange County. Students who fail end-of-grade tests are referred to a school committee that discusses the students' classroom performance and other factors that indicate whether they've mastered the skills outlined for that grade, Farmer said.

The committee makes a recommendation that could include several measures, such as summer school or retention. The principal has the final say.

"One test on one day is not an absolute certain indication of proficiency," Farmer said.

Summer school is wrapping up this week in Durham and Orange. Officials said numbers on students who would be retained won't be ready for at least a couple of weeks.

Some officials said that school systems statewide are coming to rely too much on standardized tests to gauge student performance.

"We're using tests to make decisions, not [to] inform decisions. In my opinion, that's always a mistake," said David Holdzkom, assistant superintendent for research, development and accountability in Durham, where principals have the discretion to promote eighth-graders who fail the test but show progress in summer school.

"By relying solely on the test, we discount the value of teachers' observations and judgments," Holdzkom said.

No date for the hearing of the Johnston lawsuit has been set.

LANGUAGE: ENGLISH

LOAD-DATE: August 1, 1997

16TH STORY of Level 1 printed in FULL format.

The News and Observer (Raleigh, NC)

May 15, 1997 Thursday, FINAL EDITION

SECTION: NEWS; Pg. B3

LENGTH: 266 words

HEADLINE: Johnston schools to try out end-of-year tests Some parents complain that policy is unfair

BYLINE: Glenna B. Musante, Staff Writer

BODY:

Smithfield -- Next week, Johnston County schools will test a new policy to use end-of-the-year proficiency tests to decide which students pass or fail, despite opposition from hundreds of parents.

Parents from a group called Educate Our Children, and Joseph Avery, speaking on behalf of the Johnston County NAACP, asked the school board this week to wait a year before implementing the policy.

"The board listened to their concerns," but planned to proceed, said Keith Beamon, assistant superintendent of accountability and technology for Johnston County schools. "The reason it's in place is that the community was concerned our graduates weren't performing well in reading, writing and math. This is an initiative we've seen work in other school systems" to pull up test scores, "and we want to give it a try."

Parents opposed to the policy say it will hold students responsible for teachers and schools that aren't performing well.

"You can have a student who has had A's, B's, C's all year who may be held back a grade if they don't do well on the test," said Karen Price of Educate Our Children. The group delivered 2,100 signatures on a petition opposing the policy at the April and May board meetings, "but that didn't seem to faze them," Price said.

The parents have contacted lawyers to look into legal options for halting the policy, she said.

"What if a good student has a bad day the day they take the test?" Price asked.

Beamon said "safety nets," such as summer school, have been built into the policy to help students who don't pass end-of-year proficiency tests.

LANGUAGE: ENGLISH

LOAD-DATE: May 15, 1997

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
8-11-97

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August 8, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. TM

SUBJECT: **Summary of Cabinet Weekly Reports August 1 - 8, 1997**

DEPARTMENT OF TREASURY

- **Electronic Funds Transfer:** On August 21, Treasury will publish a proposed regulation that outlines the implementation of Electronic Funds Transfer (EFT) '99, the Congressional mandate to make all federal payments (except tax refunds) electronically by January 1, 1999. This will affect millions who receive payments from the federal government, including Social Security and veterans' benefit recipients. Treasury and SSA finalized an EFT'99 notice that will accompany benefit checks.

- **Sallie Mae:** On July 31, Sallie Mae shareholders approved privatization plans and replaced the existing management with a dissident board of directors. The reorganization should be completed during the week of August 11, at which time Sallie Mae will become a private holding company subsidiary. The privatization will generate substantial revenues, currently valued at around $48 million, that will be channeled through the D.C. Control Board to the D.C. public school system.

- **Child Care:** Treasury is participating in White House policy discussions in preparation for the October child care conference. These discussions are focused on increasing affordability through tax and subsidy programs, encouraging increased quality through incentives; and addressing problems that low-income families face with respect to the absence of after-school care or activities for school-age children.

- **Home Mortgage Disclosure Act:** On August 4, the Federal Financial Institutions Examination Council released 1996 data collected under the Home Mortgage Disclosure Act. The report was somewhat mixed. Taken together, government-backed and conventional home purchase lending to all racial and ethnic groups increased from 1995. From 1993 to 1996, government-backed and conventional home purchase lending has

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increased for all races. Private sector home purchase lending to African-Americans declined by 1.5 percent between 1995 and 1996, and denial rates by private lenders continue to run higher for certain racial groups, such as African-Americans and Hispanics, than for whites.

- **Murtha Amendment:** Treasury's appropriations bill, reported out of the House Appropriations Committee, includes the Murtha Amendment, which would allow surplus U.S. military weapons to reenter the country and ease restrictions on importing weapons that are over 50 years old or that are connected to an historical event. Law enforcement officials are concerned that many of these guns could be easily converted into automatic weapons. Treasury is trying to defeat this amendment in the House.

DEPARTMENT OF JUSTICE

- **Williamson Tobacco v. FDA:** On August 11, the Court of Appeals for the Fourth Circuit will hear oral argument in the appeals from the April 25 ruling in the FDA-tobacco litigation. The Court ruled that the FDA has jurisdiction to regulate tobacco products containing nicotine and to impose youth access and labeling restrictions, but does not have the authority to regulate advertising and promotion.

- **Nixon Tapes:** The district court ordered the Archives to return to former President Nixon's estate all private and personal communications on the original White House tapes and on any copies of these tapes. Compliance with this order would result in the destruction of the original tapes. After the appeal, the Nixon estate requested that the court of appeals, without its own review of the case, uphold the district court's decision. The court of appeals turned down that request and will conduct its own review. DOJ argued that the Presidential Recordings and Materials Preservation Act prohibits destruction of the original tapes.

- **Communications Decency Act:** A defendant was arraigned on federal charges in one of the first criminal prosecutions under the Communications Decency Act of 1996. The indictment alleges that the defendant met a 13-year-old girl from CT in an Internet teen chat room. He conducted a cyberspace, telephone and correspondence relationship with her, which he instructed her to conceal from her parents. In March 1996, he traveled from CA to meet the girl in Irving, TX, where she was visiting her mother and invited the girl to his hotel room where he attempted to engage in sexual conduct with her.

- **COPS Grant:** On August 7, the COPS Office will announce the awarding of over $92 million to 353 agencies in 48 states. These awards will fund the hiring of 1,342 officers.

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DEPARTMENT OF COMMERCE

- **Canadian Wheat:** Senator Dorgan alerted Secretary Daley that he will urge the Administration to institute a "complete shutdown" of Canadian wheat and durum exports to the U.S.

- **Chilean Salmon:** Import Administration officials will visit Chile next week to explain the procedures involved in antidumping/countervailing duty statutory process. On July 24, the U.S. International Trade Commission announced a preliminary positive injury determination with respect to Atlantic Salmon imports from Chile. President Frei labeled the subsidy and antidumping allegations "protectionist maneuvers," adding that the dispute would not have arisen had Chile been a NAFTA member.

- **Universal Service:** The National Telecommunications and Information Administration (NTIA) has urged the FCC to deny SBC Communications, Inc.'s request to hold in abeyance two sections of the Universal Service Order that: 1) provide Federal support for connecting schools and libraries to advanced communications services, and 2) ensure that low-income households will not lose access to local telephone service because of their difficulties in paying for long distance service. NTIA is awaiting clearance from the White House.

- **North Korea:** The Bureau of Export Administration approved an export license that will enable the Administration to fulfill its promise of $16 million in additional food aid to the famine victims in North Korea.

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cc: Raines
J. Reed

- **Western Hemisphere Trade:** Through the first five months of 1997, the markets in the Western Hemisphere are accounting for 70 percent of all U.S. export growth. The U.S. trade balance with the region has improved by almost $3 billion, including a $1 billion improvement with our NAFTA partners.

DEPARTMENT OF LABOR

- **OH AgriGeneral Company:** On August 19, OSHA intends to issue citations to AgriGeneral Company, of Croton, OH, with a total proposed penalty of one million dollars. AgriGeneral is an egg producing, processing and distribution facility. The inspection was triggered by a referral received from the OH Department of Health, alleging serious safety and health violations.

- **School-To-Work:** August 8 is the deadline for applications for the $500,000 School-to-Work Leadership Development Grant. The grant is proposed to establish a leadership program for State and local School-to-Work leaders to support international research and policy exchanges with a focus on youth education and employment development.

- **PA Corporate Health Violator:** On August 8, OSHA will citate Franklin Smelting and Refining Corporation with a total proposed penalty of $821,360. This company receives copper-bearing scrap and resells nearly pure blocks (pigs) of copper. The company has had twenty-nine OSHA inspections, mostly for health. Franklin Smelting often alleges an inability to pay for safety and health programs and engineering controls, however, it appears that the company is financially able to pay some penalty.

- **Press Activities:** *60 Minutes* is looking into an OSHA discrimination case in New England. Providence Hospital was funding research for a Brown University professor at Microfibers. The professor found lung disease among workers at the plant but was told not to report the findings. He reported his finding and the funding for his project was canceled. He filed a discrimination and safety and health complaint.

- **Wheeling-Pittsburgh Steel Update:** On August 1, the Steelworkers and the Wheeling-Pittsburgh Steel Corporation reached tentative agreement on a five-year contract which, if ratified, will end a 10-month strike by 4,500 workers at facilities in OH, PA and WV. The pact was approved by the presidents of the Steelworker locals on August 3.

- **MI UAW Strike:** General Motors again faces the possibility of a walkout over a local plant contract. The automaker has received notice from the UAW of an August 8 strike deadline at its Cadillac assembly facility in Detroit, MI. Staffing levels and related matters are the principal issues in dispute.

Department of Transportation

- **PA Airport Grants:** On August 8, the Vice President announced several Airport Improvement Program grants for PA. Among the grants are $13.6 million for a new runway construction project at Philadelphia International Airport and $13.2 million for Allegheny County for other improvements at Pittsburgh International Airport.

- **TN Airport Grants:** On August 10, the Vice President will announce Airport Improvement Program grants for TN, including $5 million for the Metropolitan Nashville Airport Authority, and four entitlement grants for the Knoxville and Jackson airports.

- **U.S.-Japan Bilateral:** On August 4-6, the first session of formal aviation talks to discuss changes in the aviation bilateral agreement began in Tokyo.

- **Turbulence Training Aids:** On July 31, the FAA announced that an aviation industry/government team has developed a new training aid to increase awareness and help crewmembers avoid weather conditions that can cause turbulence. The Turbulence Education and Training Aid was produced by FAA, McDonnell Douglas and the Air Transport Association.

- **North Korea:** The U.S. has donated an additional 100,000 MT of food aid to North Korea -- 5,000 MT of bagged corn-soy-blend and 10,000 MT and 85,000 MT, of bulk rice and corn.

- **CA Metro Funding:** On August 1, FTA advised the Los Angeles County Metropolitan Transportation Authority that certain portions of its proposed recovery plan for the Red Line Project Eastside Extension were unacceptable. Until these actions are resolved, FTA is restricting funding and the issuance of contracts on that project.

Small Business Administration

- **Welfare-to-Work:** On August 12, Administrator Alvarez will participate in a St. Louis, MO, welfare-to-work event. On August 14, the Administrator and Eli Segal will host an event at the U.S. Chamber of Commerce to announce the findings of a study on barriers faced by small businesses seeking to hire people off the welfare rolls.

Federal Emergency Management Agency

- **Agency Recruitment:** FEMA has launched an effort to hire welfare recipients at its National Information Processing Centers located in Hyattsville, MD, Denton, TX, and Round Hill, VA. The positions are Disaster Temporary, not to exceed one year. FEMA anticipates hiring twenty welfare-to-work candidates. FEMA has also agreed to share its pool of applicant resources with other Federal agencies.

Department of Interior

- **Crime Stoppers Program:** The BLM in AZ and NM is working in cooperation with Federal, state, and local law enforcement agencies on a regional Crime Stoppers program. The program focuses on asking the public to report illegal activities by calling a toll-free number. The program is recognized throughout the law enforcement community as a highly successful tool in gaining information to solve crimes and prosecute criminals. BLM has prepared a public outreach strategy.

- **Yellowstone Bison:** Although significant progress has been made toward jointly releasing a Draft EIS, the NPS and the State of MT are unable to meet the original deadlines. Consequently, they have established August 28 as the target date for the drafting and initial review of the Draft EIS, and October 24 as the target for public distribution.

- **CA Water Grant:** On August 8, the Bureau of Reclamation and Congressman Fazio will participate in a ceremony to kick off the Princeton-Codora-Glenn and Provident Irrigation Districts' pumping plant and fish screen project on the Sacramento River near Princeton, CA. DOI recently executed a grant for $3.2 million to help fund the project.

When completed in spring 1998, the new, screened pumping plant will replace the three existing unscreened diversions and will help protect and restore the endangered chinook salmon and steelhead trout, while providing a reliable water supply for the districts and wetlands.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Tobacco Settlement:** On July 31, Secretary Glickman met with Secretary Shalala, Bruce Reed and Members of Congress who represent tobacco farmers. The Senate Agriculture committee will hold hearings on the effect of the proposed settlement on farmers on September 11, and alternative settlement proposals on September 18.

- **Hepatitis-Tainted Strawberries:** USDA will request the U.S. District Court of Southern CA to intervene in the negotiation of an agreement with the vendor who provided alleged Hepatitis A linked frozen strawberries to MI schools.

- **Dioxin Levels in Poultry:** USDA is recommending that states destroy chicken purchased for the school lunch program that may have higher than acceptable levels of dioxin and will ease the financial burden on states by providing them with replacement product.

- **Wild Fires:** In CA, wildfires in the Los Padres National Forest have threatened nearly 6,000 acres. In AK, nearly 1.4 million acres are burning or have burned. Smaller wildfires are also being fought in OR and WA.

- **National Forest Flooding:** On July 29, flash flooding in Fort Collins, CO temporarily closed the Arapaho and Roosevelt National Forests headquarters and the Rocky Mountain Research Station.

- **OR Food Stamps:** The Food Stamp Program will soon bill OR for unallowable costs. The state had claimed costs of case management support services to families in crisis. USDA will allow the state to pay the amount over three years.

DEPARTMENT OF ENERGY

- **FY98 Budget:** DOE is facing the possibility of severe budget reductions in its program direction accounts, according to preliminary FY98 funding levels proposed by Congressional committees with jurisdiction over DOE. Secretary Peña is planning for the possibility of reductions-in-force that could occur early in FY98. The Department is seeking support from Congress and the White House for levels of funding that will support important programs.

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- **Gasoline Supply and Price:** On August 4, spot gasoline prices surged again. Continued strong demand and a decline in gasoline stocks for the week ending July 25 were the primary factors in this week's increase in spot prices. U.S. and foreign refinery outages exacerbated the increases. Rumors of low pipeline stocks in the Midwest added more upward pressure on prices.

DEPARTMENT OF EDUCATION

- **CA Graduate School Admissions:** On July 31, Senators McConnell and Hatch wrote to Secretary Riley regarding the Office for Civil Rights (OCR) investigation of the University of California admissions policies. They requested that the investigation cease and that DOEd provide an explanation of the legal and constitutional analysis underlying OCR's investigation. The senators threatened to consider all legislative options, including hearings and prohibition of the use of DOEd funds to investigate race-neutral policies. On July 30, OCR requested that the Deans of the law schools at Davis, UCLA and Berkeley meet to discuss OCR's planned investigation and enclosed a brief, preliminary data request. On July 31, the *San Diego Union-Tribune* reported that no African-American applicants have been accepted into the UC San Diego Medical School this year.

- **CO Civil Rights Issue:** On July 31, DOEd's Office for Civil Rights (OCR) issued findings that Denver Public Schools discriminate against limited-English-proficient (LEP) students on the basis of national origin and disability by not providing them with equal educational opportunity. The violations are identified as follows: failure to provide teachers qualified in bilingual education; inadequate instructional materials; misclassification of LEP students as special education students; and failure to provide effective transition from alternative language programs to mainstream classrooms.

- **Annual Dropout Report:** On July 31, DOEd released *Dropout Rates in the United States: 1995*. The report shows that 12 percent of all 16- through 24-year-olds were not attending school and lacked a GED in 1995, a rate that has remained basically unchanged since 1987. The gap in dropout rates between black and white Americans continues to narrow. However, one in three dropouts is Hispanic.

ENVIRONMENTAL PROTECTION AGENCY

- **Champion Paper Mill:** During July, EPA hosted several meetings in Washington, D.C., with the stakeholders including the environmental community, recreational interests, TN, NC and executives from Champion Paper Mill. The purpose was to discuss settlement options.

- **Herbicides in Water:** The Environmental Working Group, an environmental organization, expects to release a report asserting that weed killers are present in tap

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water at levels that are unsafe for children and exceed standards in the Food Quality Protection Act (FQPA). EPA has already identified most of the chemicals listed in the report for priority attention in the FQPA.

- **Yucca Mountain:** On July 31, the Commerce subcommittee on Energy and Power approved the Nuclear Waste Policy Act in a form that does not appear to address EPA's environmental concerns. The Senate passed a similar bill in April.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Child Care Funding Allocations:** On August 6, HHS informed states of an adjustment to their FY98 child care funding allocations. This adjustment is necessary because the estimates of state FY97 allocations of child care funds used in the debate on the welfare law and for notifying states last fall are inconsistent with statutory language. For fourteen states, the adjustment will result in decreases, including substantial decreases for CA, NJ, IL, and NE.

- **Medical Use of Marijuana:** On August 8, NIH released the report of the group of experts it convened February 19-20, 1997, to review the data on therapeutic uses for marijuana in five areas: analgesia; neurological and movement disorders; nausea and vomiting associated with cancer chemotherapy; glaucoma; and cachexia and appetite stimulation in patients with AIDS or cancer. The group also determined the need for, and feasibility of, additional research. The report was made available even as NIH reviews its substance and conclusions. The consensus was that the studies performed to date with smoked marijuana did not provide definitive answers. The group favored the development of a smoke-free inhaled delivery system that could deliver purer forms of marijuana's most active ingredient, delta-9-tetrahydrocannabinol.

- **CA Child Welfare Waiver:** On August 21, HHS expects to approve the CA child welfare demonstration waiver. The proposal implements three programs: 1) the Extended Voluntary Placement program would allow selected counties to extend the judicial determination requirement for voluntary placements from 180 days to 12 months, thus keeping these families outside of the dependency system; 2) the Kinship Permanence program would allow adolescent children to live in long-term relative guardianship placements if it is determined that adoption or a return home are not viable alternatives; 3) the Intensive Services program would permit use of title IV-E funds for innovative individual services.

- **Girl Neighborhood Power:** In the July 28 *Federal Register*, HRSA announced the availability of approximately $1 million for the Girl Neighborhood Power (GNP) program--a multi-phase, collaborative effort to build public-private partnerships that increase confidence and prevent teen pregnancy and other risky behaviors among girls 9 to 14 years old. Five $200,000 cooperative agreements will be awarded.

- **Tobacco Partnerships:** TX and IL entered into contracts with FDA to enforce the new regulation prohibiting retailers from selling cigarettes and smokeless tobacco to children. The states will conduct approximately 300 unannounced retail compliance checks each month over the next 8 months. Warnings will be issued to retailers found selling tobacco products to underage buyers.

- **Abortion Data:** The August 8 *Morbidity and Mortality Weekly Report* will include summaries of 1993-94 abortion surveillance data, 1987-90 pregnancy-related mortality, and 1980-93 hysterectomy surveillance. Overall, the rate of legal induced abortions fell by 2.1 percent from 1992-93, and by 4.7 percent from 1993-94.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Urban League Assistance:** On August 5, Secretary Cuomo signed an MOU with the National Urban League that provides the League with $1 million of technical assistance. The Urban League will also partner with 10 HUD computer learning centers in assisted housing developments.

- **CT Housing Authority:** In an August 4 letter, HUD declared that the Camden Housing Authority (CHA) had not lived up to its contractual obligation to operate housing developments in an efficient and economical manner and failed to provide decent, safe and sanitary housing. This action comes after HUD repeatedly expressed concerns about CHA's faulty operations. Camden Mayor Milan supports HUD's intervention.

- **REGO:** On August 4, Secretary Cuomo outlined plans to reorganize HUD. Under HUD's new structure, the Department's administrative functions will be centralized and consolidated in 70 new hubs and processing centers. Constituent work will occur in storefront-style field offices, where HUD's "Community Builders" can easily reach out to grantees.

VETERANS AFFAIRS

- **Medicare Legislative:** The Senate-passed provision to authorize a VA/Medicare subvention pilot project was dropped from the final version of the reconciliation spending measure. This subvention initiative had been viewed by VA health care managers and veterans service organization leaders as an essential component of the Department's efforts to develop alternative revenue sources for the medical care delivery system. It is critically important that a plan be developed for the purpose of moving the subvention proposal toward enactment as soon as Congress resumes work in September. Success will require a coordinated effort within the Administration.

- **Juvenile Diabetes:** VA announced the opportunity for VA medical centers to compete for funding to establish three additional Diabetes Research Centers. As a collaborative initiative between VA and the Juvenile Diabetes Foundation, resources will be made available to provide up to five years support for up to three research centers. For the new Diabetes Research Centers, VA is expected to provide up to $500,000 annually and the JFD is to provide up to $1 million.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Central American Conference:** On August 14-15, a U.S.-Central America Ministerial-level conference on law enforcement and drugs will be held in Washington, D.C., with the following eight countries represented: Belize, Costa Rica, The Dominican Republic, El Salvador, Guatemala, Honduras, Panama and Nicaragua. The conference will enhance regional law enforcement, public security and drug cooperation.

SOCIAL SECURITY ADMINISTRATION

- **Noncitizen Benefits:** This month, SSA will notify noncitizens who receive SSI that their benefits will continue as a result of the Balanced Budget Act. SSA will also work with noncitizen advocacy groups on efforts to publicize the Balanced Budget Act.

- **Unbanked:** The Mandatory Direct Deposit Law passed by Congress last year requires that as of January 1, 1999, all persons entitled to Federal payments must receive them by direct deposit. Before the law goes into effect, SSA must convert millions of unbanked Social Security and Supplemental Security Income (SSI) beneficiaries to direct deposit or some other form of electronic banking. During the week of August 25, SSA will conduct a series of focus groups to assess the obstacles Social Security and SSI beneficiaries have in dealing with financial institutions and to determine the best approach for encouraging beneficiaries to sign up voluntarily for direct deposit.

OFFICE OF PERSONNEL MANAGEMENT

- **King Announces Departure:** On August 5, OPM Director King announced his intention to leave government service by September 1 to accept a senior position at Trinity College in Hartford, CT. Deputy Director Janice LaChance will serve as Acting Director.

cc:
The Vice President
Erskine Bowles
Franklin Raines
John Podesta
Sylvia Mathews
Ron Klain
Mack McLarty
Rahm Emanuel
Melanne Verveer
Mike McCurry
Doug Sosnik
Craig Smith
Mickey Ibarra
Don Baer
Maria Echaveste
John Hilley
Janis Kearney
Ann Lewis
Bruce Reed
Gene Sperling
Katie McGinty
Jack Gibbons

DEPARTMENT OF STATE

- **Middle East Peace Process:** Secretary Albright spoke to Chairman Arafat, King Hussein, Foreign Minister Moussa, and Prime Minister Netanyahu prior to her National Press Club speech, at which she urged an accelerated approach to permanent status talks. She also made clear to Arafat that restarting negotiations requires that the security situation improve. Israel has decided to withhold Palestinian revenues. State considers this move to be counterproductive and is urging that the revenue transfer be restored as soon as possible. SMEC Ross plans to travel to Israel later this week.

- **NY Bomb Suspects:** One of the two bomb suspects arrested July 31 in NY entered the U.S. with a transit visa issued by U.S. Consulate General in Jerusalem in November 1996. The other entered illegally at a land border earlier this year and was apprehended by INS but was later released on bond on condition that he depart by August 23. A third possible suspect, an Egyptian, entered, and then overstayed, on a tourist visa issued in Alexandria in 1992. His name has been entered on the visa watch checklist as have the names of the two suspects, who were added to the list as a matter of routine. CA has checked its records and has found no derogatory information on any of the aliens when they entered.

DEPARTMENT OF DEFENSE

- **Guam Schools:** DoD has advised DOEd that it does not intend to exercise the last option year in the contract with the Guam Department of Education. DoD will open its own domestic dependent elementary and secondary schools instead. A member of the Guam state legislature and Congressman Underwood of Guam have expressed concern that the decision could create a rift between the military and the citizens of Guam.

UNITED NATIONS

- **Asia Trip:** On August 11-21, Ambassador Richardson will travel to east and central Asia, making stops in Honolulu (CINCPAC), Seoul, Tokyo, Beijing, Dushanbe (Tajikistan), Tashkent (Uzbekistan), Almaty (Kazakhstan), Tbilisi (Georgia), Kiev, Moscow, and Paris. The Ambassador will focus on building support for the UN Reform/Arrears Congressional package, including a reduction in the U.S. assessment rate. At the request of the Vice President, the Ambassador will visit Kazakh President Nazarbayev to discuss plans for the November meeting of the Bilateral Commission. In Tajikistan and Georgia, the Ambassador will visit UN peacekeeping operations.