

Todd Stern

Misc.

5/11/99

EXECUTIVE OFFICE OF THE PRESIDENT

28-Feb-1996 08:24pm

TO: Evelyn S. Lieberman
FROM: Todd Stern
Office of the Staff Secretary
CC: Teresa Wildman
SUBJECT: cabinet reports

Ev -- I agree with you that the President reads and cares about the Cabinet Report and that we shouldn't unduly cut it. I just think that a Report in the 10-15 page range is more than sufficient. It's just a matter of being sensibly selective. I don't think the President needs to hear about stuff like "Maryland is not in compliance with the Atlantic States Marine Fisheries Commission's Interstate Coastal Fishery Management Plan for Weakfish." (I'm not making this up.) Or that the Jonathan Corporation of Norfolk, Va. agreed to pay back wages to its workers. Or that the Senate Commerce Committee is holding an oversight hearing chaired by Sen. Pressler on February 29. (Why on earth does the President need to know that?) Or that DOT has heard arguments from NYC and the Port Authority on whether passenger facility charge revenues at Kennedy and La Guardia airports must be included in the Port Authority's gross revenues. Etc., etc., etc.

This is the President and some proper cut has got to be made about what can fit into that amazingly large and absorbent brain of his. There's just way too much drivel in these reports. I'd be happy to show you my full markups if you really want. And happy to discuss this with you more. tds

A yellow rectangular sticky note is placed at the bottom of the page. On the note, the letters 'FM' are handwritten in dark ink, enclosed within a hand-drawn circle. A small horizontal line is drawn above the circle.

96 FEB 26 AM 11:35

EXECUTIVE OFFICE OF THE PRESIDENT

25-Feb-1996 11:35am

TO: Evelyn S. Lieberman
FROM: Todd Stern
Office of the Staff Secretary

SUBJECT: cabinet reports

FYI -- a little running battle of mine. These Reports are absurdly long. I have marked several recent ones up for Kitty to show what could easily be cut out. This week's is 19 pages -- which is down from the 23-24 pages we've been getting lately. But anything over 10-12 is frankly unnecessary and anything over 15 should be a hanging offense.

I'm not seeking your intervention in this -- I just thought I'd clue you in since Kitty is liable to start not appreciating my hard line.

Cheers. tds

Todd -
On this one piece I do not
agree w/ you. Bobus seems
to read them carefully and
make notes as well.
Are your concerns editing
or cutting? Editing is
fine, but what would
you cut?
Let me help w/ this
if you want
KX
E.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

25-Feb-1996 11:17am

TO: Kathryn Higgins

FROM: Todd Stern
 Office of the Staff Secretary

SUBJECT: Cabinet Reports

This week's report is 19 pages. I'm sending it forward today, but we're going to have to figure something else out because I am not going to continue doing this. One solution would be for you to send us a disk so we can pare it down. But this volume of paper on a weekly basis just isn't warranted, and with the President expressing concern about the amount of paper he's getting (with office time that will be reduced for the rest of this year, owing to travel demands), it's going to have to be cut down. tds

Riding
request should go
to Service

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 2-20

TO: Betty

FROM: Staff Secretary

I see that you
circulated my earlier
memo. I did this
yesterday & thought you
might want to see it.

Bill

P.S. President is complaining
about too much paper ^{provided}

generally + I've got
to cut back everywhere
as much as possible.

151571

THE WHITE HOUSE

WASHINGTON

96 FEB 16 P7:40

February 16, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*
SUBJECT: Summary of Cabinet Weekly Reports
February 9 - February 16

DEPARTMENT OF TREASURY

- **Secretary's Activities:** On Tuesday, Secretary Rubin will travel to Bal Harbor to address the AFL-CIO conference. On Wednesday, he will meet with Chairman Greenspan, Leonid Kuchma, President of Ukraine and Dick Grasso, Chair of the New York Stock Exchange.
- **House Appropriations Law Enforcement Hearing:** On March 6, Secretary Rubin will testify before the House Treasury-Postal Subcommittee, and the heads of each of the Department's enforcement bureaus will also testify. The purpose of the hearing is to draw attention to Treasury's broad role in the Federal law enforcement community and the need for continued funding of the bureaus. The Committee will hold a similar hearing on March 12, to focus on Treasury's role in combatting financial crimes. IRS, FinCEN and the law enforcement bureaus will testify on their current efforts in this area.
- **International Crime and Counterfeiting:** On February 28, the House Banking Committee will hold a hearing on international organized crime. It's focus will be counterfeiting, money laundering and fraud schemes based in Russia, the Middle East and Africa.
- **IRS Hearings:** IRS will be subject to a large number of oversight hearings as this year's tax filing season comes to a close. The IRS expects to be called to testify at three Appropriations hearings, two Government Reform hearings, and two hearings before the Ways & Means Committee before April 15, 1996. Most of the hearings will concentrate on IRS' budget and its progress in implementing its computerized filing and tax return processing systems.
- **Historically Black Colleges and Universities Capital Financing Program:** Three HBCU loan applications, totalling approximately \$35 million, have been approved for financing

through the program. The Department expects these loans to be made the end of February.

On February 14, Under Secretary Hawke, President of the Federal Financing Bank (FFB), authorized the FFB to offer forward interest rate caps. The FFB Board intends to adopt a resolution on the decision by Friday, February 16. Treasury officials will meet with Department of Education representatives on February 20 to discuss loan documentation and program implementation.

- **Youth Crime Gun Interdiction Initiative Status:** In this upcoming ATF program, groups in selected pilot cities will focus on interdicting the supply of guns to juveniles. Roll-out plans, including coordination with the Department of Justice, are to be discussed shortly.
- **Pastors for Peace Announce Another Attempt to Violate Embargo:** The Pastors for Peace announced intentions to violate and protest the Cuban embargo again by exporting computers to Cuba with two caravans crossing the border at San Diego, California and Highgate Springs, Vermont, on February 17, 1996. Office of Foreign Asset Control (OFAC), Customs and DOJ are planning a response to the anticipated violations.
- **Brady Law Second Year Anniversary Approaches:** The second anniversary of implementation of the Brady Law is February 28, which is also the anniversary of the failed effort at Waco. Treasury and Justice are working together to produce information to be released on Brady accomplishments and implementation on or shortly before February 28.
- **Troops in Bosnia:** Officials consulted with representatives of the Defense Department regarding a proposal to provide similar tax benefits for troops in the Bosnia region that now apply to troops in a designated "combat" zone. It would simplify combat zone rules as they relate to income tax withholding. Discussions are ongoing with DOD to resolve pending issues, including the specific geographic boundaries of the relief. House Ways and Means Committee Chairman Bill Archer has announced that he will have a markup session on legislation related to this issue during the last week of February.
- **Secret Service Investigation:** In cooperation with ^{when?} federal and local law enforcement officers, the Secret Service broke a credit-card ring that stole and counterfeited thousands of credit cards over the last four years, resulting in millions of dollars in losses. The ring used magnetic tape, embossing and encoding machines, and holograms to make counterfeit cards. The defendants were charged in a 200-count indictment and are awaiting trial.
- **Coca-Cola Barred From Supplying Iranian Distributor:** Coca-Cola requested permission to direct its Irish subsidiary to commence sales of concentrate to an Iranian soft drink company. The OFAC denied the request on the ground that the Coca-Cola Company exercises direct control over the affairs of its Irish subsidiary.

DEPARTMENT OF COMMERCE

- **Trade mission to Sub-Saharan Africa:** Secretary Brown will lead a trade mission to Sub-Saharan Africa from February 17 - February 26, 1996 with a focus on emerging markets and increased trade with African countries. The trip will include stops in Cote D'Ivoire, Ghana, Uganda, Kenya and Botswana. The mission seeks to expand U.S. African business development and commerce, and to advocate on behalf of U.S. companies with contracts pending in Sub-Saharan Africa.
- **Town-hall meeting:** On February 28, 1996 Secretary Brown will be joined by Under Secretary Ev Ehrlich, Census Director Martha Riche and OMB Director Alice Rivlin in presentation of the 2000 Census plan at a half-day, town hall meeting at the Department of Commerce.
- **Census 2000 Congressional Hearing:** The House Government Reform and Oversight Committee, chaired by Rep. Clinger (R-PA), is scheduled to hold a hearing on the plan for the 2000 Census on February 29, one day after ESA and Census roll out the plan to the public.

Economic Indicators:

• Value of New Construction Put in Place (November and December 1995)	February 16
• Manufacturing and Trade: Inventories and Sales (November 1995)	February 16
• Fourth Quarter (advance) Gross Domestic Product	February 23
• Third Quarter (revised) Gross Domestic Product	February 23
• Housing Starts	February 23
• Retail Trade (January 1996)	February 27
• Manufacturing and Trade: Inventories and Sales (December 1995)	February 28
• U.S. International Trade in Goods and Services (December 1995)	February 28

- **Senate Commerce Committee to Hold Oversight Hearing:** The Senate Commerce Committee, chaired by Senator Pressler (R-SD), has scheduled an oversight hearing on Thursday, February 29.
- **Biological Weapons Related Controls:** BXA is seeking interagency clearance on a draft rule to revise the scope of export controls applicable to items related to biological weapons (BW) development. This new policy implements decisions made in an October 1995 Australia Group meeting of biological weapons experts increasing the licensing activity

slightly for certain BW - controlled equipment. The rule will introduce new nomenclatures for several pathogens, clarify terms for biological items, relax BW export controls on immunotoxins, and revise technical parameters for controlled biological equipment.

- **MD Not in Compliance with Weakfish Regulations:** The National Marine Fisheries Service (NMFS) has determined that the State of Maryland is not in compliance with the Atlantic States Marine Fisheries Commission's Interstate Coastal Fishery Management Plan for Weakfish. Maryland has failed to implement measures that are necessary for their conservation. Therefore, a moratorium on fishing for Weakfish will become effective on April 15, 1996, unless Maryland adopts measures to come into compliance by April 1.

DEPARTMENT OF LABOR

- **AFL-CIO:** On Tuesday, February 20, Secretary Reich will travel to Bal Harbour, Florida, to attend the Annual Winter Executive Council Meeting of the AFL-CIO. He will speak to the Executive Council regarding attacks on worker protection programs and the Administration's accomplishments on behalf of working Americans.

- **Unemployment Compensation:** Next week, the Advisory Council on Unemployment Compensation will issue its final report to you and Congress. This report will include the findings and recommendations of the Council during its final year of deliberations. ~~The latest findings and recommendations focus on what the Council views as administrative issues.~~ The report addresses measurement of performance outcomes, data needs, reporting requirements and administrative funding.

- **Garment Enforcement Sweeps:** Recent raids across the country reveal that minimum wage and overtime abuses remain widespread throughout the garment industry. This week, investigators from the Department's Wage and Hour Division visited garment contracting firms in Texas, California, and New York. In California, only one of 12 shops was found to be in compliance with labor laws. Investigations in Dallas revealed numerous wage and overtime abuses. In New York, an investigation of 32 shops found 18 in violation.

- **Service Contract Act:** The Jonathan Corporation of Norfolk, Virginia, entered into an agreement last week that will permit the payment of nearly \$3 million in back wages and fringe benefits to more than 400 of the company's workers. Although the company is in bankruptcy, the Department achieved the significant recovery in this case by having contract funds released directly by the Navy to the Labor Department.

- **ERISA:** On February 14, the Department filed suit against the Bank of America for alleged ERISA violations in connection with the bank's activities as trustee of the Norcal and Envirocal Defined Benefit Plans. The Plans suffered losses of approximately \$5.6

million as a result of the alleged ERISA violations. The suit is the product of several months of settlement discussions that did not produce a negotiated resolution of this matter.

- **Occupational Safety and Health:** On the eve of a trial that was scheduled to begin this week, the Department settled an OSHA civil penalty case against a contractor that had been performing lead paint removal work at the Old Executive Office Building. The contractor, **M.P. Industries, Inc.**, agreed to pay \$147,500 in penalties for violating OSHA's lead-in-construction standard. The **Stone Container Corporation**, which operates a **Panama City, Florida, pulp mill**, has agreed to pay \$690,000 in OSHA penalties, and to assure that all of its "pulp digesters" are properly repaired and maintained. The action stemmed from February 16, 1996, an accident in which a pulp digester ruptured, killing three workers and injuring two others.

DEPARTMENT OF TRANSPORTATION

- **Flooding in Montana:** Widespread flooding is occurring throughout western Montana due to unusually warm weather melting deep snow packs. As a result, 24 of 56 counties are currently under a State of Emergency. Road closures are widespread, including Interstate 15 southbound immediately north of Helena. No reports of damage have been received as of yet.
- **Burlington Northern Santa Fe Derailments:** On February 14, a Burlington Northern Santa Fe (BNSF) freight train, consisting of two locomotives and 89 cars (8,528 tons) derailed, at the runaway freight train came to a halt and derailed at the Canadian Pacific's (CP) Pigs Eye Yard, in St. Paul, MN. Nine injuries were reported, none of which were life threatening. BNSF stated that, prior to the derailment, the train had stopped in an area that was prone to vandalism. There were no hazardous materials involved in the derailment. Previously on February 1, a Burlington Northern Santa Fe (BNSF) freight train derailed while descending from Cajon Pass just west of Barstow, California, causing the deaths of two crew members, release of hazardous materials and a massive fire. Area residents were evacuated and highways including Interstate 15 were closed. The FBI has sent investigators to both accident sites and will work in conjunction with the Federal Railroad Administration. The National Transportation Safety Board also dispatched an investigator to the scene.
- **U. S. - Japan Talks:** The third round of cargo talks with Japan took place in Tokyo February 5-7, 1996. The Japanese continued to make proposals aimed at constraining U.S. operations beyond Japan. In the context of an acceptable exchange, they indicated a willingness to allow United Parcel Service (UPS) to serve Kansai and to allow one other U.S. entrant to serve a second Japanese city. In exchange, Japanese all-cargo operators, NCA and JAL, would obtain greater access to the United States. The two sides agreed to

resume talks in Washington February 28 - March 1. A fifth, and possibly final round is anticipated for later in March in Tokyo.

- **U. S. - Germany Agreement:** On February 1, Secretary Pena announced that the U.S. and Germany had agreed on a new "open-skies" aviation framework, and that formal negotiations would be held in Washington to complete a final agreement (scheduled for February 22). Our success with Germany represents a major achievement in our goal of creating an open market for air services to Europe.
- **Emergency Relief:** Severe natural disasters around the country have overtaxed the Federal Highway Administration's (FHWA) Emergency Relief (ER) program. FHWA has statutory authority to borrow Interstate discretionary money, and has tapped \$70 million of it to meet needs this year in the Northeast and mid-Atlantic regions. However, estimates of recent flood damage in Washington, Oregon, and Idaho are still incomplete. Legislation to provide additional funding (perhaps as much as \$300 million) will be needed.
- **New York City - Port Authority Dispute:** The Department of Transportation has received arguments both from New York City and the Port Authority of New York and New Jersey, stating their respective views on whether passenger facility charge (PFC) revenues at Kennedy and La Guardia airports must be included in the Port Authority's gross revenues, on which its lease payments to the City are based. The Port Authority argues that including PFCs in the revenue base would undermine the PFC capital improvement program and violate federal law. The city claims that the DOT/FAA should not interfere in this landlord-tenant dispute. The Department of Transportation is reviewing the arguments to determine whether Federal laws apply to this situation.

UNITED STATES TRADE REPRESENTATIVE

- **U.S.-Russian Agreement on Firearms:** Amb. Kantor this week announced the conclusion of an agreement that will control the importation of inexpensive, easily concealable hand guns and ammunition from Russia which the FBI has determined to be attractive to criminals. This agreement promotes the President's objectives on crime and domestic security.
- **Philippines and Hungary Fail to Implement WTO Commitments in Agriculture:** Agencies have agreed that USTR should request dispute settlement consultations with Hungary and the Philippines under Article XXII of the WTO should both Governments not cooperate in reforming subsidies practices. The Administration will seek additional meetings with both governments in the coming weeks in an effort to reach an amicable solution before seeking WTO recourse.

DEPARTMENT OF JUSTICE

- **Three Suits Challenge Indecency And Abortion Provisions Of The Telecommunications Act Of 1996 (the "Telecommunications Act") Filed:** As part of the Telecommunications Act, Congress enacted the Communications Decency Act (CDA), which makes it a criminal violation of criminal law for individuals to transmit "indecent" speech over the Internet and other interactive computer systems. In addition, Section 507 of the CDA amended a provision of 18 U.S.C. § 1462, which had criminalized the transportation of information, goods or products relating to abortion, extending the ban to means of telecommunications. The Civil Division is defending the "Internet indecency" provisions of the CDA, but has advised the courts in Philadelphia and Brooklyn that the Attorney General will not prosecute under the abortion provision in light of the Department's long-standing view that such speech restrictions are not constitutional.
- **Supreme Court To Hear Arguments In Koon And Powell:** On February 20, the Supreme Court will hear oral argument in Koon v. United States, and Powell v. United States. Koon and Powell were convicted for their role in the beating of Rodney King in Los Angeles, California. The district court departed downward from the sentencing range prescribed by the Sentencing Guidelines for their offense. The Ninth Circuit affirmed their convictions, but vacated the sentences and remanded for resentencing, ruling that the reasons given by the district court for the downward departures were invalid. The Supreme Court granted certiorari on the sentencing issues. The U.S. will argue that the court of appeals properly reviewed the departures de novo, and that it correctly concluded that each of the grounds for the departures cited by the district court was invalid.
- **Sara Lee To Pay Record Civil Penalty:** On February 6, a civil antitrust suit and proposed settlement were filed with the court in U.S. v. Sara Lee Corp. The complaint alleges that a Sara Lee subsidiary negotiated an acquisition of more than \$15 million in U.S. shoe care product assets from London based Reckitt & Colman plc in 1991 and avoided making premerger Hart-Scott-Rodino filings. Sara Lee will pay \$3.1 million if the settlement is approved by the court. **This is the largest civil penalty any company has ever paid for violating the antitrust premerger requirements.**
- **First Case Filed Under the Civil Remedy Provision of the Violence Against Women Act:** On January 19, Christy Brzonkala, a former student at Virginia Tech in Blacksburg filed the first federal lawsuit alleging a violation of the civil rights provision of the Violence Against Women Act of 1994. The suit alleges that two students raped Ms. Brzonkala on the campus in September 1994, and that the attack was motivated by animus against women, a necessary element of the claim.
- **DOD Set-Aside Case Settled:** On February 6, parties filed settlement agreements and joint stipulations for dismissal in McCrossan Construction Co. v. Perry et al., and McCrossan

Construction Co. v. Carney et al.. These two Adarand-related cases were brought by a non-disadvantaged contractor seeking DOD contracts designated for small disadvantaged businesses (SDB) pursuant to DOD's statutory set-aside program.

- **D.C. District Court Denies Tribe's Request To Enjoin The Department From Taking Enforcement Action Against Gaming Casino; U.S. Files Counterclaim For Declaratory Action In Related Case:** On February 5, in Apache Tribe of the Mescalero Indian Reservation v. Reno and Babbitt, the district court denied a request by the Mescalero Apache Tribe to prevent the DOJ from taking an enforcement action against the tribe's gaming casino. On February 12, in the related case Pueblo of Santa Ana, et al. v. Kelly, et al., the United States filed its answer and counterclaim against the tribes (and joining NM as a defendant), seeking a declaration that Indian Class III gaming is illegal in NM because that state's highest court ruled recently that no such gaming is permitted in the State for any purpose. Under IGRA, Class III gaming is therefore illegal regardless of whether the compacts are valid. Our pleading explicitly took no position on the validity of the compacts.
- **Defendants Plead Guilty to Drug Counts Arising from Southwest Border Initiative:** In the Jesus Hernandez-Valenzuela, et al., case, 5 of 8 defendants pleaded guilty to conspiring to possess with intent to distribute cocaine. The case arose from the August 3, 1995, seizure of 304 kg. of cocaine (wholesale value of \$6.08 million) from a semi-tractor trailer at a Southwest border checkpoint, 15 miles west of Las Cruces, NM, and its subsequent controlled delivery to Los Angeles. Two of the co-conspirators cooperated with the government and participated in the controlled delivery.
- **Italian Government Seeks to Depose Aldrich Ames:** The Government of Italy has submitted a mutual assistance request to depose Aldrich Ames in its continuing investigation into the attempted assassination of Pope John Paul II.
- **Administrative Claim filed by Individual Detained in Connection with Oklahoma City Bombing:** Abraham Ahmad, who holds dual Jordan-U.S. citizenship, has filed an administrative claim against the U.S. Government in connection with his detention and questioning on April 19 and 20, 1995, when British authorities held him at the request of the United States on suspicion of complicity in the Oklahoma City bombing. Justice anticipates an ACLU lawsuit on Ahmad's behalf.
- **Fourth "Three Strikes" Sentence in Nation Issued:** A RI defendant was sentenced to life in prison without parole under the Three Strikes provision of the 1994 Crime Act. In October 1995, a jury convicted the defendant of extortion charges in the attempted shakedown of two RI businessmen.

- **Methamphetamine Lab Uncovered at Nuclear Submarine Base:** On February 7, DEA Seattle, in conjunction with the Naval Investigative Service, arrested two contract employees at the Bangor Nuclear Submarine Base for manufacturing methamphetamine on the base.
- **290 Kilograms of Cocaine Seized in Southern California:** On January 31, DEA Riverside and Los Angeles, in conjunction with state and local police, seized 290 kilograms of cocaine from a Rialto warehouse.
- **Record Crack Seizure in New Hampshire:** On February 2, DEA Concord and the NH Drug Task Force arrested eight members of a crack distribution group at a Manchester apartment.
- **Federal Facilities Not Immune from INS Worksite Enforcement:** Agents from the INS District Office in Atlanta conducted two worksite enforcement operations recently and arrested 42 illegal aliens working on Federal construction sites. On February 8, INS agents worked with officers from the Naval Investigative Service and the Department of Labor to inspect a construction project at Camp Lejeune Marine Corps Base, NC, and found 22 illegal workers employed by six different contractors. On February 12, the INS agents inspected the site where the Atlanta Federal Center is under construction and found 20 illegal workers performing skilled jobs at wages up to \$14 per hour. In both cases, INS is continuing an investigation of the employers, who were Federal Government contractors.
- **Solicitor General to Defend Indecency Provisions of 1992 Cable Act:** On February 21, in Denver Area Education Telecommunications v. FCC, we will defend against a First Amendment challenge provisions of Section 10 of the Cable Television Act of 1992, which gave cable operators and viewers increased control over whether they will choose to transmit or receive indecent programming.
- **Solicitor General to Argue That Labor Union Has Standing to Sue Employer under Worker Adjustment and Retraining Notification Act:** On February 20, we will present oral argument in United Food and Commercial Workers Union v. Brown Group as amicus curiae, taking the position that a labor union has standing under Article III of the Constitution to sue an employer under the Worker Adjustment and Retraining Notification Act (WARN), 29 U.S.C. 2101 et seq.
- **Attorney General's Schedule:** On February 16, the Attorney General will address the National Parks and Recreation Association on juvenile justice. On February 20, Attorney General Reno will participate in a HHS hotline announcement with the President as well as in the NAACP Swearing-In Ceremony at DOJ. On February 21, the Attorney General will address the KY Legislature regarding domestic violence.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Nationwide Domestic Violence Hotline Announcement:** Next week, you will announce a new, nationwide 24-hour toll-free domestic violence hotline. The hotline will provide immediate crisis intervention assistance, and can also be connected directly to help in their communities, including emergency services and shelters. HHS, DOJ and the White House are working on the details of the announcement event.
- **Hawaii Welfare Reform Plan:** Hawaii has developed its own welfare reform plan aimed at encouraging AFDC recipients to get jobs, an education, and saving the state's money to help offset expected federal funding cuts. Hawaii State Senate and House committees are now holding hearings on the state's proposal and other reform plans.
- **Wisconsin Welfare Reform Plan:** Governor Thompson is considering changing a provision in his "W-2" welfare reform plan to require payment of the full minimum wage for welfare recipients whose employment options are limited to community service jobs. The plan currently calls for paying them only 75% of the minimum wage. Under the proposed "W-2" welfare reform plan, Wisconsin would compare with Michigan in imposing the toughest requirements in the nation on new mothers receiving welfare.
- **Conference on Managed Care:** The Administration on Aging will hold a conference on "Emerging Trends in Managed Care: Opportunities for the Aging Network" from February 28-March 1. The purpose of the conference is to discuss the philosophy, history and experience of managed care for acute-care and long-term care as it relates to older people.
- **Welfare Reform:** On February 20, the House Ways and Means Subcommittee on Human Resources will hold a hearing on the National Governors' Association's proposals regarding welfare reform. Governors Carper and Engler, among others, have been invited to testify. On February 28, the Senate Finance Committee will hold a hearing on proposals offered by several governors regarding welfare reform.
- **Medicaid Proposals:** On February 21, the House Commerce Committee will hold a hearing on the proposals of the National Governors' Association regarding changes in Medicaid.
- **Welfare and Medicaid Reform:** On February 22, the Senate Finance Committee will hold a hearing on the National Governors' Association's proposals to change welfare and Medicaid.
- **Immigration Bill Mark-up:** On February 29, the Senate Judiciary Committee is expected to begin mark-up of the Immigration Reform Act of 1995 (S. 1394, Simpson).

- **HHS Approves First Welfare Waiver for the Empowerment Zone/Enterprise Community Initiative:** On February 14, Secretary Shalala announced the approval of the first waiver of federal welfare rules under this Administration's Empowerment Zone/Enterprise (EZ/EC) initiative. The waiver was provided for Oakland, California for its Community Building Team Demonstration Project.
- **Congressional Request for Information on Medicare Trust Funds:** Per their request, Representatives Bill Archer, Thomas Bliley, Jr., Bill Thomas, and Michael Bilirakis have received information on the status of the Hospital Insurance (HI) Trust Fund. Secretary Shalala clarified that the HI Trust Fund is not broke; rather, for the first time, expenditures slightly exceeded revenue and the Trustees projections in 1995 were that, without further action, the Trust Fund would be depleted early in the next decade.
- **Sutter Hospital Agrees to Settle Case:** On February 14, the U.S. Attorney for the Eastern District of California entered into a settlement with Sutter Hospital in Sacramento involving the implantation of investigational devices on Medicare patients. Under the settlement, the hospital will pay the U.S. government \$1.265 million in fines and overpayment recoveries arising out of these uncovered services.
- **Nicorette and Rogaine Receive OTC Approval:** On February 9, FDA granted over-the-counter marketing approval to SmithKline Beecham's Nicorette gum, the first smoking cessation aid available without a prescription to adults, and Upjohn's Rogaine, the first nonprescription drug to treat hair loss.
- **CA Notified That Data Provided Inadequate to Justify Medicaid HMO Rates:** On February 5, HCFA notified the State of California that the information it provided on November 20 and 27, 1995, did not respond to HCFA's request that its 1995 Medicaid HMO payment rates be demonstrated to be actuarially sound, as required by law. HCFA explained why the State's letters were not responsive, and spelled out methods that the State could use to support the rates as actuarially sound. The letter advised the State to respond within 30 days, and that, if a response is not received within 30 days, HCFA would proceed with a disallowance of Federal financial participation for the State Fiscal Year 1995 HMO contracts at issue. While the letter was just released to the State, HCFA was previously required to set forth the substance of the letter in a January 25, 1995, response to an interrogatory in a lawsuit by HMOs challenging the actuarial soundness of the rates in question.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Address to Gangs and Churches in South Central L.A.:** On February 21, Secretary Cisneros will give the keynote address at the Hope in Youth Summit in South Central Los Angeles. The Summit, hosted by Cardinal Mahoney, will convene 700 members of

religious organizations and current and former gang members to discuss strategies to draw low-income inner city youths away from gangs and into positive activities.

- **100 AmeriCorps Volunteers Begin Work with Low-Income Families:** FHA Commissioner Nic Retsinas will be in Detroit on February 21, to participate in a swearing-in ceremony for over 100 AmeriCorps/VISTA volunteers who will be helping working and low-income families living in federally-assisted apartment complexes coordinate employment, youth and crime prevention programs and other services. The ceremony will kick-off a three-day training and orientation session for volunteers before they are placed in sites across the country.
- **Post-State of the Union Amplification: Implementing "One Strike and You're Out":** HUD is working with the White House and DOJ to meet the President's State of the Union challenge to crack down on crime in public housing. Next week, HUD will send a draft "one strike and you're out" guidance to the White House General Counsel's office for review. As part of the release of these guidelines, we are working with the White House to set up a possible Presidential visit to a successful anti-crime effort at a public housing development and to prepare a White House crime summit in mid- to late March involving top Administration officials, local police chiefs, and public housing directors. HUD will have more details in the weeks to come.
- **Implementing Motor Voter Law in Public and Federally-Assisted Housing Communities:** HUD is prepared to send a draft notice to OMB next week that will provide guidance to public housing authorities on how to implement the National Voter Registration Act. HUD intends to organize a press event with ACORN, other low-income advocacy groups, nonpartisan voter registration groups, residents and public housing agencies in March to announce the notice.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Response to Story on Drug Legalization:** A letter to the editor was sent to New York Magazine responding to their cover story on drug legalization.

VETERANS AFFAIRS

- **General On-line:** General H. Norman Schwarzkopf has been making the first telephone calls to hospitalized veterans at five VA medical centers around the nation to activate their new bedside telephone systems under the PT Phone Home program. You participated in the original announcement of PT Phone Home on Veterans Day 1995.

- **Address to the Veterans of Foreign War Annual Winter Conference:** Secretary Brown will address the Veterans of Foreign Wars Annual Winter Conference in Washington, D.C. He will speak on the President's commitment to maintain veterans benefits.
- **Persian Gulf Issues Hearing:** The House Government Reform and Oversight Subcommittee on Human Resources and Intergovernmental Relations is scheduling three hearings on Persian Gulf issues on March 11 and 29, with the third hearing to be determined. The VA witness is to be determined. The Presidential Advisory Committee on Gulf War Veterans' Illnesses has also been invited to testify.

SOCIAL SECURITY ADMINISTRATION

- **USA Today is Studying Successful Toll Free Telephone Customer Service:** As a result of the significant amount of publicity that SSA has received regarding its toll-free, 800-number telephone service, USA Today has begun studying SSA's system in an effort to enhance service to the paper's customers through its own 800-number telephone system. USA Today is particularly interested in techniques used by SSA to serve customers through automated scripts. Last year, SSA was rated as the best telephone customer service provider from a list of nine world-class service providers, including AT&T Universal Credit Card, Disney Companies, L.L. Bean and the Saturn Corporation, in a study by Dalbar Inc., a financial services industry consulting firm.

DEPARTMENT OF INTERIOR

- **Ward Valley Announcement:** Deputy Secretary Garamendi announced a new supplemental environmental impact statement on the proposed transfer of Federal land in the California desert to California for use as the site of a low-level radioactive waste disposal facility. In addition, the Department of Energy has agreed to conduct new tests at the Ward Valley site that may help answer questions about its suitability. The study and tests will not be complete for up to a year, meaning a final decision on transfer cannot be made until then. Reaction was predictable; project opponents (including Senator Boxer, environmentalists and local governments) hailed the decision; project proponents (including the State) criticized it. An unconditional transfer of Ward Valley was in the vetoed Budget Reconciliation bill; there may be new attempts to legislate the transfer.
- **Habitat Conservation Plans in California:** Deputy Secretary Garamendi has been coordinating efforts toward completing several important Habitat Conservation Plans in California. Most recently, he worked to secure a Federal commitment of \$3 million to the Riverside HCP to ensure continued support by the local governments of the project. HCPs

are also being developed in San Diego (multi-species with the city and county), Orange County (Irvine Company and Santa Margarita Company) and in Sacramento (fairly shrimp). The goal is to complete them by the end of the summer.

- **Executive Order on Wildlife Refugees:** The Department is working with the CEQ to develop an Executive Order addressing wildlife-dependent recreation in the 92 million acre National Wildlife Refuge System. Hunting, fishing and environmental education, are examples of wildlife-dependent recreational activities which an Executive Order will highlight as the "priority public uses" of the refuge system. The Department will forward a draft Executive Order during the week of February 19.
- **5-year Outer Continental Shelf (OCS) Plan:** Last week, the Department issued a Proposed 5-Year OCS Oil and Gas Leasing Program for 1997-2002. Interior is currently in the 90 day-comment period which includes outreach meetings in TX, LA, MS, AL and AK. The proposed plan includes 16 oil and gas lease sales for the 5-year period: 11 in the Gulf of Mexico and 5 off Alaska. A Proposed Final Program will then be prepared and submitted to Congress and the President in August of this year. The program reflects a consensus of interested and affected parties. The Gulf of Mexico part of the program reflects the acceptance for OCS oil and gas activity in Texas, Louisiana, Mississippi, and Alabama while recognizing the Governor of Florida's position opposing new leasing within 100 miles of that State. The Alaska part of the Proposed Program is consistent with the recommendations of the Alaska Regional Stakeholders Task Force which the Department established to assist in the development of the new 5-year program. The program also recognizes that it would be premature to propose new leasing off the Atlantic and Pacific coasts, and such proposals should be deferred until after 2002.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **USDA Responds To Northwest Floods:** In response to flooding in the Pacific Northwest, USDA has mobilized efforts to provide assistance. Food and Consumer Services (FCS) is working with each of the affected states to provide commodities where needed and is discussing possible modifications to the Food Stamp Program. In each of the affected states, USDA has initiated damage survey reports. Once these surveys are completed, the information will be used to determine eligibility for several Department programs. Both programs have serious funding problems, and USDA has sent a letter to OMB detailing these needs. USDA has also made available to eligible producers the Farm Services Agency (FSA) emergency loan program, which provides low-interest loans to those who cannot find credit else-where. FSA is also working with producers who participate in the crop insurance program to survey their damages so that timely claims can be made.
- **Rice Program Announcement To Be Made:** On February 16, to ease uncertainty caused by Congress' failure to pass a farm bill, Secretary Glickman will announce proposed terms of

a rice program for the 1996 crop year. Authority for this announcement comes under the Commodity Credit Corporation Charter Act to determine the provisions of the program. The interim provisions are not designed to take the place of a rice program adopted by Congress. In the absence of new legislation, the industry can be assured that these provisions will provide an adequate safety net.

- **Tentative Agreement Reached On Tongass Timber Issue:** On February 10, USDA reached a tentative agreement with plaintiffs in AWRTA (Alaska Wilderness Recreation and Tourism Association v. Morrison) that will permit the Forest Service to offer 141 million board feet (mmbf) from the Tongass National Forest (Alaska) to small and independent timber companies in FY96. This agreement, which has not been made public, coupled with sales already planned and sold, should ensure that the independents actually cut about 100 mmbf this fiscal year, more than double the average historic level they harvest annually from the Tongass.
- **Secretary's Schedule:** On February 19-20, Secretary Glickman will travel to Idaho to tour the National Interagency Fire Center and address the Idaho Agriculture Summit and Boise City Club. At the end of February, the Secretary will travel to the Northwest on timber related issues.

DEPARTMENT OF ENERGY

- **Privatization of Department's Largest Cleanup Challenge:** The Department will issue the Hanford, Washington Tank Waste Privatization proposal on Tuesday seeking qualified firms to treat and solidify millions of gallons of highly radioactive wastes in 177 underground tanks. The tank waste, resulting from decades of nuclear weapons production, have been an ongoing environmental concern to the Northwest, particularly to Senator Ron Wyden. This project, where the financial, design and operation risk is on the contractor -- not on the taxpayer -- will reduce the Department's tank cleanup costs by about \$10 billion over the next two decades when it's expected to be completed.
- **Newsweek:** Newsweek is planning to run a profile of the Secretary in next week's magazine. The Department anticipates a negative story that focuses on travel.

ENVIRONMENTAL PROTECTION AGENCY

- **Everglades Restoration:** On Monday, Administrator Browner will travel to Florida with the Vice President to attend an event to highlight your Administration's plan to restore the South Florida Everglades. EPA is currently working with OMB, CEQ, and other Agencies to develop a blueprint for the full restoration of South Florida's Everglades that provides a long-term, reliable funding stream for critical land acquisition and ecosystem management.

- **Project XL:** Since the first participants were announced by you last November, EPA has received over 30 additional project proposals for EPA's Project XL Initiative highlighted in your State of the Union Address. Project XL will help facilities, industries, and communities demonstrate their excellence and leadership by reducing the costs of environmental management and achieving environmental performance beyond that required in existing regulations.
- **EPA recently accepted the following proposals:**
 - Union Carbide proposes to institute a plant-wide process to improve environmental performance at their Taft, Louisiana petro-chemical plant.
 - Wyerhaeuser proposes to operate its Flint River, GA plant with a comprehensive approach to minimize the impact of the mill on the environment.
 - IBM proposes to achieve better environmental results at less cost by biologically treating its wastes on site rather than shipping them off site for incineration.
 - The Florida Department of Environmental Protection and the Berry Corporation jointly proposed to combine multiple environmental permits into a single Environmental Management System-based comprehensive operating plan at an orange juice processing facility in LaBelle, FL.
- **Methyl Bromide:** Last night, ABC ran a story on methyl bromide, focusing on state legislative activity surrounding this chemical. One of the first acts of your Administration was to approve a proposed phase-out of methyl bromide, which is harmful to the ozone layer. This phase-out would be completed by the year 2001 under the Clean Air Act. Farmers, however, have raised concerns about their ability to find alternatives for central uses, and other developed nations will not face a phase-out until 2010. EPA is working with Congress, affected parties, the White House, and other agencies to devise a proposal that will maintain these significant public health projections while recognizing economic concerns.
- **International Environmental Leadership:** Adm. Browner will lead the US Delegation to the Organization for Economic Cooperation and Development (OECD) Environmental Ministerial Meeting in Paris. She will deliver the keynote speech highlighting environmental progress in the United States over the past three years.
- **Toxic Release Inventory:** OECD Ministers will create some form of a toxic release inventory, work toward improving the environmental performance of governments and approve a resolution on lead risk reduction and phase-out of lead in gasoline. The new OECD report found that the US has been a leader in environmental programs for the past

25 years and is entering "a new phase in the evolution of environmental protection, one that emphasizes the positive relationship between a healthy environment and a healthy economy."

- **Meeting With Environmentalists:** Next Thursday, Adm. Browner will meet with CEO's of 25 major environmental groups to amplify your State of the Union Address and discuss ways your Administration can work together to advance it's priorities.

DEPARTMENT OF EDUCATION

• **Vocational Education Formula:** The Department has identified potential technical problems that may impede the Department's ability to run the Perkins Act Basic State Grants program for FY 1996. It appears that legislative drafting errors provide two different minimum ("hold harmless") levels for funding, which could result in an unintended reallocation of funds across states. Department staff members are exploring possible solutions. It may be advisable to suggest attaching legislation addressing this problem to the next continuing resolution, or to the Department's FY 1996 appropriation.

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• **Continuing Resolution Hearing:** Senator Arlen Specter has scheduled a hearing February 21 in the Appropriations Subcommittee on Labor, HHS, and Education. The Secretary will be testifying, along with Secretaries Shalala and Reich, at the hearing, which will focus on the impact the CR and the absence of a final budget will have on various domestic programs.

GENERAL SERVICES ADMINISTRATION

- **Missing Children Notices:** GSA is working with DOJ to implement your memorandum on the posting of missing children notices.
- **Tobacco Vending Machines:** Notice is being given to the Treasury, Postal Service, and General Government Subcommittee that all tobacco vending machines have been removed from all Government-owned and leased space under the custody and control of GSA.
- **Director Johnson met with CNN to discuss an hour long Special:** The Special is concerning the 1 year Memorial of the Oklahoma City bombing. Interests included: Security, Childcare, personal stories and the memorialization of the site.
- **Work Site Childcare:** CBS New's 48 Hours is looking into doing a story relating to the Memorial of the Oklahoma City Bombing (April 19) with a focus on work site childcare. GSA had a background meeting with the reporter who is sympathetic to the need and the benefits of the federal childcare program, but the reporter will definitely look at the flip side also. The producers have not yet agreed to do the story.

- **Credit Card Program:** NBC News is working on a story relating to the American Express Government credit card program and policies and regulations relating to travel. GSA sent the card program report, travel regulations, and also some of the benefits of the program to both customers and the Government.

DEPARTMENT OF STATE

- **Rome Meeting to Address Bosnia Issues:** At the State Department's instigation, Presidents Izetbegovic, Milosevic and Tudjman will meet in Rome this weekend with Contact Group representatives, Carl Bildt, and COMIFOR Snith. Dick Holbrooke will lead the U.S. delegation.
- **Tension Between China and Taiwan:** State Department officials have delivered to Beijing and Taipei messages designed to emphasize their strong interest in reducing tensions in the Taiwan Strait. In February 7 public testimony before the Senate, Assistant Secretary Winston Lord stressed that we would be gravely concerned by any resort to force and would respond appropriately in consultation with the Congress. They reinforced this message to visiting PRC Vice Foreign Minister Li Zhaoxing last week. They have also--through their office in Taipei and in conversations with visiting Taiwan officials--urged Taiwan to avoid actions the PRC would see as provocative and to concentrate on easing the cross-Strait relationship. They are also calling on other Asian and European countries to deliver a similar message to Beijing and Taipei.
- **Olympic Games:** The Department hosted a briefing on the Olympics for the diplomatic corps on Wednesday, February 14. Representatives from 170 Embassies attended the briefing given by Under Secretary Tarnoff and Mack McLarty, vice chairman of the White House Task Force on the Olympic Games. A separate informal briefing was held later in the day for representatives from Taiwan and the Palestinian Authority.
- **Japan/Prime Minister Hashimoto's Visit:** Secretary Christopher met with Japanese Ambassador Saito on February 15 as a prelude to your meeting with PM Hashimoto in Santa Monica February 23. The Santa Monica meeting provides an important opportunity to prepare for a successful April Summit in Japan.
- **Cuba:** Representative Richardson visited Cuba February 9-10. He returned with three political prisoners whom Castro had agreed to release following Richardson's visit to Havana last month. The State Department coordinated closely with Richardson on both trips, but the initiative was his own. Representatives Boucher and Pastor will travel to Cuba on separate trips later this month.

DEPARTMENT OF DEFENSE

- **Haiti:** The Government of Haiti has now formally requested the extension of UNMIH. A Canadian-UN-USG meeting this week revealed Canadian plans to deploy by middle April, with the new UNMIH mission to be operational by the end of the month.

Meanwhile, our withdrawal remains on-track. The Preval Government is not taking shape as quickly as hoped, and the police and security services continue to be weak due to politicization, inefficiency and corruption. The economy shows no improvement.

- **Taiwan:** DoD officials met with numerous Taiwan Joint Staff and Service Chief leaders in early February to discuss the organization, strategy, and doctrine of the Taiwan Armed Forces. Taiwan's military leaders consistently made three points: 1) they consider direct PLA action unlikely; 2) the greatest threat to Taiwan stems from "political miscalculation" and 3) DoD's engagement strategy with the PRC reassures them.
- **HIV Provision:** Reactions from the Congress to the Administration's announcement that it would not defend the HIV provision in court have been mixed. DoD is continuing to work with the Interagency Working Group and the HNSC and SASC staff on ways to change the HIV language during the upcoming legislative cycle.

UNITED NATIONS

- **War Crimes:** As Security Council President this month, Ambassador Albright hopes to obtain the Council's approval of Justice Goldstone's successor as Tribunal prosecutor, most likely Justice Louise Arbour of Canada.
- **Haiti:** For the next two weeks, the Council will consider the SYG's report on extending the UN peacekeeping force in Haiti (UNMIH). The Chinese are furious with the government of Haiti's warm reception of the Taiwanese Vice President at President Preval's inauguration last week and have threatened to block a renewal of UNMIH. Nevertheless, the Council expects to adopt a resolution authorizing a reduced UNMIH under Canadian command before the end of the month.

CENTRAL INTELLIGENCE AGENCY

- **General Colin Powell Hosts CIA Town Meeting:** Yesterday, Director Deutch invited retired General Colin Powell to address a Town Meeting of Agency employees. While he was at the CIA, he was briefed on a number of issues, including nuclear weapons states, Iraq, and the ongoing Greece-Turkey dispute.

cc: The Vice President

Leon Panetta
Evelyn Lieberman
Harold Ickes
George Stephanopoulos
Alexis Herman
Carol Rasco
Maggie Williams
Michael McCurry
Doug Sosnik
Marcia Hale
Donald Baer
Ron Klain
Rahm Emanuel

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THE WHITE HOUSE
WASHINGTON

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January 26, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*
SUBJECT: Summary of Cabinet Weekly Reports
January 21-27

Budget Amplification Activities: This week, members of the Cabinet conducted budget amplification messages with regional media in 39 cities. Attached are several press clips reflecting the past few weeks' efforts of the Cabinet and sub-Cabinet to amplify your budget message.

FEMA Weekly Update: Due to flooding, you declared major disasters in New York, Pennsylvania and West Virginia this week. Pennsylvania and West Virginia are now receiving both Individual Assistance and Public Assistance. New York is receiving only Individual Assistance at this point, but may receive Public Assistance early next week. Your meeting with the Pennsylvania delegation had a very positive impact. Secretary Cisneros will visit Pennsylvania Saturday, and Deputy Secretary Rominger will visit the State Tuesday. FEMA will have senior level presence in the State each day next week including Deputy Director Ryland, Monday. James Lee Witt will visit New York Monday, and West Virginia Tuesday. You are likely to declare major disasters in Ohio and Virginia for Individual Assistance due to flooding shortly.

FEMA has taken 10,000 calls thus far for flood victims seeking help, and has already set a record for response time with checks already in the mail by late Wednesday for some victims.

Additionally, you declared major disasters this week for limited snow removal in Connecticut, Rhode Island and Massachusetts. James Lee Witt chaired a Washington, D.C. metro area conference to discuss snow response and coordination. A report is due shortly.

DEPARTMENT OF TREASURY

- **Secretary's Activities Next Week:** On January 29, 1996, Secretary Rubin will attend the meeting of Vice President Gore and Prime Minister Chernomyrdin. On January 30, he will meet with Sens. Cochran and Shelby regarding the debt limit and will meet with the House "Blue Dog Coalition" regarding the debt limit on January 31. On February 1, Secretary Rubin will meet with Chairman Greenspan.
- **FOMC Meets Next Week:** The Federal Open Market Committee (FOMC) will meet on January 30 and 31.
- **Imports of Sporting Weapons from Russia:** The U.S. may resume importing sporting weapons from Russia. All weapons from Russia had been prohibited to stem the flow of inexpensive weapons contributing to street crime into the country. Russian officials have complained that they have been unfairly singled out and the U.S. is exploring ways to admit sporting weapons, but to exclude those that are likely to contribute to crime. ATF is working with other agencies to develop a plan that would accomplish those objectives.
- **Pastors for Peace will Transport Computers to Cuba:** Pastors for Peace has announced plans to defy the Cuba embargo on January 31 by moving 200 personal computers from San Diego into Mexico and to fly the computers to Cuba from Mexico. The computers are to be used for humanitarian purposes, the creation of an on-line medical data base. Those involved in the actual export from the US will likely be clerics and senior citizens.
- **NADBank:** The Finance Committee met on January 24 to discuss candidates for Director of the NADBank Los Angeles office. The list of candidates will be reduced to three or four candidates who will be invited to Washington over the next week to meet with Finance Committee members. Treasury expects to make recommendations by early next month.
- **FY 1997 Treasury Postal Appropriations:** The House Treasury Postal Appropriations Subcommittee is in the process of scheduling its FY 1997 hearings on the Treasury budget. Hearings will begin the first week in March and run through the end of the month. Senate hearings will follow in April. This year, the Subcommittee is going to attempt to produce thematic hearings on topics such as law enforcement, financial crimes and information systems, such as TSM.
- **Savings Association Insurance Fund:** House Republicans are considering including the Administration's SAIF recapitalization proposal in a continuing resolution or debt-limit bill. Budget savings from the proposal could help offset the costs of a \$125-per-child tax credit. Such an offset could face a 60-vote point of order in the Senate.

- **Superfund:** Superfund reform bills are working their way through both houses of Congress. The major differences between these bills and the reauthorization bill proposed by the Administration last year are that they would: restructure liability to shift clean-up costs from the private sector to the public sector; relax clean-up standards; and reduce the scope of claims for natural resource damages. Primarily for these reasons, the Administration has reacted negatively to the Congressional proposals. The Treasury Department has, however, indicated willingness to work with Congress to come up with a proposal that would improve on the current system. The taxes dedicated to the Superfund—excise taxes on chemical and petroleum feedstocks and the corporate environmental income tax expired January 1st. The Superfund trust fund has a sufficient balance to continue clean-up operations for more than a year as long as funds are appropriated by Congress in the future.
- **Kemp Commission Hearings:** The Senate Finance Committee has scheduled a hearing on the findings of the Kemp Commission for January 31. The Administration has not been asked to testify. It is the Treasury Department's understanding that the only witnesses will be members of the Kemp Commission.
- **Terrorism Sanctions:** The Office of Foreign Assets Control has published a final regulation that will implement the President's January 1995 Executive Order prohibiting transactions with terrorists who threaten to disrupt the Middle East peace process. The regulation will block all property of the foreign persons or organizations named in the Executive Order (Specially Designated Terrorists), when the property is either located in the U.S. or in the control of a U.S. person.
- **Payment of Employment Taxes on Deferred Pay:** The IRS has published a proposed regulation that will require companies who give executives certain types of "nonqualified" deferred compensation to pay Social Security and Medicare taxes when the compensation is earned, as opposed to when it is paid out, which could be years later. However, in cases where the future value of a retirement plan cannot be easily determined, the regulation allows companies to wait until the plan's value is ascertainable. The regulation implements a provision of the Social Security Amendments of 1983. This regulation was described on the front page of the January 24 *Wall Street Journal*.

DEPARTMENT OF COMMERCE

- **Women-Owned Business Study to be Released Next Week:** On Monday, January 29, the Census Bureau will release the results of its Women-Owned Business study during an event at the White House.

- **Commerce will Release the Following Economic Indicators:**

Advance Retail Sales	January 30
Quarterly Financial Report - Retail, 3rd Quarter for 1995	January 31
Housing Vacancies	February 1
International Trade	February 2.

DEPARTMENT OF LABOR

- **BLS Will Release the Following Economic Statistics that were delayed due to the Federal Government Shutdown:**

Producer Price Index	January 31 (postponed from 1/11)
Consumer Price Index	February 1 (postponed from 1/12).
Employment Cost Index	February 13 (postponed from 1/30)
Major Collective Bargaining Settlements in Private Industry	February 16 (postponed from 1/30).

Other postponed releases will be rescheduled as soon as possible.

- **America's Job Bank Usage Increases:** There has been a significant increase in the usage of America's Job Bank (AJB). America's Job Bank on the Internet provides job information to employers and the unemployed beyond the employment service's local offices. In the past week alone, AJB usage has increase 19.3 percent to approximately 168,000 "hits" per week. Point Communications, an independent reviewer of Internet services, named America's Job Bank to its Hall of Fame. Magellan, an online directory of Internet sites produced by the McKinley Group, gave AJB its highest rating -- four stars and PC Magazine included America's Job Bank in its list of the top 100 web sites.

- **\$4 Million in One-Stop Funding Awarded:** On January 26, Secretary Reich awarded \$4 million in One-Stop planning and development grants to the following 23 states and territories: Alabama; Arkansas; Delaware; Georgia; Hawaii; Maine; Mississippi; Nebraska; Nevada; New Hampshire; New York; North Dakota; Oklahoma; Pennsylvania; Rhode Island; South Carolina; South Dakota; Tennessee; Wyoming. The District of Columbia, Guam, Puerto Rico and the Virgin Islands will also receive grants.

- **Garment Enforcement Activities in New York:** Four more investigations involving garment contractors in the New York City area have been successfully concluded. Fines totaling more than \$50,000 have been paid to more than 150 workers.

- **Fair Labor Standards Act Enforcement:** DOL's Employment Standards Administration continues to enforce payment of hundreds of thousands of dollars in back wages and unpaid overtime pay. Two recent large awards include: The Caribbean Security Guard Strike Force back wage findings now total \$849,827 to 1321 employees and Selma University in Selma,

AL, paid \$428,000 to 74 employees for missed payrolls during nine months in 1995.

- **G.I. Bill for America's Workers:** House and Senate conference negotiations on H.R. 1617 and S. 143 have begun. These two bills contain many elements of your G.I. Bill for America's Workers.
- **Contracts Covering Petroleum Industry Workers Expire Next Week:** On January 31, 340 contracts covering 40,000 petroleum industry workers expire. The workers are represented by the Oil, Chemical and Atomic Workers International Union. On January 19, the union rejected a settlement offer advanced by Amoco on behalf of other major producers. Other major producers involved in the talks include Sun Oil, Chevron, Mobil, Shell, Texaco, and Ashland. Negotiations are continuing.
- **FedEx Update:** Negotiations between the Air Line Pilots Association (ALPA) and FedEx are continuing. The National Mediation Board is assisting in the talks. The 30-day "status quo" period under the Railway Labor Act expired on November 25. The ALPA urged pilots to refuse overtime work and "work to rule." FedEx, in turn, unilaterally increased certain wage payments and imposed work rule changes.
- **NYC Office Building Workers Break Off Negotiations with Employers:** On January 20, after more than 13 hours of talks, negotiations broke off between the Service Employees International Union (SEIU) and the employer group representing about 1,000 New York City office buildings. The strike by some 30,000 cleaners, porters, and elevator operators continues. The stoppage began on January 4, after the union's bargaining committee rejected a "final" offer from the Realty Advisory Board, the industry group. No new talks are scheduled.
- **AFL-CIO Positions Announced by Sweeney:** On January 24, AFL-CIO president John J. Sweeney announced the following: Arthur Coia, president of the Laborers' International Union of North America, will chair the executive council's organizing committee. Gerald McEntee, president of AFSCME, will head up the political action committee. Doug Dority, president of the United Food and Commercial Workers, will chair the public affairs committee. And Albert Shanker, president of the American Federation of Teachers, will chair the education committee.

DEPARTMENT OF TRANSPORTATION

- **Tank Barge Grounding and Oil Spill in Rhode Island:** On January 19, the tank barge North Cape aground off the Rhode Island coast. Approximately 820,000 gallons of heating fuel spilled into Block Island Sound. This is the largest oil spill in the state's history and significantly impacts the coastal ecosystem in the area of the spill. Coast Guard Commandant Admiral Kramek, Secretary Pena, and Administrator Browner went to Rhode

see SBA Why do we
need this twice?

Island to assess the damage and recovery efforts. The barge is no longer leaking oil and most of the remaining oil has been removed. Coast Guard overflights indicate concentrations of oil have dissipated. There are no heavy concentrations of oil offshore. The Governor of RI and the state's Congressional delegation is satisfied with the Coast Guard's response to the spill. The barge owner continues to pay for the removal of the oil and salvage of the barge. The National Transportation Safety Board and the Coast Guard are investigating the cause of the fire that resulted in the spill.

- **Emergency Relief Funds for Flood Damage Awarded:** On January 21, Secretary Pena awarded \$1 million in Emergency Relief funds to Pennsylvania to help repair highway damage caused by the recent flooding. Secretary Pena, FEMA Director Witt, Federal Highway Administrator Slater and other Federal officials toured the flood-impacted areas in Pennsylvania and awarded an additional \$5 million to the state during a meeting with Governor Ridge. On January 22, DOT awarded \$5 million to New York in Emergency Relief funds for flood damage. The agency continues to monitor the effects of winter weather flooding in New Jersey, Vermont, Delaware, Maryland, Virginia, West Virginia as well as New York and Pennsylvania.

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- **Central Artery/Third Harbor Tunnel (CA/THT):** On January 23, the Federal Highway Administrator Slater sent a letter (which was not released to the press) to the MA Secretary of Transportation outlining the agency's concern with the state's most recent financial plan for the CA/THT project. On January 24, Secretary Pena received a letter from House Transportation Appropriations Subcommittee Chairman Wolf (R-VA), which raised many concerns about the CA/THT project and which called for a freeze on all funding for the project. On January 24, FHWA released the January 23 letter to Boston reporters; stories about that letter and the state's reaction appeared in Boston papers on January 25.

- **Report on Air Traffic Control System Released:** On January 19, the FAA released a report by an independent panel of experts that addressed on-going efforts to resolve equipment and power concerns at America's 21 air route traffic control centers. The report characterized the systems as "sound." On January 23, the NTSB released its report on the system stating it is "very safe" and "should not be unduly alarmed by recent press accounts of specific" equipment malfunctions at air route ATC centers (ARTCC). The board adds that the computers are aging, but for now they are working perfectly.

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- **U.S. - Japan Air Cargo Talks:** A third round of air cargo talks with Japan is scheduled to take place February 5-7 in Tokyo.

- **"Save the Planet -- Ride Mass Transit" Campaign Kickoff:** On January 31, Secretary Pena will join artist Peter Max to kickoff a campaign to raise public awareness of the benefits of mass transit. 31,000 Max-designed posters will appear in cities throughout the U.S.

- **DOT Travel Questioned:** The House Transportation Appropriations Subcommittee chaired by Rep. Wolf (R-VA) will probably hold a press event at the end of next week to criticize the DOT's travel for FY1995. The committee is basing its comments on material provided by the DOT Inspector General and will focus on DOT officials who, in the committee's judgment, traveled excessively. DOT is reviewing travel records to prepare its response.
- **Initial Decision of Chrysler Noncompliance With Vehicle Safety Standard:** In a press release on January 23, the National Highway Traffic Safety Administration (NHTSA) announced its initial decision that more than 91,000 Model Year 1995 Chrysler Cirrus and Dodge Stratus passenger cars manufactured before May 15, 1995, do not meet its safety standard for seat belt anchorage strength. If there is a final decision of noncompliance by the NHTSA Administrator, then an order to recall the vehicles may be made.
- **Safety Recall of Cosco Child Seats:** On January 24, the NHTSA announced a safety recall of 15,370 Dreamride Ultra infant seats manufactured by Cosco, Inc., of Columbus, OH because they do not meet the standard for crash safety.
- **\$6.5 Million in Transit Grants to Philadelphia:** Federal Transit Administrator Linton and Rep. Foglietta (D-PA) announced the award of federal funds for three transit-related projects in the City of Philadelphia. The first grant of \$54,000 is a Livable Communities Initiative grant for a planning study of the North Philadelphia Transportation Center. The second announcement is an intent to award \$3 million in capital funds that will enable the Southeastern Pennsylvania Transportation Authority (SEPTA) to implement the results of this planning study and rehabilitate the North Philadelphia station of the Broad Street subway. The third grant of \$3.5 million to Philadelphia will provide funds for the Erie Avenue Intermodal Terminal Improvements Project. *This kind of thing should be stockpiled. Prove when L. came to Phila.*

SMALL BUSINESS ADMINISTRATION

- **Administrator Inspects Flood Damage in Several States:** On January 22, SBA Administrator Lader joined FEMA Director Witt, Transportation Secretary Pena, and Highway Administrator Slater in a tour of the flood damage in Pennsylvania. On January 23, he travelled with this group to Maryland to survey flood damage in that state. *Flood Sect'n*
- **Rhode Island Declared Disaster:** Administrator Lader approved a disaster declaration for the state of Rhode Island due to the oil spill from the grounded barge North Star that has devastated the beaches and waterfronts of that state
- **SBA Disaster Program to Expire:** Funding for the SBA Disaster Program is expected to expire at the end of February or early March. Staff from Congressional, Financial and Disaster offices met with CJS appropriation subcommittee staff to discuss this issue. Since the start of FY96, SBA has approved 12,728 new disaster loans for \$365.0 million which resulted in \$403.1 million in obligated funds after cancellations, increases, and decreases.

important issue - but
there's no news here.
They had a meeting.
So what.

U.S. TRADE REPRESENTATIVE

- **Meeting with Teamsters President to Discuss NAFTA Trucking Provisions:** On January 22, Ambassador Kantor met with Ron Carey, General President of the Teamsters Union, regarding the delayed implementation of the NAFTA trucking provisions. Among the topics discussed were summary of the recent Chapter 20 consultations; recent border inspection statistics, border/narcotics issues, and various safety issues including methods to track driver records, training, and performance.
- **WTO Dispute Settlement Proceedings Against Japan:** USTR laid the groundwork for initiating WTO dispute settlement proceedings against Japan for its non-compliance with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). Japan's failure to fully protect U.S.-origin sound recordings produced between 1946 and 1971 is inconsistent with Japan's obligations under the TRIPs agreement to provide retroactive protection against piracy of these recordings. It is expected that formal consultation process under WTO procedures in early February.
- **U.S.-Canada Negotiations on Softwood Lumber Dispute:** On January 25-26, Ambassador Shapiro is leading negotiations with Canada and British Columbia in an effort to resolve the longstanding softwood lumber dispute with Canada by the target date of January 31.
- **Negotiations on Export-Import Financing of Ilyushin Project:** Ambassador Shapiro is leading the negotiating team on market access with Russia in connection with the proposed Ex-Im financing of the Ilyushin project. These negotiations are being coordinated with the Office of the Vice President in advance of next week's meeting between the Vice President and Russian Prime Minister Chernomyrdin. USTR also has a negotiating team meeting with its Japanese counterparts today in an effort to address our serious concerns about non-implementation of the insurance agreement with Japan.

DEPARTMENT OF JUSTICE

- **Supreme Court Denies Certiorari In California Voting Rights Case:** On January 22, 1996, the Supreme Court denied California's petition for certiorari in *Wilson v. Voting Rights Coalition*. The Ninth Circuit previously rejected California's Tenth Amendment challenge to the National Voter Registration Act ("NVRA"). The court held that the NVRA is a constitutional exercise of Congress's broad power to regulate elections for federal office. The court further concluded that "Congress may conscript state agencies to carry out voter registration for the election of Representatives and Senators." Rejecting California's claim that the NVRA unconstitutionally imposed an "unfunded mandate," the court concluded that California's duty to carry out federal election regulations "is by its terms intended to be borne by the states without compensation."

if this is

not a voter, why not say it?

- **Oral Argument In U.S. v. Colorado Supreme Court:** On January 26, 1996, arguments were heard in *United States v. Colorado Supreme Court, et al.*, a supremacy clause challenge to Colorado's Rules of Professional Conduct. The U.S. brought suit against the Colorado Supreme Court and its Disciplinary Counsel, seeking to declare invalid and enjoin the operation of two provisions of the Colorado Rules of Professional Conduct. The provisions at issue require attorneys to disclose exculpatory evidence in grand jury proceedings and to seek and obtain judicial approval before issuing a grand jury or trial subpoena to a lawyer. The government alleges that these requirements are invalid under the Supremacy Clause as applied to federal prosecutors. The district court dismissed the complaint for lack of Article III standing.
- **INS Ends 1995 With New Records in Alien Removals:** During calendar year 1995, INS deported more than 41,911 aliens and excluded more than 9,446 aliens from the United States, bringing total removals for the year to 51,357 -- a 14% increase over the 1994 total. Some 31,525, or more than 61%, of the removals were criminal aliens.
- **Community Policing Grants to be Announced:** On January 25, DOJ awarded more than \$90 million to 821 jurisdictions to help them hire or redeploy 2,255 new police officers. This announcement brings the total number of police officers funded under President Clinton's "100,000 cops initiative" to more than 33,000.
- **Immigration Bill Next Legislative Item for Senate Judiciary Committee:** Senator Simpson's immigration bill, S. 1394, is the next legislative item on the Senate Judiciary Committee calendar. An Executive Judiciary Committee meeting is not expected until after the Senate returns from its recess on February 20.
- **New Drug Czar:** The *New York Times* is working on a story on General McCaffrey and his perception in the Drug Policy community.
- **State Criminal Alien Assistance Program Grants Announced.** On February 1, Attorney General Reno is tentatively scheduled to announce the final FY 1995 awards under the State Criminal Alien Assistance Program. Approximately \$85 million will be awarded to 45 states to partially reimburse them for expenses incurred for the incarceration of illegal criminal aliens.
- **Iraq Claims Registry Announced:** To commemorate the 5th anniversary of the Gulf War, Attorney General Reno announced the Foreign Claims Settlement Commission's establishment of a Registry of outstanding claims against Iraq on January 18, 1996. The Registry will provide a complete and accurate list of outstanding claims against Iraq arising out of the Gulf War and related events.
- **Minnesota AG Requests DOJ Intervention in MEPA Interpretation:** DOJ is examining an issue raised by MN AG Hubert H. Humphrey, III that Attorney General Reno resolve a dispute between the State of Minnesota and the Department of Health and Human Services

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→ "DOJ is examining an issue... that AG Reno resolve a dispute..." What? This badly needs editing. Do we mean DOJ is examining a request by Minnesota that Reno resolve dispute? If so let's say

(HHS) regarding an interpretation of the Multi-Ethnic Placement Act of 1994 (MEPA). Recent negotiations between MN and HHS have failed to resolve HHS's assertion that MN is not in compliance with MEPA and that Federal funds would be terminated under Title VI. During the coming week, the Civil Rights Division hopes to meet with HHS and the Office of Legal Counsel to discuss the matter.

● **Government will Refrain from filing Civil Forfeiture Actions Against Tribes Involved in New Mexico Gaming:** In *Pueblo of Santa Ana v. Kelly*, the parties signed a stipulation setting aside a hearing on a motion for preliminary injunction. The Tribes will withdraw their mandamus and injunctive relief motions. In exchange, the government agreed to refrain from filing civil forfeiture actions during the pendency of the action. The Tribes have also agreed not to block highways, and to voluntarily close down their operations if the judge ultimately finds that the gaming is unlawful.

- **Solicitor General To Defend Constitutionality of Statute Concerning Indecent Cable Programming:** On or before January 29, DOJ will file a brief on the merits in the Supreme Court in *Denver Area Educational, Inc. v. FCC*. The government is defending the constitutionality of Section 10 of the Cable Television Consumer Protection and Competition Act of 1992, which deals with indecent programming on cable television. The provision's constitutionality was upheld by the D.C. Circuit sitting *en banc*.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **CDC Report on Tobacco Use Released:** On January 25, the CDC released a new report summarizing data on tobacco use in all 50 states and the District of Columbia. This is the first compilation of state-based data on the prevalence of tobacco use, the health impact and costs associated with tobacco use, tobacco control laws, and tobacco use prevention and control programs. According to the CDC report, tobacco use remains the leading preventable cause of death in the United States, causing more than 400,000 deaths each year at an annual cost of more than \$50 billion.
- **New Hampshire Medicaid Waiver:** The *Granite State Partnership for Access and Affordability in Health Care*, a statewide section 1115 demonstration proposal, would expand the cutoff for Medicaid eligibility for pregnant women and children from 170 - 185% of the Federal poverty level, and extend Medicaid coverage to the uninsured up to 155% of the Federal poverty level. The plan would also eliminate categorical and asset requirements, create a public insurance product to provide health care coverage to low income workers, and provide a broader array of community services for the frail elderly and disabled. The State submitted a revised proposal June 20, 1995 and met with the Administrator on June 26 to discuss various options for health reform. Based on these discussions, the State has submitted a new concept paper for reform of its health care system. An issues letter was sent to the State by HCFA on October 20. HCFA is currently awaiting the State's response.

- **IL Medicaid Demonstration:** HCFA is working with the State of Illinois on the final terms and conditions of Illinois' section 1115 Medicaid demonstration project, entitled "Illinois MediPlan Plus." The statewide health care reform demonstration has goals of increasing access and quality of health care and limiting rising costs through the increased use of Medicaid managed care. Depending on the outcome of the State's review of the terms and conditions, HCFA could approve the demonstration in February.
- **Record IRS Collections for Delinquent Child Support:** In the next few weeks, HHS will report that a record of over \$828 million in delinquent child support was collected from Federal income tax refunds for tax year 1994. The amount was nearly 18% higher than the previous year. Over 1.1 million families benefitted from this critical support. As the report becomes available, HHS will work closely with the White House.
- **Approval of PA Medicaid State Plan Amendment:** HCFA staff met with the State of Pennsylvania on January 26 to discuss possible settlement of a plan amendment which provides for the reimbursement of nursing facilities. Although HCFA had disallowed a related previous amendment, modifications recently made by the State have improved its chances for approval. Discussions will continue on the previously disapproved waiver.
- **Disproportionate Share Hospital (DSH) Payments to be Withheld from AL:** Early next week HCFA will withhold approximately \$18 million in DSH funds from the State of Alabama because of inappropriate managed care arrangements. HCFA has determined that the managed care arrangement exists only on paper and serves only as a dummy corporation to use impermissible donations to move DSH money from non-public to public hospitals in excess of limits imposed by the statute. HCFA is trying to work with the State to identify a way in which the State can legitimately operate this program within federal guidelines without a loss in federal financial participation.
- **Large Volume of Questionable State Medicaid Claims:** HCFA's routine reviews of fourth quarter FY 1995 expenditure reports have identified \$1.59 billion (\$888 million Federal share) in questionable claims for Federal matching funds from 13 states. HHS assumes most were filed because the states anticipated new legislation that would use FY 1995 as the base year and hold states harmless for previously disallowed claims. Virtually all of the \$1.59 billion represents claims from 9 states: HI, IL, MA, MI, NH, NC, OH, TN, and DC. The balance was submitted by AK, MN, NE and WI following standard practice, HCFA will defer payment of these claims until the states in question submit documentation adequate to support the expenditures.
- **New Surgery Guide Encourages Consumers to Evaluate Options:** A new brochure to be released in the next week by the Agency for Health Care Policy and Research will encourage consumers to learn more about the risks and benefits of elective surgery and to help them make more informed decisions in consultation with their doctors. One in 10 Americans has surgery every year, according to the National Center for Health Statistics.

- **New Member of President's Council on Physical Fitness and Sports:** On February 8, Secretary Shalala will swear in former Buffalo Bill's quarterback, Jim Kelly, as the newest member of the President's Council on Physical Fitness and Sports.
- **Milk Hormone:** This week, the media reported on a purported "new study" that concludes that milk from dairy cows injected with a hormone known as recombinant Bovine Somatotropin (RBST), used to stimulate milk production, contains increased levels of an insulin-like growth factor that causes an increased risk of breast and colon cancers in humans. FDA and other prominent health organizations consider the study, which is actually a compilation of previously released information, to be inaccurate and FDA stands by its earlier statements that the drug is safe and poses no significant health risk.
- **OIG Issues Draft Report on Improper Medicare Payments:** On January 23, the Office of the Inspector General issued a draft audit report identifying \$21.1 million in potential improper billings and subsequent payments for nonphysician outpatient services rendered within the diagnosis-related group (DRG) payment window for the period of January 1992 through December 1993. As a result of prior OIG reviews on this subject, HCFA has recovered over \$100 million in improper payments. The OIG has a joint project underway with the Department of Justice to recover overpayments, assess penalties and interest, ensure refunds of coinsurance overpayments to beneficiaries, and take measures to help ensure hospitals have the necessary systems in place to curtail this situation. Coordination with DOJ is expected to result in recoveries in excess of \$200 million, which includes the amount identified in this draft report.
- **Los Alamos Computers to Help Hunt for Medicare Fraud:** This week, HHS signed an agreement with Los Alamos National Laboratory to allow the use the laboratory's supercomputers to help identify perpetrators of Medicare fraud. Under a 2-year, \$6 million contract with the HCFA, Los Alamos will use modern computer techniques to analyze Medicare transactions. Los Alamos also will recommend improvements that should reduce fraud and payment mistakes.
- **Press Inquiries:** The *New York Times* is preparing a story about the "political pressures of policymaking in an election year." Elaine Sciolino interviewed Secretary Shalala for the piece, in addition to Secretaries Reich and Riley. These three Cabinet members have been working closely with the White House Press Office and the public affairs staff at HUD and Labor to ensure that they articulate a consistent message.

SOCIAL SECURITY ADMINISTRATION

- **SSA Attempts to Improve Access to 800 Number:** SSA has been implementing plans for the past year to significantly improve public access to its 800 Number for 1996. These plans include offering advanced automated service options to the public, and training and equipping

up to 3,000 additional employees to answer calls. As part of the automated services, AT&T was to have significantly increased its network capacity for SSA by January 2, 1996. On January 2 the capacity of the network AT&T provided SSA was not equal to the demand, and many of SSA's callers could not get through. Commissioner Chater has requested a meeting with the Chief Executive Officer of AT&T to discuss AT&T's inability to meet its commitments.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **VA Governor Approves Controversial Lending Policy:** This past week, under the leadership of Governor George Allen, the Board of Directors of the VA Housing Development Authority (VHDA) voted to exclude all unmarried couples (straight, as well as gay and lesbian) from seeking FHA-insured loans for homeownership. The Board essentially limited the state's FHA borrowers to the stricter definition of "families" rather than to the broader term "households." A Democratic appointee to the Board has asked HUD to determine whether this new policy violates the Equal Credit Opportunity Act, which prohibits discrimination based on marital status. If so, VA may be barred from participating in the FHA loan program. VHDA asserts that the policy complies with all fair lending laws.
- **Secretary Tours Flood-Ravaged Pennsylvania:** On January 27, Secretary Cisneros will tour flood-damaged areas in Pennsylvania with Rep. Paul Kanjorski and FEMA officials. Pending OMB approval, HUD may announce nearly \$1 million in disaster relief funds for Shickshinny Borough and Hanover Township in the Wilkes-Barre area. *Flood Section*
- **HUD Launches Blueprint II:** Secretary Cisneros unveiled his plans to "finish what we started" and fundamentally change the way the federal government relates to communities in a speech to the U.S. Conference of Mayors on January 26. In short, HUD will give communities more power in administering federal programs, change the whole dynamic of public and assisted housing, ensure the opportunity of homeownership for all Americans who want it, and transform HUD into a "right-side-up, community-first" Cabinet agency. *Just HHH Praise*
- **HUD Foreclosure on Property:** On January 22, HUD notified the owner of Lake Grove Villages, the site of the January 18 fire that killed 4, that HUD had begun foreclosure proceedings on the eight-building apartment complex. The owners have been in financial default for several years and had a long history of building code violations. It was only coincidental that the foreclosure notice came after the fire. Local HUD officials have already identified and met with another private management firm to discuss the possible transfer of ownership of the development.
- **HUD May Take Control of Housing Authority of New Orleans Next Week:** HUD may assume control of the troubled Housing Authority of New Orleans (HANO) as early as January 29. Secretary Cisneros met with Mayor Morial on January 26. HUD is prepared to declare HANO and the City in breach of its contract with HUD to resolve management

deficiencies at the housing authority. HUD is currently working with the Mayor on a new agreement which will give him an opportunity to play a role in the federal efforts to stabilize the housing authority. HUD intends to assume management of HANO with the full cooperation of Mayor Morial. The declaration of breach includes a dissolution of the current Board members of the housing authority and installation of a management team composed of HUD staff and outside experts. HUD briefed the New Orleans Congressional delegation in late December on this matter and will give them proper prior notification.

OFFICE OF NATIONAL DRUG CONTROL POLICY

• **Governors Conference on Drugs:** Acting Director Garcia will travel to Puerto Rico to meet with the Governor and discuss the upcoming joint ONDCP-Governor Conference on Drugs scheduled for March 21-22. This conference will prepare an agenda for consideration by the National Governor's Association meeting in Puerto Rico in July, focusing on how states can best increase their impact against drug abuse.

The fact that he's going
now is no news. But
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closed to
March 21.

VETERANS AFFAIRS

• **VA's Health Care System:** The VA anticipates heavy media interest following Wednesday evening's airing of the "NBC Nightly News" segment on VA's health care system. The segment was part of NBC's "Fleecing of America" series. Dr. Kenneth Kizer, VA's Under Secretary for Health, discussed medical eligibility reform and his plans for reorganizing VA's health care system.

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• **National Salute to Hospitalized Veterans:** VA will announce that actor Barry Corbin, a Marine Corps veteran, will serve as Chairman of VA's National Salute to Hospitalized Veterans. Mr. Corbin will visit hospitalized veterans across the country. This annual observance began in 1974 and is held at VA's medical facilities and state veterans' homes during the week of Valentines Day, February 11-17, 1996.

DEPARTMENT OF INTERIOR

• **C&O Canal Tour:** This weekend, Secretary Babbitt will tour the C&O Canal by helicopter to view the damage from the recent floods. The *Washington Post* and CBS News has also indicated an interest in doing a story on the C&O Canal. The CR sets aside \$2 million for the clean-up.

• **Reintroduction of Wolves in Yellowstone:** This week, thirty additional wolves were reintroduced to Yellowstone National Park and central Idaho's national forests. The reintroductions continue to generate press but the Department is trying to keep the events

low key to emphasize that the reintroduction of wolves should not be viewed as an unusual event. USDA's Forest Service is cooperating with the Department of the Interior Fish and Wildlife Service in the transportation and release of wolves into the areas. Yesterday's Denver Post had an article about the wolves reintroduction entitled "Wolf Project '96 a howling success".

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Farm Bill Update:** On January 23, Secretary Glickman called a meeting with a bi-partisan group of House and Senate Members to discuss lack of consensus on farm bill legislation. By law, the Secretary must implement the Agricultural Adjustment Act of 1949, which will be both expensive and difficult to administer, unless Congress passes a farm bill. House and Senate Agriculture Committee Chairmen Roberts and Lugar, Reps. de la Garza and Stenholm, and Sens. Dole Daschle attended the meeting. Chairman Roberts today said that he intends to mark up the Freedom to Farm Act on January 30. The Secretary is optimistic that by working with House Committee Democrats, we can work to ensure that the legislation includes provisions closer to the Administration's positions.
- **Dairy Program Reform Bill Announced:** On January 25, Rep. Gunderson announced a bill to reform the dairy program. He indicated that the bill has bipartisan support and he hopes to get it attached to the farm bill when the full House Agriculture Committee marks up next week. in let
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- **Upcoming Trip to Asia:** On January 25-February 3, Secretary Glickman will travel to India, China, and Korea to discuss trade issues with various government officials. In India, among other things, he will meet with senior officers of the Ministry of Agriculture for the signing of a memorandum of understanding on agricultural exchanges and tour Punjab Agricultural University and several small farms. The Secretary will tour a typical market place or open a market promotion event in China. He will also host a lunch for importers of U.S. agriculture and food commodities. While in Korea, Secretary Glickman will meet with bulk commodity trade representatives. The traveling party includes only five people who will be using commercial airlines.
- **Forest Plan:** A strategy team is being organized in the Pacific Northwest to implement the economic objectives of your Forest Plan by allowing states a greater role in the Jobs-in-the-Woods program. Final team selection is expected by the end of January. Representatives involved in the process will hold status visits with White House and federal agency officials during the week of February 19-23. Secretary Glickman is planning a trip to the Pacific Northwest for the end of February.
- **Travel Inquiry:** GSA informed USDA that the House Government Reform and Oversight Committee is conducting an inquiry into Executive Branch travel. The Committee has

no news -

~~for us who~~

"a team is being organized"

isn't news. Save this for when there's something to report

requested copies of all senior federal travel reports and other information related to compliance with your February 1993 Executive Order regarding use of government aircraft.

- **Salvage Timber Story:** *The Washington Post* is working on a story analyzing how well salvage timber portions of the rescissions bill are working, including controversy over Section 318 timber sales. "Working on a story" isn't news
- **Government Overturned In Rescissions Act Timber Case:** District Court Judge Hogan (Oregon) rejected the government's interpretation of the 1995 Rescissions Act, potentially forcing the Forest Service to release 57 timber sales totalling 230.56 million board feet, and the Department of the Interior Bureau of Land Management to release two timber sales in Oregon and Washington, totalling 10 million board feet. While the Rescissions Act allows the sales to be withheld if an endangered or threatened bird is "known to be nesting" in the timber sale unit, Judge Hogan rejected the government's approach of using a scientific protocol that infers nesting in a timber sale unit if a bird was observed flying into a nearby stand. Judge Hogan held these sales could only be withheld under the Rescissions Act if the agencies had direct observation or evidence of current nesting within the boundaries of the timber sale. The January 19 decision in *NFRC v. Glickman* is the fifth time Judge Hogan has rejected the government's interpretation of Section 2001(k) of the Rescissions Act, and two of his previous decisions are on appeal to the Ninth Circuit Court of Appeals. The Department of Justice is also planning to appeal this decision. Judge Hogan has granted a 60 day stay during which the government need not release any timber sales.
- **Demonstration Expected During Rocky Timber Sale Logging:** Logging activities are expected to begin next week on the Rocky Timber Sale on the Olympic National Forest (Washington) and Forest Service personnel anticipate a number of controversial demonstrations by environmental groups over the Rescissions Act (Section 318 timber sale). The agency is operating under the law and has explored alternatives and made modifications to the sale. Representative Dicks was interested in seeing a federal buyout of this sale, but efforts to buyout the sale were not successful. The Umpqua National Forest (Oregon) was the site of a demonstration last week by 200 people concerned about the Rescissions Act.
- **Rainbow Family To Gather In Southern Region:** The communal group Rainbow Family is planning a regional gathering in Florida sometime in mid-February to test the constitutionality of the non-commercial group use regulation, which became effective on September 29, 1995. It is likely the group will not obtain a permit as required under those regulations. If the group does not find a suitable site in Florida, it may move to Georgia. The regional gathering has taken place on the Ocala National Forest in recent years. Forest Service officials are working closely with other federal officials in Florida and Georgia.
- **Colombia Requires Fumigation of U.S. Fruits and Vegetables:** After oriental fruit fly detections in California and Florida, Colombia is now fumigating all fruits and vegetables from the United States with methyl bromide. Colombia's action represents the latest in a

series of trade-restrictive moves by countries in the region in response to Fruit fly detections. Ecuador has required fumigation for California produce since December 1995, and Argentina has banned all California produce since October 1995. On January 24, Secretary Glickman discussed the issue with Colombia's Ambassador to the United States. He called Colombian authorities and, we understand, was able to work out a solution that will enable U.S. fruits from the Pacific Northwest to be imported.

DEPARTMENT OF ENERGY

- **Press Conference on Openness:** On February 1, Secretary O'Leary will conduct a press conference on openness issues. The press conference will focus on the Department's initiatives since 1993. The Department will review its successes in exposing past Government-sponsored radiation experiments, nuclear weapons tests, and the quantity of weapons grade materials that had been held in secret. Secretary O'Leary will put forth new initiatives such as changing the presumption of whether documents should be classified, complying with your Executive Order on declassification, and quantifying past foreign acquisitions and transfers of plutonium. The Department will also review the Departments of Energy and Defense's inventory of plutonium and discuss what that material has been used for.
- **New York Times Travel Story:** The *New York Times* is planning to write a negative story on Secretary O'Leary's travel in Sunday's edition.
- **Hearing on Department Travel Cancelled:** The House Subcommittee on Oversight and Investigations of the Commerce Committee cancelled the hearing scheduled for January 25. They stated that the Department of Energy has not been cooperative in providing them with the documents with effective oversight. Secretary O'Leary does not believe this to be the case. The Department of Energy has provided the Committee with over 20,000 pages of documents on the trips that they have sought information on. The hearing has not been rescheduled yet.
- **\$10 Million Grant to Metropolitan Denver Region:** This week, the Department authorized \$10 million in funding for the National Conversion Pilot Project. This project utilizes displaced workers from the Rocky Flats Site, a former nuclear weapons production facility, to manufacture waste containers from recycled scrap metals used in the weapons production process. Stockp
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trip
- **News Story on Nuclear Weapons Containers:** ABC News may broadcast a story on the evening news next week on the production of Transportation Safe Nuclear Weapons Containers. During the previous administration, the Department spent \$23.5 million on a program to develop and produce accident-safe containers for Air Force nuclear weapons, in spite of the fact that the Air Force did not want to use them. An additional \$5 million was authorized for this program in 1993.

ENVIRONMENTAL PROTECTION AGENCY

- **VA, HUD Appropriations Hearing:** On January 25, Administrator Browner testified before the Senate Appropriations Subcommittee on VA, HUD and Independent Agencies (Bond R-MO) on the Agency's FY 1996 appropriations. The Chairman pointed out that EPA would have been better off being funded under the conference report than under the series of Continuing Resolutions. The Administrator made the point that both GOP proposals are unacceptable because of the severe impacts on public health and environmental protection and that your budget proposal will balance the budget in seven years while protecting public health and the environment.
- **Safe Drinking Water Act Reauthorization:** On January 31, both the House Transportation and Infrastructure Subcommittee on Water Resources and Environment and the House Commerce Subcommittee on Health and Environment will hold hearings on reauthorization of the Safe Drinking Water Act. Assistant Administrator for Water Bob Perciasepe will testify at both hearings. The T & I hearing is on H.R. 2747, Chairman Shuster's (R- PA) bill to reauthorize the State Revolving Fund of the Safe Drinking Water Act. His bill set off a jurisdictional dispute with the Commerce Committee over the SRF portion of the Safe Drinking Water Act. The Commerce hearing will cover the breadth of reauthorization issues.
- **Project XL:** The EPA has selected IBM to demonstrate its "excellence and leadership" in environmental protection through Project XL. As a Project XL participant, IBM proposes to achieve better environmental results at less cost by biologically treating its wastes on site rather than shipping them off site for incineration. Proposals continue to come in for Project XL with almost 30 proposals received so far. In addition, EPA has received the first four proposals for Community XL and expects to select the pilots for this initiative within the next few weeks.
- **Brownfield Pilot Grant Recipients Announced:** On January 25, the EPA announced the next round of communities selected to receive Brownfield Pilot grants. The EPA funded a total of 29 pilots in 1995 and hopes to fund an additional 10 later this year. These pilots awarded communities up to \$200,000 over a two year period for the cities and to aid them in bringing economic and environmental renewal to communities in which brownfields are located. The communities chosen were: Emmerlyville, CA, Portland, OR, Houston, TX, the Rhode Island Dep't of Environmental Management, Lawrence, MA, Stockton, CA, New York, NY, Tacoma, WA, Phoenixville, PA and Worcester, MA. Administrator Browner was interviewed by *Wall Street Journal* on new uses for abandoned industrial property. The interview focused on the Clinton Administration's Brownfield Economic Redevelopment Initiative which returns contaminated, abandoned commercial properties back to productive use.

- Everglades Restoration:** EPA has been working with OMB, CEQ and other Federal agencies to draft Everglades restoration objectives and funding mechanisms in response to the Vice President's January 11 memorandum. This action will provide the Administration with a blueprint for the full restoration of South Florida's Everglades. Restoration proposals have emerged for inclusion on the CR that would provide some measure of funding to the Everglades. The EPA believes these proposals would not provide an adequate commitment to the Everglades, while the Administration's plan will provide the necessary tools to protect this important resource.
- New Hampshire Wildlife Federation:** On January 25, Administrator Browner travelled to New Hampshire to address the New Hampshire Wildlife Federation's "Educational Workshop and Presidential Candidate Forum on the Federal Government Role in Protecting our Environment." The Vice President will address this forum on Saturday.
- Speech at Iowa Citizen Action Network:** On Saturday, Administrator Browner will be the keynote speaker at the Citizen Action Network's Leadership Training Conference and Delegates Assembly in Des Moines. Her speech will focus on the State of the Union message and emphasize the need for continued bipartisan commitment to protect public health and the environment. The Administrator will be interviewed by an environmental reporter from the *Des Moines Register*.
- Waste Isolation Pilot Plant:** The Waste Isolation Pilot Plant (WIPP) is the nation's only proposed repository for the radioactive waste from nuclear weapons production. If the WIPP is approved as a disposal site, it would become the only high level radioactive disposal facility in the country. The site, located 2,100 feet below the ground in the southeast corner of New Mexico is operated by the Department of Energy. By law, EPA is responsible for ensuring that WIPP is developed in a way that protects public health and the environment from harmful levels of radiation exposure. Next week, EPA plans to issue final regulations establishing the compliance criteria for determining whether WIPP is safe to begin receiving radioactive waste.
- ABC News Interview:** On Tuesday, Administrator Browner was interviewed by ABC News regarding the effect of Republican budget cuts on public health and the environment. The story is expected to air tomorrow or early next week.

DEPARTMENT OF EDUCATION

- Texas Ed-Flex Approval:** On January 29, the Department will announce that Texas has been chosen the fifth of six States to participate in the Education Flexibility Partnership Demonstration Program established by Goals 2000. As an Ed-Flex State, Texas will have authority to grant waivers of the requirements of federal education programs.

if you want to illustrate how
Cabinet has been doing good political
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listing (not discussing) stops. But not helpful to list them
repeatedly in this Report

- **White House Participation in Education Conferences:** Secretary Riley will join the President at the February 7th annual meeting of the National Association of Independent Colleges and Universities. The Department has also requested that the First Lady deliver the keynote address at the 78th annual meeting of the American Council on Education, to be held February 18-20 in San Diego. The First Lady is considering this proposal.
- **Chicago Speech:** Secretary Riley will speak at the February 22 meeting of the Illinois Education Association in Chicago.
- **State of American Education Address:** Secretary Riley will deliver the annual State of American Education address February 28 in St. Louis.

DEPARTMENT OF STATE

- **Bosnia Implementation:** Despite President Izetbegovic's assurances to Secretary Christopher, the Bosnians continue to drag their feet on the POW release mandated by the Dayton agreement. Embassy Sarajevo reports that incoming Prime Minister Muratovic pledged the government will agree to a prisoner release January 27. Meanwhile, John Shattuck has been in Bosnia to work on both the prisoner release and war crime issues. As a measure of his success, the Foreign Republic of Yugoslavia announced that the Tribunal would be allowed to open an office in Belgrade. He was also granted access to Srebrenica, where he inspected several suspected war crimes sites.
- **Russia:** Secretary Christopher will meet for the first time with new Russian foreign Minister Primakov in Helsinki February 10-11 and in Moscow in March.
- **Middle East Peace Process:** The U.S. continues to make progress in our efforts to broaden the Middle East Peace Process. Earlier this week in Washington, Tunisia and Israel agreed to establish Interest Sections in their respective capitals by April. Secretary Christopher met with the Israeli and Syrian negotiating teams now meeting at the Wye Plantation under our auspices. The U.S. has a real opportunity to move ahead on the Syrian-Israeli track, and Secretary Christopher will return to the region next month.
- **Chirac Visit:** French President Chirac will visit Washington and Chicago January 31 and February 2. During the February 1 State Visit, Secretary Christopher and President Chirac will discuss France's role in NATO and NATO expansion, the Middle East, and various bilateral issues. Chirac will speak to a business group in Chicago February 2.
- **Bosnia:** Secretary Christopher is making a round of calls to key committee chairmen and ranking Democrats to consult on obtaining \$200 million for reconstruction in FY 96 from DoD funds. On Wednesday, January 24, Appropriations Chairman Livingston told Ambassador Gallucci he supports U.S. humanitarian assistance for Bosnia but remains very

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leery of any other financial commitments, particularly for reconstruction. Secretary Christopher will continue discussions with Livingston to reach some agreement.

DEPARTMENT OF DEFENSE

- **Haiti:** U.S. troop strength in Haiti is 2,131. Secretary Perry has approved the U.S. Atlantic Command plan to withdraw the security force from Haiti by Friday, March 15, and approximately 300 support personnel by Monday, April 15. Engineering deployments will continue as scheduled.
- **Cuba:** There are approximately 330 Cuban migrants remaining in Guantanamo. Approximately 516 migrants were paroled from the camps this week. The last migrants will depart on Wednesday, January 31. The Joint Task Force overseeing the Cuban migrant camps deactivated on Thursday, January 18. Security forces will begin to redeploy on Tuesday, February 6. Engineering and logistics forces will remain until the camps are disassembled and equipment retrograded (estimated early March). The Naval Base Commander is overseeing the remaining migrants.
- **Military Quality of Life:** Following up on your initiative to improve military quality of life, DoD is implementing approved adjustments to allocate some of the \$1.5 billion funding wedge that had been set aside to address quality of life deficiencies. Secretary Perry will be issuing a budget decision that will allocate about \$400 million to increase the basic allowance for quarters to reduce the out-of-pocket cost of housing for military personnel who live off-post. The budget decision will add about \$200 million in FY97 to increase the repair, maintenance, and construction of barracks. It also provides \$20 million in FY 1997 for initiatives to privatize housing, while retaining an additional \$840 million in FY 1998-2001 in a Family Housing Improvement Fund for future distribution.
- **Ready Reserve Force:** Secretary Perry is preparing a budget decision to increase the National Defense Sealift Fund (NDSF) by \$90 million in FY97 to finance the acquisition and refurbishment of additional roll-on/roll-off ships for the Ready Reserve Force. The directive also directs the Navy to prepare a legislative proposal for submission with the President's Budget to rescind a prohibition on the use of the NDSF to purchase foreign-built ships, a provision of the FY96 authorization bill that effectively suspends the program to achieve a fleet of 36 RRF Ro/Ros, as recommended in the Mobility Requirements Study Bottom-Up Review Update.
- **DoD Support for Flooded Areas:** DoD personnel continued to support emergency efforts in Pennsylvania, West Virginia and Maryland. On Monday, Pennsylvania had 410 National Guard personnel on state active duty performing flood-related missions; and West Virginia called 1,688 National Guard personnel. In addition, about 500 Army Reserve personnel from an engineer battalion and a transportation company support in West Virginia.

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Section

UNITED NATIONS

- **Security Council Presidency:** The U.S. takes over the Presidency of the Security Council from the UK on February 1. Ambassador Albright's duty's will require her to stay close to New York through her one month term. The Ambassador does plan to attend the inauguration of President-elect Preval of Haiti on February 7. During the month, the Council is expected to review and renew peacekeeping operations in Haiti and Angola.
- **Western Sahara:** The Council is expected to renew the mandate for the peacekeeping operation in the Western Sahara by January 31.
- **Iraq:** The Secretary-General is assembling a team for negotiations with Iraq on the possibility that UN economic sanctions will be eased to permit the sale of Iraqi oil to finance the purchase of food and other humanitarian supplies. United Nations officials have encouraged the Secretary General to discuss this issue with Iraq, but have also made it clear that any deal must be consistent with the Security Council resolution.
- **Other Peacekeeping Mandates:** The Council is also expected this week to review UN peacekeeping mandates in Liberia and Lebanon. Next week, Ambassador Albright will host a lunch with Leslie Stahl and the women PermReps to the United Nations. She will also meet with Gloria Steinem separately. The purpose of these meetings will be to discuss the advancement of women in the United Nations.

CENTRAL INTELLIGENCE AGENCY

- ✓ ✓ ● **Assessing Sensitive Human Reporting:** At Director Deutch's direction, the National Intelligence Council (NIC) is undertaking an aggressive review of intelligence reporting from our most sensitive human sources. The initiative after the Ames Damage Assessment report flagged the fact that many of our most sensitive Soviet sources had been controlled by Moscow. Over the past six weeks the NIC has led an intense and focused review on all the sensitive reporting we have on North Korea--one of your top priority intelligence targets.

GENERAL SERVICES ADMINISTRATION

- **Administrator Johnson Resigns:** Administrator Rodger Johnson announced his resignation effective March 1, 1996. Administrator Johnson met with press to make his public announcement. He will hold a town hall meeting with GSA employees next week.
- **Progress in Upgrading Security of Federal Facilities:** In accordance with your June 28, 1995 Memorandum regarding upgrading security at Federal facilities, GSA announced continued progress in implementing recommendations identified in the Department of Justice

report entitled "Vulnerability Assessment of Federal Facilities." Specifically, GSA has identified security requirements for "higher risk" level IV facilities and is reviewing remaining level I-III locations under its change and control through the Building Security Committee process.

- **Draft Regulations Prohibiting Sale of Tobacco in Vending Machines to be Published:** GSA has drafted, and OMB has approved, regulations to be published in the Federal register that prohibit the sale of tobacco products in vending machines and the distribution of free samples of tobacco products in Government-owned and leased space under the custody and control of GSA. GSA has given notice of the requirements to client agencies, tenants, vendors, agency heads and to the State Licensing Agencies and the Department of Education in regards to the Randolph-Sheppard Act. GSA intends to have tobacco-product vending machines removed from Government property prior to February 17, 1996, which is the expiration date for the 90-day reporting requirement.

OFFICE OF PERSONAL AND MANAGEMENT

- **State of the Union Amplification:** Director Jim King issued an op-ed piece to 20 newspapers following-up on your State of the Union announcement that the federal workforce is at its lowest number in 30 years. OPM provided additional statistics, and pointed out that, by three years of tough management, the President had kept his promise of a smaller, more efficient government. The piece went to a White House list of key papers in key states.
- **Hatch Act Reform Hearing:** OPM officials will be asked to testify at a Senate Governmental Affairs Committee hearing on a possible revision to the Hatch Act reforms of 1993 that would amend the ban on political recommendations for civil service personnel actions.

cc: The Vice President
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